



SUSTAINABILITY REPORT 2017

BUILDING FOR TOMORROW

LHN Limited
賢能集團有限公司*

(incorporated in the Republic of Singapore with limited liability)
Stock Codes: Singapore - 410 / Hong Kong - 1730

**For identification purpose only*

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ABOUT THIS REPORT

REPORTING SCOPE

This is an inaugural standalone sustainability report by LHN Limited, following the Environmental, Social and Governance (“ESG”) Reporting Guide set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “HK Listing Rules”) and the Sustainability Reporting Rule Guide of Singapore Exchange Limited (“SGX”). It describes the policies, performances and targets for key ESG topics of LHN Limited’s head office and its wholly-owned subsidiaries in three major business segments in Singapore, namely space optimisation business, facilities management business and logistics services business. The revenue from these operations in Singapore represents 96% of the Group’s revenue for the financial year ended 30 September 2017 (“FY2017”). For the purpose of this report, we will focus on our operations in Singapore, which are material to our business in FY2017. We will work towards expanding our reporting scope to include our business in other parts of Asia as we advance our sustainability reporting journey. More details about our business could be found on page 5 of this report.

Unless otherwise stated, this report covers the period from 1 October 2016 to 30 September 2017, being the same period covered by our annual report of FY2017.

REPORTING STANDARDS

This inaugural sustainability report has been prepared in accordance with Global Reporting Initiatives (“GRI”) Standards - Core Option and its reporting principles. We have adopted this reporting framework for its international recognition and universal applicability.

Please refer to Appendix B. GRI Content Index which summarises our data and information disclosed as per GRI Standards requirements on page 22.

For any enquiry related to this report, please contact us at enquiry@lhngroup.com.sg.

CHAIRMAN'S MESSAGE

Dear Stakeholders,

I am pleased to present you LHN Limited's (the "Company", and together with its subsidiaries, collectively the "Group" or "LHN") first sustainability report. In this report, we discuss the Group's key material issues which were identified through an active stakeholder engagement process and highlight our commitments to achieve the right mix of business development, strong business values, employee engagement and environmental stewardship.

BUSINESS DEVELOPMENT

Our commitment to sustainability is first and foremost built upon our Group's mission of creating a productive environment and generating values for our customers. We established our first wholly-owned subsidiary in the People's Republic of China ("PRC") in November 2016 with the intention to expand our space optimisation and real estate management expertise into the China market. Our Group then expanded our facilities management business into Greater China by securing our first overseas car park management contract in Hong Kong, laying the groundwork for our Greater China expansion plans. Our Group believes that the listing in Hong Kong will serve as a springboard for us to expand our business in Hong Kong and mainland China and on 29 December 2017, we were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited ("SEHK") and became dually-listed on SEHK and SGX. As we strive to expand our business, our customer centric service approach will continue to be the key to our success.

STRONG BUSINESS VALUES

Good corporate governance and risk management are key components of our operations and planning processes. We are committed to ethical business conducts and our employees are required to act with integrity and accountability in all of their activities. We also seek to comply with

all respective laws and regulations in our operating countries. It is a testament to our commitment when we were named the winner of Singapore Corporate Governance Award 2017, Catalyst Category by the Securities Investors Association Singapore.

EMPLOYEE ENGAGEMENT

Our business growth needs to have a strong support from our most valuable asset – our people. We are taking pride in providing a fair, diverse and engaging work place. We believe that investing in our people through learning and development will give our Group the competitive edge for future growth and success.

ENVIRONMENTAL STEWARDSHIP

As our business continues to grow, we place strong focus on managing our energy consumption, identified as the Group's most major impact on environment. Numerous measures are implemented to improve the energy efficiency across all three business segments. Notably, motion sensors were installed in low traffic areas as well as energy-saving LED lightings in about 50% of the properties we managed¹ as at the end of FY2017. In addition, we adopted more environmental friendly fleet management practices to optimise the fuel efficiency for our fleet. We will continue to look out for improvement opportunities to reduce our overall carbon footprint.

Towards the longer term, we hope to inculcate a culture within the Group to put sustainability as a focus and to empower our staff to drive the implementation of sustainable practices.

I look forward to the cooperation and support from all stakeholders in our sustainability journey.

Mr Kelvin Lim
Executive Chairman,
Executive Director &
Group Managing Director



“Good corporate governance and risk management are key components of our operations and planning processes.”

¹ Pertains to electricity consumption in the common areas that is within the Group's control.



BOARD STATEMENT

As we grow and expand our Group's investments, we are mindful of the greater emphasis placed on sustainable growth. The sustainability of our business practices, together with their transparent disclosures, has become increasingly important, especially since the release of the "Comply or explain" sustainability reporting framework by the Singapore Exchange and the requirement of ESG reporting pursuant to HK Listing Rules.

The Board recognises the importance of sustainability best practices and how it can enhance our Group's business operations and performance. Pursuant to our belief, we have linked our business strategy closely with our sustainability objectives.

The customer satisfaction and security of their information is of utmost importance for the Group in realising strategic business objectives in the increasingly dynamic environment businesses we operate in today. We also recognise that the contributions made by our employees or people are pivotal to the continuation of our business operations. We ensure that all employees have a safe, engaging and inclusive workplace to learn and grow in.

This year, our unwavering commitment to corporate governance has earned us the Singapore Corporate Governance Award 2017, Catalist Category by the Securities Investors Association Singapore. We are confident that our continued efforts will have an impact on overcoming society's sustainability challenges of today and tomorrow.

With this report, we reiterate our commitment for adopting best sustainability practices to enhance our Group's business operations and performance. We are committed to deliver high quality services to all our tenants and customers and will continue to challenge ourselves to ask tough questions on where improvements in our systems should be made and where future risks may lie.

OUR BUSINESS

With a history dating back to 1991, we are a real estate management service provider and logistics service provider headquartered in Singapore with operations in Asia including Indonesia, Thailand, Myanmar and Hong Kong. Our three business segments include space optimisation business, facilities management business and logistics services business (Figure 1).

