



LEADER ENVIRONMENTAL TECHNOLOGIES LIMITED

**SUSTAINABILITY
REPORT 2017**

TABLE OF CONTENTS

Overview	3
About this report and its contents	3
Message from our Executive Chairman and CEO	4
Our business	5
Scale and structure of our group	6
Notable memberships	6
Our supply chain	7
Our approach in determining material factors	9
Economic and Environment	11
Product excellence	11
Sales targets	13
Business discipline	14
Customer assessment	14
Supplier assessment	14
Social	16
Occupational health and safety	16
Human capital development	26
Governance	27
Sustainability governance	27
GRI Content Index	28

OVERVIEW

About this report and its contents

This is Leader Environmental Technologies Limited's first annual Sustainability Report ("the Report") for the financial year ended 31 December 2017.

This Report is prepared based on the GRI framework and in accordance with the GRI Standards: Core Option.

For any queries regarding the Report, please contact Mr. Lim Poh Yeow, our Chief Financial Officer.

Message from our Executive Chairman and CEO

In line with the Singapore Exchange (“SGX”) Sustainability Reporting Guide and the Global Reporting Initiative Standards (“GRI”), we set out hereunder our first Report.

Leader Environmental Technologies Limited (“Leader” or the “Group”) is engaged in the business of providing environmental protection systems primarily for industrial wastegas and wastewater treatments. Given the nature of our industry, sustainability is an integral part of our business strategies, objectives and policies. The Group endeavours to be an environmentally and socially responsible corporation known to provide innovative environmental solutions and deliver steady sustainable performance. We strongly believe that understanding and responding to the needs and concerns of our key stakeholders are of paramount importance in achieving consistent collaborative success in our business. To us, it is about sustaining the landscapes of tomorrow.

Guided by the principles from SGX and GRI, the Group has identified our key stakeholders and defined the material sustainability matters which are deemed important to these key stakeholders. For our maiden Report, we adopted a phased approach and will focus on critical issues relating to four (4) key factors - product excellence, business discipline, occupational health and safety, and human capital development. This Report seeks to discuss the initiatives, policies and procedures we have implemented in our sustainability reporting.

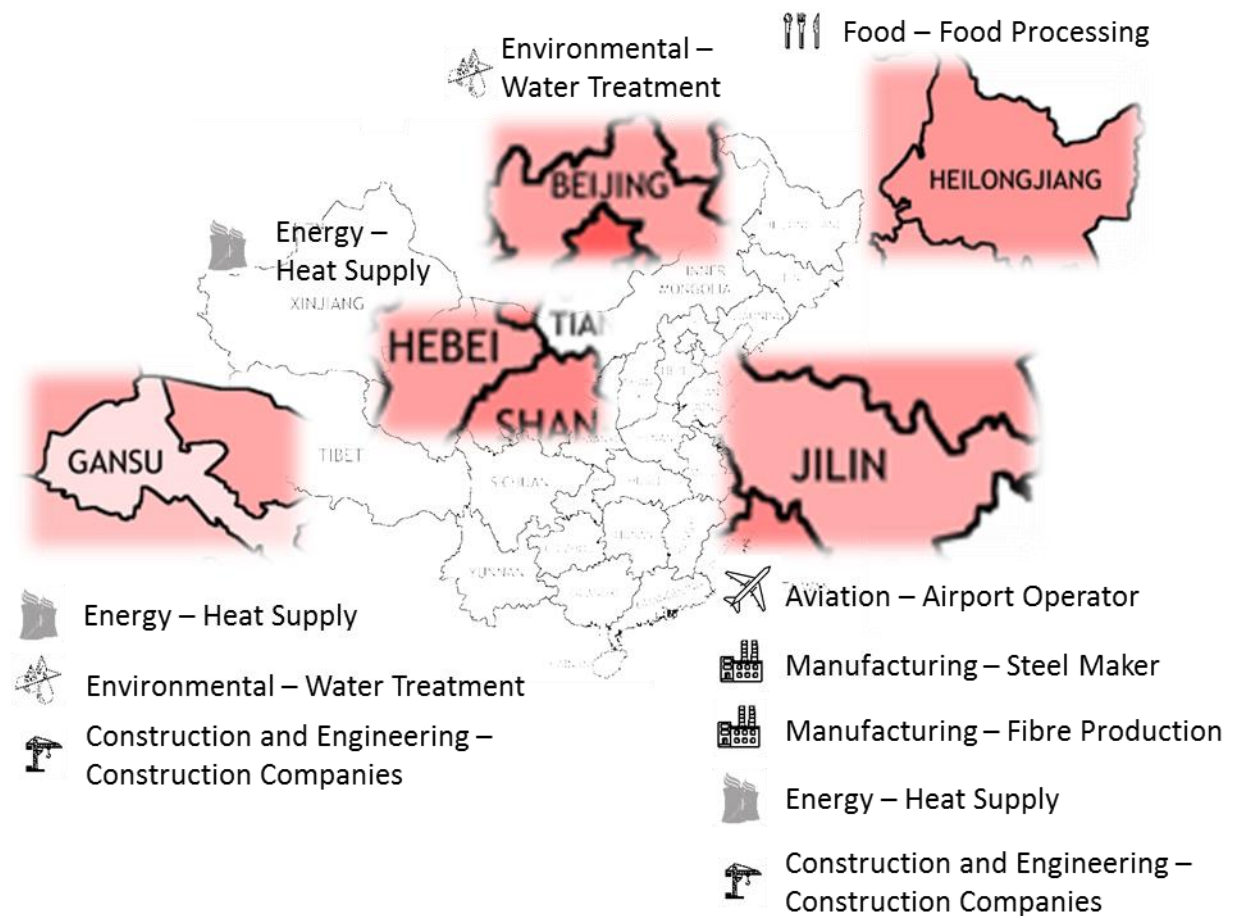
We are committed to our sustainability strategy. We understand the importance of measurement and will set specific targets for the evaluation of our sustainability performance in the next phase of our sustainability journey. The Group acknowledges that a lot more can be done and we welcome constructive feedback so that we can continue to fine-tune our processes, policies and strategies as we chart our path towards business sustainability.

