



## SUSTAINABILITY REPORT



LHN LIMITED 賢能集團有限公司\*  
Stock Codes: Singapore - 410 Hong Kong - 1730  
(incorporated in the Republic of Singapore with limited liability)

\*For identification purpose only





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# OUR BUSINESS

Incorporated and headquartered in Singapore, LHN Limited (“**LHN**” or the “**Company**”, together with its subsidiaries, the “**Group**”) is a real estate management and logistics service provider with a history dating back to 1991. In 2015, the Group was listed on Catalist of the Singapore Exchange Limited (“**SGX**”), followed by a dual primary listing on the Main Board of The Stock Exchange of Hong Kong Limited (“**HKEX**”) in 2017. The Group, together with its three core business segments – Space Optimisation Business, Facilities Management Business and Logistics Services Business, now has operations in Singapore, Hong Kong, Indonesia, Thailand, Myanmar and Malaysia.

Overall, our integrated supply chain includes more than 900 suppliers; comprising both government agencies as well as private companies. To that end, we are committed to establishing mutually beneficial relationships with credible suppliers, whilst exercising care in managing the environmental and social risks within our supply chain, so as to ensure reliable, high quality and cost-effective services and products that is sustainable for our business in the long-term. LHN is also considering to establish a policy to better manage environmental and social risks of our supply chain in the future.



## VISION

**We Create Productive Environments**



## MISSION

**A Space Resource Optimisation Company that Generates Value and is Driven by Technology.**



## CORE VALUES

- ✓ Prudence
- ✓ Efficiency
- ✓ Accountability

### SPACE OPTIMISATION

Creating productive environments by refurbishments and space planning, and leasing optimised units to tenants.

### FACILITIES MANAGEMENT

Cleaning, landscaping, pest control, repair and maintenance, and carpark management.

### LOGISTICS SERVICES

Transportation of base oil, bitumen, and chemicals, and operating container depot related services.



# ABOUT THIS REPORT

## REPORTING SCOPE

This is LHN's third sustainability report which covers the financial year ended 30 September 2019 ("FY2019"). The report is prepared in compliance with the Environmental, Social and Governance ("ESG") Reporting Guide as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") issued by HKEX, and the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of the Catalyst listing rule 711A and 711B which draws on the guidance set out by the SGX-ST Practice Note 7F Sustainability Reporting Guide.

The report covers the management approach and performance of material ESG factors of headquarter and operations of our subsidiaries in three major business segments in Singapore. During FY2019, LHN has completed the disposal of the security services business under the Facilities Management Business and as such, the security services business has been excluded from the scope of reporting from the date of disposal. More details about the subsidiaries included in this report can be found in Appendix A which represent 88% of the Group's revenue for FY2019.

## REPORTING STANDARDS

The report is prepared in accordance to Global Reporting Initiatives ("GRI") Standards: Core option. The GRI standards is an internationally recognised framework and has been selected by the Group for its universal application for reporting on a range of economic, environmental and social performance. GRI reporting principles have been adopted for defining LHN's sustainability reporting content and quality.

### ADOPTED GRI REPORTING PRINCIPLES FOR DEFINING LHN'S SUSTAINABILITY REPORTING CONTENT AND QUALITY

<b>STAKEHOLDER INCLUSIVENESS</b>	<b>Stakeholder Engagement</b> The report addresses not only the significant ESG impacts of our businesses' operations, but also takes into consideration key interests of our stakeholders.
<b>SUSTAINABILITY CONTEXT</b>	<b>LHN's Sustainability Approach – Sustainability context</b> In developing our sustainability approach, LHN takes into consideration: (1) International commitment on climate change and unique local environmental concern (2) Sustainability concerns relevant to the industries that the Group operates in (3) Changes in tenants' perception on value of space and the increasing demand for healthier and greener working environment
<b>MATERIALITY</b>	<b>LHN's Sustainability Approach – Material matters</b> Our material matters are determined based on the significance of impacts of our business and expectations of both external and internal stakeholders, through a formal materiality assessment workshop conducted by an external consultant in November 2017. The material matters were reviewed during the year and deemed relevant to the business for this sustainability report.
<b>COMPLETENESS, BALANCE, QUANTITATIVE, ACCURACY, CONSISTENCY, COMPARABILITY, RELIABILITY AND CLARITY</b>	<b>Performance and Highlights</b> This report aims to present accurate, unbiased, reliable and consistent data and metrics that can be easily understood by all and serves as a way for us to monitor our performance on a year-to-year basis.
<b>TIMELINESS</b>	<b>Five months from the financial year end</b> Our standalone Sustainability Report is published within five months from the financial year end, in compliance with both SGX and HKEX Reporting Rules.

Please refer to Appendix B. Methodological Review and Data Boundaries for the definition, including the data units and explanation for the data boundaries in this report, Appendix C. GRI Content Index which summarises our data and information disclosed as per GRI Standards requirements and Appendix D. HKEX ESG Reporting Guide Index as per HKEX ESG requirements. For any enquiry related to this report, please contact [enquiry@lhngroup.com.sg](mailto:enquiry@lhngroup.com.sg).



# CHAIRMAN'S MESSAGE

Dear Stakeholders,

At LHN, we are committed to the long-term sustainability development of our business, with focus placed on four main pillars; namely, Protecting our Environment, Safeguarding Health and Safety, Cultivating Strong Business Values and Creating A Fair Workplace.

We seek to embed sustainability practices in the Group's everyday operation and align sustainability goals with the overall Group's strategic directions which is to create productive and innovative spaces, as well as, sustainable value for our stakeholders. A monitoring system is in place to ensure the business is on track to achieve those goals and to continuously improve our performance in key ESG material matters.

## DELIVERING QUALITY THROUGH OUR EMPLOYEES

Human capital remains the most valued resource to our company. At LHN, we strive to build on existing attributes of our workplace, such as, fairness, diverse and collaborative, as well as, cultivate a safe and equitable work environment for all our employees. Talent development is also a key focus of the Group, as we continuously aim to deliver quality products and exceptional services to our customer base. Our customer satisfaction survey scores, which have consecutively achieved 80% and more over a three-year period for our Logistics Services, Space Optimisation and Facilities Management Businesses is a testament to our commitment to deliver.

## MAINTAINING STRONG CORPORATE GOVERNANCE & INFORMATION SECURITY

LHN believes that the crux of a sustainable business is to have the right business ethics, values, corporate governance and risk management. In FY2019, the Group has zero incidents involving anti-corruption. Further to that, with information security increasingly becoming an area of concern, the Group has invested in penetration tests and monitoring tools during the year to ensure the robustness of our network's security in safeguarding confidential data of our business', employees' and customers' alike.

## TRANSITIONING TO A LOW CARBON FUTURE

In FY2019, we have decided to install solar modules on the rooftops of three longer tenure buildings, namely, 38 Ang Mo Kio, 72 Eunos and 100 Eunos. Renewable energy generated will mainly be consumed by the respective building's activities and energy savings are expected. With the solar modules' installation phase having been recently completed and operational at the end of 2019, we are excited to share more on the progress in our subsequent reports.

As a Group, we will continue to monitor our non-financial performance and strengthen our efforts in areas that have further room for improvements.

We humbly ask for your continued support in our sustainability journey.

**Mr. Kelvin Lim**

Executive Chairman,  
Executive Director & Group Managing Director



## SUSTAINABILITY PROGRESS IN FY2019

Overall in FY2019, the reported material ESG matters remain the same as prior year and there were no significant changes to the Group's management approach towards each material matter. The Group has however established its group-wide environment policies, covering climate change adaptation, management of energy and water consumption rolled out this year.



### ENERGY-SAVING LED LIGHTS

**52%** of the properties we manage use energy-saving LED lighting in FY2019, 4 percentage points increase compared to FY2018.



### ENERGY CONSUMPTION INTENSITY

**0.13 MWh/m<sup>2</sup>** electricity intensity  
**0.05 TCO<sub>2</sub>e/m<sup>2</sup>** emission intensity  
**0.0011 TCO<sub>2</sub>e/km** fuel consumption intensity in FY2019, same as in FY2018.



### WATER-SAVING FEATURES

**73%** of the properties we manage are installed with water saving taps in FY2019, same as in FY2018.



### WATER CONSUMPTION INTENSITY

**1.52 m<sup>3</sup>/m<sup>2</sup>** water withdrawal intensity in FY2019, 2% increase compared to FY2018.



### WORK-RELATED FATALITIES

**0** work-related fatalities over past 3 years, from FY2017 to FY2019.



### WORK-RELATED INJURIES

**86%** reduction in injury rate and **95%** reduction in lost day rate in FY2019 compared to FY2018.



Attained **ISO 45001:2018** for LHN's logistics services



### COMPLIANCE WITH ALL APPLICABLE LAWS AND REGULATIONS

**0** confirmed incidents of corruption in FY2019.



### CUSTOMER SATISFACTION SCORING

Scored **80%** and above on average in customer satisfaction surveys across our core business segments for 3 consecutive years.