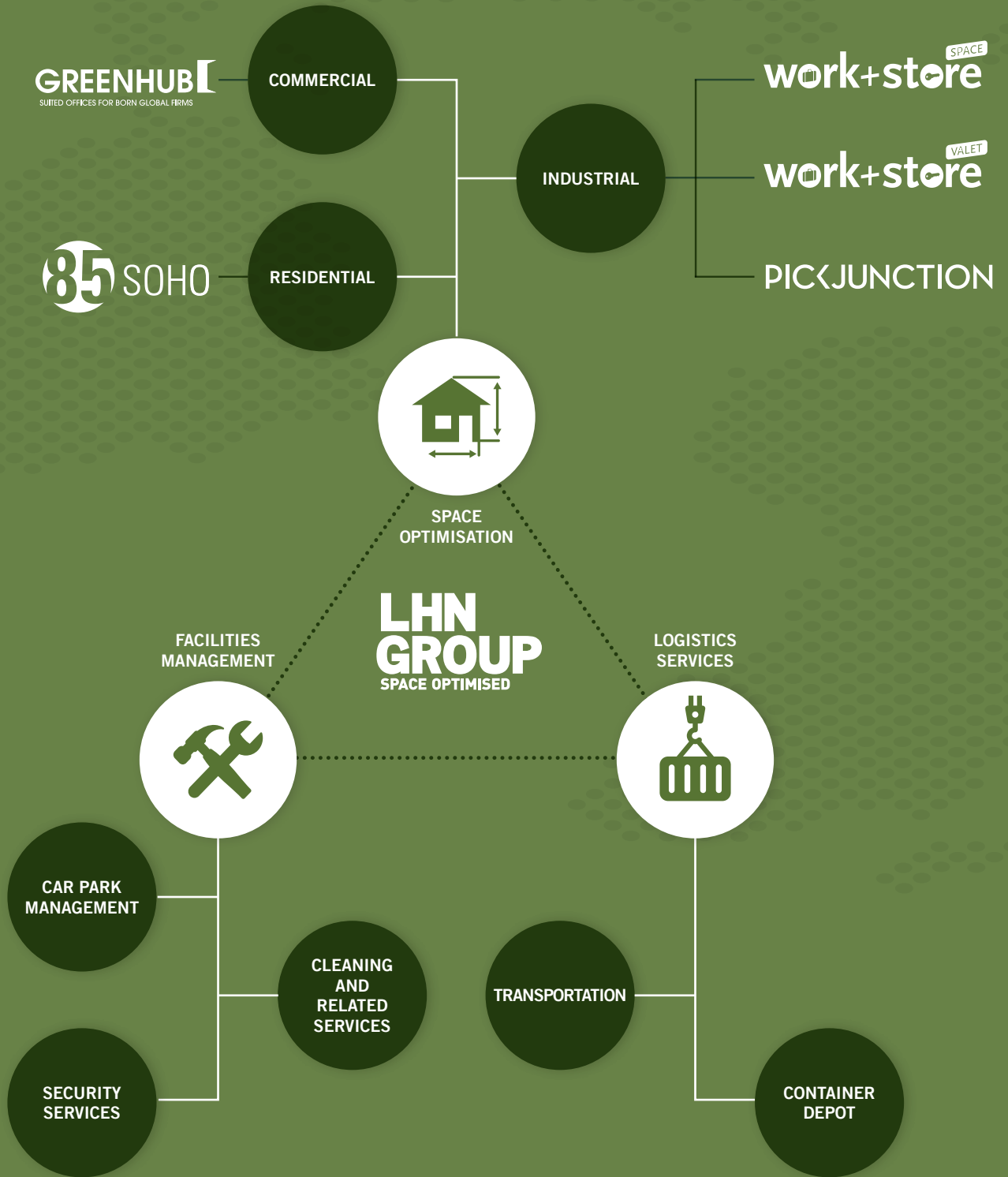


Figure 1: Our Group's business segments



VISION

We Create Productive Environments



MISSION

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



CORE VALUES

- ✓ Prudence
- ✓ Efficiency
- ✓ Accountability

For our space optimisation business, we focus on creating productive environments for small and medium enterprises, and born-global companies. We optimise space through refurbishment and space planning before we launch the property through leasing.

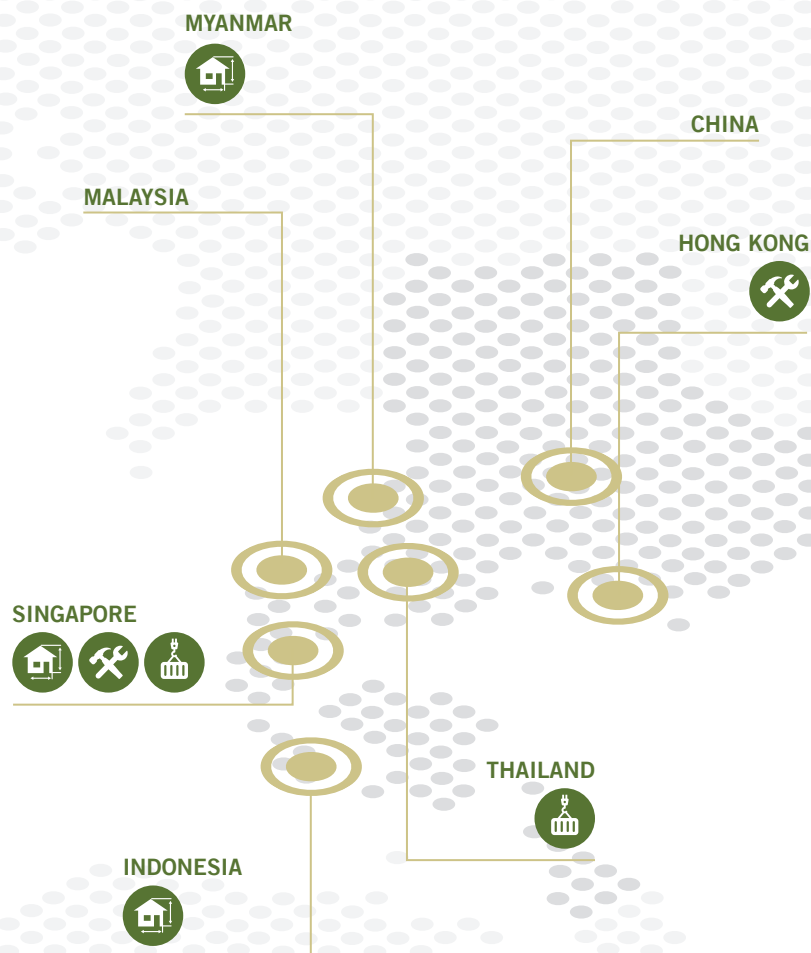
We also have two other business segments, namely, facilities management business and logistics services business which complement our space optimisation business.

In 2005, our facilities management business first began providing services including, security services and car park management services, and related services such as cleaning, landscaping, pest control, repair and general maintenance to properties in our space optimisation business. We have since then expanded our operations to service third-party or external customers.

Our logistics services business, which we started in 2003, primarily provides transportation services, including base oil and bitumen transportation, and chemical transportation, container depot management services, container depot services and other ancillary services.

In total, our integrated supply chain includes more than 600 suppliers comprising both government agencies as well as private companies. Our top ten major suppliers across three business segments are located in Singapore. We continue to work towards achieving a more sustainable supply chain through continuous engagement with our suppliers.

LHN Limited was incorporated in the Republic of Singapore on 10 July 2014. The Group was listed on Catalist of the Singapore Exchange Securities Trading Limited in 2015 and on the Main Board of the SEHK in 2017.