Our Business

We provide environmental protection solutions in the People's Republic of China ("PRC"). While our head office is in Changchun, Jilin province and our operations are focused mainly in the Northern China region, we serve a wide variety of clients spanning over different sectors and industries in the region.

Please refer to Table 1 for some of the sectors serviced by us.

Table 1 - Markets served by Leader Environmental Technologies Limited



One of our competitive strengths lies in our proven and tested in-house developed technologies for the treatment of wastegases, which enables us to offer customer quality products to meet the stringent emission requirements imposed by the PRC laws and regulations.

As disclosed in our annual report, we are keen to penetrate into the Shanghai and Fuzhou markets and may set up representative offices so that we can be closer to our prospective customers.

Scale and structure of our Group

In the financial year ended 31 December 2017, we have over 75 employees primarily working for two active companies providing one-stop solutions for environmental protection. All employees are on full-time basis with the majority of them based in the PRC. Due to the nature of our business, our projects are site-based resulting in our employees comprising about 70% male and 30% female. During the financial year ended 31 December 2017, our Board of Directors consisted of five (5) directors, of whom three (3) were males and two (2) were females. Currently, our Board of Directors consists of three (3) male directors and one (1) female director. We believe that diversity goes beyond gender and while we believe that we have an appropriate mix of skills, gender, experience and knowledge in our Group, we will formulate and formalized our diversity policy.

Our net sales was approximately RMB 119.8 million and our total capitalization comprised approximately RMB 44.4 million from equity and RMB 130.0 million in debts as at 31 December 2017. During the financial year, our revenue streams came mainly from our 12 industrial wastegas contracts and 3 industrial wastewater contracts. For a breakdown of our group structure, highlights and details of our financial performance, please refer to our 2017 annual report.

Notable Memberships

We are a member of the Provincial Environmental Protection Industry Association of Jilin province. The association solicits opinions on local laws and regulations and relevant governmental decisions and laws promulgated by the National People's Congress and propose necessary amendments; participates in legislative research and research projects organized by



the special committees of the Provincial People's Congress and the working organizations of the Standing Committee; and gathers feedback in respect of legislative proposals and requirements including feedback on difficulties encountered during the implementation of laws and regulations, and proposes amendments and improvements.

This membership allows us to be involved in and stay up to date on any potential introduction or changes of legislation that may impact our key stakeholders.

Our Supply Chain

The Group's main suppliers consist of subcontractors and suppliers of raw materials of our business operation. We are committed to building a sustainable and responsible supply chain through our procurement policy which provides guidelines on the selection of suppliers and procurement process management. We will perform background checks on the suppliers' reputation, financial position, product quality and delivery lead time before entering into any transaction with them.

Subcontractors are normally engaged for scavenging, excavation, installation and other civil engineering works that are required for our projects. Our subcontractors are selected based on, amongst others, their experience and expertise in the field and service quality. We have implemented policies and procedures over the selection of suppliers and to manage operational risks from our supply chains.

The majority of our contracts with suppliers and subcontractors are entered into back-to-back with our contracts with customers. The payment terms of our suppliers for raw materials and subcontractors correspond generally with the payment terms of our contracts with our customers, which are generally based on progress or milestones achievement of the project. A retention sum of between 5% and 10% of the contract value is usually provided as a form of guarantee for a period of one year against the quality of parts supplied or subcontracting services rendered. A similar retention sum is also provided for in our contracts with our customers.



