

KEONG HONG HOLDINGS LIMITED



SUSTAINABILITY REPORT
2019



CONTENTS

02

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S MESSAGE

03

KEONG HONG'S SUSTAINABILITY STORY

06

ORGANISATION PROFILE

09

ETHICS AND INTEGRITY

10

GOVERNANCE AND STATEMENT OF THE BOARD

11

STAKEHOLDER ENGAGEMENT

12

REPORTING PRACTICE

14

BUILDING AND CONSTRUCTION

20

OPERATIONS AND INVESTMENTS IN MALDIVES

28

HEADQUARTER AND PROPERTY DEVELOPMENT

29

OCCUPATIONAL HEALTH AND SAFETY

32

OUR PEOPLE, OUR ASSETS

39

SGX FIVE PRIMARY COMPONENTS INDEX

40

GRI STANDARDS CONTENT INDEX

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S MESSAGE

DEAR STAKEHOLDERS,

We are into the second year of our Sustainability Reporting initiative in accordance with the Global Reporting Initiative ("GRI") Standards (Core option), the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Rules (711A and 711B) and SGX-ST guidelines on sustainability reporting.

We have endeavoured to embed and embrace sustainable business and environmental practices in all aspects of our operations and corporate activities. Technology continued to play a vital role in raising our profitability, productivity and efficiency. Through early adoption of design, building and construction technologies, we have been able to enhance our building designs, improve our construction techniques and increase our productive output. We have, however, not done so at the expense of the wider environment nor at social costs.

We have made a conscious effort to reduce our negative impact on the environment. We have achieved this through conservation of natural and other resources, responsible use of materials including eco-friendly and recycled material where feasible, improvement in waste management using advanced technology, and reduction in water and energy consumption and effluents and emissions production. Our green building designs served as an example of our commitment towards sustainable and responsible practices. In Maldives where we have our two hotel properties, great measures were taken to protect the rich natural habitat and biodiversity of the marine life there, ensuring that as little impact as possible was made by our construction and hotel operations.

By the same token, we have sought to maximise our direct and indirect economic and social contribution to the community through employment opportunities for the population, business creation for suppliers, training and upskilling opportunities for our workers and corporate social responsibility initiatives through educational sponsorship and donations to charitable and other organisations.

As a responsible employer and one committed to the betterment of its workforce, we have continued to champion diversity in terms of nationality, race, age, gender, beliefs and social attitudes. Equal opportunities for training, upskilling and re-skilling were given to all our employees, both in Singapore and overseas. Demonstrating our commitment to workplace safety and health, we implemented an organisational-wide safety audit system and CultureSAFE program to reinforce safety mindsets, attitudes and practices. For our efforts, we were awarded the prestigious RoSPA Gold Award for health and safety management systems and culture.

Whatever we have achieved this past year in terms of our economic, social and environmental performance, was with the collaboration and commitment of our stakeholders, business partners and suppliers. I would like to thank them for this collective effort. We look forward to bettering our efforts in the coming year with the ultimate aim of value creation for our stakeholders and the general community at large.

LEO TING PING RONALD

Chairman and Chief Executive Officer
Keong Hong Holdings Limited

KEONG HONG'S SUSTAINABILITY STORY

OUR MISSION

To be a forward-looking company with a commitment to corporate social responsibility, built on a strong foundation of transparency, governance and ethics that creates value for our stakeholders.

OUR VISION

To build a better world in an environmentally sustainable way and to improve the quality of the environment and the communities where we live and work

SUSTAINABILITY PHILOSOPHY

The Group has established a good reputation in the building construction and hospitality sector in Singapore and Maldives. The Group has leveraged on expansion opportunities, achieved new revenue streams and unlocked new capabilities and possibilities while at the same time keeping in mind our sustainability targets. Keong Hong has also been lauded for adopting highly innovative solutions to our construction projects to reduce wastage, increase efficiency and productivity.

The Group is committed to prevent pollution and injury in all its construction operations and to provide customers with reliable, prompt and quality service at competitive cost. We are committed to provide quality products and services to meet customer requirements through the timely delivery of projects complying with applicable legal and other requirements, quality workmanship, good safety standard and minimising impact to the environment.

Keong Hong is conscious of the impact that our projects have on the environment and shall continue monitoring and measuring these impacts. The Group will uphold our energy saving standards and invest in technologies to improve waste management and reduce emissions and effluents.

The Group will continue to ensure that our employees have a comprehensive range of welfare and benefits and that there is both racial and gender diversity in our workforce to provide unique perspectives on issues that the Group faces. The Group will continue supporting charitable organisations to improve the welfare of the community.

SUSTAINABILITY TARGETS

Keong Hong strives to set a high standard of sustainable business operations in both Singapore and Maldives by investing in new technologies, constantly seeking improvements and continuing strict compliance to our standards in daily operations.

We endeavour to provide an adequate occupational health and safety environment and continue stringent due diligence checks on our suppliers.

The Group will strive to reduce our energy and water consumption, as well as our waste and effluents production. We will work towards further reducing the impact of our hotel and resort operations in Maldives on the surrounding ecosystem.

KEONG HONG'S SUSTAINABILITY STORY

Below is a summary table of the Group's sustainability targets and performance during the reporting year.

| Environmental Performance in FY2019 | | |
|--|--|---|
| Segment | FY2019 Target | Performance Update |
| Building and Construction | Reduce energy consumption and carbon emissions | Actual energy consumption and emissions lower than target for most projects |
| | Reduce water consumption | Actual water consumption lower than target for all projects |
| | Reduce waste and effluents production | Actual waste and effluents production lower than target for all projects |
| Environmental Targets for FY2020 | | |
| | FY2020 Target | |
| Building and Construction | Total cost of electricity, diesel consumption, generator rental and water to less than 0.8% of contract sum per project | |
| | Waste disposal cost less than 0.3% of contract sum per project | |
| | Zero NEA/PUB summon for noise, silt and mosquito per project over 12 months window period of construction activities | |
| Operations and Investments in Maldives | Actively implement energy conservation practices and improve energy efficiency of operations | |
| | Zero significant impact on water sources | |
| Headquarter and Property Development | Actively implement energy conservation practices and improve energy efficiency of operations | |
| Group-level | Zero incidents of environmental non-compliance | |
| Social Performance in FY2019 | | |
| | FY2019 Target | Performance Update |
| Construction | Zero occupational health and safety incidents | Achieved zero fatal workplace safety incidents |
| Social Targets for FY2020 | | |
| | FY2020 Target | |
| Construction | Accident Frequency Rate below 1.3 and Accident Severity Rate below 85 per project per year | |
| Group-level | Zero life loss at workplace | |
| | Zero reportable occupational diseases at workplace | |
| | Conduct at least 1 SGSecure briefing at workplace | |
| | Zero incidents of socioeconomic non-compliance | |

OUR ACHIEVEMENTS – NOTEWORTHY AWARDS

The Group, being fully committed to environmental protection, was a founding member of the Singapore Green Building Council in 2009, which leads private-public construction companies in achieving a world-class and sustainable environment in Singapore. The Council advocates green building design, practices and adoption of new technologies to drive environmental sustainability in the building and construction industry. In recognition of our achievements in environmental sustainability, the Group was awarded BCA Green And Gracious Builder Award (Excellent) in 2019. We also received the prestigious RoSPA Gold Award in recognition of our achievements in health and safety management systems and culture.

As a testament of our commitment to service and quality, the recent achievements and awards received by the Group includes:

- The Edge Singapore Centurion Club (2019)
- World Luxury Hotel Award (2018) for Mercure Maldives Kooodoo Hotel
- BCA Green and Gracious (GGBS) (Excellence) (2018)
- RoSpa (Royal Society for the Prevention of Accidents) Health and Safety Award (2018)
- MOM Certificate of Merit for Safety Performance Awards
- bizSAFE Star Certificate
- BCA A1 grading under the category CW01 for general building which allows us to tender for public sector construction projects of unlimited value with no restrictions for private sector construction projects.
- ISO 9001:2008 and SS ISO 9001:2008 Certificate of Registration (Quality Management System) for design management and building construction services
- ISO 14001:2004 and SS ISO 14001:2004 Certificate of Registration (Environmental Management System)
- OHSAS 18001:2007 Certificate of Registration (Occupational Health and Safety Management System)
- BCA Award for Greenmark Platinum for Raffles Hospital Extension

We will continue our sustainability development efforts and improve the quality of our service, and our target is to achieve BCA Conquas Assessment rating of at least 94, achieve a 90% passing rate for joint inspections within 1 re-inspection and to complete every project on time.

Furthermore, the Group went the extra mile and participated in the CultureSAFE program to cultivate a progressive and prevalent Workplace Safety and Health (WSH) culture in the organisation beyond merely executing WSH practices. By actively promoting a safety awareness culture, we continue to reaffirm our management's commitment to an accident-free work culture. This ensures that every employee inherently believes in our WSH values and continues to implement and improve on our WSH practise and behaviours.

ORGANISATION PROFILE

Keong Hong Holdings Limited is listed on the Main Board of the Singapore Exchange Securities Trading Limited. The Group's principal activities include building construction, property and hotel investment and development. Its building construction services include a broad range of residential, commercial, institutional, industrial and infrastructural projects for both private and public sectors. The Group also has property and hotel development and investment projects in Singapore, Japan and Maldives.

The Group made its maiden foray into property development in Singapore in 2012 through a joint venture with Frasers Property (formerly known as Frasers Centrepoint Limited) to develop Twin Waterfalls Executive Condominium. Its subsequent residential developments include SkyPark Residences, The Amore, Parc Life, Seaside Residences and The Antares.

Keong Hong also ventured into hotel development and investment in 2013 with Mercure Maldives Kooddoo Hotel and Pullman Maldives Maamutaa Resort in Maldives. In Singapore, the Group owns various joint hotel and mixed-use development projects – Hotel Indigo Singapore Katong, Holiday Inn Express Singapore Katong and Katong Square.

