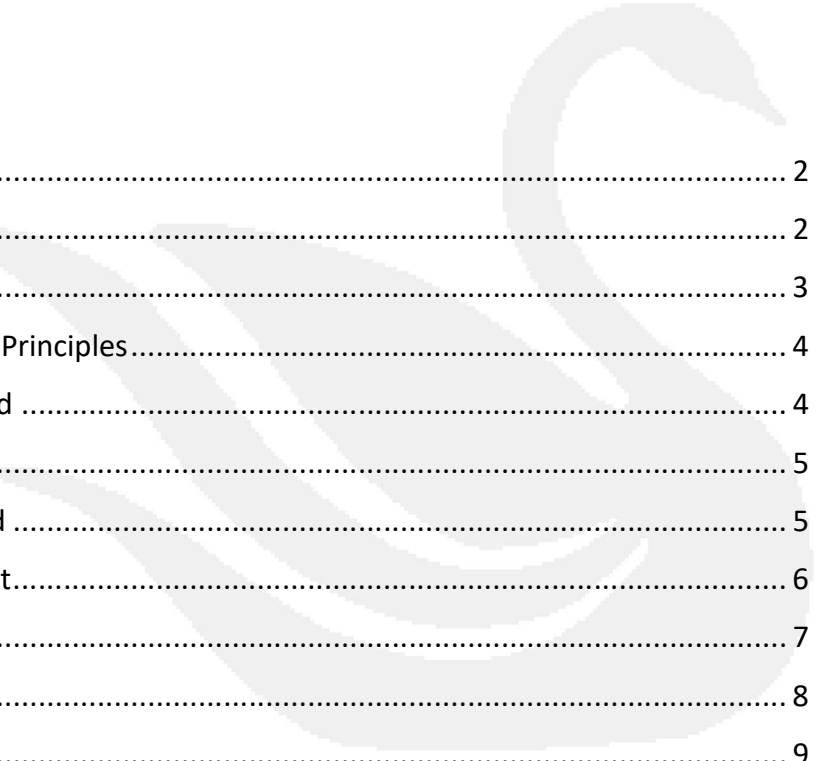




NAM LEE PRESSED METAL INDUSTRIES LIMITED

SUSTAINABILITY REPORT 2018

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Introduction

Corporate Profile

Nam Lee Pressed Metal Industries Limited (the “Company”), which was founded by the Yong family, has been in the metal products fabrication business since the 1950s.

The Company was started as a sole proprietorship fabricating galvanised metal household products by the late Mr Yong Kwong Fae and kicked off its foray into expanding its manufacturing operations overseas in 1991.

The Company was listed on the Mainboard of Singapore Exchange Securities Trading Limited in October 1999.

The business operations of the Company focus in Singapore with the headquarters located at 21 Sungei Kadut Street 4, Singapore 729048. The Company has subsidiaries in Singapore, Malaysia and Hong Kong.

The principal activities of the Company include design, fabrication, supply and installation of steel and aluminium products such as gates, door frames, railings, laundry racks, letter boxes, sliding windows and doors, curtain wall and cladding systems for building and infrastructure projects and supply of aluminium industrial products for container refrigeration units.

The Company has three core business segments, namely aluminium, mild steel and stainless steel.

(i) Aluminium segment

Aluminium segment is the Company’s mainstay product category. Aluminium products comprise of custom-engineered and fabricated aluminium parts for the industrial sector as well as building products. Examples of aluminium products are curtain walls and cladding systems, letter boxes, aluminium drying racks, aluminium windows and aluminium industrial products for container refrigeration units.

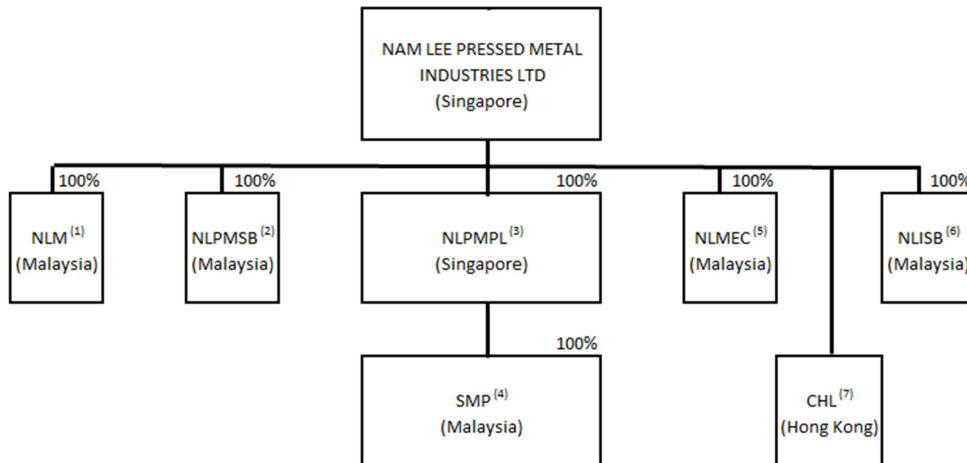
(ii) Mild steel segment

Mild steel segment is the second largest business segment apart from the aluminium segment. Mild steel products are mainly used as building products. Examples of mild steel products are mild steel door frames, entrance gates and blast doors for building construction projects.