### GENDER DIVERSITY

**59%** male to **41%** female employees on average in FY2019, as compared to 70% male and 30% female in FY2018.



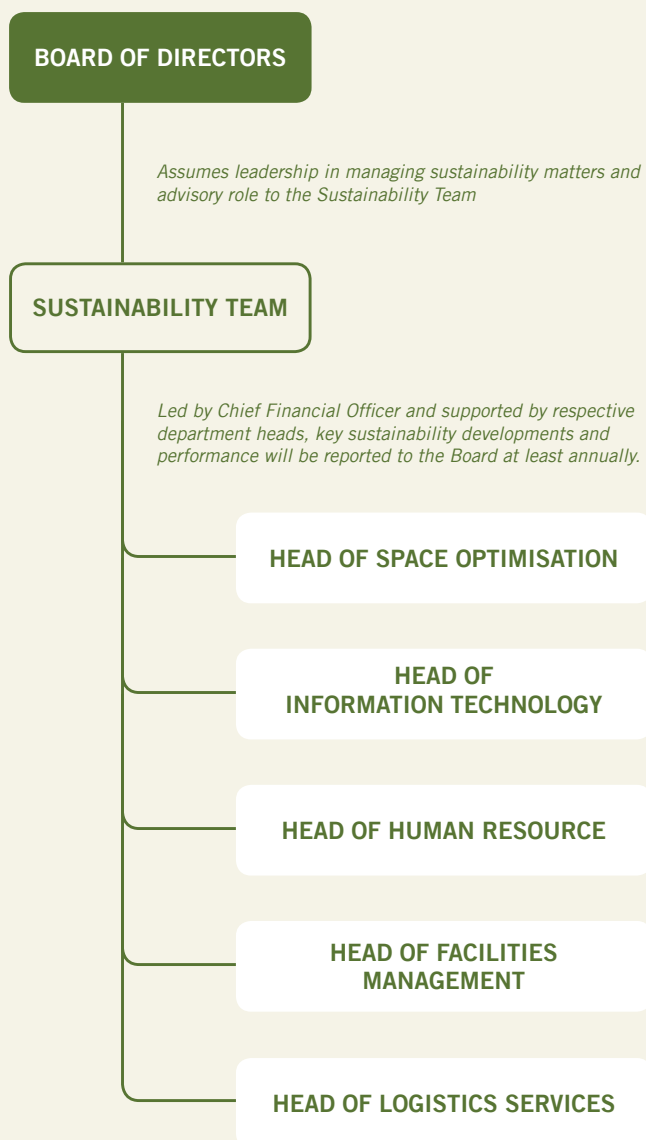
### TRAINING HOURS

**9.69** training hours received by each employee on average in FY2019, 20% increase compared to FY2018.

# SUSTAINABILITY AT LHN

## (A) SUSTAINABILITY GOVERNANCE

Our sustainability team is instrumental in building a culture of sustainability within LHN and overseeing the implementation of various sustainability initiatives throughout the Group's operation. They also track and report the performance at least annually to the board of directors of the Company (the "**Board**").



### BOARD STATEMENT

The Board is committed to adhering to high quality standards, building of an inclusive and safe working environment for all, and conducting business in a way that is responsible, in the preservation of the environment. These sustainability issues have been considered as part of the company's strategic formulation and incorporated into our operations through policy-making and procedures. In FY2019, a group-wide environment policy was introduced which covers climate change adaptation and the management of energy and water consumption.

Subsequent to the Board and management team's review, the material ESG matters continues to remain relevant to our operations for reporting in the current year. The Board provides direction and have oversight over the material ESG matters, with sustainability performance reported to the Board at least annually, or, as and when significant development arise.

# SUSTAINABILITY AT LHN

## (B) STAKEHOLDER ENGAGEMENT

At LHN, we strive to address ESG issues which are material to our business and stakeholders, taking into account any key developments within the industry. Through various channels, key stakeholders' concerns are identified and responded appropriately. From our re-evaluation and stakeholders' feedback, LHN's existing seven material ESG topics which were first identified in November 2017 for the financial year ended 30 September 2017 ("FY2017") remains relevant for reporting in FY2019.

Table 1: Our approach on stakeholder engagement

STAKEHOLDERS	MAIN INTERESTS/ CONCERNS	ENGAGEMENT METHODS AND FREQUENCY	OUR RESPONSE
<b>OUR EMPLOYEES</b>	<ul style="list-style-type: none"> <li>Occupational health and safety</li> <li>Fair employment practices</li> </ul>	<ul style="list-style-type: none"> <li>Online feedback channel system accessible throughout the year</li> <li>Annual performance appraisal conducted</li> <li>Employee handbook accessible throughout the year</li> </ul>	<ul style="list-style-type: none"> <li>LHN established a robust health and safety management system to ensure a safe working environment and various policies/practices to promote a fair workplace respectively for all our employees. Please refer to page 9 and page 21 for more information on our policies and initiatives on the topic.</li> </ul>
<b>GOVERNMENT AND REGULATORY BODIES</b>	<ul style="list-style-type: none"> <li>Compliance with regulatory requirements</li> </ul>	<ul style="list-style-type: none"> <li>Business model awareness sessions when required</li> <li>Calls and meetings when required</li> </ul>	<ul style="list-style-type: none"> <li>Non-compliance negatively impacts our business, both reputationally and financially. We are committed to adhere to all regulatory requirements, and where necessary, to seek feedback or clarifications from regulatory bodies in guiding our business forward.</li> </ul>
<b>INVESTORS</b>	<ul style="list-style-type: none"> <li>Timely updates on financial performance and business strategies and opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Annual and interim financial and sustainability reports</li> <li>Networking sessions with shareholders when required</li> <li>Annual General Meeting ("AGM")</li> </ul>	<ul style="list-style-type: none"> <li>We aim to provide timely updates on key developments and action plans via our various engagement methods. Our networking sessions and AGM provide an interactive platform between both management and investors, and for investors to gain a better understanding of LHN's overall business strategy.</li> </ul>
<b>SUPPLIERS</b>	<ul style="list-style-type: none"> <li>Fair and transparent business conduct</li> <li>Continued engagement</li> </ul>	<ul style="list-style-type: none"> <li>Annual supplier performance review</li> <li>Day-to-day communications</li> </ul>	<ul style="list-style-type: none"> <li>At LHN, we work with reliable and creditable suppliers and aim to form a long-standing and trusting relationship with such suppliers.</li> </ul>
<b>CUSTOMERS</b>	<ul style="list-style-type: none"> <li>Quality of products and services</li> <li>Innovative products and services</li> </ul>	<ul style="list-style-type: none"> <li>Social media platform updated when required</li> <li>Networking sessions</li> <li>Company announcements accessible throughout the year</li> <li>Feedback channel accessible throughout the year</li> </ul>	<ul style="list-style-type: none"> <li>Please refer to page 16 for our customer satisfaction survey results and initiatives.</li> </ul>



# SUSTAINABILITY AT LHN

## (C) OVERVIEW OF LHN'S SUSTAINABILITY APPROACH

	PROTECTING OUR ENVIRONMENT		SAFEGUARDING HEALTH AND SAFETY
MATERIAL MATTER	ENERGY	WATER CONSUMPTION	HEALTH & SAFETY
IMPACT BOUNDARY	Space Optimisation and Logistics Services Businesses	Space Optimisation Business	All our employees under three business segments and tenants of our properties
SUSTAINABILITY CONTEXT	Contributing to the collective effort to reduce Singapore's overall Greenhouse Gas ("GHG") emissions	Headquartered in Singapore, a country which lacks natural resources, we are aware of the country's endeavour in water security. Likewise, we aim to play our part in reducing water wastage	Strive towards creating a culture where all our staff value individual commitment towards safe work practices and further, to create spaces that are safe and conducive for our tenants to work in
MANAGEMENT APPROACH	<p><b>Group-wide</b></p> <ul style="list-style-type: none"> <li>Climate Change Adaptation Policy</li> <li>Energy Consumption/Management Policy</li> </ul> <p><b>Space Optimisation Business</b></p> <ul style="list-style-type: none"> <li>Installation of energy-saving LED light fittings in the properties we manage</li> <li>Installation of motion sensors and timers in common areas where energy consumption is discontinuous</li> <li>Daily monitoring of the lights and aircon in rooms and switching off the lights and aircon while they are not in use</li> </ul> <p><b>Logistics Services Business</b></p> <ul style="list-style-type: none"> <li>Vehicle selection in accordance to Euro 4 Standards and above</li> <li>Regular servicing of our fleet for optimum fuel efficiency</li> <li>Route analysis prior to each trip to find the most efficient route</li> <li>Monitoring of fuel consumption to encourage fuel-efficient driving and drivers are required to turn off engine when idle</li> </ul>	<p><b>Group-wide</b></p> <ul style="list-style-type: none"> <li>Water Consumption/Management Policy</li> </ul> <p><b>Space Optimisation Business</b></p> <ul style="list-style-type: none"> <li>Our water is currently supplied from a municipal source, managed by Public Utilities Board. We have no issue in sourcing water that is fit for purpose</li> <li>Installation of water-saving taps in the properties we manage</li> <li>Installation of sensors for toilet flushing</li> </ul>	<p><b>Group-wide</b></p> <ul style="list-style-type: none"> <li>Health Safety &amp; Environment Policy and certified BizSAFE Level 3</li> </ul> <p><b>Space Optimisation Business</b></p> <ul style="list-style-type: none"> <li>Fire Safety Committee control and respond to fire incidents.</li> <li>Adherence to Standard Operating Procedures for maintenance of lift licences and fire equipment</li> <li>Maintain compliance with relevant fire safety regulations required of all buildings</li> <li>Established platform for tenants' feedback. We aim to rectify any negative feedback received and propose corrective action to prevent reoccurrence.</li> </ul> <p><b>Logistics Services Business</b></p> <ul style="list-style-type: none"> <li>Mandatory Safety Induction Program (SIP) for all drivers</li> <li>All vehicles are installed with safety kits, which includes fire extinguishers and first aid box</li> <li>Conducting of breathalyzer tests based on a random selection process</li> <li>Company emergency response vehicle on standby in the event of accidents or breakdowns</li> <li>Driver training on road safety</li> <li>Monitoring of speed limits with GPS system installed in all our trucks</li> <li>Mobileye technology installed to prompt drivers of pre-collision warnings</li> </ul> <p><b>Facilities Management</b></p> <ul style="list-style-type: none"> <li>Well-ventilated rest and eating area for our cleaning professionals</li> <li>Inculcate a 'safety-first' culture in all our employees working off-site</li> <li>Smart technologies, including 24hrs rodent sensors and smart smoking detector</li> <li>Eco-friendly cleaning products, such as enzymes cleaners instead of harmful materials</li> </ul>
PERFORMANCE INDICATORS	<ol style="list-style-type: none"> <li>Energy consumption across business units</li> <li>Emissions and fuel consumption intensity</li> </ol>	<ol style="list-style-type: none"> <li>Volume of water consumption</li> <li>Water consumption intensity</li> </ol>	<ol style="list-style-type: none"> <li>Work-related injury rate, lost day rate, absentee rate</li> <li>Work-related fatalities</li> <li>Number of regulatory fines or warnings related to customer health and safety</li> <li>External audits to review internal processes</li> </ol>