As at 30 September 2017



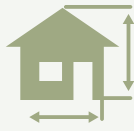
S\$106.3M
GROUP REVENUE



OVER **400** EMPLOYEES
ACROSS **5** ACTIVE COUNTRIES



TOP 10
OF OUR SUPPLIERS ARE LOCAL SUPPLIERS



S\$67.8M
SPACE OPTIMISATION REVENUE



OWNED AND LEASED
33 INDUSTRIAL, COMMERCIAL AND RESIDENTIAL PROPERTIES



TOTAL NET LETTABLE AREA OF APPROXIMATELY
3.8M SQFT MANAGED



S\$21.2M
LOGISTICS SERVICES REVENUE



OWNED A FLEET OF
OVER **40** PRIME MOVERS,
OVER **10** ROAD TANKERS AND
OVER **120** TRAILERS



OVER **1.9M KM**
DISTANCE TRAVELLED BY OUR LOGISTICS VEHICLES



S\$17.3M
FACILITIES MANAGEMENT REVENUE



GRADE **A** CERTIFICATION SECURITY SERVICE PROVIDER FROM THE POLICE LICENSING & REGULATORY DEPARTMENT



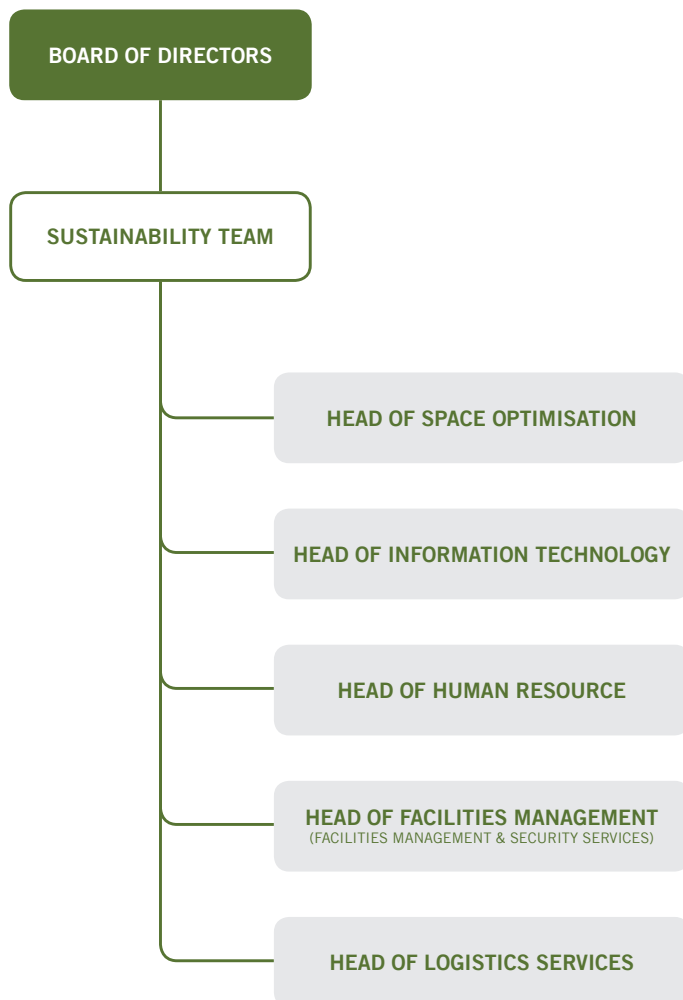
MANAGING MORE THAN
8,000 CAR PARK LOTS ISLAND-WIDE IN SINGAPORE & HONG KONG

OUR APPROACH TO SUSTAINABILITY

SUSTAINABILITY GOVERNANCE

A Group-wide Sustainability team was set up in 2017 and is responsible for driving sustainability initiatives strategically across the businesses and measuring key performances. This team cuts across all corporate and operational units that are material to the Group's businesses. It initiates, drives, and monitors various aspects of our sustainability practices, ensuring that these are integrated into our business operations and complement our corporate objectives. The team also oversees the preparation of sustainability disclosures as required by the applicable exchange rules.

Overseeing the Sustainability team, the Board assumes leadership and advisory role for the Group's sustainability strategy. Our Chief Financial Officer is the designated Sustainability Team Lead and reports to the Board on any key material sustainability performance matters.



OUR APPROACH TO SUSTAINABILITY

STAKEHOLDER ENGAGEMENT

At LHN, we believe that our stakeholders are our best assets in ensuring the sustainability of our business operations. In engaging our stakeholders, we make a collaborative effort to acknowledge our stakeholders' key concerns and interests. Table 1 details our approach on stakeholder engagement.

Table 1: Our approach on stakeholder engagement

STAKEHOLDERS	MAIN INTERESTS/ CONCERNS	ENGAGEMENT METHODS
OUR EMPLOYEES	<ul style="list-style-type: none"> Occupational health and safety Fair employment practices 	<ul style="list-style-type: none"> Online feedback channel system Online appraisal system Employee handbook
GOVERNMENT AND REGULATIONS	<ul style="list-style-type: none"> Compliance with regulatory requirements 	<ul style="list-style-type: none"> Business model awareness sessions Calls and meetings when required
INVESTORS	<ul style="list-style-type: none"> Timely updates on financial performance and business strategies and opportunities 	<ul style="list-style-type: none"> Annual and quarterly financial and sustainability reports Networking sessions with shareholders Annual General Meeting
SUPPLIERS	<ul style="list-style-type: none"> Fair and transparent business conduct Continued engagement 	<ul style="list-style-type: none"> Annual supplier performance review On-going communications
CUSTOMERS	<ul style="list-style-type: none"> Quality of products and services Innovative products and services 	<ul style="list-style-type: none"> Social media platform Networking sessions Company announcements Feedback channel

MATERIALITY ASSESSMENT

In developing our inaugural sustainability report, we had engaged the assistance of an external consultant to help us identify and prioritise the ESG topics that are material to both our internal and external stakeholders. A formal materiality assessment workshop was conducted in November 2017. Seven material ESG topics were identified as detailed in Figure 2 and Table 2. For future sustainability reporting, we will re-evaluate and review our material ESG topics to ensure its relevance to our stakeholders and to ensure compliance with the HK Listing Rules and SGX Catalyst Rules.

Figure 2: ESG materiality matrix



Table 2: List of material ESG topics

NO.	MATERIAL TOPICS	DESCRIPTION	REFERENCE
ENVIRONMENT			
1	Energy	Measures taken to ensure efficient use of energy	Page 11
2	Water Consumption	Promote water efficiency	Page 12
SOCIAL			
3	Health and Safety	Secure the safety and protection of the health of tenants of the Group's properties	Page 13 to 14
4	Fair Employment practices	Uphold fair employment practices in aspects of compensation, promotion, dismissal, recruitment, work hours, rest periods, benefits and welfare	Page 15 to 18
5	Security of Information	Ensure client data protection and privacy	Page 19 to 20
6	Customer Satisfaction	Keep up a high level of customer satisfaction on our products and services	Page 19
GOVERNANCE			
7	Corporate Governance	Manage ethical issues such as fraud, corruption, conflicts of interest in the conduct of business activities while ensuring full compliance to respective law and regulations of the countries where LHN operates in such as environmental, labour, health and safety and other socioeconomic regulations	Page 20

PROTECTING OUR ENVIRONMENT

ENERGY

Space Optimisation

As a low-lying, island city-state, Singapore is particularly vulnerable to the consequences of climate change and had previously stated in its Nationally Determined Contribution¹ that it aims to reduce its emissions intensity by 36% from 2005 levels by 2030, and to stabilise its emissions with the aim of peaking around 2030. The Group is committed to being part of the collective effort to reduce Singapore's overall greenhouse gas footprint by adopting different energy saving strategies and initiatives in our operations.

As at the end of FY2017, about 50% of the properties we managed² were using energy-saving LED lightings. Motion sensors and timers for lightings are also installed in common areas such as toilets and corridors and in areas where energy consumption is discontinuous, to reduce electricity wastage. In addition, our Work Plus Store concept also installs motion sensor technology in users' units to control the users' electricity consumption.