(iii) Stainless steel segment

Other than aluminium and mild steel products, the Company also supplies for stainless steel products. Examples of stainless steel products are laundry racks, hoppers and railings used for building construction projects.

Group Structure



S/N	Company Name
1	NLM NL METALS SDN BHD
2	NLPMSB NAM LEE PRESSED METAL SDN BHD
3	NLPMPL NAM LEE PRESSED METAL PTE LTD
4	SMP SWAN METAL PRODUCTS SDN BHD
5	NLMEC NL MECHANICAL ENGINEERING SDN BHD
6	NLISB NAM LEE INDUSTRIES SDN BHD
7	CHL CREATIVE HOLDINGS (HK) LIMITED

Corporate Values and Principles

- Integrity
- Quality
- Customer satisfaction
- Innovation

With our corporate values based on these principles, Nam Lee strives to become the preferred and trusted partner of our customers, providing them with quality and value products and services.

Dedicated to total service and lean manufacturing methods, Nam Lee is committed to transforming our customers' vision and imagination into reality with our staff and equipment capabilities. Nam Lee offers innovative, value, timely and integrated solutions to meet their requirements, partnering them in achieving their goals and vision.

Certifications Obtained

Certificates		Year
ISO 9001 : 2008	Quality Management Systems	2004
OHSAS 18001 : 2007	Occupational Health and Safety Management System	2010
BizSafe Star	Occupational Health and Safety Management System	2014
ISO 14001 : 2015	Environmental Management System	2018

About This Report

This inaugural Sustainability Report (the “Report”) has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option, the international standard for sustainability reporting. The report is prepared with reference to the primary components set out in Singapore Exchange Securities Trading Limited’s Listing Rule 711B.

The Company will focus on the sustainability performance, covering environmental, social and governance (“ESG”) performance. The information contained in this report covers our sustainability performance and efforts from 1 October 2017 to 30 September 2018 (“FY2018”).

No external assurance has been sought for this report.

Message from the Board

Nam Lee views the principles of sustainability in business development as an integral part of our business. In this regard, the Board of Directors takes into consideration of sustainability issues as part of the Company’s strategic formulation.

At Nam Lee, we believe in building sustainable business that delivers long-term shareholder value and growth. We believe that a truly sustainable business not only creates economic value, but performs so in a way that benefits its stakeholders.

The material ESG factors determined that may have significant impact on the business including occupational health and safety of our employees, training provided to employees, fair employment and any issues on non-compliance with environmental laws and regulations.

The Company will report the sustainability performance annually and engage our stakeholders regularly.

In this sustainability report, we provide insights into our businesses, while focusing on issues that affect most of our businesses and stakeholders, both internal and external, based on the materiality test.

We understand the impact of our operations on the environment, social and stakeholders. As such, we are committed to improve our sustainability profile. Eventually, we hope to see these initiatives lead to increased value creation and positive impact on our environment and societies.

Stakeholder Engagement

The Company is committed to engaging all stakeholders as part of the continued sustainability efforts. The key stakeholders are identified as part of the Risk Management Process, based on the extent which the stakeholders can affect or are affected by the operations of the Company.

The key stakeholders who have been identified to have significant influence on our business are – Customers, Employees, Shareholders, Suppliers and Partners and Regulators.

Stakeholder	Method of Engagement	Topics of Concern
Employees	Regular staff meetings	Productivity Training and development Safety and well-being
Customers	Meetings Phone calls Email communications	Code of conduct Supply chain management Product quality
Shareholders	Company website SGX announcement Annual report Annual General Meeting	Economic performance
Suppliers and business partners	Meetings Phone calls Email communications	Code of conduct Supply chain management
Regulators	Written communications	Compliance with rules and regulations

Materiality Assessment

In preparation for this inaugural sustainability report, senior staffs of each main area of business are engaged to conducting materiality assessments based on internal and external stakeholders' expectations.