# SUSTAINABILITY AT LHN

## (C) OVERVIEW OF LHN'S SUSTAINABILITY APPROACH

	CREATING A FAIR WORKPLACE		CULTIVATING STRONG BUSINESS VALUES	
MATERIAL MATTER	FAIR EMPLOYMENT PRACTICES	CORPORATE GOVERNANCE	SECURITY OF INFORMATION	CUSTOMER SATISFACTION
IMPACT BOUNDARY	All our employees under Space Optimisation, Logistics Services and Facilities Management Businesses	Space Optimisation, Logistics Services and Facilities Management Businesses	Business partners, employees, suppliers and customers of Space Optimisation, Logistics Services and Facilities Management Businesses	Customers of Space Optimisation, Logistics Services and Facilities Management Businesses
SUSTAINABILITY CONTEXT	We have pledged our commitment to adopt the five key principles defined by the Tripartite Guidelines on Fair Employment Practices ("TGFE") and we believe in developing in-house talents for the continued growth and success of the Group.	High ethical standards in accordance with code provisions of the corporate governance code and corporate governance report in Appendix 14 to the HKEX Listing Rules and Code of Corporate Governance 2018 is integral to LHN's corporate identity and how we conduct our business.	Security of information is critical in maintaining our stakeholders' trust in the business.	Our businesses thrive on mutually beneficial and strong relationships formed with our customers.
MANAGEMENT APPROACH	<p><b>Group-wide</b></p> <ul style="list-style-type: none"> <li>Human Resource Policy</li> <li>Commitment to no child labor and no forced labor</li> <li>Employee Grievance Policy</li> <li>Training Policy</li> <li>Performance Appraisal Policy</li> </ul> <p><b>Employment</b></p> <ul style="list-style-type: none"> <li>The Group has complied with all Ministry of Manpower guidelines</li> <li>All eligible job applications, internal transfers and promotions are merit-based regardless of race, ethnicity, religion, age and gender.</li> </ul> <p><b>Performance &amp; Career Development</b></p> <ul style="list-style-type: none"> <li>Provide sponsorships to employees to encourage lifelong learning</li> <li>Feedback is garnered after every training programme to measure relevance and usefulness of subjects covered to employees</li> <li>Performance appraisals are conducted for all employees and evaluated with the individual through open discussions</li> <li>Benchmarking exercise are conducted against market's best practices in ensuring that adequate and quality trainings are provided to our employees</li> </ul>	<p><b>Group-wide</b></p> <ul style="list-style-type: none"> <li>Robust internal control</li> <li>Code of corporate governance</li> <li>Whistle-blowing Policy</li> <li>Conflict of Interest Policy</li> <li>Ensure compliance with all relevant laws and regulations in countries we operate in</li> <li>Stringent adherence to policies set in maintaining good corporate governance</li> <li>Maintain transparency and accountability for all matters within our organisation</li> </ul>	<p><b>Group-wide</b></p> <ul style="list-style-type: none"> <li>Personal Data Protection Policy</li> <li>Website Privacy Policies</li> <li>Established a Data Protection Committee to monitor compliance to Personal Data Protection Act and matters related to customers' data protection and privacy</li> <li>All confidential data is securely stored in a robust Information Systems which undergoes an annual audit carried out by an accredited party</li> <li>Penetration Test to prevent hacking of data</li> <li>Network monitoring tools utilising machine learning system</li> </ul>	<p><b>Group-wide</b></p> <ul style="list-style-type: none"> <li>Annual customer satisfaction surveys* to gather feedback on our products and services.</li> <li>All complaints received will be logged in our system and responded to in a timely manner. Three days for general customer's queries and feedback and half day for urgent queries for Space Optimisation Business. Whereas for Logistics Services Business, all matters will be addressed by the next working day.</li> </ul>
PERFORMANCE INDICATORS	<p><b>Employment</b></p> <ol style="list-style-type: none"> <li>Employee breakdown by gender and employee type</li> <li>Recruitment and turnover rates</li> </ol> <p><b>Performance &amp; Career Development</b></p> <ol style="list-style-type: none"> <li>Average training hours by gender and employment category</li> </ol>	<ol style="list-style-type: none"> <li>Number of non-compliance cases</li> <li>Number of incidents of corruption</li> </ol>	<ol style="list-style-type: none"> <li>Number of substantiated complaints, identified leaks, theft or losses of customer data privacy</li> </ol>	<ol style="list-style-type: none"> <li>Customer satisfaction survey results</li> </ol>

\* Excludes carpark management under Facilities Management Business. Customer satisfaction levels are based largely on day-to-day interactions with property managers and feedback received from users of carpark.

# PERFORMANCE AND HIGHLIGHTS

## Protecting Our Environment

In view of the recent occurrences of extreme weather surrounding climate change and water being a precious resource, the Group recognises that it needs to do its part as a responsible corporate in reducing its overall GHG footprint and improve its water conservation efforts.

### 2020 Target

- Reduce electrical consumption intensity by 5% by 2020 with FY2017 as base year

 *Improvement required*

- Maintain fuel consumption intensity with FY2017 as base year

 *Met*

### Our Year's Progress: Energy

#### Energy • Space Optimisation Business

The Space Optimisation Business operations have contributed to 32% (4,496 MWh) of the total energy consumption in FY2019, resulting in a slight decrease of 0.4% in comparison to FY2018. Energy intensity and GHG emissions intensity remained unchanged at 0.13 MWh/m<sup>2</sup> and 0.05 TCO<sub>2</sub>e/m<sup>2</sup> respectively for FY2019.

#### Energy • Logistics Services Business

The energy consumed by Logistics Services Business has increased by 8.3% from 8,729 MWh in FY2018 to 9,451 MWh in FY2019; corresponding to the increase in distance travelled (FY2019: 2.4 million km; FY2018: 2.2 million km). Our GHG emissions are partly mitigated by the high percentage of euro 4 standards and above prime movers within our fleet which are of higher energy efficiency. Our fuel consumption intensity continues to remain at 0.0011 TCO<sub>2</sub>e/km for FY2019.

**52%**

of the properties we manage use energy-saving LED lighting

**100%**

of our prime movers are Euro 4 standards and above

## INITIATIVES LAUNCHED IN FY2019 AND FUTURE ACTION PLAN

### Group-wide Environment Policy: Climate Change Adaptation Policy; Energy Consumption/Management Policy

In 2019, the Group has formalised several policies to reinforce its commitment and accountability towards appropriate management of climate and environmental-related risks and opportunities that impact our operations and stakeholders. Through continual tenant engagement and education, LHN aims to improve the Group's overall environmental footprint and create positive financial impact with lower utility expenses.

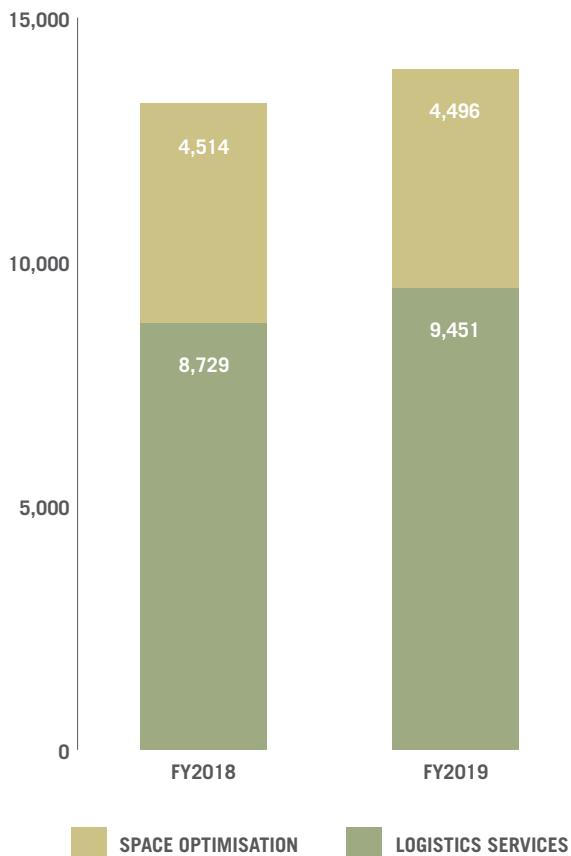
### Investment in renewable energy

In progressing towards a low carbon economy, we have begun our transition towards renewable energy generation. In FY2019, the Group has decided to install the solar panels on the rooftops of buildings with a longer tenure, namely, 38 Ang Mo Kio, 72 Eunos and 100 Eunos. The installation was completed recently and we have started operating them at the end of 2019.