For certain contracts with suppliers, we may also request for extension of the defects liability period of certain components of the systems supplied (i.e. fabric filter bags) to a longer period (i.e. two or three years).

Generally, no specific credit term is extended to us by our suppliers and subcontractors. For major contracts with suppliers entered on a back-to-back basis with contracts with customers, it is stipulated that payments to suppliers will only be made when we are paid by our customers. Hence, if there is any delay in the payments from our customers, payments to some of our major suppliers can be delayed without any penalty. However, for purchases of customised items, we will place an advance before the suppliers will commit to the production of the customised products.

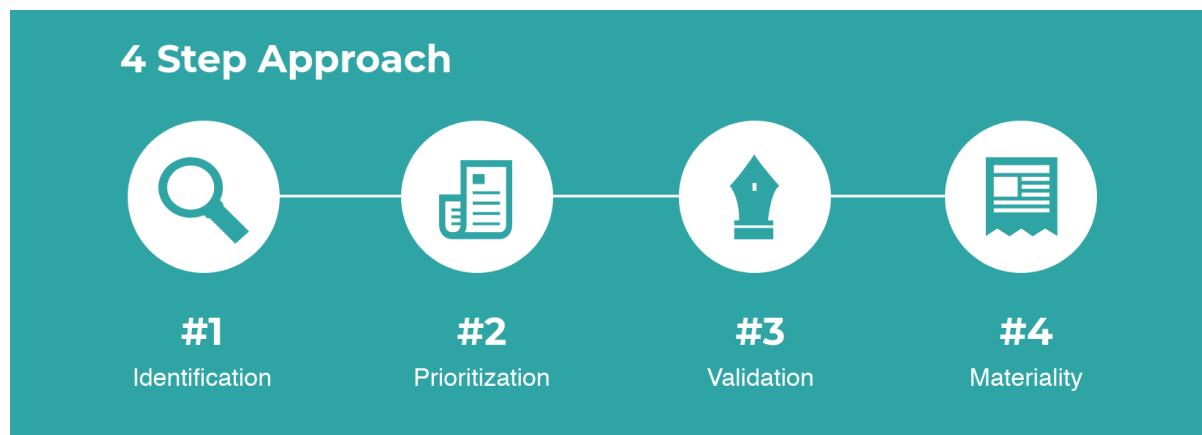
Most of our projects' requirements vary and hence, our source of raw materials and services from suppliers and subcontractors is dependent on the requirements and location of each project. As such, we may not generate similar purchases in terms of types of raw materials/services and volume with the same supplier or subcontractor.

We enter into long-term purchase contracts with some of our suppliers for common raw materials in order to secure better terms. Hence, for project specific supplies, procurements are expected to vary within and across the financial years.



Our Approach in Determining Material Factors

We first determine the scope of our sustainability reporting by determining our material factors. We use a 4 Step Approach to identify and assess potential factors.



Identification

We identified a list of sustainability issues based on our evaluation of Leader's sustainability on economic, environmental, social, and governance matters. These sustainability issues were identified based on research on various sources of information including GRI, stakeholders' feedback, laws and regulations, market expectations, group policies and strategies etc.



