



**HAI LECK
HOLDINGS LIMITED**

2019 SUSTAINABILITY REPORT



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CEO'S STATEMENT

DEAR STAKEHOLDERS,

On behalf of the Board of Directors of Hai Leck Holdings Limited and its subsidiaries (the "Group"), I am pleased to present our sustainability report for the financial year ended 30 June 2019 ("FY2019").

Bearing in mind the importance of being able to sustain the viability and profitability of the Group for the long-term, we have continued to evaluate and monitor the environmental, social and governance ("ESG") factors that are key to the sustainability of the Group's operations.

FY2019 has been a challenging year for our industry. Nonetheless, we remained mindful of the need to look beyond the immediate challenges and continued to invest in our people, safety and productivity in order to secure the future of our key stakeholders.

We share in the global community's concerns over climate change and actively play our part to ensure that our operations do not bring harm to the environment and personnel involved.

Closer to home, we have not overlooked the need to cultivate a more tolerant and inclusive society and have participated again in the annual SPD Charity Walk held on 1 September 2019.

We strongly believe that our people are our most important assets. I am heartened to see the unity and resilience that our people has shown and thank them for their hard work and dedication.

I would also like to take this opportunity to thank all our stakeholders: shareholders, customers, employees, suppliers, bankers and business partners for the support given through the years. The Group looks forward to being able to contribute to the well-being of all stakeholders for many years to come.

Cheng Yao Tong
Chief Executive Officer



“Despite the challenges faced, we remain resilient and continue to build on our strong foundation.”

ABOUT THIS REPORT

This report has been prepared in accordance with the Global Reporting Initiative (“GRI”) Standards: Core Option which provides an extensive framework that is widely accepted as a global standard for sustainability reporting. The requirements of Sustainability Reporting Guide in Practice Note 7.6 of the Singapore Exchange Securities Trading Limited (“SGX”) Listing Manual have also been taken into consideration in the preparation of this report.

This report covers the Group’s operations in Singapore, which accounts for substantially all of the Group’s activities in FY2019. Information on the Group’s structure may be found in the 2019 Annual Report.

The most recent previous report for the financial year ended 30 June 2018 was published on 31 May 2019.

The data and information provided in this report, covering the period from 1 July 2018 to 30 June 2019 as well as selected comparative data, have not been independently verified. Instead, we have placed reliance on internal data monitoring and verification to ensure accuracy.

As part of our effort to conserve the environment, we have not printed physical copies of this report. Instead, electronic copies of this report have been uploaded to the SGX website and the Group’s website at www.haileck.com.

Material ESG topics

Material ESG topics identified for FY2019 are as follows:

- GRI 201: Economic Performance
- GRI 205: Anti-corruption
- GRI 306: Effluents and Waste
- GRI 403: Occupational Health and Safety
- GRI 405: Diversity and Equal Opportunity

Sustainability contact

Constructive views and feedback on the Group’s sustainability practices and reporting are welcomed at info@haileck.com.



ABOUT HAI LECK

AN INTEGRATED SERVICE PROVIDER

Established in 1975, the Group is one of the leading Singapore companies that provides engineering, procurement and construction (“EPC”) project and maintenance services to the oil and gas and petrochemical industries.

The Group has presence in Singapore, Malaysia and Thailand. The Group commands a workforce of around 2,000 employees to service our customers.

The Group’s principal activities are:

Project and maintenance services

- Mechanical engineering services in structural steel and piping fabrication and installation as well as plant equipment installation, maintenance, modifications and repairs; scaffolding erection services; corrosion protection services utilising automated blasting; thermal insulation services; refractory and passive fireproofing services as well as general civil engineering services.
- Maintenance services provided on a routine and turnaround basis.

Business process outsourcing – provision of contact centre services

- Premium contact centre providing innovative outsource services with professional and integrated solutions. Contact centre solutions include customer service support; technical helpdesk; virtual receptionist services; lead generation; live web chat; email management; redemption facilities as well as service centre assistance.