In 2016, the Group acquired the first of its two commercial properties in Japan.

Led by a qualified and experienced management team with a staff strength of over 300, Keong Hong has built a strong reputation and record of accomplishment over the last 36 years for its commitment to quality and service standards.

BUILDING AND CONSTRUCTION

Keong Hong is a provider of a broad range of building construction services to both private and public sectors for residential, commercial, institutional, industrial and infrastructural projects.

The Group's innovative technologies and technical capabilities, supported by our commitment to quality, safety, timely delivery and customer service, are our key strengths that differentiate us from our industry peers, and is the reason for our ability to secure projects from our repeat clients. The Group has pioneered several innovative technologies and processes in the construction industry that are widely used today, such as the Silent Jack-In Spun Piling System in Residential project and Intelligent Computerised Auto-Climb Peripheral Platform.

Leveraging on our technical capability and a vast array of experience gained over the years, Keong Hong has morphed into a Design and Build main contractor capable of taking on complex projects with full responsibility in design development for Structure, Mechanical & Electrical Services. For hotel and resorts development, our expertise extends to include Architectural design.

As a Design and Build main contractor, we have been able to extend our job horizon beyond that of conventional construction projects. We have established ourselves as a reputable main contractor with proven capability in the Design and Build of Condominium Projects, Hotel and Resorts Projects, Alternative Design using Top Down Construction Methodology for Complex Basement for Commercial and Institutional Projects. Our design and build and construction expertise are often harnessed through our joint ventures to create value added propositions that have won us many development projects, for example, SkyPark Residences, The Amore, Parc Life, Seaside Residences and The Antares.

Listed below are some completed projects involving Design and Build and their design scope:

- IBIS Hotel@ Bencoolen Street (TOP 2006, full Design and Build, include Architecture)
- Martin Place Residences Condominium (TOP 2011, Design and Build in Structure and M&E Services)
- SIM University Extension (TOP 2011, Design and Build for deep Basement near existing campus)
- Park Hotel Alexandra (TOP 2014, Design and Build in Structure and M&E Services)
- Twin Waterfalls EC (TOP 2015, Design and Build in Structure and M&E Services)
- SkyPark Residences EC (TOP 2016, Design and Build in Structure and M&E Services)
- The Amore EC (TOP 2017, Design and Build in Structure and M&E Services)
- Raffles Hospital Extension (TOP 2018, Design and Build for deep Basement near existing MRT line and an operational hospital)
- Parc Life EC (TOP 2018, Design and Build in Structure and M&E Services)

Listed below are the Group's on-going and recently completed building construction projects:

| Project | Sector | Year of TOP | Remarks |
|----------------------------------|------------------------|------------------|--|
| Wilshire Residences | Residential | 2022 (estimated) | Another residential project with KH Land as the main contractor. |
| The Antares | Residential | 2021 (estimated) | Another residential development joint venture, with Keong Hong taking a 35% stake. KH Land (subsidiary of Keong Hong) is also the Main Contractor, leveraging on its Design and Build experience and capability to offer value-add for the Joint Venture partners. This will be the first KH Land project to use Ultra High Performance Concrete (UHPC) PBU developed our JV company K&H Innovation Systems Pte Ltd. |
| National Skin Centre | Medical/ Healthcare | 2021 (estimated) | Keong Hong's first advanced precast project using precast columns, precast beams, precast hollow core slabs and in-situ concrete topping. |
| Seaside Residences | Residential | 2020 (estimated) | Project sited next to Victoria School, Social and environmental impacts are important considerations. In addition to regulatory peripheral sound barrier, Keong Hong installed sound curtains and air coolers in classes to further mitigate environmental impact. |
| Pullman Maldives Maamutaa Resort | Hospitality | September 2019 | Unique to this 122-Villa Resort (40 Land Villas and 82 Water Villas) is the 2 Underwater Villas that differentiate the Resort from other Resorts in Maldives. |
| Raffles Hospital Extension | Medical/ Healthcare | January 2018 | The building was constructed using Top-down Construction methodology as the complex hospital project is in a very tight site adjacent to the MRT line underground. BCA Award for Greenmark Platinum. |
| Parc Life EC | Residential | March 2018 | First Keong Hong project adopting precast bathroom unit (PBU) to enhance quality control, site productivity and reduce reliance on foreign labour. |

ORGANISATION PROFILE

| Project | Sector | Year of TOP | Remarks |
|-----------------------|-------------|---------------|--|
| The Amore EC | Residential | November 2016 | Use of Silent Jack-in Piling System to minimise noise and vibration to ensure minimum disturbance to the operation of adjacent secondary school. BCA Award for Greenmark Gold Plus. |
| SkyPark Residences EC | Residential | August 2016 | The project was completed two and a half months ahead of schedule. |

PROPERTY DEVELOPMENT

Keong Hong made forays into property development since 2012. Since then, the Group has developed five residential projects in Singapore. Our strategy to partner reputable property developers to jointly undertake residential development projects enable the Group to share resources with business partners and manage any business risks associated with property development projects.

| Property | Type | Ownership |
|--------------------|-----------------------|-----------|
| Twin Waterfalls | Executive condominium | 20% |
| SkyPark Residences | Executive condominium | 20% |
| The Amore | Executive condominium | 15% |
| Parc Life | Executive condominium | 20% |
| Seaside Residences | Private condominium | 20% |
| The Antares | Private Condominium | 35% |

PROPERTY INVESTMENT

The Group's expansion into hotel and property investments provides a steady recurring income to sustain its future growth. We intend to grow our commercial and hospitality assets to form a more substantial portion of our earnings.

Keong Hong embarked on its first hotel investment in 2013. To date, our hotel and property investment portfolio includes two commercial buildings in Osaka, Japan, two hotels in Singapore, 1 resort and 1 hotel in the Maldives.

| Country | Property | Ownership |
|-----------|--------------------------------------|-----------|
| Singapore | Hotel Indigo Singapore Katong | 20% |
| | Holiday Inn Express Singapore Katong | |
| Maldives | Mercure Maldives Kooddoo Hotel | 49% |
| | Pullman Maldives Maamutaa Resort | |
| Japan | 4-4-10 Honmachi Osaka | 100% |
| | 1-2-6 Minamihorie Osaka | |

ETHICS AND INTEGRITY

ANTI-CORRUPTION *(GRI 205-1, 205-2, 205-3)*

Keong Hong works diligently to ensure our employees adhere to the highest standards of ethics and integrity and comply with applicable regulations and professional codes of conduct.

Keong Hong adopts a strong stance against corruption and requires all employees to practise equal treatment, unbiased professionalism and non-discriminatory actions in relation to all business dealings. We have established clear guidelines and procedures for our employees. Our “No Gift/Cash Policy” is communicated to all our employees, vendors, subcontractors, service providers and relevant stakeholders. Keong Hong requires that no employees accept gifts, benefits and/or cash from all vendors, suppliers, subcontractors etc. Keong Hong has established a list of prohibited gifts and entertainment. The Group does not condone our Business Associates or any parties dealing with our group to engage in the practice of giving cash, gifts and benefits to any employees of Keong Hong.

All key personnel are required to sign an Annual Declaration of Independence Form to circumvent situations where conflict of interests might arise. This requirement is mandatory for all new employees as well.

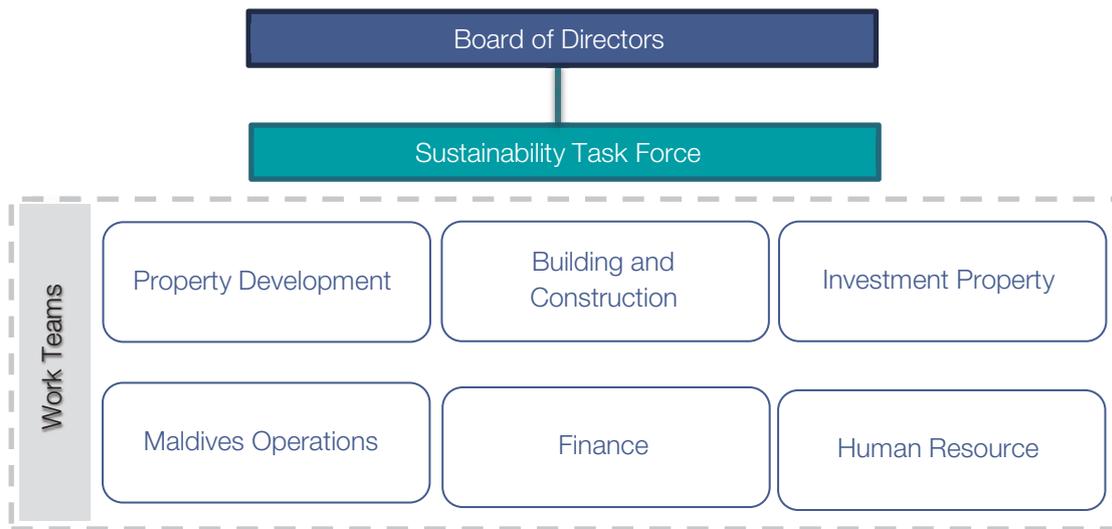
There were zero confirmed incidents of corruption in FY2019.

EMPLOYEE ANTI-GAMBLING POLICY

At Keong Hong, we are committed to promoting a productive and healthy work environment for all our employees. This includes the well-being of our employees. As such, we have implemented an Employee-Gambling policy to curb gambling activities in the Group and ensure that our employees and workers have participated in Organisation Facilitated Casino Self-Exclusion. In addition, Keong Hong has forbidden gambling on Group property and participating in online gambling via Group equipment. All new employees and workers will have to participate in the Casino Self-Exclusion as part of employment requirement. Our initiative for Organisation-Facilitated-Casino-Self-Exclusion has received full support and participation from our company workforce, including directors and workers.