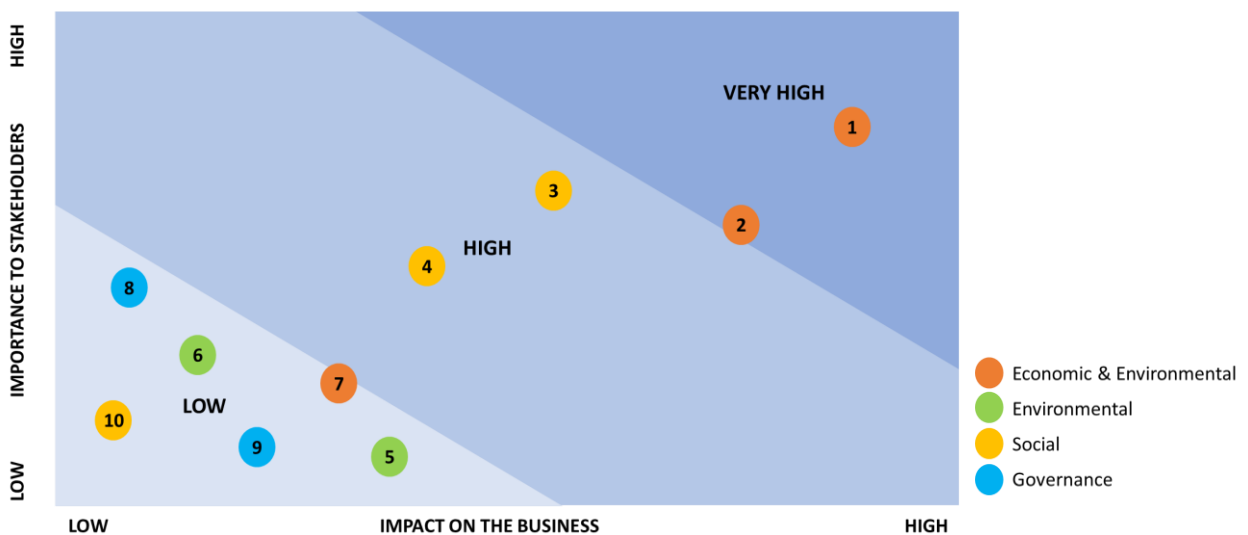
Prioritisation and Validation

We conducted a materiality assessment with our key stakeholders and prioritised the potential significant ESG factors based on the feedback received from the key stakeholders. This process enabled us to understand the key stakeholders' concerns and to determine the economic, environmental and social issues of greatest concern to the key stakeholders. This allows us to refocus and channel resources into areas where it matters most to our key stakeholders.

Materiality

The ranking of our material ESG factors was performed based on two parameters- importance to key stakeholders and impact on Leader's business. The list of ESG factors are depicted in the ESG materiality matrix below.

ESG Materiality Matrix



- 1 Product Excellence
- 2 Business Discipline
- 3 Occupational Health and Safety
- 4 Human Capital Development
- 5 Energy Efficiencies
- 6 Waste and Resource Management
- 7 Research & Development
- 8 Employment Practices
- 9 Policies and Practices
- 10 Community Development

Based on our approach, we will focus our efforts in sustainability strategy and implementation on our top four (4) material ESG factors.

ECONOMIC AND ENVIRONMENT

Product Excellence

Sustainable innovation is at the heart of our strategy on product excellence. We have developed and patented numerous technologies relating to the treatment of wastegas which give our customers more options to choose from in order to meet their specific needs and requirements. We see innovation as one of our key strengths and to stay at the forefront as the one-stop environmental solutions provider, we will commit more resources on research and development to improve on our existing solutions to meet the increasingly high expectations of our customers and satisfy the more stringent requirements of the PRC government. A list of our notable systems and technologies can be found on page 4 of our 2017 Annual Report and reproduced here:

PRODUCT EXCELLENCE

Our various in-house developed and patented dust elimination technology has enabled us to be a leader in our industry.

We specialise in designing and installing environmental systems for dust elimination and desulphurization.



Dust Elimination

LFDM Series Dust Elimination Equipment with Low-Tension Pulse Fabric Filter attached with U-Type Setting Room and Built-in Bypass Flue

This technology was recognised by the Jilin Province Association of Environmental Protection Industry (JAEPI) as the 2007 Jilin Province's Key Environmental Protection Technological Method (Category B).

BFS Series Dual In-Line Amplitude Modulated Component for Flat Fabric Filter

This technology was certified with the Environmental Protection Product Assurance Certification issued by the JAEPI.

SHG-II Wet Desulphurization Dust Elimination Equipment

A simple and compact system which combines the process of desulphurization and dust elimination.

Dust Elimination Equipment with Pulsating Rotary Positioning Mechanism

This technology was successfully awarded the invention patent on 10 December 2014. The strength of this latest dust elimination technology lies in its capability to reduce dust emission to almost 15 mg/m³. There are very few technologies in the PRC that can achieve similar standards. The common market average dust elimination emission standard is approximately 30 mg/m³.

Desulphurization

Dual Source Semi-Dry Material Circulating Fluidised Bed Flue Gas Desulphurization

This technology was conferred the "Energy Conserving and Discharge Reducing Key New Technological Product in the PRC" by the Energy Resources and Environmental Professionals Committee of All-China Environment Federation.

Double Alkali Desulphurization and Magnesium Oxide Desulphurization

2 new in-house developed technologies which meet the standards set by the Ministry of Environmental Protection of the PRC suitable for large-scale heat-supply companies based in the northern region of the PRC that utilise industrial boilers (which emits from 35 to 220 tonnes of steam per hour) in their heat-supply systems.