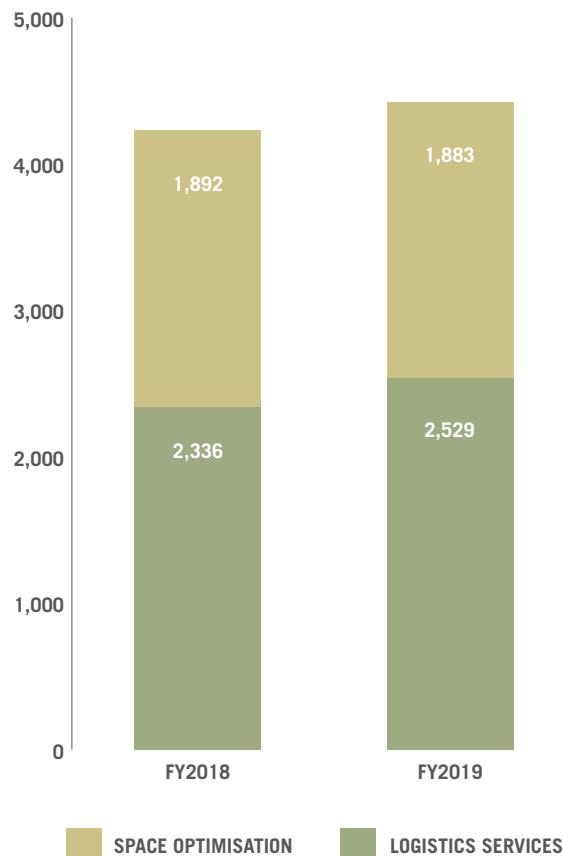
# PERFORMANCE AND HIGHLIGHTS

## Protecting Our Environment

### ENERGY CONSUMPTION (MWh)



### EMISSION AMOUNT (TCO<sub>2</sub>e)



## CASE STUDIES

### Improving Operational Efficiencies at Our Properties in FY2019

#### Heat Pump System @ 150 Cantonment

Heat pump system runs on ambient heat, which essentially captures thermal energy from the surrounding environment to heat water, store it, before distribution to the individual units. In contrast to instant water heaters which heats water on an “on-demand” basis, the heat pump system uses less electricity in generating hot water which is expected to contribute to energy savings.

#### Air-conditioner Sensors @ 31 Boon Lay

The Group has invested in a technologically innovative system which is able to detect the occupancy of the room, and automatically switches off the air-conditioning system when vacant. The smart sensor system further tracks guests’ temperature-setting preferences in offering an optimal room temperature to ensure comfort, whilst balancing usage. Electrical bill savings is expected with this system.



# PERFORMANCE AND HIGHLIGHTS

## Protecting Our Environment

With the increasing call for action to address matters of climate change which may impact our operations on a global scale, we recognise our role as a responsible corporate and have made strides to reduce the Group's overall GHG footprint and improve water conservation efforts

### 2020 Targets

- Reduce water consumption intensity 5% by 2020 with FY2017 as base year



Improvement required

### Our Year's Progress: Water Consumption

#### Water • Space Optimisation Business

In FY2019, the water used for common toilet facilities and landscaping purposes amounted to 53,917 m<sup>3</sup>, a slight increase of 2.9% from 52,415 m<sup>3</sup> in FY2018. This was largely due to underground pipe leakages which have been rectified, and an increase in tenants since the commencement of our SOHO operations.

We are cognizant of the impacts that water wastage has on the business. At LHN, we regularly assess water consumption levels at our properties and take necessary measures, where required to minimise wastage. Further to that, we have adopted water saving features and continually urged our employees and tenants to undertake good practices around water conservation.

As at end September 2019, about 73% of the properties we manage are installed with water saving taps. We endeavour to install the same for 100% of our newly acquired properties moving forward, as well as, to continue the monitoring of our water usage in meeting our FY2020 target.

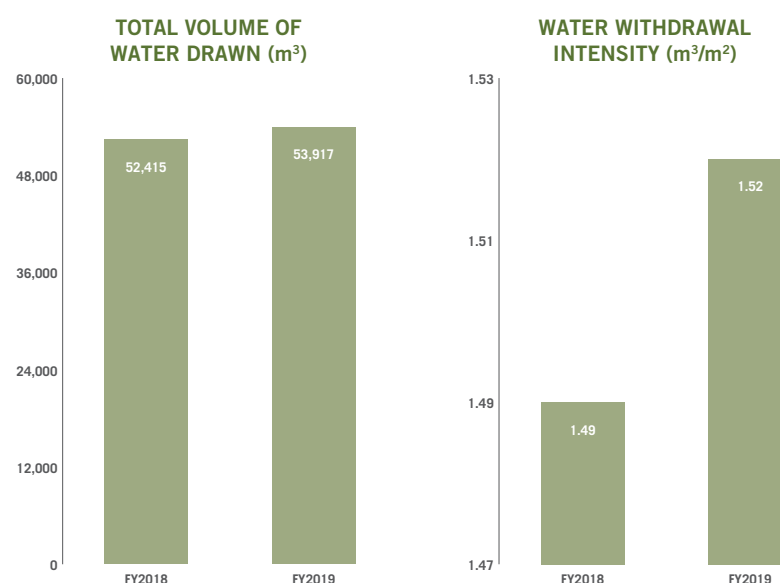
# 73%

of the properties we manage are installed with water saving taps

### INITIATIVES LAUNCHED IN 2019 AND FUTURE ACTION PLAN

#### Group-wide Environment Policy: Water Consumption/Management Policy

The Group is committed to improve water efficiency and reduce consumption at its properties through ongoing resource investments, such as the installation of water saving devices and the use of chemical sprays in place of water flush.



# PERFORMANCE AND HIGHLIGHTS

## Safeguarding Health and Safety

The safety and well-being of our employees and tenants are of utmost importance to us. As such, we constantly strive to provide a safe and conducive working environment and to inculcate a culture where individuals commit to practicing 'safety-first' habits.

### Yearly Targets

- Zero work-related fatalities



Met

- Less than 5 work-related injuries a year within LHN's premises



Met

- Less than 5 work-related injuries a year offsite



Met

- Zero fines<sup>1</sup> or penalties relating to customer health and safety for Space Optimisation Business



Met

### Our Year's Progress: Health and Safety

OUR EMPLOYEES	FY2018	FY2019
<b>Work-related fatalities</b>	<b>0</b>	<b>0</b>
<b>Injury rate (per million hours worked)</b>		
Male	3	3
Female	18	0
<b>Lost day rate (per million hours worked)</b>		
Male	135	15
Female	152	0
<b>Work-related Absentee rate</b>		
Male	1.33%	2.17%
Female	1.82%	2.47%

INJURY TYPES	NUMBER OF INCIDENTS	PREMISES WHERE INCIDENT OCCURRED
Back Injury	1	1 within LHN's premises

In FY2019, the total number of work-related injury incidents have decreased by approximately 86% from FY2018 (FY2018: 7 incidents). On the other hand, the marginal increase in the absentee rate observed in FY2019 was largely contributed by non-work-related incidents, such as medical leaves incurred not resulting from work-related injuries. We will continue to monitor that safety measures are implemented and reinforce the importance of the safety-first mindset to our employees at LHN.

**Achieved**  
**ISO 9001:2015**  
 certification for LHN's Logistics  
 Services Business and Facilities  
 Management Business<sup>2</sup>

**Achieved**  
**ISO 45001:2018**  
 certification for LHN's Logistics  
 Services Business<sup>3</sup>

<sup>1</sup> Fines less than S\$500 are considered immaterial.

<sup>2</sup> ISO 9001:2015 Quality Management System certification has been achieved by Hean Nereng Logistics Pte. Ltd. ("HNL") and Industrial & Commercial Facilities Management Pte. Ltd. ("ICFM") in FY2018 and FY2019.

<sup>3</sup> ISO 45001:2018 Occupational Health and Safety Management System certification has been attained by HNL.

# PERFORMANCE AND HIGHLIGHTS

## Safeguarding Health and Safety

### INITIATIVES LAUNCHED IN 2019 AND FUTURE ACTION PLAN

#### Space Optimisation Business

- Our in-house Fire Safety Committee<sup>4</sup> is in compliance with Singapore Civil Defence Force's requirement which consists of the Fire Safety Manager ("FSM"), Emergency Response Team ("ERT") and Fire Wardens. The Committee seeks to ensure that all the necessary building and fire safety requirements are dutifully met to minimise risks of hazards, as well as, to build an environment that is safe for both our employees and customers.
- Our FSM conducts monthly inspection at respective assigned buildings and report on any irregularities or potential hazards, as well as briefing on the emergency response plan and conducting fire drill every six months.

#### Logistics Services Business

- On an annual basis, our logistics team conducts a fire drill to assess the readiness of our employees and refresh them on response procedures in the event of an emergency.



Lim Chin Peng (Site Main Controller) at Fire Command Centre monitoring and managing the emergency situation.



HNL ERT donning their Personal Protective Equipment and preparing their equipment



ERT team fighting the fire



De-brief in progress after the emergency drill with Eagletainer customer representatives

<sup>4</sup> Restatement to our In-house Fire Safety Committee mentioned in our sustainability report 2018. The committee has already been implemented in FY2018 as required by the Singapore Civil Defence Force.

# PERFORMANCE AND HIGHLIGHTS

## Safeguarding Health and Safety

- Our Logistics Services Business conducts several audits yearly in verifying that our drivers' driving licences remain valid, mandatory trainings are completed and that they are knowledgeable of LHN's safety-related procedures. Gaps identified, together with recommendations for improvement will be shared by safety managers and are followed up on post-audit.
- Drivers are selected by random to attend safety courses conducted by the Port of Singapore Authority. In-house trainings are also provided to equip our drivers with the necessary health and safety knowledge. Examples of these safety induction courses include mandatory hazmat training and applied workplace safety.
- In line with FY2018 action plan to implement gas leakages detectors, we have installed them in our relevant vehicles during the year which will accordingly notify our drivers should gas leakage occur.

## CASE STUDY

### CARING FOR THE WELL BEING OF OUR EMPLOYEES IN FY2019

#### Mask up during seasonal haze period

As part of our carpark management services, we have operation officers frequently on the road to complete their daily checks or resolve any service disruptions at the various assigned carpark locations. During haze season, these officers are advised to take the necessary precautions and purchase masks which they can later claim reimbursements for.