The issues that have been identified as material to the Company are environmental and social issues that may have significant impact on the operations, or could substantively influence the assessments and decisions on our Stakeholders.

Our material ESG topics:

Material Topics	Impact Boundary
<u>Environmental</u>	
GRI 307-1 : Non-compliance with environmental laws and regulations	Within organisation
<u>Social</u>	
GRI 403-2 : Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Within organisation
GRI 404-1 : Average hours of training per year per employee	Within organisation
GRI 405-1 : Diversity of governance bodies and employees	Within organisation
<u>Anti-Corruption</u>	
GRI 205-3 : Confirmed incidents of corruption and action taken	Within organisation

Environmental

The Company is continuously working on ways to manage and minimise the impact of our business operations on the environment. The Company strives to reduce the carbon footprint to the environment.

The Company is certified under ISO 14001:2015 Certification in Environmental Management System in relation to fabrication and coating of metal products. This certification reflects the Company's on-going commitment to reduce environment impact.

Waste disposal and management

Recognizing all natural resources is scarce on this earth. Nam Lee optimises the resource usage and minimises waste.

Examples of recyclable waste include carton boxes or any other paper-based materials used for packaging and scrap metals left after the production process.

The production workers are the first contact point to handle such materials. All production workers are trained to segregate the recyclable waste from general waste. Besides, clearly labelled recycling bins are placed at designated areas for proper segregation of recyclable waste. The recyclable waste is collected and not disposed together with the general waste to minimise impact to environment.

The Company also invested in waste water treatment plants to reduce the impact on environment. Certain manufacturing plants are equipped with waste water treatment plant to treat the waste water generated during manufacturing process. The waste water will be treated before releasing into public drain.

Energy consumption

In the effort of minimising carbon footprint, Nam Lee offices are installed with energy efficient light bulbs and electrical appliances with high energy efficiency ratings. Changing the electrical appliances with higher energy efficiency will enable a reduction in electricity consumption.

Besides, Nam Lee offices are using FSC paper for daily operation. FSC papers are the forest product that have been sourced in an environmentally-friendly, socially responsible and economically viable manner.

Social

The management recognizes employees are the Company's most important asset for the success and growth of the company. As such, the Company maintains a diversified workforce in terms of age and nationality with different skills and experiences, which are expected to create synergies and make positive contribution to the Company.

Occupational health and safety

Zero work-related injuries are Nam Lee's safety management objective. Nam Lee continues to provide effective management trying to ensure the health and safety of employees.

The Company has successfully attained the bizSAFE Star award and OHSAS 18001 Certification in Occupational Health and Safety Management as a reflection of the Company's commitment to safety and confirming that the Company has met international occupational health and safety standards.

The Company engages external and in-house safety officers to ensure safety regulations are duly complied with. The external safety consultant oversees the Company's safety rules and enhances the existing safety rules continuously.

Besides, the external safety consultant will conduct spot-check within the premises to ensure the safety rules and regulations are complied at all times. The in-house safety officer continuously monitors the safety measures and seeks ways to create a safer working environment. The in-house safety officer makes regular patrol in the premises to ensure all the production workers are adequately equipped with the proper protective gear depending on their vocations (masks, gloves, safety boots, ear plug, protective eyewear). To further minimise the risk of injury, safety posters / instructions are placed at strategic locations at the workplace to continuously remind employees to adhere to safety rules.

Safety officers will conduct a safety orientation to all new employees who work at production site. The safety orientation provides general guidelines including but not limited to housekeeping rules of maintaining a clean and safe workplace, usage of personal protective equipment, rules of operate machineries and guidelines on handling various type of materials.

For those employees that need to operate on more complex machineries, a separate briefing and a copy of the machinery manual will be given to provide better guidance to the employee and consequently minimise the safety risk.

During FY2018, there has been no incidence of occupational disease and work-related fatalities. Our safety record for FY2018 showed Accident Frequency Rate (“AFR”) was 3.74 cases and Accident Severity Rate (“ASR”) was 23.48 days. AFR measures the frequency of workplace incidents occurred per million man-hours worked. ASR refers to the number of man-days lost to workplace accidents per million-hours works.

Training and education

The management believes that regardless of race, age, gender, religion, marital status or nationality, all employees should be treated equally and given equal opportunities to grow and develop in accordance to their levels of competency. The Company invests continually in our employees to upgrade and develop their skills. The employees are given access to necessary training to equip them

with the right skills to perform their jobs more efficiently and effectively. On average, the Company provides seven hours of training to the staffs.

Diversity and equal opportunity

The management strongly believes that treating the employee with respect, dignity and giving fair treatment will nurture a motivated workforce. In the long run, this will result in sustainable growth in Nam Lee.