Denitrification

Selective Non-Catalytic Reduction ("SNCR") Method

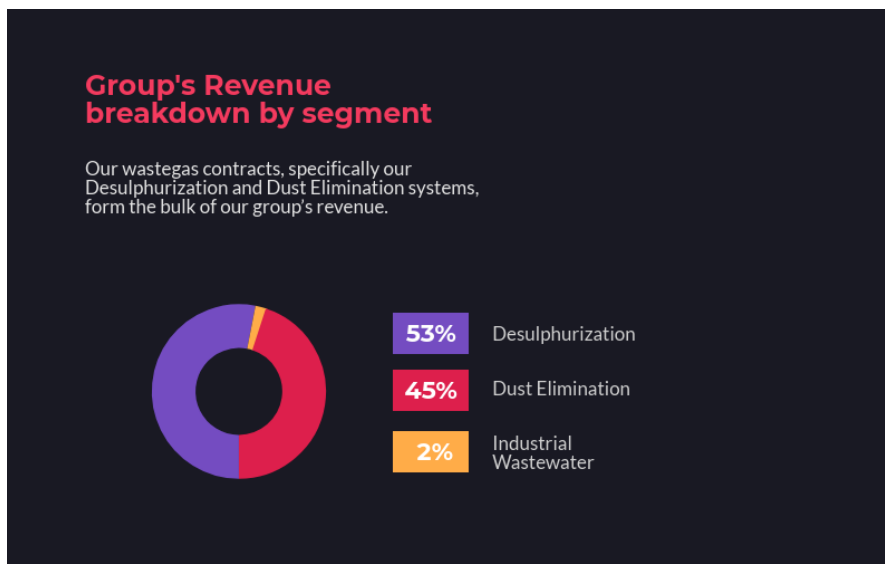
This in house developed de-nitrification technology has an efficiency rate of more than 70% in removing nitrogen oxides emissions in conventional power plant and the system is suitable for those customers with space constraint.

The process involves injecting ammonia into the furnace where the flue gas is between 800 - 1000°C to react with the nitrogen oxides formed in the combustion process. Nitrogen will be discharged after the reaction.

Chinese companies which fail to comply with environmental laws now face heavier penalties and longer suspension. The increase in environmental regulations and tighter enforcement from the PRC government has created two main impact on our business environment. Firstly, there are many more projects available for tender. Secondly, there are stricter inspections by the PRC government thereby creating even more emphasis on our product quality and excellence.



The natural synergy of our core products with environmental sustainability enables us to maximise the results of our efforts by aligning our sustainability goals with our business goals. Our sales figures and targets are good indicators of our business and sustainability efforts. As at Financial Year 2017, the breakdown of our group's revenue by business segment is as follows.



Sales Targets

The bulk of our revenue in FY2017 was currently generated from 12 wastegas treatment contracts and 3 wastewater treatment contracts. The Group intends to increase its participation in tenders for industrial wastegas and wastewater contracts. We also seek to improve on our credentials and build our track records so that we can partake in larger scale government contracts.

The strong emphasis by the PRC government to curb pollution coupled by the tightening of environmental policies with more on-going inspections have boosted the environmental industry. Accordingly, more contracts are made available for tenders which gave us the added optimism that the Group can increase the number of contracts to be performed in FY2018.

Types of contracts	FY2017	FY2018
Wastegas treatment	12 contracts	Contracts to be performed: > 12 contracts
Wastewater treatment	3 contracts	Contracts to be performed: > 3 contracts

CUSTOMER SATISFACTION

We provide customised solutions to cater to each of our customer's specific needs and requirements.



Business Discipline

The increased environmental regulation has resulted in an increase in the number of projects available for tender. However, this has also created a significant level of risks and opportunity costs when selecting and allocating our resources.

Given that some of the contracts may take more than twelve months to complete, hence, it is important that we exercise financial discipline during customer and supplier assessment. Non-financial factors are equally taken into consideration when assessing both our customers and suppliers.

Customer Assessment

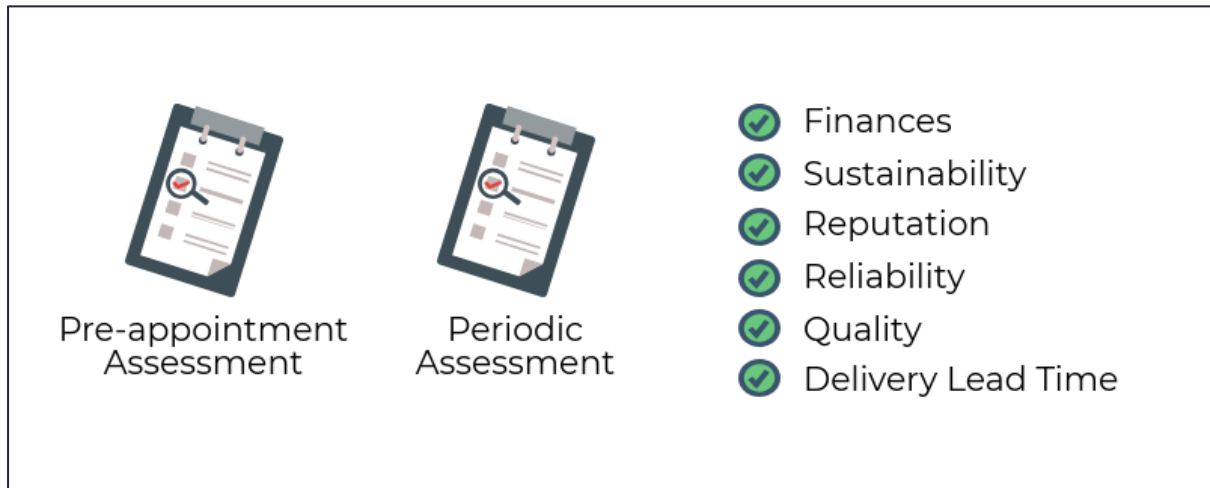
Our criteria for customer assessment include an analysis on the return on investment (ROI), profit margin, and customer's financial track record and reputation. However, due to the current dynamic business climate, our criteria for customer assessment are updated for continued relevance where appropriate. We also monitor debtors' aging very closely and follow up on outstanding trade receivables to push for more prompt collections.