#### Free Health Screening @ Headquarters

With the belief that wellness inevitably impacts an employee's productivity and morale levels, LHN provides free basic health screening, at least once yearly, at its headquarters located at 10 Raeburn Park, with the aim to enhance the awareness of one's wellbeing and health conditions. In the current year, a total of over 60 staff partook in this screening exercise.



# PERFORMANCE AND HIGHLIGHTS

## Cultivating Strong Business Values

We pride ourselves on strong, mutually beneficial relationships formed with our customers. We seek to maintain a track record of service quality excellence and in being a trusted business partner for all suppliers, customers and tenants working with us.

### Yearly Targets

Satisfaction result score of:

- Space Optimisation Business: 70%



Met

- Facilities Management Business: 70%



Met

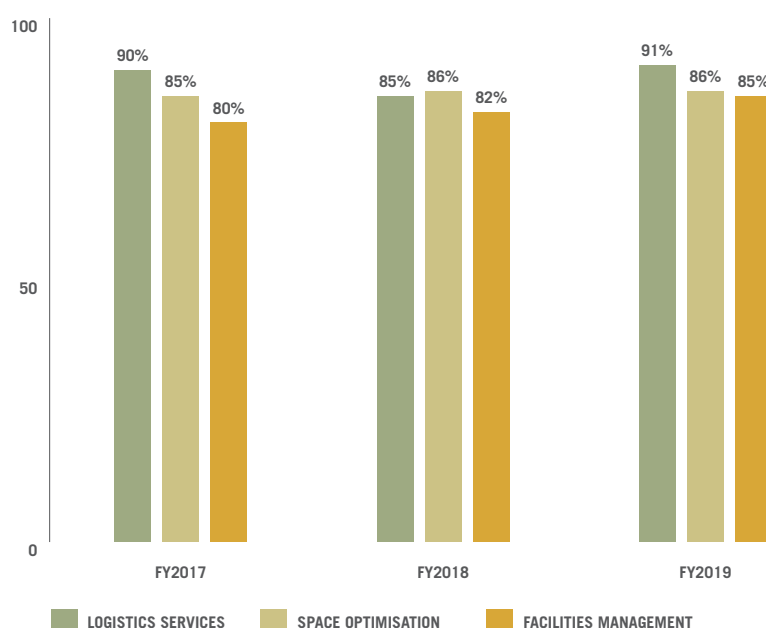
- Logistics Services Business: 70%



Met

### Our Year's Progress: Customer Satisfaction

#### CUSTOMER SATISFACTION SURVEY SCORES



Our various business segments continue to conduct yearly customer satisfaction surveys, which are imperative for identifying areas of improvement to better serve the needs of our customers.

Over the past three years, our customer satisfaction scores for Space Optimisation Business remained relatively consistent while Facilities Management Business<sup>5</sup> has shown gradual year-on-year improvement, increasing by 5% from FY2017. In the meantime, our customer satisfaction scores for Logistics Services Business has also shown an increase by 6% from FY2018 to FY2019. The high scores are attributed to our perpetual efforts to provide innovative yet effective solutions and optimised spaces for our valued customers.

All customers' feedbacks and complaints received are also reviewed by each business' management team in ensuring that appropriate corrective measures are implemented to resolve matters raised in a timely manner. In FY2019, there were no major substantiated complaints received.

<sup>5</sup> Refers to ICFM.

# PERFORMANCE AND HIGHLIGHTS

## Cultivating Strong Business Values

### INITIATIVES LAUNCHED IN FY2019 AND FUTURE ACTION PLAN

#### One-stop Solutions Provider

With the aim to be the one-stop solutions provider for our customers, LHN strives to provide integrated, value-adding solutions to everyday challenges, by introducing smart technologies coupled with project and resource management for our customers.



#### Facilities Management Business: Carpark Management Services

- A 24-hour call centre has been established for our customers and end-users to feedback on any urgent operational issues faced within the carpark
- Our Customer Relationship Management system captures emails and conversations log with customers which allows for monitoring of our employees' performance in responding to end-users according to company's guidelines
- The carpark management team has further committed to develop a customer survey targeted at key clients in FY2020

#### Facilities Management Business: Cleaning Services

- With respect to our cleaning solutions, our employees and contracted staff are required to complete the pre-requisite trainings within 3 months before being assigned to a customer. This complies with the National Environment Agency of Singapore requirements. Supervisors also regularly assess their performance and work closely with our human resource department to schedule for additional trainings, as required, in ensuring that we upkeep a high standard of quality in our service provision.

# PERFORMANCE AND HIGHLIGHTS

## Cultivating Strong Business Values

### CASE STUDY

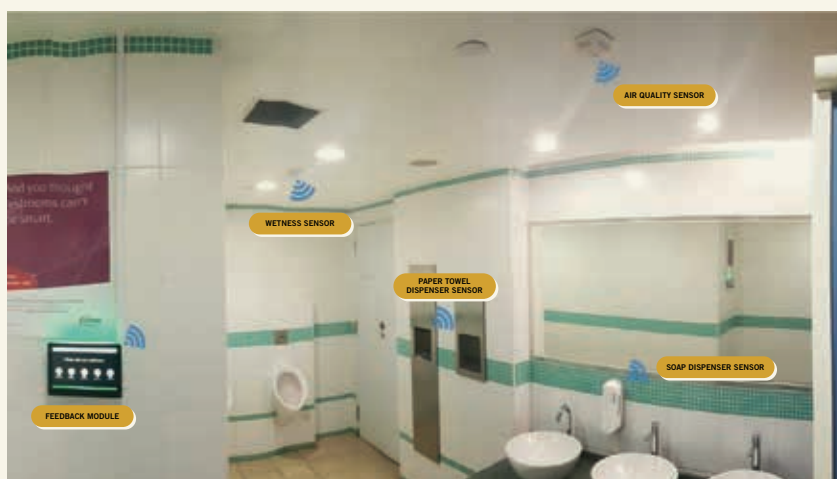
#### INVESTING IN SMART SOLUTIONS FOR OUR CUSTOMERS

##### Smart Toilet System

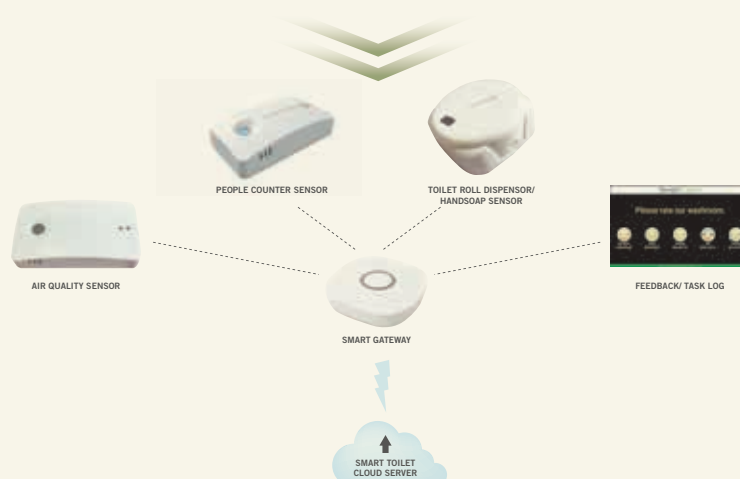
With our customers at the heart of the services we provide, we continually seek to develop and provide innovative, effective and resource-efficient solutions for them. The smart toilet system being one of them, is a cleanliness management solution comprising of technologies (as illustrated below) equipped with sensor transceiver and cellular/ WiFi/Ethernet connectivity which allows for real-time transmission of information. Some of the functions include:

- Capturing of end users' feedback in real-time using the 5-star rating system, and allows for problem reporting
- Logging of tasks and time clocked-in and -out using Near-Field Communication (NFC) tag
- Immediate alerts of negative feedback or faults reported
- On-demand based cleaning work, which cuts away conventional scheduled workhours which impede productivity and waste resources

Overall, the smart toilet system facilitates remote monitoring by our customer's management team and better planning of resources ahead of time according to usage patterns, all of which translate into better cost savings and efficient management of resources.



##### SYSTEM ARCHITECT FOR SMART TOILETS SYSTEMS



# PERFORMANCE AND HIGHLIGHTS

## Cultivating Strong Business Values

We pride ourselves on strong, mutually beneficial relationships formed with our customers. We seek to maintain a track record of service quality excellence and in being a trusted business partner for all suppliers, customers and tenants working with us.

### Yearly Targets

- Zero substantiated complaints or identified leaks, thefts or losses of customer data



*Met*

- Zero confirmed incidents of corruption



*Met*

- Zero non-compliance cases with applicable laws and regulations



*Improvement required*

### Our Year's Progress: Security of Information & Corporate Governance

#### Security of Information

At LHN, we continue to adhere to our Personal Data Protection policy which is aligned with Singapore Personal Data Protection Act 2012.

While we strive to bring heightened awareness towards data security and openness to reporting of related incidents, LHN is pleased to share that we have not faced any substantiated complaints or identified leaks, thefts or losses of customer data over the past 3 years.

#### Anti-Corruption and Compliance

The Group maintains its stance in upholding high ethical standards, which we believe is integral to our corporate identity, business and success.

With the Code of Corporate Governance 2018 effective from 1 January 2019, our corporate policies and guidelines have accordingly been reviewed and are aligned to meet the latest SGX Rules of the Catalist, HKEX Main Board Listing Rules and the applicable laws and regulations where we operate in.

The Group further holds zero tolerance towards improprieties in relation to bribery, extortion, fraud, financial reporting and money laundering. Our stakeholders are encouraged to report and raise in good faith their concerns about possible improprieties to our audit committee chairman at this email: [gary.chan@lhngroup.com.sg](mailto:gary.chan@lhngroup.com.sg). All reports will be addressed in accordance with our whistle-blowing policy and be kept in confidence.