GOVERNANCE AND STATEMENT OF THE BOARD

The Board is supported by the management’s Sustainability Task Force (STF) which comprises heads of different business units and is chaired by Mr. Er Ang Hooa (Executive Director) who oversees achievement of all sustainability targets and report to the Board. The Task Force reviews the Group’s sustainability objectives and monitors the sustainability performance.



The Board considers sustainability issues as part of our strategic formulation, and approves the material environmental, social and economic topics identified. The Board also oversees that the factors identified are managed and monitored.

The Taskforce has reviewed the option for external assurance of its sustainability report. The Taskforce has assessed that external assurance is not required for this year as the Group wishes to progressively strengthen the sustainability reporting framework.

Keong Hong adopts a precautionary approach in strategic decision making and daily operations by implementing a comprehensive Enterprise Risk Management (ERM) framework which is aligned with the requirements of COSO Internal Controls Integrated Framework. An annual Group-wide risk assessment exercise is conducted to update the firm’s risk profile in the ERM framework and reflects changing business risk exposures and addresses the significant and relevant risks to the Group.

Please refer to the ‘Corporate Governance Report’ in the Annual Report for more details.

STAKEHOLDER ENGAGEMENT

We engage with all of our stakeholders through a variety of channels to update them about Keong Hong's developments and gather their feedback. We identify stakeholders as groups that have an impact, or have the potential to be impacted by our business, as well as external organisations that have expertise in topics that we consider material. The feedback we receive from our stakeholders helps us to determine our material topics and identify our focus areas as the following:

| Stakeholders | Engagement platforms | Issues of Concern | Section Reference |
|------------------------------|--|--|--|
| Employees | <ul style="list-style-type: none"> Well-structured and open annual performance appraisal system to link performance with remuneration | <ul style="list-style-type: none"> Remuneration and Benefits Training and Development Ethics and Conduct | Our People, Our Assets |
| Suppliers and Subcontractors | <ul style="list-style-type: none"> Weekly update with contractors on occurrence of accidents Mass toolbox meeting | <ul style="list-style-type: none"> Health and Safety Environmental Compliance | Managing our Suppliers |
| Customers | <ul style="list-style-type: none"> Annual Reports Corporate profile | <ul style="list-style-type: none"> Quality of workers' living conditions Data Privacy | Our People, Our Assets Protecting Customer Privacy and Data |
| Industrial organisations | <ul style="list-style-type: none"> Annual Reports Conferences and Seminars | <ul style="list-style-type: none"> Bargaining power and supply chain sustainability | Financial assistance received from government |
| Governments & Regulators | <ul style="list-style-type: none"> SGX quarterly announcements Annual Reports Sustainability Reporting Ongoing dialogues | <ul style="list-style-type: none"> Environmental compliance with National Environmental Agency Regulatory and Industrial requirements under Building and Construction Authority and Ministry of Manpower | Fines or Penalties and Injuries and Incidents |
| Community | <ul style="list-style-type: none"> Community Services Engagement | <ul style="list-style-type: none"> Environmental Impact Social Development Community engagement programme | Giving back to our community and Environmental Topics |
| Shareholders and investors | <ul style="list-style-type: none"> Annual Reports Investor Relations Management | <ul style="list-style-type: none"> Economic Performance Anti-corruption | Anti-corruption and Annual Report |

REPORTING PRACTICE

Keong Hong's first sustainability report has been produced in accordance with the GRI Standards "Core" option covering our Group's performance from 1 October 2018 to 30 September 2019.

The GRI Standards represent global best practices for reporting on economic, environmental and social topics. The report also incorporates the primary components of report content as set out by the SGX's "Comply or Explain" requirements on sustainability reporting under Listing Rule 711B. The Group has assessed that external assurance is not required as the Group is laying the foundations for a sustainability reporting framework this year. This report supplements the Group's FY2019 Annual Report and is available online at: <http://www.keonghong.com>.

Detailed section references with GRI Standards can be found on the GRI Index Page.

Keong Hong's material topics are identified based on their impact on our internal and external stakeholders, as outlined in the Stakeholder Engagement Section. (● = Singapore, ● = Maldives)

Our property investments in Japan are office rentals and not significant. As such, we did not include operations in Japan in this report.

| Material Topics | Applicable Segments | | | |
|---------------------------------|---------------------------|--|--------------------------------------|-------------|
| | Building and Construction | Operations and Investments in Maldives | Headquarter and Property Development | Group-Level |
| ECONOMIC | | | | |
| Economic Performance | ● | | | |
| Market Presence | | ● | | |
| Indirect Economic Impacts | ● | ● | | |
| Procurement Practices | | ● | | |
| Anti-corruption | | | | ● ● |
| ENVIRONMENTAL | | | | |
| Materials | ● | | | |
| Energy | ● | ● | ● | |
| Water | ● | ● | | |
| Biodiversity | | ● | | |
| Emission | ● | ● | ● | |
| Effluents and Waste | ● | ● | | |
| Environmental Compliance | ● | ● | | |
| Supplier Environment Assessment | ● | ● | | |

| Material Topics | Applicable Segments | | | |
|---------------------------------|---------------------------|--|--------------------------------------|-------------|
| | Building and Construction | Operations and Investments in Maldives | Headquarter and Property Development | Group-Level |
| SOCIAL | | | | |
| Employment | | | | ● ● |
| Occupational Health and Safety | | | | ● ● |
| Training and Education | | | | ● ● |
| Diversity and Equal Opportunity | | | | ● ● |
| Non-discrimination | | | | ● ● |
| Child Labour | | ● | | |
| Forced or Compulsory labour | | ● | | |
| Local Communities | | | | ● ● |
| Supplier Social Assessment | ● | ● | | |
| Customer Privacy | | ● | | |
| Socioeconomic compliance | | | | ● ● |

BUILDING AND CONSTRUCTION

DEVELOPING TECHNOLOGY

GRI 203-1, 203-2

Our construction projects have brought about indirect economic benefits to the local community. Our construction projects require the expertise of direct/indirect suppliers and specialists – concrete, reinforcement, tiles/stone and furniture which generates business opportunities within and among the supply chain.

We have upgraded our digital capability in Building Information Modelling (BIM), Virtual Design and Construction (VDC) and Virtual Reality (VR). We are proud to be one of the pioneers in adopting the Digit-alpha capability transformation Programme, a pilot project with VR as a core module sponsored by Info-communications Media Development Authority (IMDA). With the Digit-alpha Programme, we hope to streamline our operations and transform our business processes to improve our workforce productivity and achieve business growth.

We have also adopted Design for Manufacturing and Assembly (DfMA) technologies, including Prefabricated Prefinished Volumetric Construction (PPVC), Prefabricated Bathroom Unit (PBU) and Mechanical Electrical Plumbing (MEP) module which improve productivity at construction sites, as the manufacturing of these building components can be completed off-site in a safe and controlled environment. Notably, DFMA was used extensively in the National Skin Centre project, such as integrating horizontal MEP module at the passenger lift lobby, vertical MEP module at the air handling unit (AHU), as well as inter-connecting piping and combined services MEP in the risers.



DfMA – Pre-connection between Mechanical, electrical and plumbing service modules

Our in-house PPVC and Prefabricated Bathroom Unit (PBU) are jointly developed by K&H Innovative Systems Pte Ltd, a Joint Venture company between Keong Hong Construction Pte Ltd and Ho Lee Construction Pte Ltd. We have received the In-Principle Acceptance for both PPVC and PBU from Building Innovation Panel.

In addition, high productivity software based on mobile and cloud technology have been used to enhance productivity on-site. For example, we used Novade Quality in the Seaside Residence project to manage the defect rectification process during quality inspections, handover and defect liability period for building projects.

BIM 360 is another cloud-based software adopted by our company to connect project teams and data in real-time, flowing from design to construction. This technology supports informed decision-making and leads to more efficient and effective work processes.

Keong Hong will continue to innovate and implement new technologies in our operations to benefit our business, our industry and the community.

FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT

GRI 201-4

In FY2019, the Group received \$538,910 grant under the Capability Development Grant (Industry) from IMDA for the Sector Pilot Project, for the adoption of Digit-Alpha solution at National Skin Centre Project. This grant has been utilised for the purchase of hardware, software and training for staff in areas of BIM, VDC and VR. We tap on technology funding to enhance project productivity and safety.



BIM training for staff



VR immersive experience for National Skin Centre project

As an extension, we have also utilised VR technology to train our workers on worksite safety in a safe virtual environment, especially for workers who will be exposed to high-risk areas such as the building roof edge.



VR training for workers



RECYCLED INPUT MATERIALS

GRI 301-2

The Group has undertaken methods to recycle input materials in our projects to reduce wastage and ensure sustainable operations.

At Keong Hong, we are committed to using eco-friendly and recycled materials in our construction projects wherever possible. We conscientiously use green concrete to replace Ordinary Portland Cement for the construction of permanent structures in our Amore and Seaside Residences projects, and 10% of the green concrete is used for superstructure works. Together with our use of green material, this translates into reduction in carbon footprint for the construction projects as the materials can be recycled. Notably, our Raffles Hospital extension project received a Green Mark Platinum rating, which is a testament to our corporate commitment to green practices.

BUILDING AND CONSTRUCTION

In addition, to minimise wastage, we implement predominantly aluminium system formwork which includes self-climbing formwork, vertical safety screen, table form, metal wall and slab formwork for all construction projects on-site, as aluminium can be reused with minimal wastage. We also use recycled construction materials like recycled timber and plywood for safety barricade, recycled steel hollow section for fabrication and recycled earth control measure tank and filtration systems to control water discharge drainage for temporary works.