In this reporting year, our electricity consumption³ was 3,897 MWh (Figure 3 and 4). With respect to the floor space of our space optimisation business, our energy intensity⁵ for FY2017 was 0.10 MWh/m². We are committed to further improve our electricity consumption by continuing to convert more lightings to energy-saving LED lightings at the rest of the properties. We have set a target of reducing our electrical consumption intensity by 5% by 2020.

Logistics Services

The Group's logistics business owns a fleet of 43 diesel – powered prime movers. Inherently more efficient than petrol, the typical diesel engine consumes less than half of what an equivalent-sized petrol-powered engine requires to move the same vehicle. Although that translates to higher energy efficiency and lower greenhouse gas (GHG) emissions, the drawback of diesel vehicles is that they tend to emit higher amounts of particulate matter, raising concerns about impacts on air quality.

To manage our impact, we are careful in considering the type of diesel used to fuel our prime movers. 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.

In addition, we practice environmental friendly fleet management practices such as the following:

- Vehicle selection: we choose less polluting vehicles for our fleet. All of our vehicles have been switched to Euro Standards. About 80% of our prime movers are Euro 5 and above.
- Driver training: we encourage a stable and safe driving style amongst our drivers which is not only more eco-friendly but also more cost effective.
- Regular servicing of fleet to ensure optimum fuel efficiency.
- Route analysis before each trip to enable drivers to avoid congestion and using the most efficient route, reducing mileage and emissions.
- Fuel consumption monitor for individual drivers and idle time and off time usage analysis to encourage fuel-efficient driving. All drivers are required to turn off engine during idling.

About **50%**
of the properties we managed²
utilised energy-saving LED
lighting

3,897 MWh
≈ 1,680 TCO_{2e}
Electricity consumption³

0.10 MWh /m²
≈ 0.04 TCO_{2e} /m²
Electricity intensity

776,106 l
≈ 8,259 MWh
≈ 2,084 TCO_{2e}
Total fuel consumption of
ultra-low sulphur diesel

0.40 l /km
≈ 4.25 kWh /km
≈ 0.0011 TCO_{2e} /km
Fuel intensity⁶

¹ <http://www4.unfccc.int/ndcregistry/PublishedDocuments/Singapore%20First/Singapore%20INDC.pdf>

² Pertains to electricity consumption in the common areas that is within the Group's control.

³ Conversion factor obtained from Singapore Energy statistics booklet, 2016.

⁴ The electricity consumption excludes Greenhub properties and the Headquarter as the energy consumption for those properties was immaterial.

⁵ While the total electricity consumption includes usage in common areas for both inside the buildings (e.g. public rest room and lobby) and outside the buildings (e.g. decorative light fixtures and lamp posts in surrounding areas), our intensity is calculated based on common floor areas within the building only because the lighting for outside the building is not attributable to any floor area. The energy intensity is therefore more conservative.

⁶ The fuel intensity is estimated at 2.5 km travelled per litre for GHG emission intensity calculation purpose.

Figure 3: Energy consumption in FY2017

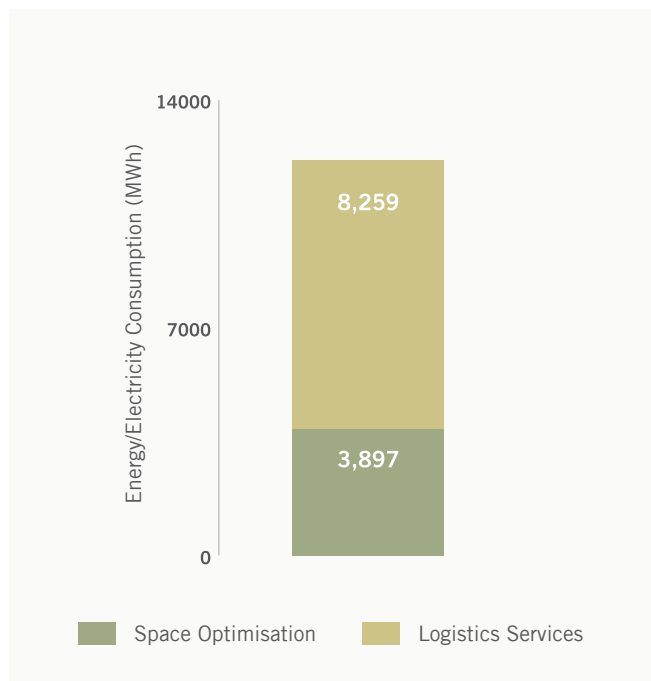
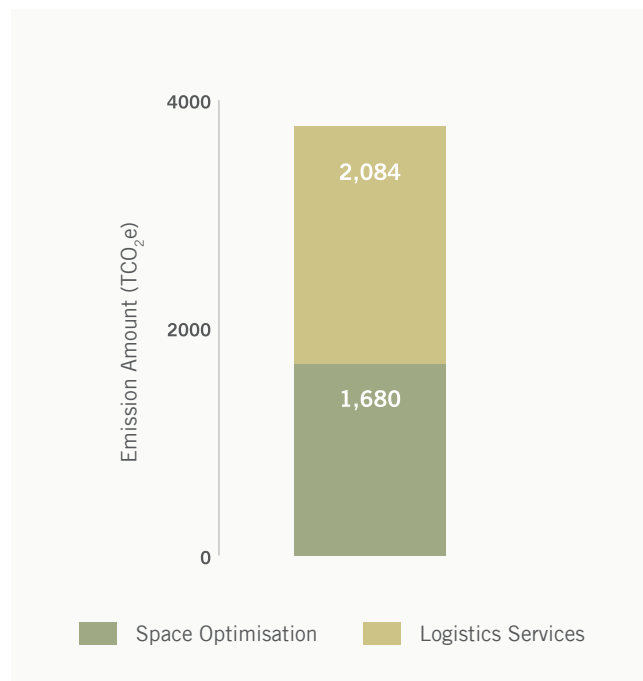


Figure 4: Emission amount in FY2017



WATER

Water conservation has always been a strategic priority in Singapore. Hence, while our operations do not require heavy water consumption, as a responsible corporation, we view it as a critical resource and are taking appropriate measures to control our consumption. All of our water is from SP Services, the municipal source and we have no issue in sourcing water that fits for purpose.

In FY2017, the water withdrawn¹ for common toilet facilities and landscaping purposes amounted to approximately 61,583 m³. We have installed water saving taps in about 65% of the properties we managed². We continue to encourage adopting self-closing taps for all newly acquired properties and monitor the consumption closely to further enhance our water management.

We have set a target of reducing our water consumption intensity by 5% by 2020 for our space optimisation business.

About **65%**
of the properties we managed²
installed water saving taps

61,583m³
Total water withdrawal

1.58m³/m²
Water withdrawal intensity

¹ The water consumption excludes the consumption at Greenhub properties and the Headquarter as the consumption was immaterial. It also excludes water used for washing of our vehicle fleet as the washing is not conducted at our property, hence, the consumption data is not available.

² Pertains to water consumption in the common areas that is within the Group's control.