In FY2019, there were zero confirmed incidents of corruption and zero major non-compliance cases with applicable environmental laws and regulations. However, there was one fine imposed in FY2019 relating to the trucking of an import container out from the Port of Singapore Authority without permit under our Logistics Services Business. To prevent any re-occurrence in the future, we will strengthen our internal procedure to check all required documents before trucking out the containers.

### Security network penetration test

conducted in 2019



# PERFORMANCE AND HIGHLIGHTS

## Cultivating Strong Business Values

### INITIATIVES LAUNCHED IN FY2019 AND FUTURE ACTION PLAN

#### Reinforcements to Data Security

In FY2019, we implemented penetration test and network monitoring tools to strengthen network security and better safeguard data.

Penetration test is a simulated cyber-attack on LHN's security infrastructure, designed to identify vulnerabilities and subsequently implement measures to strengthen our security network. Network monitoring tools were implemented to analyse and monitor the way the Group's system network runs on a day-to-day basis. Should there be any abnormal activities within the network that deviate from operational norm or show an indication of malware outbreak, our information technology department will be automatically notified.

### CASE STUDY

Enhancing LHN's  
Login Security in  
FY2019

#### Two-factor verification for LHN's Electronic Mail (E-mail)

In FY2019, to reduce risks of fraudulent access to confidential information, the Group has implemented a two-factor authentication to verify an employee's identity before granting log in access to their e-mail. The two layers of verification are activated when an employee sign into their email using a new device or after 30 days from the day last signed in:

- First layer: Authenticate with username and a password
- Second layer: Reconfirm identity with verification code sent by text to employee's phone

# PERFORMANCE AND HIGHLIGHTS

## Creating A Fair Workplace

As an employer, we believe that a diverse work environment will fuel innovation and ideas which is core to our business. Further pledging our commitment to TAFEP, we pride ourselves in being an employer who practices fair employment and provides equal opportunities to all.

### Yearly Target

- No confirmed cases of discriminations



Met

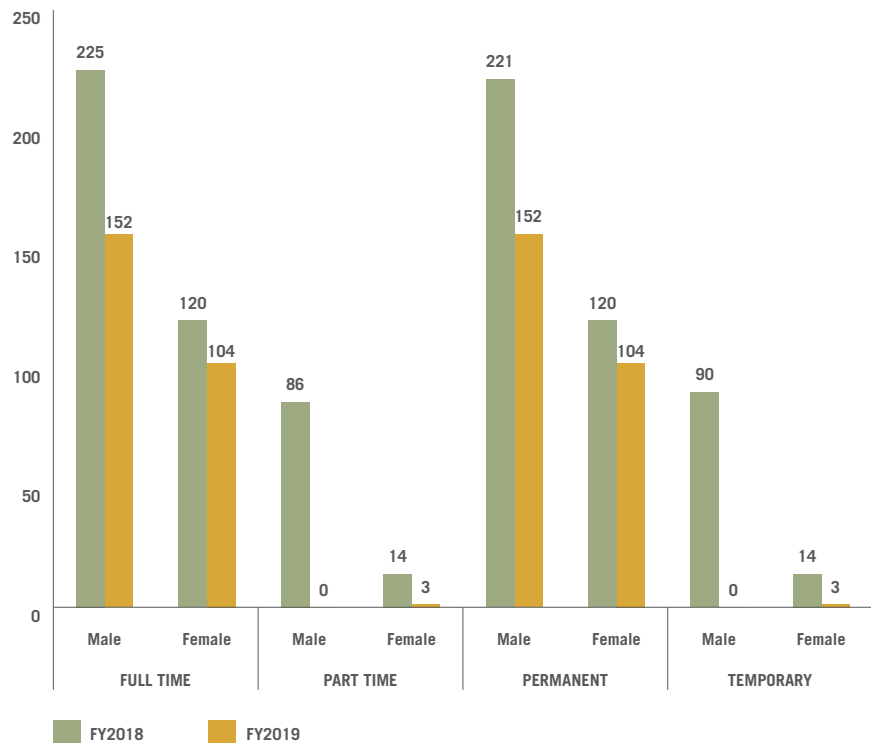
### Our Year's Progress: Fair Employment Practices

As a group with expertise across various core business segments and a diverse customer base involving both corporates and individuals, we place great importance on establishing a workplace that is built on diversity and equal opportunities. As at end of the financial year for 2019, we have approximately 59% male to 41% female employees on average. This is an improvement in comparison to prior year's ratio of 70% male to 30% female on average.

The overall workforce numbers have however resulted in a significant decrease from 445 to 259 employees in the current year. This was mainly contributed by the disposal of the security services business under Industrial & Commercial Security Pte. Ltd. ("ICS") which was completed in May 2019. All employees under ICS were offered to be transferred and recruited under the company that acquired the security services business from ICS.

For more information on our employee profile by gender, employment type and employment contract at the end of FY2018 and FY2019, kindly refer to below:

### Employee Profile



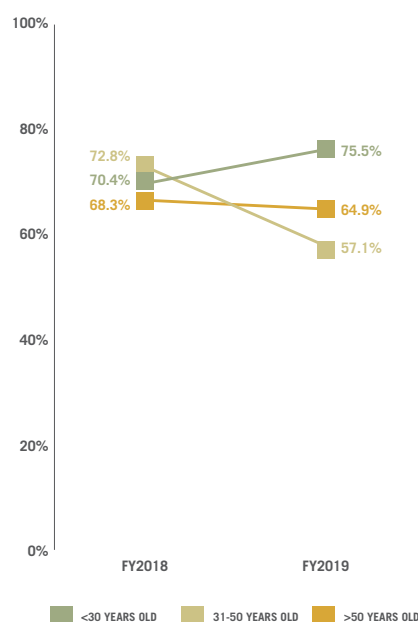
# PERFORMANCE AND HIGHLIGHTS

## Creating A Fair Workplace

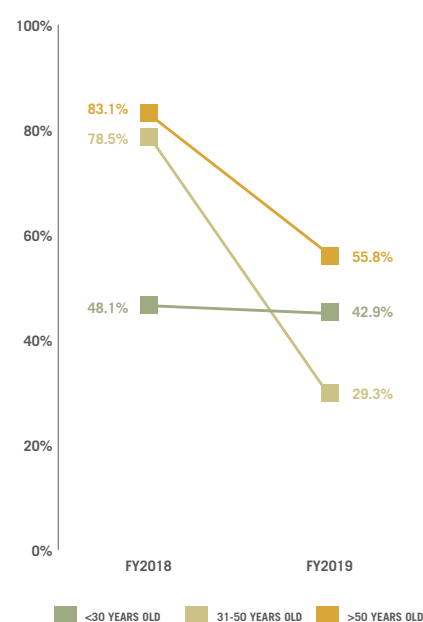
### Fair Employment Practices • New Hires and Employee Turnover Rates

The respective percentage decreases in new hires and turnover rate between FY2018 and FY2019 were largely attributed to the disposal of the security services business under ICS. In FY2019, there were a total of 163 new hires (FY2018: 315 new hires) and 103 turnovers (FY2018: 323 turnovers). Refer to the below charts for a breakdown of our employees' new hire and turnover rate by age group and gender.

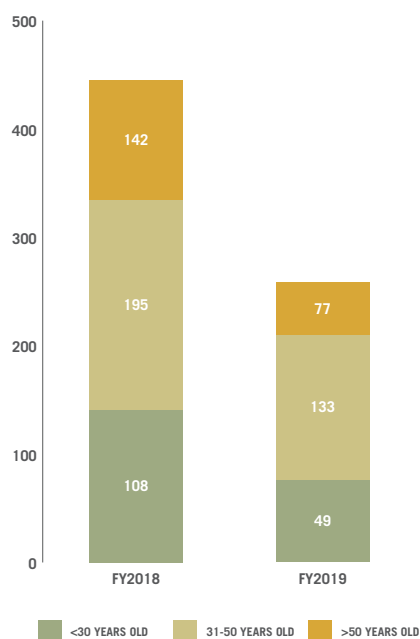
**PERCENTAGE OF NEW HIRED EMPLOYEES  
BY AGE GROUP**



**PERCENTAGE OF  
TURNOVER RATE BY AGE GROUP**



**TOTAL NUMBER OF EMPLOYEES**



# PERFORMANCE AND HIGHLIGHTS

## Creating A Fair Workplace

### Percentage of employees hired and turnover by gender

		FY2018	FY2019
New employees hired	Male	72.0%	77.0%
	Female	67.9%	43.0%
Employee turnover	Male	71.4%	57.2%
	Female	75.4%	15.0%

### Fair Employment Practices • Average Training Hours by gender and employee category

LHN believes that the investment in the learning and development of our employees can help the Group retain its competitiveness edge within our industry. Our human resource department considers the various business segments' development needs and skillsets required by employees when arranging for training programmes tailored to our employees. At LHN, sponsorships are also granted to employees for taking up relevant courses not arranged by the Group.

On a yearly basis, our employees are evaluated on their performance through an appraisal conducted. Same as in FY2018, our supervisors and employees will also have open feedback discussions on ways to improve an employee's performance and their development.

In FY2019, we achieved total 2,509 training hours (FY2018: 3,601 hours) for our employees, resulting in an average of 9.69 hours per employee (FY2018: 8.09 hours per employee). These training courses are designed to fulfil various knowledge and skillsets required of our employees ranging from financial-related courses to safety trainings. The increase in average training hours by 20% in FY2019 was largely due to restructuring of the Group, including employees' transition due to the disposal of the security services business under ICS during the year.



In addition, we have ceased organising annual town hall meeting for blue-collar employees in FY2019. Instead of this, we have organised monthly engagement programmes which are open for all employees to attend subject to their preference. Some of these programmes are shared in the case study below.