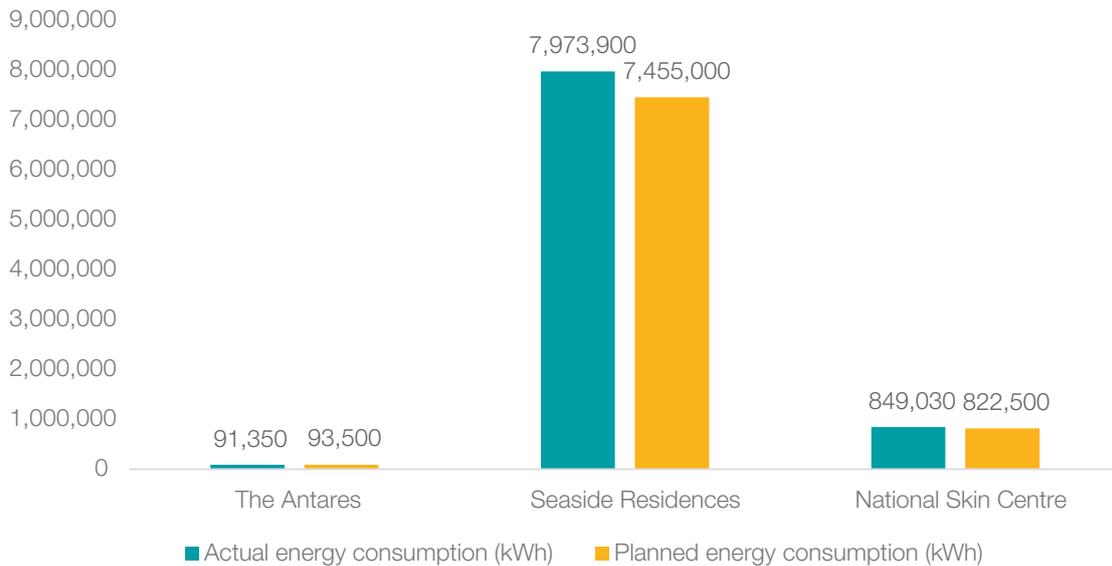
ENERGY AND EMISSIONS MANAGEMENT

GRI 302-1, 302-3, 302-4, 302-5, 305-2, 305-4, 305-5

Keong Hong is committed to the preservation of the environment by championing Green and Gracious practices to reduce energy and water consumption as well as carbon dioxide emissions. We have received the Green and Gracious Excellence Award from BCA in recognition of our efforts.

The Group is committed to achieving our planned objectives and targets to ensure that we are operating sustainably. We strive to reduce energy consumption for all building and construction projects. See below for charts for energy consumption for ongoing projects:

ENERGY CONSUMPTION



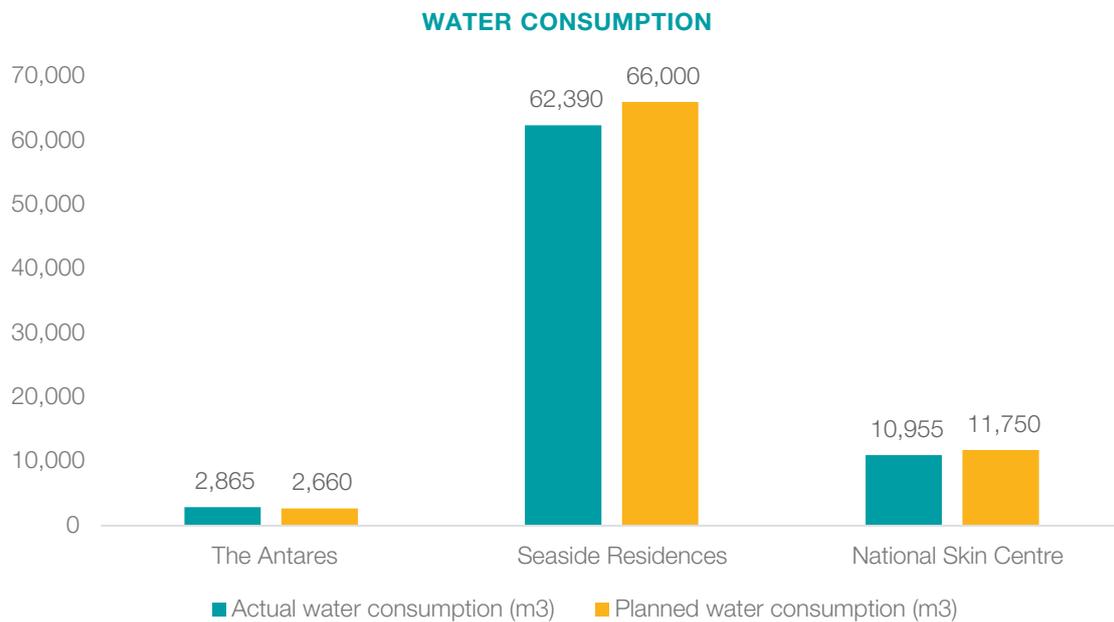
For the Seaside Residences, our actual energy consumption slightly exceeds the planned consumption as the number of workers living in the approved workers quarters on site exceeded the number anticipated at the beginning of the project.

The Group endeavours to draw energy from renewable sources rather than non-renewable sources. This is to preserve the environment and meet compliance standards. The Group taps on solar energy to power noise meters and traffic warning signs. In addition, the Group uses green label appliances and energy efficient light fittings to reduce energy consumption and emissions.

WATER MANAGEMENT

GRI 303-1, 303-2, 303-3

At Keong Hong, we are committed to reducing water consumption at construction sites to ensure sustainable operations. As seen from the graph below, our water consumption is generally lower than planned, which is testimonial of our water conservation efforts.



We have always engaged our Qualified Erosion Control Professional (QECP) to design our Earth Control Measures (ECM) plan integrated with washing bay system as plan of our sediment control. It is an efficient way to conserve water as washing large volume of vehicles could mean high water consumption. Rainwater that is stored in the sump of the tank will be reused for the washing of vehicles entering or leaving the site. This allows us to conserve water used for washing of vehicles at our construction sites. We endeavour to implement more water conservation measures to further reduce water consumption on-site.

EFFLUENTS AND WASTE MANAGEMENT

GRI 306-1, 306-2, 306-5

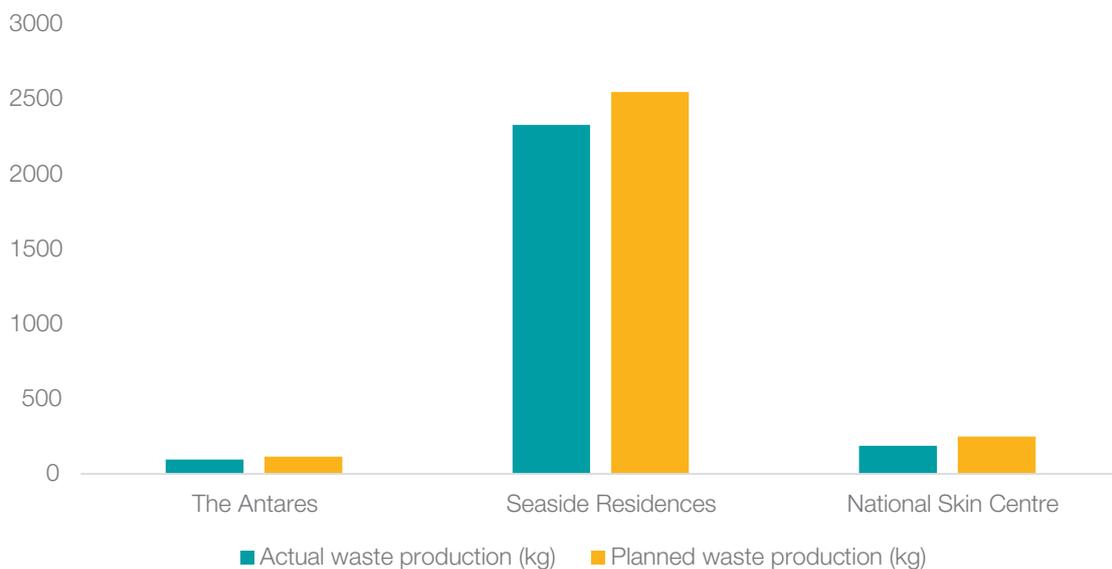
Keong Hong endeavours to manage waste sustainably by implementing technologies and complying with the code of practice.

We minimise construction waste by harnessing advanced technology, including BIM, VDC and VR. These technologies pre-empt costly abortive works by first identifying clashes in a virtual environment before the project is actually built. High standard of workmanship and quality of works are also achieved through implementation of DfMA technology like PPVC and PBU by shifting work to a sheltered and controlled environment. Wherever feasible, construction materials used for our projects are Green Label certified from the Singapore Environmental Council. The Group implements on-site recycling policies to segregate different types of waste materials so they can be efficiently handled for disposal. Surface run-off water is treated before it is discharged to public drains.

BUILDING AND CONSTRUCTION

Keong Hong is responsible in the disposal of its waste materials by using only approved methods to minimise any harm to the environment. Excess debris and general waste from construction are collected in designated bins for proper disposal by licensed disposal contractors. All left over scrap metal from reinforcement bar are segregated and disposed by licensed waste collectors. Timbers that are not reusable are periodically disposed of by a licensed contractor engaged by our appointed Environment Control Officer.

WASTE PRODUCTION



NOISE AND VECTOR MANAGEMENT

GRI 413-1

The Group strives to manage noise arising from construction activities by using a set of permissible noise limits and Noise Management Plans (NMP) compliant with National Environment Agency (NEA) Noise Regulation. To achieve minimization of noise, the Group has engaged a noise control vendor to perform real time noise monitoring to ensure that the noise generated does not exceed the allowable limit NEA. Noise barriers are erected around the site to reduce noise from the construction equipment. Generators used on site are required to be 'silent' generators, so that noise generated is reduced.