Our competitive strengths include our seamless integration of in-house competencies, strong performance track record, good safety performance, technical competency, effective project management, skilled manpower, quality workmanship and high responsiveness to customers’ requests.

The Group manages its EPC projects through seamless integration of in-house competencies such as automated shop blasting and coating, steel structure and piping shop fabrication and field installation, tankage, scaffolding, corrosion protection, thermal insulation, refractory and general civil works.

With our operational expertise, our dedicated project management team proactively participates in our customers’ project planning, anticipating and providing solutions to challenges. We manage and measure our projects with key performance indicators that focus on safety, quality productivity and timely completion of the entire project. With our experienced management team, skilled tradesmen and advanced fabrication facilities and equipment, the Group is confident of meeting project requirements and expectations with the highest safety, reliability and quality standards.

Through the combined efforts of the teams above, the Group strives to create value for our customers and stakeholders.

SUPPLIERS

Our key suppliers have been our business partners for many years. Potential suppliers undergo a qualification process which takes into account product and service quality as well as required certifications, if any. Approved suppliers are also continuously assessed based on feedback from end-users. Suppliers who do not meet quality and/or service expectations are removed from the approved supplier list.

BOARD STATEMENT

The Board considers sustainability to be of strategic importance and is committed to the economic, social and environmental well-being of its stakeholders.

SUSTAINABILITY MANAGEMENT

Our sustainability efforts are led by the Board of Directors with support from all levels within the Group.

Board of directors

- Responsible for direction setting, strategies and policies formulation

Senior management

- Provide advice and support to the Board
- Responsible for overall management and monitoring of sustainability efforts

Heads of department

- Reports on outcomes of sustainability efforts
- Communicates sustainability policies and initiatives to each department

All personnel

- Implement sustainability initiatives
- Provide feedback for improvement

Together in our journey towards greater sustainability, we will continuously strive to ensure that we have the right policies and practices in place.

INDUSTRY ASSOCIATIONS

We engage relevant industry associations through our membership with these associations. The Group's memberships include:

- Access Solution Industry Association
- Association of Process Industry (ASPRI)
- Contact Centre Association of Singapore
- Singapore Business Federation
- Singapore Welding Society



STAKEHOLDER ENGAGEMENT

A variety of channels are used to update our stakeholders regarding our developments and to gather their feedback.

Based on the impact our business has on them, our key stakeholders have been identified as follows:

Stakeholders	Engagement platforms	Issues of concern	Section reference
Employees	<ul style="list-style-type: none"> ▪ Department and company meetings ▪ Performance appraisals ▪ Informal feedback ▪ Training courses 	<ul style="list-style-type: none"> ▪ Remuneration and benefits ▪ Workplace safety ▪ Fair treatment ▪ Training and development 	<ul style="list-style-type: none"> ▪ Diversity and equal opportunity ▪ Occupational health and safety
Shareholders	<ul style="list-style-type: none"> ▪ Annual general meetings ▪ Regular SGX announcements ▪ Annual reports ▪ Sustainability reports ▪ Corporate website 	<ul style="list-style-type: none"> ▪ Sound management ▪ Profitability ▪ Dividend payment 	<ul style="list-style-type: none"> ▪ Economic performance ▪ Anti-corruption
Customers	<ul style="list-style-type: none"> ▪ Regular meetings ▪ Annual reports ▪ Sustainability reports 	<ul style="list-style-type: none"> ▪ Safety standards ▪ Compliance with environmental regulations ▪ Financial stability 	<ul style="list-style-type: none"> ▪ Occupational health and safety ▪ Waste management ▪ Economic performance
Government and regulators	<ul style="list-style-type: none"> ▪ Regular SGX announcements ▪ Annual reports ▪ Sustainability reports ▪ Submission of surveys 	<ul style="list-style-type: none"> ▪ Compliance with safety standards ▪ Compliance with environmental regulations ▪ Anti-corruption 	<ul style="list-style-type: none"> ▪ Occupational health and safety ▪ Waste management ▪ Anti-corruption
Suppliers	<ul style="list-style-type: none"> ▪ Supplier qualification process ▪ Quotations and proposals ▪ Annual reports ▪ Sustainability reports 	<ul style="list-style-type: none"> ▪ Financial stability ▪ Fair business practices 	<ul style="list-style-type: none"> ▪ Economic performance ▪ Anti-corruption
Communities	<ul style="list-style-type: none"> ▪ Community services 	<ul style="list-style-type: none"> ▪ Safety standards ▪ Environmental protection ▪ Good corporate citizenship ▪ Social development 	<ul style="list-style-type: none"> ▪ Occupational health and safety ▪ Waste management ▪ Anti-corruption ▪ Economic performance