Supplier Assessment

Our sales contracts are long-term commitments and hence, the success of our timely delivery to our customers is critically linked to our success in maintaining a reliable and sustainable supply chain.

Prepayments to our suppliers form a huge portion of our total assets. Items purchased from trade suppliers must be customised to meet the needs of specific projects, hence our suppliers require advances prior to commitment to the production of the customised items. Some customers also impose a requirement on the project bidders to make advances to their customer-appointed supplier(s) during the bidding stage or upon signing of the contract so as to ensure that we are capable of providing the initial required capital to facilitate the completion of the project.

Our supplier assessment criteria are based on both financial and non-financial factors to ensure a holistic assessment. As environmental sustainability is the driving force behind our business, we consider environmental sustainability very seriously within our supply chain.



Prior to the appointment of potential new suppliers, our purchasing manager does customer evaluation by performing the following:

- a. Obtain either the supplier's management accounts or audited financial statement to assess and evaluate their financial positions to ensure they have the financial means to fulfil their commitments;
- b. Conduct visits to suppliers to perform detailed checks and observations of their establishments. Factors considered in the checking of potential new supplier's establishment includes sustainability, reputation, reliability, quality, and delivery lead time; and
- c. Conduct due diligence by engaging with other business contacts who have business dealings with these potential suppliers for reference checks.

We will only work with established suppliers in the city or province where the projects are based.

SOCIAL

Occupational Health and Safety

Occupational health and safety of our employees and workers form an integral and material part of our business activity as well as the foundation for the sustainable growth of the Group.

Being in the industry to design, construct and install industrial wastegas and wastewater treatment systems, it is evident that our employees and workers are our greatest assets because they play pivotal roles in achieving our Group's objective of attaining business sustainability. The Group relies on our team of employees and workers to execute and deliver a given task in a timely and efficient manner. Hence, we recognise our responsibility and the utmost importance of providing and promoting a safe and healthy work environment for our employees and workers to stay healthy, productive and motivated to thrive and deliver results effectively and efficiently.

The Group has direct control on the provision of a safe working environment for our employees and our workers based at our project sites, including workers under the employment of our subcontractors. Our occupation health and safety management system applies to our employees and all workers based at our project sites.

To ensure that occupational health and safety are managed properly, the Group has the following measures in place:

- a. Health and Safety Department
- b. Established relevant policies:
 - i. 公司安全生产责任制度 (Health and Safety Policy)
 - ii. 安全生产处罚条例 (Safety Regulations and Penalties)
 - iii. 施工现场安全管理制度 (Site Safety Management System)
 - iv. 安全生产事故隐患排查治理制度 (Incident Investigation Policy)
 - v. 对分包单位的安全生产管理制度 (Safety policy with regard to subcontractors)
- c. Clearly defined roles and responsibilities over employees and workers' safety
- d. Operational procedure and requirements
 - i. Pre-project commencement site evaluation
 - ii. Daily safety briefing and inspections
 - iii. Requirement over reporting of sites' inspections and incidents
- e. Target of zero-accident set for all project managers as aligned to the Group's goals of having zero-accident at all sites managed by the Group.



Policies

The ownership of the Occupational Health and Safety policies resides with the Health and Safety Department and are applicable to all employees as well as workers assigned to the Group's projects, including subcontractors' workers. These policies are reviewed either annually or when there are substantial changes to the operating environment to ensure that the policies stay relevant to operational needs.

Commitments, Goals and Targets

In line with our beliefs that our employees and workers are the key driving force to achieve our economic and environmental goals, Health and Safety Department is set up to ensure operations are carried out with the safety of our employees and workers assigned to our projects in mind. Policies created by the department is to facilitate the goals of having zero-accident at all sites managed by the Group.

Responsibility and system in place

Our Occupational Health and Safety system is based on the principle of “管生产必须管安全”、
“安全生产人人有责” (*Safety should always be a part of project management and workplace safety is the responsibility of everyone*) and the operational principle is based on “一级抓一级、一级对一级负责” (*a safeguard whereby responsibility is to be shared across the chain of commands*).

With these two guiding principles, we put in place a process where incidents are investigated, verified and reported by all personnel involved and escalated up to the highest authority.