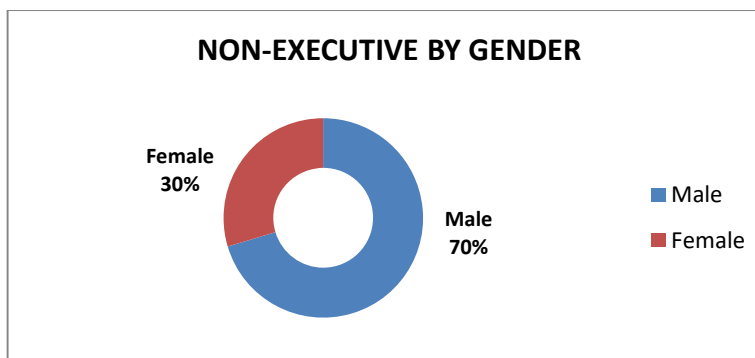
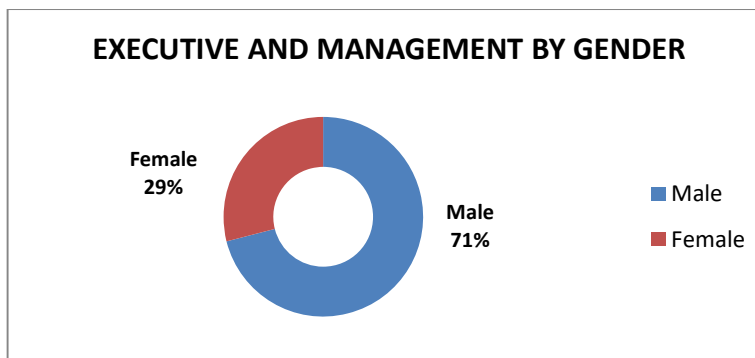
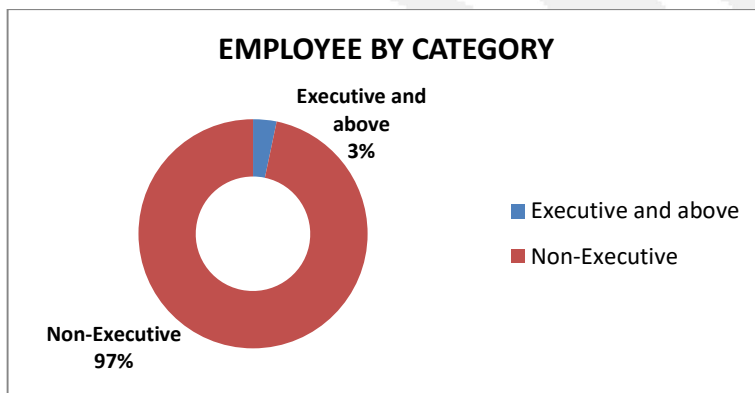
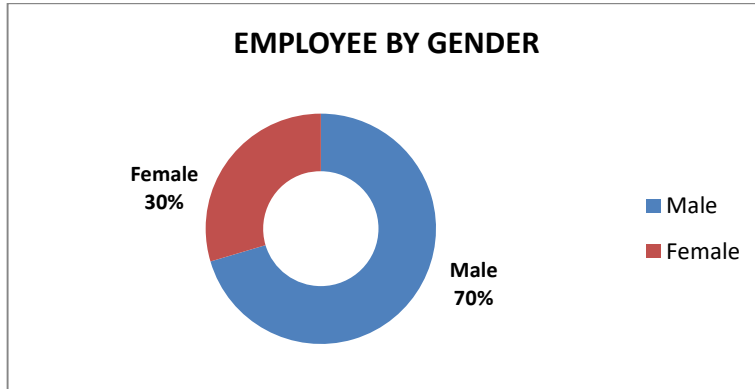
The hiring procedures are fair and non-discriminative. Staffs are hired on basis of merit – skills, experience and competency to perform the job – irrespective of race, age, gender, religion and marital status.

The Company has an all-inclusive work culture, with people working in harmony despite differences in ages, gender and ethnicity. Given the work nature of the manufacturing and construction sectors, about 70% of our employees are males.

As an equal opportunity employer, we do not discriminate against any employee on the basis of age. Our people are as young as 25 and as matured as over 70, working together and learning from each other.

In Singapore, the retirement age is 62 years old and our retirement age is 67 years old – five years more than the legislated. Employees can opt for retirement at 62 or continue until they are 67. Although it is permissible by law to reduce their pay once they reach the legislated retirement age, our older employees continue to enjoy the same benefits and compensation as they had before if they continue to work in the same job.