OCCUPATIONAL HEALTH AND SAFETY

We have zero tolerance where workplace safety is concerned, and this is a culture that we actively cultivate within the Group.

To maintain our target of a zero accident workplace, we have implemented a robust workplace safety and health management system that is BS OHSAS 18001 compliant. We have also been certified to have attained bizSAFE Level Star which is the highest certification level accorded by the Workplace Safety and Health (“WSH”) Council.

In line with our culture of zero tolerance where safety is concerned, we believe that everyone is responsible for their own safety and the safety of others. To inculcate this culture right from the start, each new hire is required to attend the necessary safety induction courses tailored to their respective scope of work, during which workplace hazards and at-risk areas are highlighted. They are also issued with standard personal protective equipment as well as specialised safety equipment suited to their nature of work. External training courses and all medical examinations required under the Workplace Safety and Health Act are carried out by qualified service providers.

Best safety practices are regularly shared in order to continuously improve on our safety standards. Recent accidents in the industry or near misses are periodically shared as learning points and to serve as reminder of the importance of safety at our workplace. To further reinforce the importance of workplace safety, we regularly conduct safety campaigns or actively participate in campaigns organised by our customers.

In fact, safety is so deeply ingrained into our corporate culture that compliance with the Group’s safety requirements and safety awareness form part of our performance appraisal.

Our safety performance record for FY2019 and the financial year ended 30 June 2018 (“FY2018”) are as shown below:

Performance indicator	FY2019	FY2018
Lost Time Incident (“LTI”) Rate	0	0
Fatalities	1*	0

* Fatality was due to personal medical condition which was non-work related.

In recognition of our safety efforts, we received various accolades from industry associations and our customers. Amongst the accolades received in FY2019 are:

- Certificate of Commendation CultureSAFE
- Zero LTI in 2018
- Safety Performance for an Injury Free 2018

The Group received further affirmation from the WSH Council through the following awards during FY2019:

- WSH Innovation Award 2018
- WSH Performance (Silver) Award 2018
- WSH (SHARP) Award 2018

The WSH Innovation Award recognizes teams who have created innovative solutions to improve safety and health standards in the workplace while the WSH Performance (Silver) Award 2018 recognises large-scale projects that mobilise significant manpower, whilst maintaining good standards of workplace safety and health.

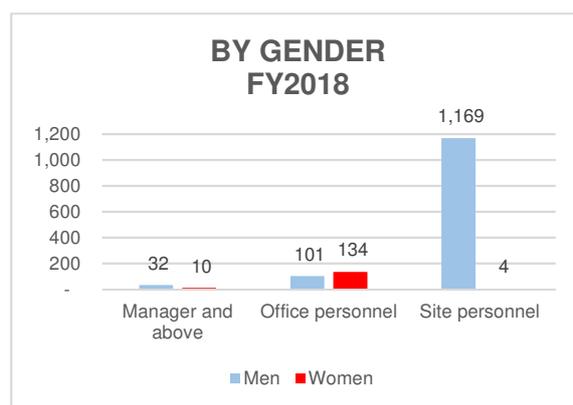
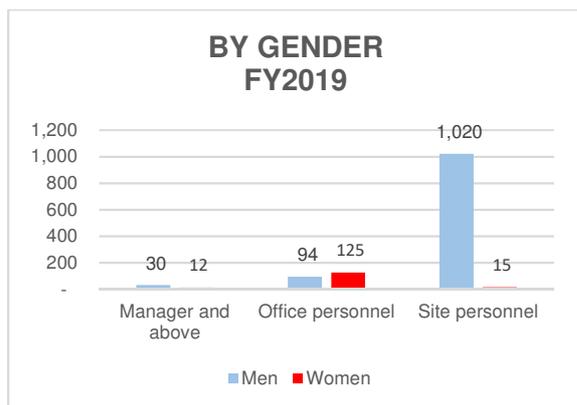