To further reinforced the Group's commitment to a safe workplace environment, we also set up a reward system for reporting any safety lapses. Whistle-blowers will be rewarded with monetary incentives to encourage reporting of any potential or apparent safety hazards for timely identification and rectification.

Occupational Health and Safety Management System scope

Our Occupational Health and Safety Management System is implemented to comply with both the required legislations as well as our Group's assessment on the importance of keeping our employees and workers safe. Below is an extract of relevant key legislations with regards to Occupational Health and Safety that we comply with:

- 《职业病防治法》 - Regulation on prevention of occupational hazards
- 《安全生产法》 - Regulation on production safety
- 《消防法》 - Regulation on fire safety
- 《突发事件应对法》 - Regulation on emergency incident response
- 《危险化学品安全管理条例》 - Regulation on handling of hazardous wastes
- 《工伤保险条例》 - Regulation on workers accident insurance

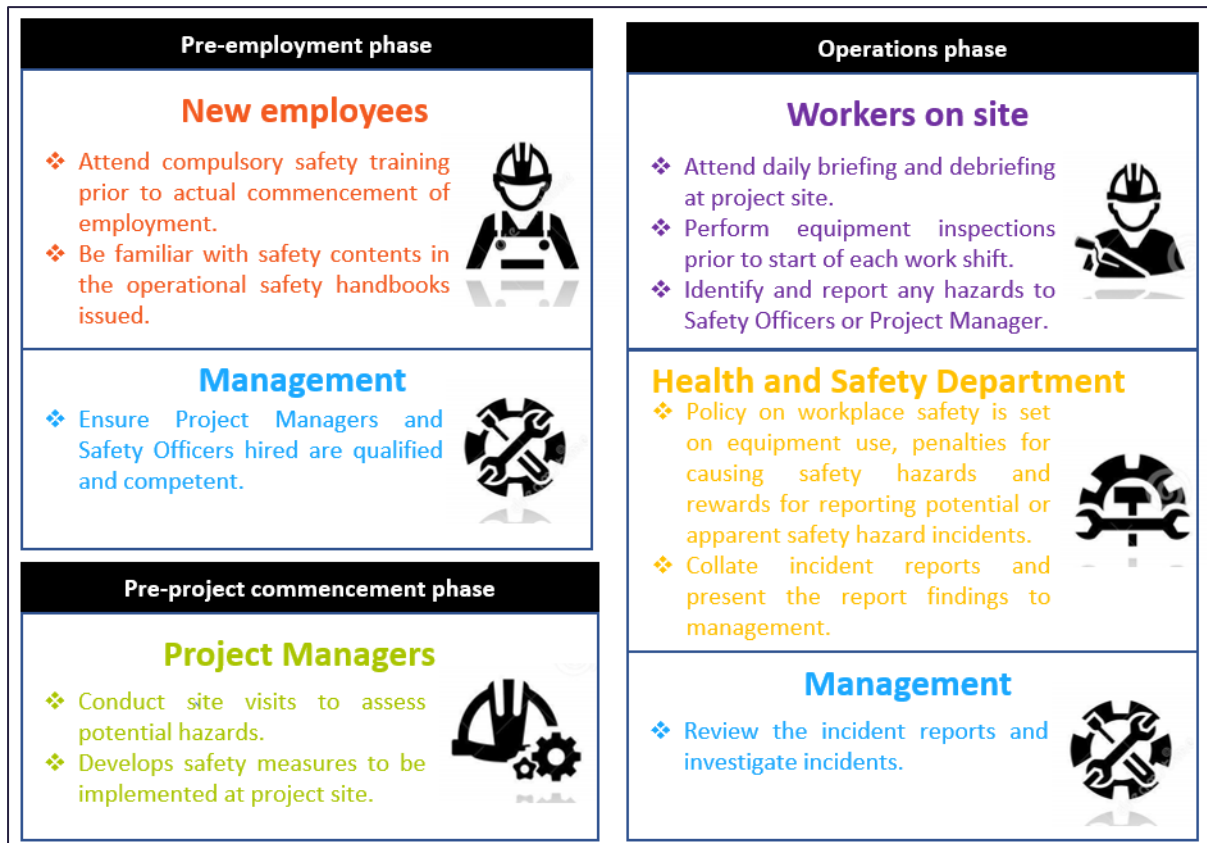
Our Occupational Health and Safety Management System covers both our own employees as well as any workers working at project sites managed by our Group. We require all subcontractors to sign an agreement that workers sent to our worksite have to abide by our Occupational Health and Safety policies.



Hazard identification, risk assessment, and incident investigation

Hazard identification and risk assessments processes are put in place throughout different phases of our operations ranging from pre-employment training to daily site briefings and inspections. Refer to Figure 1: Process for hazard identification and risk assessment below for some key processes put in place to facilitate hazard identification and risk assessments.