# PERFORMANCE AND HIGHLIGHTS

## Creating A Fair Workplace

### CASE STUDY

#### MONTHLY EMPLOYEE ENGAGEMENT PROGRAMS

In FY2019, we introduced monthly employee engagement programs such as festive celebrations and lunchtime talks covering an array of topics from wellness to financial literacy. These programmes are open to all employees. Examples of events held in FY2019 are as follows:



*Health Screening Exercise 2019*



*Mid-Autumn Festival celebration*



*LHN Insurance Benefits Lunch Talk*



*POSB Run 2019*



*LHN Group Retreat 2019*



*It's Okay Not to be Okay (Lunch Talk)*

## APPENDIX A.

### Entities Included In The Group's Sustainability Report

LHN LIMITED		
LHN GROUP PTE. LTD.		
SPACE OPTIMISATION BUSINESS	FACILITIES MANAGEMENT BUSINESS	Logistics Services Business
<ul style="list-style-type: none"> <li>Chua Eng Chong Holdings Pte. Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>Industrial &amp; Commercial Facilities Management Pte. Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>Hean Nerng Logistics Pte. Ltd. ("HNL")</li> </ul>
<ul style="list-style-type: none"> <li>GreenHub Suited Offices Pte. Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>Industrial &amp; Commercial Security Pte. Ltd. ("ICS")<sup>6</sup></li> </ul>	
<ul style="list-style-type: none"> <li>Hean Nerng Facilities Management Pte. Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>LHN Parking Pte. Ltd.</li> </ul>	
<ul style="list-style-type: none"> <li>LHN Energy Resources Pte. Ltd.</li> </ul>		
<ul style="list-style-type: none"> <li>LHN Facilities Management Pte. Ltd.</li> </ul>		
<ul style="list-style-type: none"> <li>LHN Properties Investments Pte. Ltd.</li> </ul>		
<ul style="list-style-type: none"> <li>LHN Space Resources Pte. Ltd.</li> </ul>		
<ul style="list-style-type: none"> <li>PickJunction Pte. Ltd.</li> </ul>		
<ul style="list-style-type: none"> <li>Singapore Handicrafts Pte Ltd</li> </ul>		
<ul style="list-style-type: none"> <li>Soon Wing Investments Pte. Ltd.</li> </ul>		
<ul style="list-style-type: none"> <li>Work Plus Store (Joo Seng) Pte. Ltd.</li> </ul>		
<ul style="list-style-type: none"> <li>Work Plus Store Pte. Ltd.</li> </ul>		

<sup>6</sup> On 31 May 2019, the Group has completed the disposal of the security services business under ICS and therefore has excluded it from the scope for reporting from the date of disposal.

## APPENDIX B.

### Methodological Review & Data Boundaries

This section details key definitions, methodologies and data boundaries applied to LHN Limited's Sustainability Report, as we endeavour to elevate transparency and facilitate comparability of our data disclosed. These definitions and methodologies are adapted with reference to the GRI Standards Glossary 2016, Reporting Recommendations and Guidance set out in the respective GRI disclosures and various authoritative intergovernmental instruments.

#### SOCIAL

##### Employee

*Employees* are defined as individuals who are in an employment relationship with the Group.

##### New hires and turnover (rates)

*New hires* are defined as new employees who have joined the Group during the financial year.

*Turnover* is defined as all employees who have left the Group voluntarily, or due to dismissal, retirement or death in service during the financial year.

*New hires/turnover rate* is the total number of new hires/employee turnovers in the financial year, relative to the total number of employees recorded as at financial year-end.

*New hires/turnover rate by age group* is the total number of new hires/employee turnovers for each age group in the financial year, relative to the total number of employees in the respective age groups recorded as at financial year-end.

*New hires/turnover rate by gender* is the total number of female/(male) new hires/employee turnovers for each age group in the financial year, relative to the total number of female/(male) employees recorded as at financial year-end.

##### Training hours

*Average training hours per employee* is the total number of training hours incurred during the financial year provided to employees, relative to the total number of employees recorded as at financial year-end.

*Average training hours per female/(male) employee* is the total number of training hours provided to female/(male) employees, relative to the total number of female/(male) employees recorded as at financial year-end.

*Average training hours per employee category* is the total number of training hours provided to each category of employees, relative to the total number of employees in the category recorded as at financial year-end.

##### Injury incidents and rate

*Injury incidents* are non-fatal or fatal injury arising out of, or in the course of, work.

*Injury rate* is the total number of injury incidents per million hours worked, relative to the total scheduled hours worked by all employees recorded as at financial year-end.

#### ENVIRONMENT<sup>7</sup>

##### Energy consumption within the organisation

Space Optimisation Business: Energy consumed results from purchased electricity consumed by LHN's properties for its common areas that is within the Group's control (includes both indoors and outdoors, such as decorative light fixtures and lamp posts outside of building) but excludes Greenhub properties and LHN's Headquarter due to immaterial energy consumption.

Logistics Services Business: Energy consumed results from fuel consumed by the Group's fleet of prime movers, trailers, oil tankers, ISO tankers and trucks.

Energy consumed is expressed in Megawatt hours (MWh).

##### Energy intensity

Space Optimisation Business: This is the ratio of energy consumed relative to total common floor areas (excludes outdoors as lighting outside of building is not attributable to any floor area) in square metres.

Energy intensity is expressed in Megawatt hours per square metre (MWh/m<sup>2</sup>).

##### GHG emissions

This report discloses indirect Scope 2 GHG emissions for Space Optimisation Business and Scope 1 GHG emissions for Logistics Services Business division.

Scope 1 GHG emissions are derived from sources that are owned or controlled by LHN, which in this case are emissions released from fuel combustion within LHN-owned vehicle fleet. Carbon emissions are calculated with reference to 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

Scope 2 GHG emissions are emissions that result from the generation of purchased or acquired electricity, heating, cooling, and steam consumed by the organisation. In the scope of reporting, this only relates to purchased electricity and is expressed in tonnes of CO<sub>2</sub>. A location-based method is adopted, which reflects the GHG emissions of the grids on which energy consumption occurs. In Singapore, the Grid Emission Factor ("GEF") used for calculating GHG emissions is obtained from the Energy Market Authority of Singapore.

GHG emissions is expressed in tonnes of carbon dioxide equivalent (TCO<sub>2</sub>e).

<sup>7</sup> Facilities Management Business is not covered in the scope for environmental-related material matters due to nature of the operations which involve a large number of resources being stationed at clients' properties. Their energy and water consumption data are not available. Whereas for office staff, energy and water consumption data is covered under the environment data of LHN's headquarters.

## APPENDIX B.

### Methodological Review & Data Boundaries

*Injury rate by gender* is the total number of female/(male) injury incidents per million hours worked, relative to the total scheduled hours worked by female/(male) employees recorded as at financial year-end.

#### Lost day and rate

*Lost day* refers to the total number of man-days that cannot be worked as a consequence of an employee being unable to perform their usual work because of an occupational disease or incident.

*Lost day rate* is the total number of lost days per million hours worked, relative to the total scheduled hours worked by all employees recorded as at financial year-end.

*Lost day rate by gender* is the total number of female/(male) injury incidents per million hours worked, relative to the total scheduled hours worked by female/(male) employees recorded as at financial year-end.

#### Absentee (rate)

*Absentee* is defined as worker absent from work because of incapacity of any kind, not just as the result of work-related injury or disease. It excludes permitted leave absences such as holidays, study, parental and compassionate leave.

#### Work-related absentee days and absentee rate

*Absentee days* are measured in terms of the number of business days. An absentee day occurs when the employee is absent from work because of any incapacity, not just as a result of work-related injury or disease.

*Absentee rate* is the total absentee days lost, relative to the number of total days scheduled to be worked by the employees in the reporting period, expressed as a percentage.

#### Substantiated complaints

*Substantiated complaints* are written statements by regulatory or similar official body addressed to the organisation that identifies breaches of customer privacy, or a complaint lodged with the organisation that has been recognised as legitimate by the organisation.

*Major substantiated complaints* are defined as those that result in long-term significant impact on the health and safety of our customers, breaches to health and safety regulations, or a failure to deliver agreed-upon service requirements.

#### GHG emissions intensity

Space Optimisation Business: This is the ratio of GHG emissions relative to total occupied area (including common floor area) in square metres.

GHG emissions intensity for Space Optimisation Business is expressed in tonnes of carbon dioxide equivalent per square metre (TCO<sub>2</sub>e/m<sup>2</sup>).

Logistics Services Business: This is the ratio of GHG emissions to distance travelled. This is estimated at 2.5 kilometres travelled per litre for GHG emission intensity calculation purposes.

GHG emissions intensity for Logistics Services Business is expressed in tonnes of carbon dioxide equivalent per kilometre (TCO<sub>2</sub>e/km).

#### Water consumption

Space Optimisation Business: This is the volume of water consumed by LHN's properties that is within the Group's control but excludes Greenhub properties and LHN's Headquarter due to immaterial water consumption.

Volume of water consumption excludes water used for washing of our vehicle fleet as the washing is not conducted at our property and consumption data is not available.

Volume of water consumed is expressed in cubic metres (m<sup>3</sup>).

#### Water intensity

Space Optimisation Business: This is the ratio of water consumed relative to total common floor areas in square metres.

Water intensity is expressed in cubic metres per square metre (m<sup>3</sup>/m<sup>2</sup>).