DIVERSITY AND EQUAL OPPORTUNITY

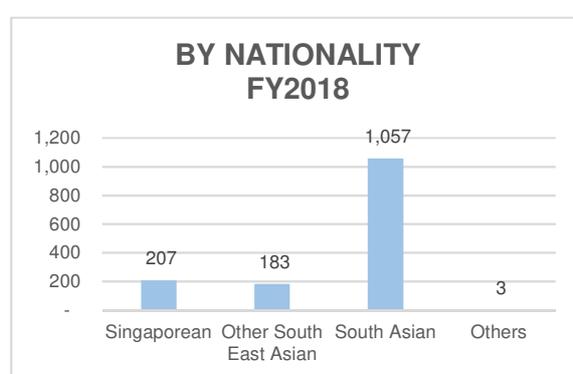
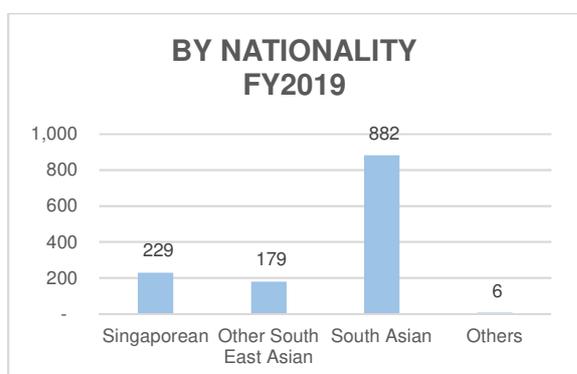
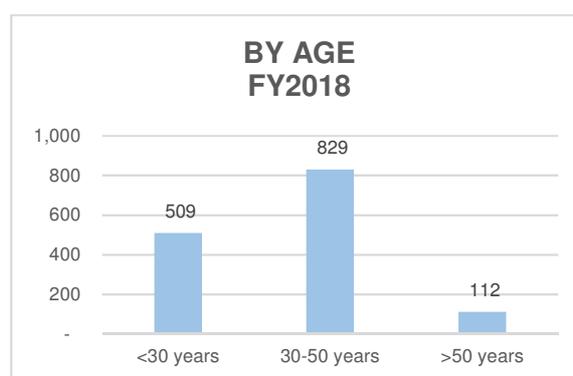
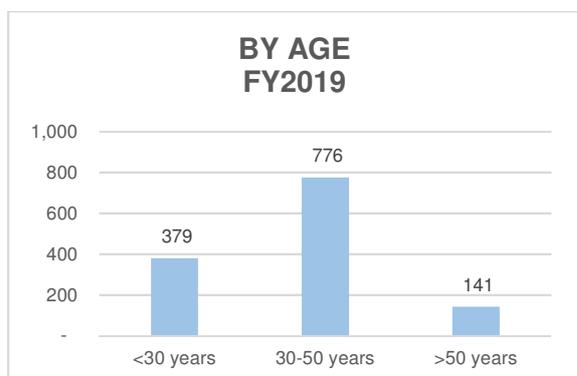
Our people are one of the most important and valuable resources to us. To ensure successful execution of our work, we need employees with a wide range of experiences and qualifications, who will bring different perspectives with them.