The profiles of our employees as at 30 September 2018 are as follow:



Governance

The Company recognises that good corporate governance processes are essential for enhancing corporate sustainability.

Please refer to our Risk Management Policies and Process in accordance with the SGX code of Corporate Governance on pages 17 – 33 of our financial statements for the financial year ended 30 September 2018 for further details.

An authorisation matrix is established to manage decision making with the Company.

Anti-corruption

The Company has a whistle blowing policy in place to aid the deterrence and reporting of corporate malpractice and misconducts.

In FY2018, the management is not aware of any incidents of corruption.

Dealing in securities

In compliance with the internal code of conduct, an email would be sent out to all directors and officers informing them that they should not deal in the Company's shares during the period commencing two weeks before the announcement of the Company's financial statements for each of the three quarters of its financial year and one month before the announcement of the Company's full year financial statements, or if they are in possession of unpublished price-sensitive information of the Company.

GRI Content Index

GRI standard	Disclosure	Reference
General Disclosure		
Organisational Profile		
GRI 102-1	Name of the organisation	Nam Lee Pressed Metal Industries Limited
GRI 102-2	Activities, brands, products and services	This report : Corporate profile
GRI 102-3/4	Location of headquarters/operations	This report : Group structure
GRI 102-5	Ownership and legal form	Annual report 2018, page 110-111, Statistics of Shareholdings
GRI 102-6	Market served	Singapore
GRI 102-7	Scale of the organisation	Annual report 2018, page 14-15, Financial Highlights
GRI 102-8	Information on employees and other workers	This report : Diversity and equal opportunity
GRI 102-9	Supply chain	This report : Corporate profile
GRI 102-10	Significant changes to the organisation and its supply chain	Not applicable
GRI 102-11	Precautionary principle or approach	Not applicable
GRI 102-12	External initiatives	None
GRI 102-13	Membership of associations	Nam Lee Pressed Metal Pte Ltd is a member of BCA
Strategy		
GRI 102-14	Statement from senior decision-maker	This report : Message from the Board
Ethics and integrity		
GRI 102-16	Values, principles, standards, and norms of behaviour	This report : Corporate values and principles
Governance		
GRI 102-18	Governance structure	Annual report 2018, page 17-33, Corporate Governance
Stakeholder engagement		
GRI 102-40	List of stakeholder groups	This report : Stakeholder engagement

GRI 102-41	Collective bargaining agreements	Not applicable
GRI 102-42	Identifying and selecting stakeholders	This report : Stakeholder engagement
GRI 102-43	Approach to stakeholder engagement	This report : Stakeholder engagement
GRI 102-44	Key topics and concerns raised	This report : Stakeholder engagement
Reporting practice		
GRI 102-45	Entities included in the consolidated financial statements	Annual report 2018, page 76-77, Investment in subsidiaries
GRI 102-46	Defining report content and topic boundaries	This report : Materiality assessment
GRI 102-47	List of material topics	This report : Materiality assessment
GRI 102-48	Restatements of information	Not applicable (inaugural report)
GRI 102-49	Changes in reporting	Not applicable (inaugural report)
GRI 102-50	Reporting period	This report : About this report – from 1 October 2017 to 30 September 2018
GRI 102-51	Date of most recent report	Not applicable (inaugural report)
GRI 102-52	Reporting cycle	This report : Message from the Board
GRI 102-53	Contact point for questions regarding the report	enquiry@namlee.com.sg
GRI 102-54	Claims of reporting in accordance with the GRI Standards	This report : About this report. This report has been prepared in accordance with the Global Reporting Initiative Standards : Core option.
GRI 102-55	GRI content index	This report : GRI content index
GRI 102-56	External assurance	Not sought

Specific disclosures		
Material topic		
Environmental Compliance		
GRI 103-1/2/3	Management approach	This report : Environmental
GRI 307-1	Non-compliance with environmental laws and regulations	This report : Environmental
Occupational Health and Safety		
GRI 103-1/2/3	Management approach	This report : Occupational health and safety
GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	This report : Occupational health and safety
Training and education		
GRI 103-1/2/3	Management approach	This report : Training and education
GRI 404-1	Average hours of training per year per employee	This report : Training and education
Diversity and Equal Opportunity		
GRI 103-1/2/3	Management approach	This report : Diversity and equal opportunity
GRI 405-1	Diversity of governance bodies and employees	This report : Diversity and equal opportunity
Anti-corruption		
GRI 103-1/2/3	Management approach	This report : Governance
GRI 205-3	Confirmed incidents of corruption and action taken	This report : Governance



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