SAFEGUARD HEALTH AND SAFETY

Securing the safety and protecting the health of all occupants in our properties is of utmost importance in achieving our vision of creating safe and secure working environment. A Health and Safety Policy is in place to drive the safety management and to encourage staff to adopt a culture of individual commitment towards safe work practices.

The health and safety management system is also in place to identify safety hazards and mitigate risks. Our measures include:

1. Identifying Risk Management Champion in all three business segments
2. Equipping employees with relevant workplace health and safety trainings
3. Establishing and monitoring the implementation of workplace safety rules
4. Establishing accident/ incident reporting process for both customers and employees
5. Reviewing the reports of major accidents and identifying preventive and corrective actions to prevent re-occurrences
6. Monitoring our compliance with all applicable laws and regulations in the industry.

We have obtained the Bizsafe Level 3 status which is an important step towards complying with the requirements in the Workplace Safety and Health Act (“WSHA”) and its subsidiary legislation. We aim to continue to uphold high safety standards to renew the level 3 certification.

Our logistics business also plays a key role in maintaining overall health and safety record for the Group. To ensure smooth and safe transportation services for our customer’s container and cargoes, we have implemented safety measures, which include setting up of in-vehicle safety installations, such as fire extinguishers, fire shield, spill kits and first aid box, conducting random breathalyser test on our drivers. Our own emergency response vehicle is also on standby at all times in case of accidents or breakdowns.

CUSTOMER HEALTH AND SAFETY

During FY2017, no significant regulatory fines and warnings¹ relating to customer health and safety that have or may result in significant impact on the Group were identified. We will continue to maintain our performance and work towards our goal of having zero fines or penalties for space optimisation business.

EMPLOYEE HEALTH AND SAFETY

In FY2017, we had achieved our goal of having zero work-related fatalities. However, we had two work-related injuries which we have set relevant actions to prevent re-occurrences (Figure 5 and 6). While we achieved our work-related injuries target for employees working in our premises that is to have less than five injuries in the year, we will continue to put in efforts to improve our performance in the interest of our employees and also for the long-term sustainability and viability of the Group.

In addition, road traffic safety is another key concern for our logistics business. Our drivers are provided regular training on road safety issues. We conduct regular vehicle and equipment inspections and track our driver’s speed limit through GPS system installed in every truck. One-on-one consultation is provided for drivers with unsafe driving behaviours. We also invested a total of approximately S\$53,000 in Mobileye technology – an advanced driver-assistance system providing warnings for collision prevention and mitigation.

¹ For sustainability reporting purpose, only regulatory fines whose value are above S\$500 are considered as material.

Figure 5: Employee safety and health statistics¹

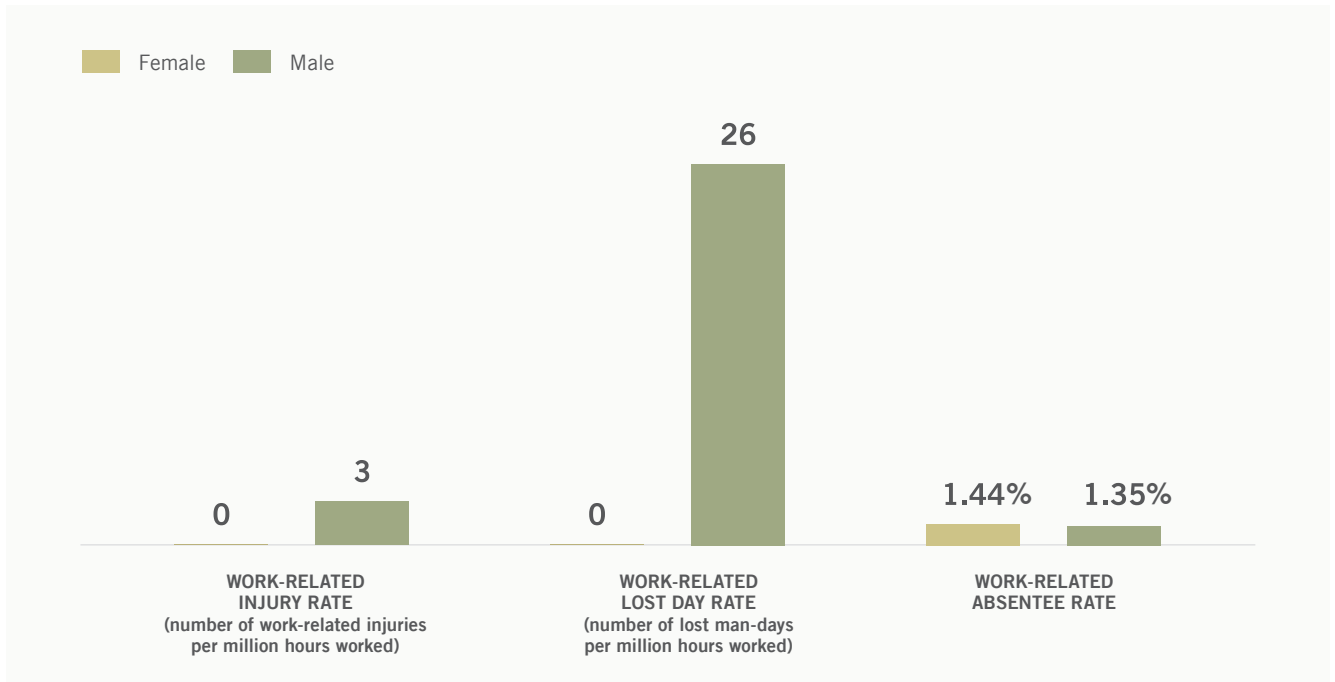


Figure 6: Work safety and health statistics

DESCRIPTION	ACTIONS TO PREVENT RE-OCCURENCE IN THE FUTURE
<ul style="list-style-type: none"> An employee slipped while climbing into the prime mover due to rain. 	<ul style="list-style-type: none"> Educate employees on wearing safety shoes properly especially in raining or slippery circumstances to reduce unnecessary movement and the risk of slipping.
<ul style="list-style-type: none"> An employee's left ring finger was stuck between the warehouse main gates. 	<ul style="list-style-type: none"> Examine common areas where potential work-related injuries could occur and educate employees on corresponding work safety procedures.

¹ Our safety and health statistics omits workers as the Group does not monitor absent workers as they are external contractors and are not employees of the Group.

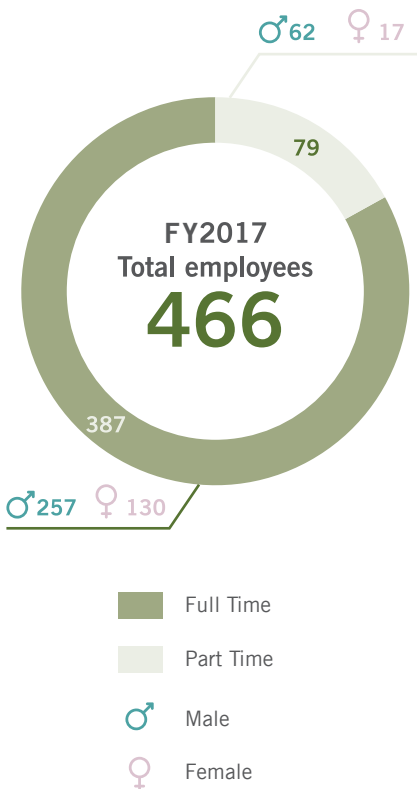
CREATE FAIR WORKPLACE

At LHN, we recognise the importance of creating a diverse environment and take pride in being an employer who believes in equal opportunities and fair treatment. All eligible job applications, internal transfers and promotions are merit-based regardless of race, ethnicity, religion, age and gender. We have also established an Employee Grievance Policy to allow employees to bring to the attention of supervisors and management any potential mistreatment or violations to Labor Laws. The Group has complied with all relevant Ministry of Manpower (“MOM”) guidelines for FY2017. The Group strictly enforce no child labour or forced labour policy.