The Group implements vector control plans at our sites to combat the issue of pest and mosquito breeding. Daily on-site housekeeping checks are conducted to control and pre-empt mosquito breeding. To further mitigate mosquito breeding, the Group engages pest control companies to manage our construction sites to clamp down on mosquito breeding. Allocation and implementation of proper disposal systems for construction debris and organic waste are in place to facilitate pest control.

MANAGING OUR SUPPLIERS

GRI 308-1, 308-2, 414-1, 414-2

At Keong Hong, we take pride in our efforts to ensure that our suppliers and subcontractors are selected based on high quality and environmentally friendly practices. Before awarding contracts, we evaluate our suppliers and subcontractors based on their track record, workmanship, ISO certification and safety performance. We select those with satisfactory scores, and for some who are relatively new and failed the supplier assessment, we will monitor their site performance to ensure accountability and quality assurance.

During contract term, we continue to assess suppliers based on their compliance with material specification/standards, response to replacement of defective material/emergency and their Green and Gracious practices. As for subcontractors, we assess their technical capability, safe performance and Green and Gracious practices. These continuous assessments show our commitment to maintain quality and sustainability of our operations.

In addition, subcontractors and external service providers procure materials and services for our contracts and project activities, we execute purchase control to ensure that they meet the needs of our project requirements during procurement. We go the extra mile in supplier management to insure quality, accountability and sustainability in our supply chain.

We exercise stringent control at site level via biometric system to ensure only valid work permit holders can gain entry to the project site. Regular checks are conducted by our HR executive to ensure that only workers with current worksite resident address are allowed to stay on-site. We mandate that our contractors and sub-constructors comply with labour regulations in Singapore.

ENVIRONMENTAL COMPLIANCE

GRI 307-1

The Group's compliance policies and regulations take into consideration data collected on Energy, Water, and Waste Disposal. This data is analysed for the various projects for project cost optimisation and resources.

Keong Hong has committed to a set of guidelines to manage environmental pollution at all our project sites. We are committed to controlling the combined cost of water, electricity, diesel consumption and generator rental to less than 0.8% of contract sum per project, as well as keeping waste disposal cost to less than 0.3% of contract sum per project.

There were zero incidents of non-compliance with environmental laws and regulations in FY2019.

OPERATIONS AND INVESTMENTS IN MALDIVES

MARKET PRESENCE

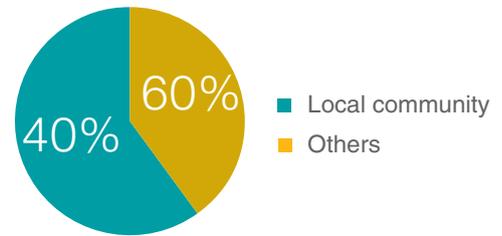
GRI 202-2

Keong Hong strives to empower the local community through increasing employment opportunities for our projects in Maldives as well as our resort and hotel construction projects. 100% of the staff at the Kooddoo Airport are hired from the local community, including all senior management staff. For our Maldives projects, the proportion of employees hired from the local community are as below:

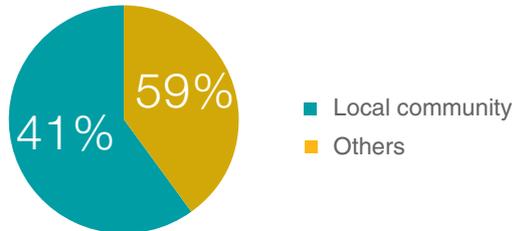
Proportion of employees hired from local community for Kooddoo Airport



Proportion of employees hired from local community for Mercure Maldives Kooddoo Hotel



Proportion of employees hired from local community for Pullman Maldives Maamutaa Resort



DEVELOPING TECHNOLOGY & INDIRECT ECONOMIC IMPACTS

GRI 203-1, 203-2, 204-1

Keong Hong has implemented various practices to ensure that we benefit the local economy and businesses during our operations. We endeavour to create more business opportunities for local suppliers. As such, we make a conscientious effort to procure from local suppliers directly, such as consumables, fire-fighting and medical equipment.

We also reduced the time required for construction at sites and improved productivity by using pre-fabricated roofs and water storage tanks. The structures for buggy path are precast on land before it is put together over water to allow comfortable access to over-water structures since early stages of construction and expedite the construction of permanent buggy path structures, ensuring safer working conditions and higher labour productivity. As a result, more jobs can be created for the local community. In addition, with our Kooddoo Airport expansion, the airport can accommodate more planes including private jets. Locals also have more convenient means of transport, and tourists can travel to resorts near Kooddoo via transit at the airport. This will help to promote the local tourism industry development and create more jobs for the locals. To date, 198 Maldivians are hired, and we intend to continue improving airport facilities to meet future demand.

ENERGY AND EMISSIONS MANAGEMENT

GRI 302-4, 305-5

The Group closely monitors operations in Maldives to ensure effective implementation of energy conservation measures. Some examples include using LED lights instead of incandescent bulbs to conserve energy and creating staff awareness by placing signage to sensitise employees to inherently enforce environmentally friendly practices.

Mercure Maldives Kooddoo Hotel and Pullman Maldives Maamutaa Resort

We endeavour to conserve energy consumption whenever possible, and we have plans to install false ceilings or glass partitions and monitor sensors in public toilets, fitness centre and other areas of the Resort and Hotel to conserve energy.

We have engaged a company to install and operate the solar energy system at Mercure Maldives Kooddoo Hotel and Pullman Maldives Maamutaa Resort. Solar Panels are installed on the roof of Back of House (BOH) buildings. The estimated capacity of the solar system installed is 900 kWp, of which 240 kWp is designated for Mercure Maldives Kooddoo Hotel and 660 kWp for Pullman Maldives Maamutaa Resort. With this system in place, the amount of diesel required to power the Resort will be greatly reduced.



Solar panels installed at the Pullman Maldives Maamutaa Resort

Kooddoo Airport

Pullman Maldives Maamutaa Resort

- Complete mechanical, electrical and plumbing system controlled and monitored via Building Management System (BMS) – regulate energy consumption
- Programmable dimming and switching system at all Front of House buildings – control energy consumption
- Control outdoor pathway lightings via daylight sensors and BMS – reduce energy consumption
- 4 prime powered generators with an auto synchronising and auto load sharing system to generate energy – monitor energy usage and shut down some generators during low energy demand periods to save on energy consumption
- Step-up and step-down substations to distribute power to each building – increase efficiency of power consumption

OPERATIONS AND INVESTMENTS IN MALDIVES

Mercure Maldives Kooddo Hotel

- LED lights and solar panels installed - reduce energy usage and emissions during operations
- 3 generators with alternators - increase efficiency of power consumption,

In FY2019, total energy consumption at Kooddo Airport was 346,381.3 kWh.

WATER MANAGEMENT

303-1, 303-2, 303-3

We recycle water via desalination methods through Reverse Osmosis (RO).

In FY2019, the total amount of water withdrawn at the entire Mercure Maldives Kooddo Hotel was 28,770 m3, and

| Mercure Maldives Kooddo Hotel | Pullman Maldives Maamutaa Resort | Kooddo Airport |
|---|---|--|
| <ul style="list-style-type: none"> • 2 RO fresh water machines to produce fresh water • 2 treated water tanks of 150,000 litres each and 1 sewerage treated water tank of 150,000 litres to store the treated water | <ul style="list-style-type: none"> • 2 RO fresh water machines to produce fresh water • 5 treated water tanks of 150,000 litres each and 1 sewerage treated water tank of 150,000 litres to store the treated water | <ul style="list-style-type: none"> • Monitor RO plant operations and water consumption on a regular basis – ensure efficient water conservation |

there was no significant impact on any water sources. The Group will continue to preserve all water sources and minimise any adverse impact caused by water withdrawal by constructing more desalination plants in the near future to achieve self-sufficiency for water demands on the islands.

EFFLUENTS AND WASTE MANAGEMENT

GRI 306-1, 306-2, 306-5

To ensure proper management of sludge and effluents, the Group has constructed a sewer network grid over the island with a gravity flow system, as opposed to the conventional pump system used in previous projects which was less energy-efficient.

Division of waste type generated at our Kooddo Airport, Mercure Maldives Kooddo Hotel and Pullman Maldives Maamutaa Resort are completed at the waste management building which is equipped with incinerators, compactors and bottle crushers. We ensure that proper transportation and waste disposal methods are used in accordance to the type of waste.

Mercure Maldives Kooddoo Hotel and Pullman Maldives Maamutaa Resort

At Mercure Maldives Kooddoo Hotel, sewage is disposed via a computerised chemical digestive system whereby sewage is pumped via a 150,000 litre capacity sewage treatment plant to process it into sludge. On the other hand, sewage at Pullman Maldives Maamutaa Resort is disposed via Membrane Bioreactor system whereby sewage is pumped via a 300,000 litre capacity sewage treatment plant to process it into sludge. Once the sludge is dried, it is sent to a nearby waste management centre and used for landfill. This system is established for both Mercure Maldives Kooddoo Hotel and Pullman Maldives Maamutaa Resort, and complies with local standards and accepted code of practices.

We take care in wastewater disposal to ensure that we do not harm the environment during operations. At our properties, rejected brine from our RO plants are instantly mixed with the water column to reduce its concentration to negligible amounts before being discharged into the lagoon, thus this discharge has no effect on the surrounding environment. Sewerage is also recycled into portable water to be stored for irrigation usage, and only excess sewerage is discharged into the sea.

In FY2019, the actual waste production at Mercure Maldives Kooddoo Hotel was 15,787 kg.



Bottling room, bottle washer, pre-bottle washing, filters (left to right)



Bottling tap, water-filled bottles, glass bottles used in Mercure Maldives Kooddoo Hotel and rooms (left to right)

In our effort to minimise plastic wastage, we own a water bottling facility which effectively cleans glass bottles and fills the bottles up with clean filtered potable water. These glass bottles of water have replaced plastic bottles in the rooms, thereby reducing plastic waste generated. We have recently established the same bottling facility at our newly-opened Pullman Maldives Maamutaa Resort.