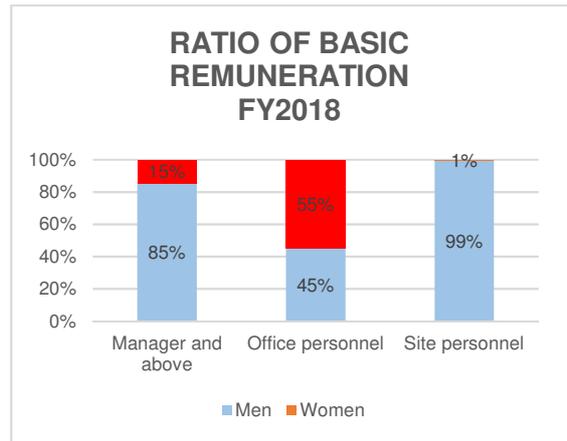
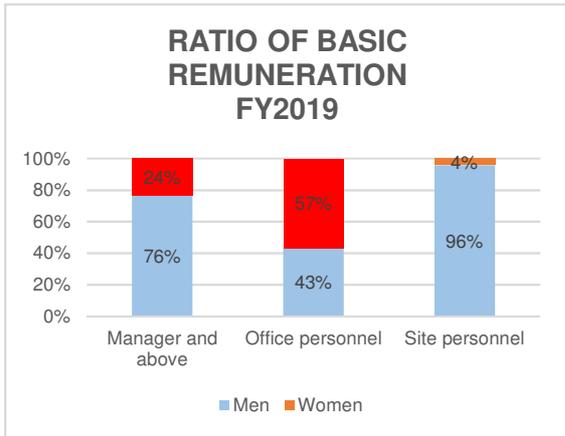
Hence, the Group advocates equal opportunity, as well as racial, gender and age diversity. Employment and promotion are based on merit, regardless of their gender, race, age, religion and marital status.

Our employee profiles by gender, age and nationality as well as ratio of basic remuneration of women to men are presented below:



Note: Site personnel are almost exclusively men due to the physically demanding nature of the work involved.





As part of our initiatives to embrace diversity, the Group had again pledged its support to SPD (formerly known as the Society for the Physically Disabled) and participated in SPD's annual Charity Walk.



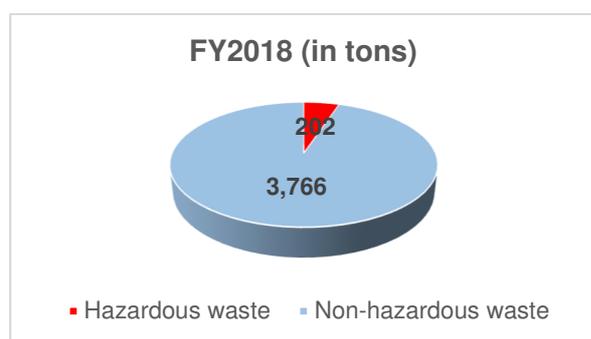
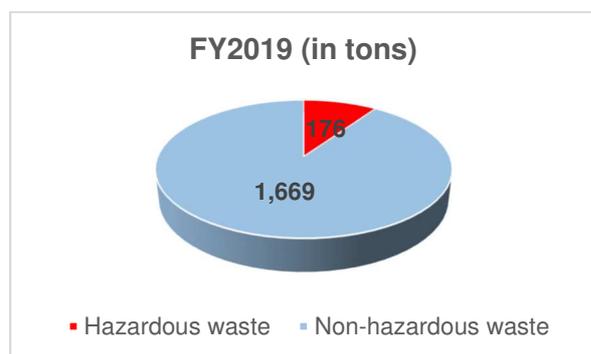
WASTE MANAGEMENT

We dispose of waste in a safe and environmentally sound manner in accordance with local regulations.