EMPLOYMENT PROFILE

In FY2017, our workforce consisted of 466 employees, made up of 147 female and 319 male employees (Figure 7). As our operations involve labour intensive activities, especially in our facilities management and logistics services, our headcount includes more male employees. While we engage contractors occasionally for miscellaneous tasks such as compound cleaning, transportation of chemical or oil related products, landscaping, lift maintenance and fire alarm maintenance works, significant portion of our work are conducted by our employees.

Figure 7: Employment profile for LHN for FY2017¹



¹ The Group does not have temporary staff.

RECRUITMENT AND TURNOVER RATE

There were 171 new hires in FY2017. The Group has also seen moderate turnover rate of 29.8% this year, with most of its turnovers in the Staff and Assistant & Executive employee categories.

NEW EMPLOYEES HIRED	FY2017		
	NUMBER OF NEW EMPLOYEES HIRED IN RESPECTIVE CATEGORY	TOTAL NUMBER OF EMPLOYEES IN RESPECTIVE CATEGORY	PERCENTAGE OF NEW EMPLOYEES HIRED IN RESPECTIVE CATEGORY
• New employees hired by age group	171	466	36.7%
• New employees hired – less than 30 years old	57	91	62.6%
• New employees hired – between 30 to 50 years old	70	208	33.7%
• New employees hired – more than 50 years old	44	167	26.3%
• New employees hired by gender	171	466	36.7%
• New employees hired – Female	56	147	38.1%
• New employees hired – Male	115	319	36.1%

EMPLOYEE TURNOVER	FY2017		
	EMPLOYEE TURNOVER IN RESPECTIVE CATEGORY	TOTAL NUMBER OF EMPLOYEES IN RESPECTIVE CATEGORY	PERCENTAGE OF EMPLOYEE TURNOVER IN RESPECTIVE CATEGORY
• Employee turnover by age group	139	466	29.8%
• Employee turnover – less than 30 years old	38	91	41.8%
• Employee turnover – between 30 to 50 years old	58	208	27.9%
• Employee turnover – more than 50 years old	43	167	25.7%
• Employee turnover by gender	139	466	29.8%
• Employee turnover – Female	42	147	28.6%
• Employee turnover – Male	97	319	30.4%

CREATE FAIR WORKPLACE

PERFORMANCE AND CAREER DEVELOPMENT

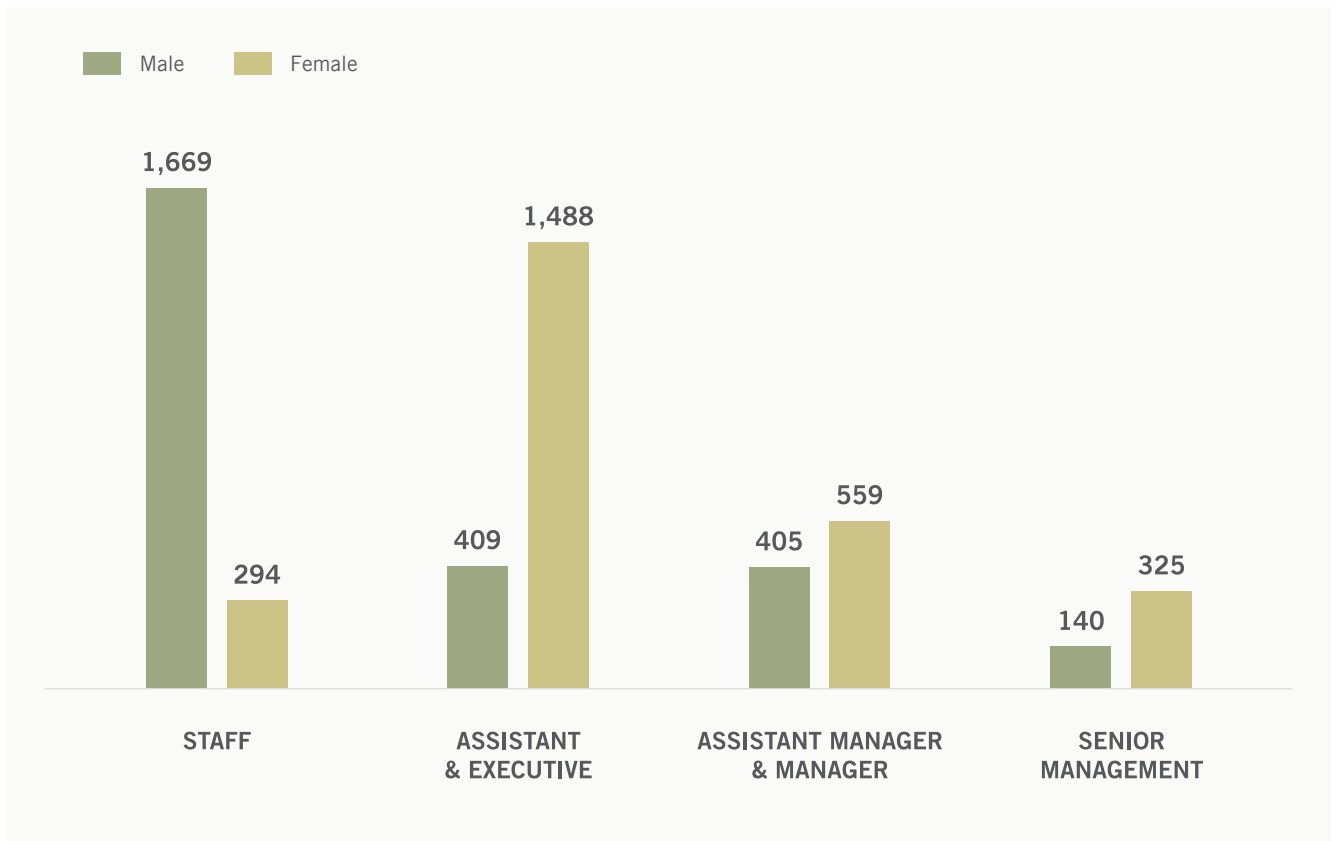
We strongly believe that investing in learning and development will give the Group the competitive edge for future growth and success. Our Training Policy encourages lifelong learning and allows for training sponsorships as applicable for employees' development needs. In FY2017, we have achieved a total training hour of 5,289 hours which leads to an average training hour of 11.35 per employee (Figure 8 and 9). Training courses covered a wide range of subjects from business related courses such as financial reporting and business analytics to health and safety trainings and other emerging subject matters relevant to our operations.