OPERATIONS AND INVESTMENTS IN MALDIVES



Organic waste composting machine at Maamutaa resort

Both Mercure Maldives Kooddoo Hotel and Pullman Maldives Maamutaa Resort are equipped with its own organic waste composting machine that processes daily food waste ingredients into organic fertilisers. By applying only organic compost, it improves the overall soil structure.

Kooddoo Airport

In FY2019, the average daily waste generation at Kooddoo Airport was 150 kg.

MANAGING BIODIVERSITY

GRI 304-2, 304-3

Keong Hong endeavours to protect and preserve the environment during our operations, by putting initiatives in place to ensure we operate sustainably.

The Group has engaged specialists to preserve the vibrant biodiversity of the environment in Maldives. Before excavation and construction commence, our specialists will transplant corals from all project sites to safe areas. The Group has plans to set up a coral conservation programme at the resort which includes a coral garden and coral nursery to preserve the coral reef. We endeavour to maintain the good condition of the coral colonies in the vicinity of our operations. Planting of corals under the rooms will only commence after all construction activities are completed to prevent any unnecessary coral stress and bleaching.



Coral nursery

As at the end of FY2019, our coral nurseries bloomed with 450 pieces of coral, and we are constantly replanting coral fragments after major translocations to increase the survival rate of our coral pieces. Currently, 840 pieces of coral have been planted at the overwater and underwater villas and we will continue to grow our coral nurseries with the hope of raising them into larger colonies that can be used for reef rehabilitation.

Due to the high volume of marine recreation activities at Pullman Maldives Maamutaa Resort, the Group has undertaken several initiatives to manage environmental impacts for all operations in Maldives. To circumvent any damage to the coral reef through the use of boats and marine equipment, the Group has imposed rules on boat operators on the island such as anchoring, boat operation, boat sewage and garbage disposal. For tourists engaging in recreational activities, strict rules on activities such as fishing, marine wildlife viewing, snorkelling, diving and scuba, have been established and enforced.

In an effort to ensure that our environmental protection efforts are regulated and implemented properly, we went the extra mile to perform Environmental Impact Assessment (EIA) on the Pullman Maldives Maamutaa Resort project, and we successfully attained EIA approval in 2015. The EIA addendum was submitted and approved prior to the commencement of coral gardening works and revision of Concept Masterplan for both Mercure Maldives Kooodoo Hotel and Pullman Maldives Maamutaa Resort. As such, proper precautionary measures have been implemented to guarantee environmental and biodiversity sustainability during operations.



Phat chameleon garden

OPERATIONS AND INVESTMENTS IN MALDIVES

In addition to coral nurseries, we built an organic farm at both properties to minimise negative impacts on the surrounding environment. Our organic farm at Pullman Maldives Maamutaa Resort, Phat chameleon garden, measures at an estimated area of 900 sqm and it is loaded with exotic and delicious variety of tropical fruits and vegetables. The farm offers many fruits trees like Persea Americana (Avocado), Manikara zapota (Chiku), Averrhoa carambola (Star Fruit) and Annona muricata (Soursop). Organic farming is an agricultural system that adopts ecologically based pest controls and biological fertilisers derived mainly from animal and plant wastes. It reduces negative environmental impacts caused by the use of chemical pesticides and synthetic fertilisers in conventional agriculture, and it has numerous ecological benefits.



Natural lake at Pullman Maldives Maamutaa Resort

The Pullman Maldives Maamutaa Resort has a natural lake that has an estimated area of 4,000 sqm. It is surrounded with well-preserved thick and dense vegetation and is the key feature of the island. In addition, the Pullman Maldives Maamutaa Resort is equipped with a SolarBee water purifier system that treats the lake water. The water purifier operates on solar power and has a large area of influence over the lakes and source of raw water.

MANAGING OUR SUPPLIERS

GRI 308-1, 308-2, 408-1, 409-1, 414-1, 414-2

Mercure Maldives Kooddoo Hotel and Pullman Maldives Maamutaa Resort

When selecting suppliers, we entrust the recommendations from our internationally renowned hotel operator, AccorHotel (Accor), with their abundance of experience in the Maldives region. We evaluate and select suppliers that are approved and recommended by our hotel operator.

The suppliers have gone through stringent checks to ensure that they are in compliance with local regulations and sourcing of raw materials are done ethically and in an environmentally friendly manner. We also regularly review the supplies procured to ensure that sustainable products are used. For instance, at Pullman Maldives Maamutaa Resort, the procured bed sheets, duvet and pillow covers are eco-friendly textile products certified according to Oeko-Tex Standard 100 technology. The Oeko-Tex Standard 100 is a globally uniform testing and certification system for textile products which covers multiple human-ecological attributes, and textile products may be certified according to Oeko-Tex Standard 100 only if all components strictly meet the required ecological criteria without exception. This shows our commitment to ensure a sustainable supply chain.

We have plans to start screening suppliers ourselves instead of through our hotel operator for future jobs to ensure quality, accountability and social responsibility within our supply chain.

In addition, Accor ensures strict compliance with the local legal framework, as well as various fundamental documents including International Labour Organisation's fundamental conventions and the ten principles of the United Nations Global Compact. As such, Accor exercises strict due diligence when assessing their suppliers and service providers to ensure they are not at risk for incidents of child labour or forced or compulsory labour. In the event of non-compliance with local labour laws, Accor would immediately sever all ties with the supplier or service provider in question.

We entrust Accor with the hotel supplier management as they have expertise in that area. Majority of our suppliers are approved and recommended by our hotel operator. The suppliers have gone through stringent checks to ensure there is no child or prisoner labour. We have plans to start screening suppliers ourselves for future jobs to ensure quality and accountability.

Kooddoo Airport

To ensure compliance with Maldives labour regulations, our HQ key personnel regularly visit the Kooddoo airport site to conduct operational audit with the assistance of our local legal advisor. We ensure that all workers on the Pullman Maldives Maamutaa Resort construction site are holding on to valid work permit.

ENVIRONMENTAL COMPLIANCE

GRI 307-1

There were zero incidents of non-compliance with local environmental laws and regulations in FY2019.

PROTECTING CUSTOMER PRIVACY AND DATA

GRI 418-1

The Group takes utmost care in protecting our customers' privacy and data and is in compliance with the Personal Data Protection Act (2012). There were no reported breaches in FY2019.

HEADQUARTER AND PROPERTY DEVELOPMENT

ENERGY AND EMISSIONS MANAGEMENT

GRI 302-4, 305-5

The Group adopts energy-efficient features such as occupancy sensors for toilets, LED lights at corridors and green label products for photocopier machines to conserve daily energy usage. Energy efficient structures, such as energy-efficient refrigerator and air-conditioning system, lift system with VVVF (Variable Voltage Variable Frequency) and sleep mode features, and ductless fans in the basement are installed to reduce energy consumption. We also use power grid power instead of a diesel generator to reduce emissions and save energy.

OCCUPATIONAL HEALTH AND SAFETY

VISION TOWARDS AN ACCIDENT-FREE WORK CULTURE

GRI 403-1, 403-4

We have a Health and Safety Committee with joint management-worker representation to facilitate a positive health and safety culture. It is the responsibility of our workers that they observe all safety precautions and comply with our Safety Rules and Regulations. We implement strict safety policies on-site by mandating trainings such as Safety Induction Training and Safe Work Practices Demonstration for all workers before they are allowed to commence work on-site to help us achieve our goal of an accident-free work culture.

We believe that positive safety culture starts from the top. We have implemented the Construction Safety Audit Scoring System (ConsASS) to audit the Safety and Health Management System at our Group and worksites. We have developed the CultureSAFE programme to help us build a positive Workplace Safety and Health culture, mind-set and attitude beyond infrastructure and level of competency.



Seaside – Fraser Property Safety Award



National Skin Centre – Safety Award



OCCUPATIONAL HEALTH AND SAFETY

We organise a bi-annual Safety Award day for all personnel to celebrate safety milestones and reward individuals who demonstrate exemplary workplace safety behaviour and contribute to project safety. We also recite the safety pledge and conduct safety quizzes during the ceremony to promote safety awareness and inculcate safety knowledge among workers. The ceremony serves to encourage all staff and workers to continue working towards achieving our workplace health and safety targets and prioritising safety.

Keong Hong actively participated in the sharing of safety experiences gained from projects with the construction community. We were invited by Ministry of Health Holdings Pte Ltd (“MOHH”) to share our experience of utilising innovation and technology to enhance site safety at their Healthcare Infrastructure Projects Division (HIPD) Annual Workplace Safety and Health Officers Dialogue 2019.



Keong Hong Invited by MOHH to share experience on utilising innovation and technology to enhance safety on site at their HIPD Annual Workplace Safety and Health Officers Dialogue 2019

In addition, we go the extra mile to perform a pledging ceremony for all personnel before each project to formalise our commitment towards health and safety. The ceremony is led by the Group’s CEO and involves senior management and representatives of subcontractors and workers. The Safety and Health Pledge is signed by everyone and posted on the entrance of the worksite. Together, we pledge to promote safety and strive for zero accident at our project sites.