## APPENDIX C.

### GRI Content Index

GRI STANDARD	DISCLOSURE	SECTION	PAGE NUMBER ("NO.")
102-1	Name of the organization	Our business	2
102-2	Activities, brands, products and services	Our business	2
102-3	Location of headquarters	Our business	2
102-4	Location of operations	Our business	2
102-5	Ownership and legal form	Our business	2
102-6	Markets served	Our business	2
102-7	Scale of the organization	Our business	2
102-8	Information on employees and other workers	Creating a fair workplace	21-24
102-9	Supply chain	Our business	2
102-10	Significant changes to the organization and its supply chain	Chairman's message	4
102-11	Precautionary Principle or approach	Chairman's message	4
102-12	External initiatives	Safeguarding health and safety	13-15
102-13	Membership of associations	Singapore Business Federation HNL: Singapore Logistics Association	–
102-14	Statement from senior decision-maker	Chairman's message	4
102-16	Values, principles, standards, and norms of behaviour	Our business Chairman's message Creating a fair workplace	2 4 21-24
102-18	Governance structure	Cultivating strong business values: Anti-corruption and compliance	19
102-40	List of stakeholder groups	Sustainability at LHN: Stakeholder engagement	7
102-41	Collective bargaining agreements	Not applicable	–
102-42	Identifying and selecting stakeholders	Sustainability at LHN: Stakeholder engagement	7
102-43	Approach to stakeholder engagement	Sustainability at LHN: Stakeholder engagement	7
102-44	Key topics and concerns raised	Sustainability at LHN: Stakeholder engagement	7
102-45	Entities included in the consolidated financial statements	Appendix A	25
102-46	Defining report content and topic boundaries	Sustainability at LHN: Overview of LHN's sustainability approach	8-9
102-47	List of material topics	Sustainability at LHN: Overview of LHN's sustainability approach	8-9
102-48	Restatements of information	Not applicable to this report	–
102-49	Changes in reporting	About this report	3
102-50	Reporting period	About this report	3
102-51	Date of most recent report	Chairman's message	4

## APPENDIX C.

### GRI Content Index

GRI STANDARD	DISCLOSURE	SECTION	PAGE NUMBER ("NO.")
102-52	Reporting cycle	Annual	–
102-53	Contact point for questions regarding the report	enquiry@lhngroup.com.sg	3
102-54	Claims of reporting in accordance with the GRI Standards	About this report	3
102-55	GRI content index	GRI content index	28-29
102-56	External assurance	Sustainability at LHN: Overview of LHN's sustainability approach	8-9
205-3	Confirmed incidents of corruption and actions taken	Cultivating strong business values: Anti-corruption and compliance	19
302-1	Energy consumption within the organization	Protecting our environment: Energy	10-11
302-3	Energy intensity	Protecting our environment: Energy	10-11
303-1	Water withdrawal by source	Protecting our environment: Water consumption There is no issue in sourcing water that is fit for purpose. We source our water 100% from municipal source.	12
307-1	Non-compliance with environmental laws and regulation	Cultivating strong business values: Anti-corruption and compliance	19
401-1	New employee hires and employee turnover	Creating a fair workplace	21-24
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Safeguarding health and safety	13-15
404-1	Average hours of training per year per employee	Creating a fair workplace	21-24
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Safeguarding health and safety	13-15
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Cultivating strong business values: Security of information	19
419-1	Non-compliance with laws and regulations in the social and economic area	Cultivating strong business values: Anti-corruption and compliance	19
-	Results of surveys measuring customer satisfaction	Cultivating strong business values: Customer satisfaction	16



## APPENDIX D.

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GENERAL DISCLOSURES AND KPIS	DESCRIPTION	SECTION	PAGE NO.	REMARKS
<b>ENVIRONMENTAL</b>				
<b>ASPECT A1: EMISSIONS</b>				
General Disclosure		Sustainability at LHN: Overview of LHN's sustainability approach	8-9	–
		Cultivating strong business values: Compliance with applicable laws and regulations	16-20	
KPI A1.1	The types of emissions and respective emissions data	Protecting our environment: Energy	10-11	Our logistics business uses ultra-low sulphur diesel 10 ppm which significantly reduces the sulphur dioxide, nitrogen oxides and particulate emissions. The usage of AdBlue substances further reduces harmful nitrogen oxides. As such, air emissions have been significantly reduced and are immaterial for reporting.
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity	Protecting our environment: Energy	10-11	Our GHG emission is principally from the electricity and fuel consumed and is measured in total carbon dioxide (TCO <sub>2</sub> e).
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity	–	–	LHN produced no hazardous waste in FY2019.
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity	–	–	Disposal bins placed at various locations at our properties are cleared by vendors daily. LHN does not monitor the operation of the vendors, and therefore has no data on the total disposed waste for the reporting period.
KPI A1.5	Description of measures to mitigate emissions and results achieved	Protecting our environment: Energy	10-11	The solar modules' installation phase was recently completed and operational in December 2019. As such, no measurable results have been achieved for the reporting period.
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	–	–	All wastes are collected and disposed by authorised vendors. Our waste includes mainly general waste from tenants' activities. Recycling bins are available at all our commercial properties and are placed at common areas for tenants to segregate waste and recycle.

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GENERAL DISCLOSURES AND KPIS	DESCRIPTION	SECTION	PAGE NO.	REMARKS
ASPECT A2: USE OF RESOURCES				
General Disclosure		Sustainability at LHN: Overview of LHN's sustainability approach	8-9	–
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas, or oil) in total (kWh in '000s) and intensity	Protecting our environment: Energy	10-11	–
KPI A2.2	Water consumption in total and intensity	Protecting our environment: Water Consumption	12	–
KPI A2.3	Description of energy use efficiency initiatives and results achieved	Protecting our environment: Energy	10-11	–
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Protecting our environment: Water Consumption	12	–
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	–	–	This is not applicable to LHN. We do not have any packaging material.
ASPECT A3: THE ENVIRONMENT AND NATURAL RESOURCES				
General Disclosure		Sustainability at LHN: Overview of LHN's sustainability approach	8-9	–
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Protecting our environment: Energy	10-11	–
		Protecting our environment: Water Consumption	12	
SOCIAL				
EMPLOYMENT AND LABOUR PRACTICES				
ASPECT B1: EMPLOYMENT				
General Disclosure		Sustainability at LHN: Overview of LHN's sustainability approach	8-9	–
		Creating a fair workplace	21-24	
		Cultivating strong business values: Anti-corruption and compliance	19	
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Creating a fair workplace	21-24	–
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Creating a fair workplace	21-24	–
ASPECT B2: HEALTH AND SAFETY				
General Disclosure		Sustainability at LHN: Overview of LHN's sustainability approach	8-9	–
		Safeguarding health and safety	13-15	

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GENERAL DISCLOSURES AND KPIS	DESCRIPTION	SECTION	PAGE NO.	REMARKS
KPI B2.1	Number and rate of work-related facilities	Safeguarding health and safety	13-15	–
KPI B2.2	Lost days due to work injury	Safeguarding health and safety	13-15	–
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Safeguarding health and safety	13-15	–
<b>ASPECT B3: DEVELOPMENT AND TRAINING</b>				
General Disclosure		Sustainability at LHN: Overview of LHN's sustainability approach	8-9	–
		Creating a fair workplace	21-24	
		Cultivating strong business values: Anti-corruption and compliance	19	
KPI B3.1	The percentage of employees trained by gender and employee category	Creating a fair workplace	21-24	–
KPI B3.2	The average training hours completed per employee by gender and employee category	Creating a fair workplace	21-24	–
<b>ASPECT B4: LABOUR STANDARDS</b>				
General Disclosure		Sustainability at LHN: Overview of LHN's sustainability approach	8-9	–
		Creating a fair workplace	21-24	
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	–	–	The risk of non-compliance for LHN is extremely low. LHN continues to work with our recruitment agency to ensure our full compliance with any applicable labour law and regulations. There were no non-compliances in FY2019.
KPI B4.2	Description of steps taken to eliminate such practices when discovered	–	–	This is not applicable to LHN. There is no such practice identified within the Group.
<b>OPERATING PRACTICES</b>				
<b>ASPECT B5: SUPPLY CHAIN MANAGEMENT</b>				
General Disclosure		Our Business	2	–
KPI B5.1	Number of suppliers by geographical region	Our Business	2	–
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Our Business	2	–

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GENERAL DISCLOSURES AND KPIS	DESCRIPTION	SECTION	PAGE NO.	REMARKS
<b>ASPECT B6: PRODUCT RESPONSIBILITY</b>				
General Disclosure		Cultivating strong business values: Anti-corruption and compliance  Cultivating strong business values: Compliance with applicable laws and regulations	19-20	–
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	–	–	This is not applicable to LHN.
KPI B6.2	Number of products and service related complaints received and how they are dealt with	Cultivating strong business values: Customer satisfaction	16	–
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	–	–	This is not applicable to LHN.
KPI B6.4	Description of quality assurance process and recall procedures	–	–	This is not applicable to LHN.
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Cultivating strong business values: Security of information	19	–
<b>ASPECT B7: ANTI-CORRUPTION</b>				
General Disclosure		Cultivating strong business values: Anti-corruption and compliance	19	–
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Cultivating strong business values: Anti-corruption and compliance	19	–
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Cultivating strong business values: Anti-corruption and compliance	19	–
<b>COMMUNITY</b>				
<b>ASPECT B8: COMMUNITY INVESTMENT</b>				
General Disclosure		–	–	Please refer to our annual report FY2019 published on the website of HKEX ( <a href="http://www.hkexnews.hk">www.hkexnews.hk</a> ), SGX-ST ( <a href="http://www.sgx.com">www.sgx.com</a> ) and the website of the Company ( <a href="http://www.lhngroup.com">www.lhngroup.com</a> ).
KPI B8.1	Focus areas of contribution	–	–	Please refer to our annual report FY2019 published on the website of HKEX ( <a href="http://www.hkexnews.hk">www.hkexnews.hk</a> ), SGX-ST ( <a href="http://www.sgx.com">www.sgx.com</a> ) and the website of the Company ( <a href="http://www.lhngroup.com">www.lhngroup.com</a> ).
KPI B8.2	Resources contributed to the focus area	–	–	Please refer to our annual report FY2019 published on the website of HKEX ( <a href="http://www.hkexnews.hk">www.hkexnews.hk</a> ), SGX-ST ( <a href="http://www.sgx.com">www.sgx.com</a> ) and the website of the Company ( <a href="http://www.lhngroup.com">www.lhngroup.com</a> ).



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