Furthermore, as a company committed to meritocracy, our rewards and compensation policies emphasise on employees' performance. Performance Appraisal Policy sets a clear procedure on performance evaluation. This is judged not only on what employees achieved in the review period, but also on how it is achieved. The improvement areas and development plans are discussed openly between the supervisors and employees. All employees received performance and career development reviews in FY2017.

Figure 8: Average training hours in FY2017 by gender and employee category

	FY2017		
	HEADCOUNT	TRAINING HOURS	AVERAGE TRAINING HOURS
• Average training hours by gender	466	5,289	11.35
• Average training hours – Female	147	2,666	18.14
• Average training hours – Male	319	2,623	8.22
• Average training hours by employee category	466	5,289	11.35
• Average training hours – Staff	308	1,963	6.37
• Average training hours – Assistant & Executive	97	1,897	19.56
• Average training hours – Assistant Manager & Manager	38	964	25.37
• Average training hours – Senior Management	23	465	20.22

Figure 9: Training hours in FY2017 by gender and employee category



CULTIVATE STRONG BUSINESS VALUES

CUSTOMER SATISFACTION

At LHN, we take pride in maintaining strong and mutually beneficial relationships with our customers and in delivering high-quality service and creating pleasant memories. We conduct annual customer satisfaction surveys to gather customer feedbacks on our products and services. The results of the survey will then be reviewed and actions will be taken to further improve our services. The results of the surveys pertaining to our different business functions are detailed in Figure 10.

Figure 10: Customer satisfaction survey methodology and results

CUSTOMER SATISFACTION SURVEY ACROSS BUSINESS SEGMENTS			
DESCRIPTION	SPACE OPTIMISATION	FACILITIES MANAGEMENT	LOGISTICS SERVICES
• Mode	By hand/online	By hand/email	By hand
• Frequency	Annually	Annually	Annually
• No. of survey respondents	200	Security ¹ : 40 Facilities ² : 37 Car park: N.A.	17
• Target satisfaction survey result score	70%	70% and above	90%
• Satisfaction survey result score	85%	Security ¹ : 80% Facilities ² : 80%	90%

While the survey results across business segments exceeded our target, we will continue to uphold a high standard of services and work towards achieving higher levels of customer satisfaction through our customer centric initiatives which we plan to implement in the forthcoming year. Our customer centric initiatives are driven by a Service Excellence Committee to oversee the provision of quality service to customers. In addition to sending our employees on customer service related trainings, we have a service blueprint to provide guidance on service standards for our staff.

Besides the survey, our Department Heads engage with customers on daily basis to keep up to date with their needs and requirements. Customer complaints are logged and acted on in a timely manner. For our space optimisation and facilities management customers, we target to respond to general customer's queries and feedback within three days and within half a day for urgent queries and feedback while for logistics services customers, we target to respond to general customer's queries and feedback by the next working day.

SECURITY OF INFORMATION

It is important to care for our customers' data protection and privacy in many aspects of the Group's business in order to uphold our reputation and remain trusted by our customers and the public. Hence, in addition to abiding by the Singapore Personal Data Protection Act 2012 ("PDPA"), we have established internal policies such as Work + Store website Privacy Policies, PickJunction website Privacy Policies and LHN Group website Privacy Policies to protect the confidentiality of our customers' private information collected during the course of our operations.

To implement and monitor compliance to above policies, the Group has established a Data Protection Committee led by a designated Data Protection Officer ("DPO") to oversee matters relating to customers' data protection and privacy. With the support from Heads of

¹ Security: Industrial & Commercial Security Pte. Ltd.

² Facilities: Industrial & Commercial Facilities Management Pte. Ltd.

Departments, our DPO conducted a brief internal review for our Marketing process. After the review, most of the collected information was identified as business contact information which is excluded from PDPA. Nevertheless, the review brought our attention to some key control areas such as avoiding unnecessary information collection, reviewing existing data transmission flow to minimise staff involvement unnecessarily and improving on request for withdrawal procedure. The lessons learnt were discussed and control measures were put in place as appropriate. We plan to conduct a more thorough review for all personal data collection related processes next year.

Currently, all confidential data is securely stored in our Information system which is audited regularly for its robustness. In FY2017, we have achieved an unblemished record of having no substantiated complaints or identified leaks, thefts or losses of customer data.

ANTI-CORRUPTION AND COMPLIANCE

In line with the Group's stance to maintain high ethical standards which are integral to our corporate identity and business, LHN has put in place the appropriate corporate policies and guidelines, in particular, targeting the improprieties in relation to bribery, extortion, fraud and money laundering, which are aligned with Code of Corporate Governance 2012, SGX listing rules and other applicable laws and regulations in all operating countries.

Whistle-blowing Policy

Our Whistle-blowing Policy aims to provide an avenue for employees and any external parties to report and raise, in good faith and in confidence, their concerns about possible improprieties in matters of financial reporting or other matters and offer re-assurance that they will be protected from reprisals or victimisation for whistle-blowing in good faith.

All whistle-blowing reports are directed to the Audit Committee Chairman via a dedicated email address (gary.chan@lhngroup.com.sg).

Conflict of Interest Policy

The policy is designed to help directors, officers and employees identify situations that present potential conflicts of interest and to provide a procedure to appropriately manage conflicts in accordance with the goals of accountability and transparency in our Group's operations.

In FY2017, there were no incidents of corruptions. We continue to uphold good corporate governance and strive for zero corruption incidents or any other breaches of the law and regulations.

Strong business values

In FY2017, we were honoured by the Securities Investors Association Singapore as the winner of the Singapore Corporate Governance Award 2017, Catalist Category to recognise our outstanding efforts in improving corporate governance. The award criteria focuses on company's good governance practices that culminates in shareholders' interest, and endorsed by esteemed industry organisations and institutions.

We believe this award is a testament of our strong reputation, management and internal controls, and as a listed company on the Catalist in Singapore. We believe this provides us with a competitive edge in providing a level of assurance to our Shareholders and potential investors. We also believe this enables us to further strengthen our market reputation and confidence for our customers, tenants, landlords, suppliers and joint venture partners for our business operations and expansion.

Compliance with applicable laws and regulations

We strive to comply with all relevant laws and regulations in our operating countries. In FY2017, there were no cases of non-compliance with relevant laws and regulations that have a significant impact on the Group.

APPENDIX A.

Entities included in the Group's sustainability report

LHN LIMITED		
LHN GROUP PTE. LTD.		
SPACE OPTIMISATION	FACILITIES MANAGEMENT	LOGISTICS SERVICES
• Soon Wing Investments Pte. Ltd.	• Industrial & Commercial Security Pte. Ltd. ("ICS")	• Hean Nerng Logistics Pte. Ltd. ("HNL")
• Hean Nerng Corporation Pte. Ltd.	• Industrial & Commercial Facilities Management Pte. Ltd.	
• Work Plus Store Pte. Ltd.	• LHN Parking Pte. Ltd.	
• LHN Space Resources Pte. Ltd.		
• Singapore Handicrafts Pte. Ltd.		
• PickJunction Pte. Ltd.		
• LHN Industrial Space Pte. Ltd.		
• GreenHub Suited Offices Pte. Ltd.		
• LHN Facilities Management Pte. Ltd.		
• Chua Eng Chong Holdings Pte. Ltd.		
• LHN Properties Investments Pte. Ltd.		
• Hean Nerng Facilities Management Pte. Ltd.		
• LHN Management Services Pte. Ltd.		