INJURIES AND INCIDENTS

GRI 403-2, 403-3

Our overall accident frequency rate and severity rates are below the industrial standard, and we continue to endeavour to lower these rates.

| | FY2019 | FY2018 | FY2017 |
|-------------------------------|--------|--------|--------|
| Accident Severity Rate | 40.9 | 11.7 | 34 |

Our AFR is 0.8 and ASR is 40.9 in FY2019, both well below the industrial average of 1.5 and 115 respectively. We saw a significant increase in the ASR from FY2018 to FY2019 due to a non-fatal accident that occurred during the reporting period. Our safety performance in FY2019 is in line with our aim of meeting the following Occupational Health and Safety Objectives:

- Maintain formal certification of our OHSAS 18001:2008 safety management system and BizSafe Star
- Zero fatality
- Zero MOM demerit points
- Not more than 1 reportable incident to Ministry of Manpower per project over a 12 months window period of construction activities
- Reduce Accident Frequency Rate (AFR) to below Industrial Standard (1.5) per project per year
- Reduce Accident Severity Rate (ASR) to below Industrial Standard (115) per project per year

To lower the risk of incidents and diseases, high-risk areas namely water bodies and food waste that attract pests such as mosquitos, flies and rodents were identified. Thereafter, we implemented corresponding preventive measures, such as constructing surface and subsoil drainage to control mosquito breeding at water bodies, and engaging NEA-approved licensed contractors to dispose food wastes and preventing food from rotting at our worksites.

OUR PEOPLE, OUR ASSETS

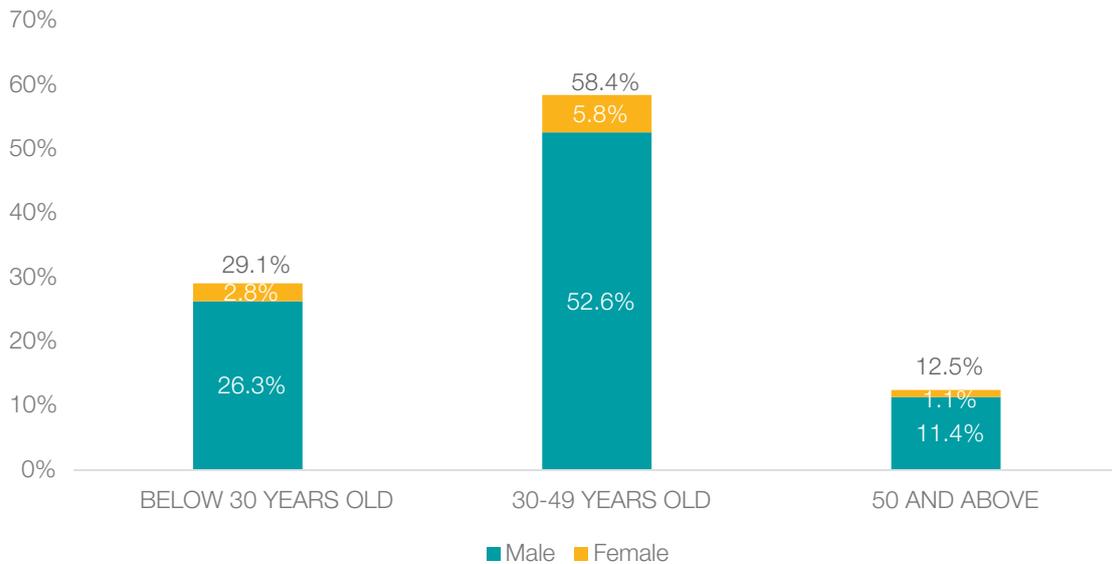
Keong Hong embraces diversity and our employees come from various walks of life. This inclusive diversity drives innovation and increases productivity and competitive advantages in our organisation. We endeavour to make our workplace fair for all our staff and workers. We provide training opportunities for staff development through continuous learning and skills improvement. We strive to provide sufficient welfare standards for all our employees.

EMPLOYEE DIVERSITY

GRI 401-1, 405-1, 406-1

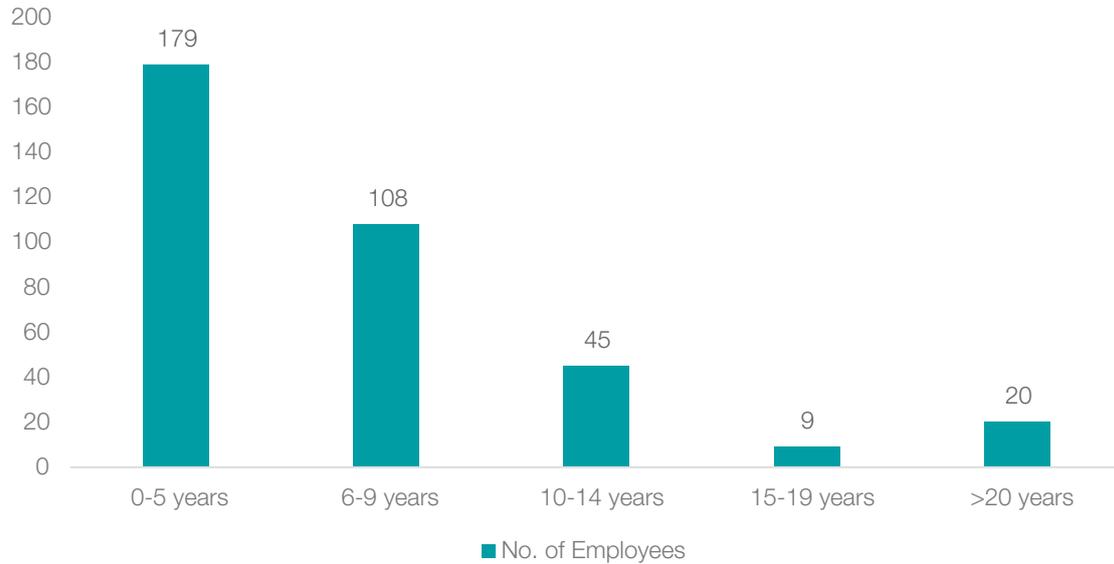
We value the experience and knowledge of our senior staff as well as the passion and adaptability of the younger staff. We had a total strength of 189 staff as at 30 September 2019. We have a diversified workforce consisting of employees coming from different countries such as the United Kingdom, Philippines, China, Thailand, Malaysia, Myanmar, Bangladesh and India.

OUR WORKFORCE



In FY2019, our new hire rate was 10.90% and attrition rate was 7.17%.

EMPLOYEE YEARS OF SERVICE



We hold employee satisfaction and appreciation in high regard, and we recognise long-serving employees with annual long service awards. As we embrace diversity and encourage inclusivity, we employ workers from 8 other countries. We also recognise the contributions of all employees equally and fairly. As such, there were no incidents of discrimination in our organisation, and more than half of our construction workers have been with the company for over 5 years. With 74 employees with more than 10 years of service, this is a testament of our exemplary labour management.

EMPLOYEE BENEFITS

GRI 401-2, 401-3

At Keong Hong, we prioritise the welfare of our staff and workers by entitling them to a range of benefits including healthcare and insurance, parental leave and retirement benefits where eligible as we believe in a comprehensive welfare system for our employees. Long service employees are rewarded with increases in annual paid leave. Medical benefits, dental claims and fully paid Executive Health Screenings are extended to all employees.

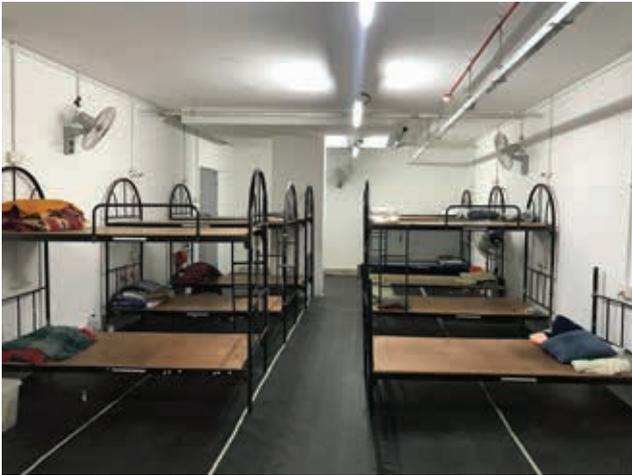
Every female employee is entitled up to a maximum 16 weeks of paid maternity leave while male employees are entitled up to 2 weeks of paid paternity leave. Employee’s entitlement to childcare leave is in accordance to the Children Development Co-Savings Act. Adoptive mothers are entitled to 12 weeks of paid adoption leave to care for their adopted infants.

OUR PEOPLE. OUR ASSETS



Festival celebration – Deepavali 2019

The physical and mental wellbeing of our staff is integral to their career development as well as the sustainability of our growth. As such, we implemented initiatives such as building a gym facility and cosy corner at our Headquarter for employees to exercise regularly and enhance their work-life balance. In addition, we regularly organise recreational events such as cricket and hockey games and festival celebrations for all staff and workers, including our sub-con workers, to promote bonding and social well-being.



Workers' quarters – clean, spacious and organised

To help promote a clean and healthy living environment for our workers, our HR executive carries out weekly inspections of their on-site living quarters to ensure that they are well-maintained.

TRAINING AND CAREER DEVELOPMENT

GRI 404-1, 404-2, 404-3

Keong Hong has provided various trainings to upgrade our workforce and ensure that our staff and workers are equipped with sufficiently high standard of knowledge, skills, abilities and motivation to meet our present and future objectives and challenges.



Our upgrading programmes include certification courses for Green Mark Manager and Specialist Diploma in Construction Productivity to ensure our staff can contribute to the sustainability development of our business. We also focus on production related trainings such as Good Industry Practices, Building Information Modelling (BIM) Management and BIM (Architecture track) to further improve the quality of our business productions.

Other than providing our employees with training programs, we also sponsor deserving candidates for scholarships in tertiary education. For example, the recent scholarship recipient graduated from University of West England last year with a Master degree in Construction Project Management. We continue our ITE scholarship by sponsoring 3 ITE students for the year 2019 as part of our support for the government initiative for the ITE Work-Learn Technical Diploma programme. We pledge to continue with our efforts in developing and upgrading our staff and workers.