The waste generated by our operations are categorized into hazardous and non-hazardous waste. Due to its potential impact on the environment and persons who come into contact with them, waste disposal, particularly hazardous waste, is taken seriously. All wastes are collected by licensed waste collector to ensure proper transportation and disposal.

The amount of waste generated is a function of the level of activities during the year. Nonetheless, the Group is careful not to procure excess raw materials with limited shelf life that may eventually end up as waste.

The quantities of hazardous and non-hazardous waste disposed in FY2019 and FY2018 are as shown below:



Our target is to have no violation of local regulations. There were no violations in FY2019.

ECONOMIC PERFORMANCE

We are committed to creating wealth for our stakeholders. Therefore, we constantly seek opportunities for operational and financial improvements.

The Group's direct economic value generated in FY2019 and FY2018 is as shown below:

	FY2019 \$'000	FY2018 \$'000
Revenue	83,009	87,690

A summary of economic value distributed in FY2019 and FY2018 is as follows:

	FY2019 \$'000	FY2018 \$'000
Operating costs	41,888	42,315
Employee wages and benefits	35,774	39,541
Payments to providers of capital	11	11
Payments to government	434	1,986
Community investments	6	14
Economic value distributed	78,113	83,867

More information regarding the Group's financial results and analysis may be found in the 2019 Annual Report.

ANTI-CORRUPTION

The Group complies with all applicable anti-corruption laws of the countries in which we operate.

All new staff are briefed on the established Code of Professional Conduct during their orientation. All staff are required to declare any possible conflict of interest and are prohibited from offering or accepting favours or gifts from third parties.

Our Whistle Blowing policy and procedures enable employees to report any illegal or unethical behaviour.

There were no confirmed incidents of corruption in FY2019.

GRI CONTENT INDEX

GRI Standard	Disclosure	Page number (s)
General Disclosures		
GRI 102: General Disclosures	102-1 Name of the organization	Front cover
	102-2 Activities, brands, products, and services	3
	102-3 Location of headquarters	3
	102-4 Location of operations	3
	102-5 Ownership and legal form	3
	102-6 Markets served	3
	102-7 Scale of organization	3, 9
	102-8 Information on employees and other workers	7, 8
	102-9 Supply chain	3
	102-10 Significant changes to the organization and its supply chain	None
	102-11 Precautionary Principle or approach	9
	102-12 External initiatives	3, 6, 9
	102-13 Membership of associations	4
	102-14 Statement from senior decision-maker	1
	102-16 Values, principles, standards, and norms of behavior	1, 4, 9
	102-18 Governance structure	4
	102-40 List of stakeholder groups	5
	102-41 Collective bargaining agreements	Not applicable
	102-42 Identifying and selecting stakeholders	5
	102-43 Approach to stakeholder engagement	5
	102-44 Key topics and concerns raised	5
	102-45 Entities included in the consolidated financial statements	2
	102-46 Defining report content and topic Boundaries	2
	102-47 List of material topics	2
	102-48 Restatements of information	Not applicable
	102-49 Changes in reporting	Not applicable
	102-50 Reporting period	2
	102-51 Date of most recent report	2
102-52 Reporting cycle	2	
102-53 Contact point for questions regarding the report	2	
102-54 Claims of reporting in accordance with the GRI Standards	2	
102-55 GRI content index	10	
102-56 External assurance	2	
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	9
GRI 205: Anti-corruption	205-2 Communication and training about anti-corruption policies and procedures	9
	205-3 Confirmed incidents of corruption and actions taken	9
GRI 306: Effluents and Waste	306-2 Waste by type and disposal method	9
GRI 403: Occupational Health and Safety	403-1 Occupational health and safety management system	6
	403-2 Hazard identification, risk assessment, and incident investigation	6
	403-4 Worker participation, consultation, and communication on occupational health and safety	6
	403-5 Worker training on occupational health and safety	6
	403-9 Work-related injuries	6
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	8
	405-2 Ratio of basic salary and remuneration of women to men	9



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