APPENDIX B. GRI Content Index

GRI STANDARD	DISCLOSURE	SECTION	PAGE NUMBER ("NO.")
102-1	Name of the organization	Chairman's message	3
102-2	Activities, brands, products and services	Our business	5
102-3	Location of headquarters	Our business	5
102-4	Location of operations	Our business	5
102-5	Ownership and legal form	Our business	5
102-6	Markets served	Our business	6
102-7	Scale of the organization	Our business	6
102-8	Information on employees and other workers	Create fair workplace	15
102-9	Supply chain	Our business	6
102-10	Significant changes to the organization and its supply chain	Chairman's message	3
102-11	Precautionary Principle or approach	Chairman's message	3
102-12	External initiatives	Protecting our environment: Energy Create fair workplace	11,15
102-13	Membership of associations	Singapore Business Federation HNL: Singapore Logistics Association ICS: Security Association (Singapore)	–
102-14	Statement from senior decision-maker	Chairman's message	3
102-16	Values, principles, standards, and norms of behaviour	Chairman's message Create fair workplace	3,15
102-18	Governance structure	Cultivate strong business values: Anti-corruption and compliance	20
102-40	List of stakeholder groups	Our approach to sustainability: Stakeholder engagement	9
102-41	Collective bargaining agreements	Not applicable	-
102-42	Identifying and selecting stakeholders	Our approach to sustainability: Stakeholder engagement	9
102-43	Approach to stakeholder engagement	Our approach to sustainability: Stakeholder engagement	9
102-44	Key topics and concerns raised	Our approach to sustainability: Stakeholder engagement	9
102-45	Entities included in the consolidated financial statements	Appendix A	21
102-46	Defining report content and topic boundaries	Our approach to sustainability: materiality assessment	9
102-47	List of material topics	Our approach to sustainability: materiality assessment	10

APPENDIX B. GRI Content Index

GRI STANDARD	DISCLOSURE	SECTION	PAGE NUMBER ("NO.")
102-48	Restatements of information	Not applicable as this is the first report	–
102-49	Changes in reporting	Not applicable as this is the first report	–
102-50	Reporting period	About this report	2
102-51	Date of most recent report	Chairman's message	3
102-52	Reporting cycle	Annual	-
102-53	Contact point for questions regarding the report	enquiry@lhngroup.com.sg	2
102-54	Claims of reporting in accordance with the GRI Standards	About this report	2
102-55	GRI content index	GRI content index	22
102-56	External assurance	Our approach to sustainability: materiality assessment	9
205-3	Confirmed incidents of corruption and actions taken	Cultivate strong business values: Anti-corruption and compliance	20
302-1	Energy consumption within the organisation	Protecting our environment: Energy	11
302-3	Energy intensity	Protecting our environment: Energy	11
303-1	Water withdrawal by source	Protecting our environment: Water 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	Cultivate strong business values: Anti-corruption and compliance	20
401-1	New employee hires and employee turnover	Create fair workplace	16
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Safeguard health and safety	14
404-1	Average hours of training per year per employee	Create fair workplace	17
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Safeguard health and safety	13
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Cultivate strong business values: Security of information	19
419-1	Non-compliance with laws and regulations in the social and economic area	Cultivate strong business values: Anti-corruption and compliance	20
–	Results of surveys measuring customer satisfaction	Cultivate strong business values: Customer satisfaction	19

APPENDIX C.

HKEx ESG Reporting Guide Index

GENERAL DISCLOSURES AND KPIS	DESCRIPTION	SECTION	PAGE NO.	REMARKS
ENVIRONMENTAL				
ASPECT A1: EMISSIONS				
General Disclosure		Cultivate strong business values: Compliance with applicable laws and regulations	20	–
KPI A1.1	The types of emissions and respective emissions data	–	–	This is non-material to LHN.
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity	Protecting our environment: Energy	11	–
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity	–	–	This is non-material to LHN.
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity	–	–	This is non-material to LHN.
KPI A1.5	Description of measures to mitigate emissions and results achieved	–	–	This is non-material to LHN.
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	–	–	This is non-material to LHN.
ASPECT A2: USE OF RESOURCES				
General Disclosure		Protecting our environment: Energy	11	–
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	11	–
KPI A2.2	Water consumption in total and intensity	Protecting our environment: Water	12	–
KPI A2.3	Description of energy use efficiency initiatives and results achieved	Protecting our environment: Energy	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	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.
ASPECT A3: THE ENVIRONMENT AND NATURAL RESOURCES				
General Disclosure		–	–	This is non-material to LHN.
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	–	–	This is non-material to LHN.

APPENDIX C. HKEx ESG Reporting Guide Index

GENERAL DISCLOSURES AND KPIS	DESCRIPTION	SECTION	PAGE NO.	REMARKS
SOCIAL				
EMPLOYMENT AND LABOUR PRACTICES				
ASPECT B1: EMPLOYMENT				
		Create fair workplace;	15	
General Disclosure		Cultivate strong business values: Anti-corruption and compliance	20	–
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Create fair workplace	16	–
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Create fair workplace	16	–
ASPECT B2: HEALTH AND SAFETY				
General Disclosure		Safeguard health and safety	13	–
KPI B2.1	Number and rate of work-related fatalities	Safeguard health and safety	14	–
KPI B2.2	Lost days due to work injury	Safeguard health and safety	14	–
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Safeguard health and safety	13	–
ASPECT B3: DEVELOPMENT AND TRAINING				
General Disclosure		Create fair workplace	17	–
KPI B3.1	The percentage of employees trained by gender and employee category	Create fair workplace	17	–
KPI B3.2	The average training hours completed per employee by gender and employee category	Create fair workplace	17	–
ASPECT B4: LABOUR STANDARDS				
General Disclosure		Create fair workplace	15	–
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	–	–	This is not applicable to LHN.
KPI B4.2	Description of steps taken to eliminate such practices when discovered	–	–	This is not applicable to LHN.
OPERATING PRACTICES				
ASPECT B5: SUPPLY CHAIN MANAGEMENT				
General Disclosure		Our Business	5	
KPI B5.1	Number of suppliers by geographical region	Our Business	6	–

APPENDIX C. HKEx ESG Reporting Guide Index

GENERAL DISCLOSURES AND KPIS	DESCRIPTION	SECTION	PAGE NO.	REMARKS
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	6	–
ASPECT B6: PRODUCT RESPONSIBILITY				
General Disclosure		Cultivate strong business values: Compliance with applicable laws and regulations	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	Cultivate strong business values: Customer satisfaction	19	–
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	Cultivate strong business values: Security of information	19	–
ASPECT B7: ANTI-CORRUPTION				
General Disclosure		Cultivate strong business values: Anti-corruption and compliance	20	–
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	Cultivate strong business values: Anti-corruption and compliance	20	–
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Cultivate strong business values: Anti-corruption and compliance	20	–
COMMUNITY				
ASPECT B8: COMMUNITY INVESTMENT				
General Disclosure		–	–	Please refer to our annual report FY2017.
KPI B8.1	Focus areas of contribution	–	–	Please refer to our annual report FY2017.
KPI B8.2	Resources contributed to the focus area	–	–	S\$17,000



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