Besides employees in Singapore, we also provide trainings for our staff in Maldives that are essential to their jobs. At Kooddoo Airport, all staff are trained to use SMS, a software that enables them to better manage the airport better using data collected from the field. Other than training programs to make operations more efficient, we also conducted AVSECOM awareness training program for all staff to educate them on aviation security so as to enforce proper national security measures at the airport. Selected staff are also sent for Fire Fighting Training Course as part of the Aviation requirement. As we prioritise workplace safety, employees from the Safety department received basic and advanced incident investigation trainings to equip them with the knowledge and skills to conduct safety inspections so as to identify and manage hazards and potential risks.

OUR PEOPLE, OUR ASSETS

GIVING BACK TO OUR COMMUNITY

GRI 413-1, 413-2

Since the Group's beginning, we have recognised that giving back to our community is an ongoing commitment and a significant part of our efforts to make a difference to society. For many years, the Group has funded charitable organisations that focus on caring for the underprivileged, community chests, societies and religious communities. In FY2019, the Group has donated over S\$78,855 to various charitable organisations and beneficiaries.

We also made donations to other charitable and social causes such as the Community Chest, Singapore Association for Mental Health and The Singapore Scout Association. The Group places emphasis on dedicating resources towards the development of local communities and future leaders by investing in educational institutes and bursaries.

Our corporate social responsibility programme in FY2018 included adopting a Bucieda tree at the Singapore University of Technology and Design campus for \$8,000, as part of its "Campus in Bloom" fundraising drive to raise money for scholarships, bursaries, student welfare and campus initiatives. Keong Hong is one of the 21 companies who participated in the "Campus in Bloom" tree adoption scheme initiated by SUTD to raise funding for the University. This is in line with our support of educational initiatives to develop a future generation which will contribute to the growth of the country.

The Group has also been channelling a significant part of our efforts and resources into developing the talent pool for our industry. In FY2019, the Group has donated over \$10,505 to bursaries and educational institutes. We have awarded scholarships and bursaries to deserving recipients for their pursuit of tertiary education. For example, the Built Environment Undergraduate Scholarship Scheme administered by BCA is awarded to promising individuals to pursue an undergraduate course in Built Environment Tenable at one of the local universities. We are also one of the participating companies in the Institute of Technical Education (ITE) Work-Learn Technical Diploma in M&E Services Supervision (TDMESS) course under the "SkillsFuture Earn and Learn Programme". We endeavour to contribute to the growth of our industry through the development of our future generation of talents.

More recently, we have worked closely with United Nations Development Programme (UNDP) to achieve global Sustainable Development Goals (SDGs) to create sustainable localised solutions to the population. We have received several appreciation letters commending our efforts and commitment to the UNDP.

We participated in the Cancer Run and Mindset Challenge in 2019. Cancer Run was organised by Singapore Cancer Society (SCS) to raise funds to drive SCS programmes and services to minimise cancer and maximise life. The Mindset Challenge is a campaign to support the mentally handicapped through contributions from the society.



Cancer Run 2019 – 28 Jul 2019, East Coast

OUR PEOPLE, OUR ASSETS



Mindset Challenge 2019 – 20 Oct 2019, Marina Financial Centre

Keong Hong will continue with our contributions to the community and fulfil our duty as a socially responsible corporation.

FINES OR PENALTY

GRI 419-1

There were zero incidents of non-compliance with socioeconomic laws and regulations in FY2019.

SGX FIVE PRIMARY COMPONENTS INDEX

| S/N | Primary Component | Section Reference |
|-----|-------------------------------------|--|
| 1 | Material Topics | <ul style="list-style-type: none"> • Economic, Environmental and Social Topics • Stakeholder Engagement |
| 2 | Policies, Practices and Performance | <ul style="list-style-type: none"> • Chairman's Message • Keong Hong's Sustainability Story • Economic, Environmental and Social Topics |
| 3 | Board Statement | Governance and Statement of the Board |
| 4 | Targets | Keong Hong's Sustainability Story |
| 5 | Framework | Reporting Practice |

GRI STANDARDS CONTENT INDEX

| GRI Standards | Disclosure Content | Section Reference |
|---------------|--|---|
| 102-1 | Name of the organisation | Organisation Profile |
| 102-2 | Activities, brands, products, and services | Organisation Profile |
| 102-3 | Location of headquarters | Organisation Profile |
| 102-4 | Location of operations | Organisation Profile |
| 102-5 | Ownership and legal form | Organisation Profile |
| 102-6 | Markets served | Organisation Profile |
| 102-7 | Scale of the organisation | Organisation Profile |
| 102-8 | Information on employees and other workers | Organisation Profile |
| 102-9 | Supply chain | Organisation Profile |
| 102-10 | Significant changes to the organisation and its supply chain | Organisation Profile |
| 102-11 | Precautionary Principle or approach | Organisation Profile |
| 102-12 | External initiatives | Organisation Profile |
| 102-13 | Membership of associations | Organisation Profile |
| 102-14 | Statement from senior decision-maker | Chairman and Chief Executive Officer's Message |
| 102-15 | Key impacts, risks, and opportunities | Chairman and Chief Executive Officer's Message, Keong Hong's Sustainability Story |
| 102-16 | Values, principles, standards, and norms of behaviour | Ethics and Integrity |
| 102-17 | Mechanisms for advice and concerns about ethics | Ethics and Integrity |
| 102-18 | Governance structure | Governance and Statement of the Board |
| 102-40 | List of stakeholder Companies | Stakeholder Engagement |
| 102-42 | Identifying and selecting stakeholders | Stakeholder Engagement |
| 102-43 | Approach to stakeholder engagement | Stakeholder Engagement |
| 102-44 | Key topics and concerns raised | Stakeholder Engagement |
| 102-46 | Defining report content and topic boundaries | Reporting Practice |
| 201-4 | Financial assistance received from government | Financial Assistance Received from Government |
| 202-2 | Proportion of senior management hired from the local community | Market Presence |
| 203-1 | Infrastructure investments and services supported | Developing Technology & Indirect Economic Impacts |

| GRI Standards | Disclosure Content | Section Reference |
|---------------|---|---|
| 203-2 | Significant indirect economic impacts | Developing Technology & Indirect Economic Impacts |
| 204-1 | Proportion of spending on local suppliers | Developing Technology & Indirect Economic Impacts |
| 205-1 | Operations assessed for risks related to corruption | Anti-corruption |
| 205-2 | Communication and training on anti-corruption policies and procedures | Anti-corruption |
| 205-3 | Confirmed incidents of corruption and actions taken | Anti-corruption |
| 301-2 | Recycled input materials used | Recycled Input Materials |
| 302-1 | Energy consumption within the organisation | Energy and Emissions Management |
| 302-3 | Energy intensity | Energy and Emissions Management |
| 302-4 | Reduction of energy consumption | Energy and Emissions Management |
| 302-5 | Reductions in energy requirements of products and services | Energy and Emissions Management |
| 303-1 | Water withdrawal by source | Water Management |
| 303-2 | Water sources significantly affected by withdrawal of water | Water Management |
| 303-3 | Water recycled and reused | Water Management |
| 304-2 | Significant impacts of activities, products, and services on biodiversity | Managing Biodiversity |
| 304-3 | Habitats protected or restored | Managing Biodiversity |
| 305-2 | Energy Indirect Greenhouse Gas Emissions (Scope 2) | Energy and Emissions Management |
| 305-4 | Greenhouse Gas Emissions Intensity | Energy and Emissions Management |
| 305-5 | Reductions in Greenhouse Gas Emissions | Energy and Emissions Management |
| 306-1 | Total water discharged by quality and destination | Effluents and Waste Management |
| 306-2 | Waste by type and disposal method | Effluents and Waste Management |
| 306-5 | Water bodies affected by water discharges and/or runoff | Effluents and Waste Management |
| 307-1 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations | Environmental Compliance |
| 308-1 | Percentage of new suppliers that were screened using environmental criteria | Managing Our Suppliers |
| 308-2 | Significant actual and potential negative environmental impacts in the supply chain and actions taken | Managing Our Suppliers |

GRI STANDARDS CONTENT INDEX

| GRI Standards | Disclosure Content | Section Reference |
|---------------|---|--|
| 401-1 | New employee hires and employee turnover | Employee Diversity |
| 401-2 | Benefits provided to full time employees that are not provided to temporary or part-time employees | Employee Benefits |
| 401-3 | Parental leave | Employee Benefits |
| 403-1 | Formal joint management-worker health and safety committee | Vision towards an Accident-free Work Culture |
| 403-2 | Types of injury and rates of injury, occupational diseases, lost days, absenteeism, and number of work-related fatalities | Injury and Incidents |
| 403-3 | Workers with high incidence or high risk of diseases related to their occupations | Injury and Incidents |
| 403-4 | Health and safety topics covered in formal agreements with trade union | Vision towards an Accident-free Work Culture |
| 404-1 | Average hours of training per year per employee | Training and Career Development |
| 404-2 | Programmes for upgrading employee skills and transition assistance programmes | Training and Career Development |
| 404-3 | Regular performance and career development review | Training and Career Development |
| 405-1 | Diversity of governance bodies and employees | Employee Diversity |
| 406-1 | Incidents of discrimination and corrective actions taken | Employee Diversity |
| 408-1 | Operations and suppliers at significant risk for incidents of child labour | Managing our Suppliers |
| 409-1 | Operations and suppliers at significant risk for incidents of forced or compulsory labour | Managing our Suppliers |
| 413-1 | Operations with local community engagement, impact assessments, and development programmes | Giving Back to Our Community Noise and Vector Management |
| 413-2 | Operations with significant actual and potential negative impacts on local communities | Giving Back to Our Community |
| 418-1 | Substantiated complaints concerning breaches of customer privacy and customer data loss | Protecting Customer Privacy and Data |
| 419-1 | Non-compliance with laws and regulations in the social and economic area | Fines or Penalty |