Figure 1: Process for hazard identification and risk assessment



The Health and Safety Department collects incident reports from all active sites and consolidates the information on a monthly basis before submitting it to the management in the following month. Annually, a summary of incident reports is reviewed and approved by the General Manager prior to submission to the local Bureau of Work Safety.

Information from these incident reports translates into a common knowledge pool which is communicated during daily safety briefing and debriefing to employees and workers stationed at our project work sites to continually improve our Occupational Health and Safety Management System.

The incident report is reported, investigated and endorsed by all relevant personnel in the hierarchy of responsibility (refer to Figure 2) for the administration of Occupational Health and Safety Management System before the report is consolidated by the Health and Safety Department and presented to the management. This is to inculcate a shared ownership with regards to all safety incidents and to prevent any individual from being wrongfully isolated as the person responsible for the lapse in safety. We abide by our principle, *safety is the responsibility of everyone*.

Figure 2: Hierarchy of Responsibility



We perform a thorough investigation to establish the facts when there is any worker who is of the view that there are unmitigated risks at the work site and has asked to be removed from the specific work site. If the evaluation results confirm that the worker's concerns are founded on reasonable grounds, we will approve the site transfer and take appropriate rectification actions at the work site accordingly. In addition, prior to the deployment of the said worker to another site, he has to undergo another round of pre-job training and test to certify his suitability to work on the other project site.

We appoint Safety Officers to work sites to facilitate identification and reporting of such safety hazards. Appointed Safety Officers are stationed at work sites and serve as a first point of contact for reporting of any safety issues. A reward system has been set up to encourage identification of potential and apparent safety hazards. This sets the tone for employees and workers that whistle-blowing is encouraged to ensure a safety work environment. Anyone caught penalising whistle-blowers will be reprimanded with either a heavy penalty or discharged from the company.

Occupational health services

The Group provides canteens and housings for workers based at the project work sites. Our project managers ensure proper work site sanitary installations are in place at these facilities for the health benefits of workers who are stationed at the work site throughout the project period. Projects can range from three to six months or may last up to two to three years (depending on the scale of the project), hence we are committed to ensure that these facilities are properly set up for each project site and our project manager performs daily check to ensure any potential issues relating to such facilities for timely identification and rectification actions.

At each project site, first aid items (i.e. medications like cold and flu medicines, drugs for weak stomach, adhesive bandages, gauze, antiseptic, etc.) are stored and easily accessible by the workers. The effectiveness and replenishment of stock of the first aid items is monitored by the project managers.

We also have in place a comprehensive emergency plan for accidents to cater to any emergency treatment for our workers. The emergency rescue plan is headed by our General Manager and supported by our Project Manager.

Worker participation, consultation, and communication on occupational health and safety

Our compulsory daily briefing and inspection session prior to the start of each work shift is a key touch point with workers with regard to health and safety communication. Workers can use these sessions for the following:

- a. Supervisors to highlight potential hazards relevant to the tasks (e.g. working at heights, confined spaces, working with specialised machinery etc.) and the proper way to approach them;
- b. Workers to inform the respective supervisors of their poor state of health and any concerns they had while on shift;
- c. Supervisors use these inspections for cursory check to identify any workers that are unfit for duty; and
- d. Any incidents identified with regards to health or safety hazards will be shared via these briefing.

For any incidents reported, personnel involved is required to confirm the cause of the safety incident and will be part of the workgroup to develop preventive measures to improve the Occupational Health and Safety Management System.

We want to build strong working relationships with our employees and believe in open communication. All employees including workers are encouraged to provide constructive feedback and suggestions at any time. These feedbacks and suggestions will be escalated to our Human Resources Department for final analysis and follow up actions. We recognize that labour disputes can occur. Once every three months, a meeting will also be held with the Union. Discussions in these quarterly meetings focus primarily on the interest and welfare of employees and workers to ensure that their concerns are brought to the attention of the management.

Worker training on Occupational Health and Safety

Prior to the commencement of employment, employees are required to undergo compulsory training on workplace safety. General rules and regulations with regard to safety at the worksites are also documented in our 安全生产处罚条例 (Safety Regulations and Penalties) and 施工现场安全管理制度 (Site Safety Management System) policies. The training covers the common workplace hazards and appropriate approach to specific work site situations that forms part of our safety regulation at our project sites.

In situations where specialised equipment are used, the Project Manager or Safety Officer verifies whether the worker tasked to operate the specialised equipment is certified to handle the equipment prior to the deployment of the worker.

Promotion of workplace health and well being

In addition to compliance with the relevant PRC laws and regulations relating to social welfare insurance, we have also taken social insurance coverage, namely the unemployment insurance, medical insurance, work-related injury insurance and pension insurance for our employees. Furthermore, we have taken maternity insurance for our female employees and utilised part of the union funds for workers' health checks.

To minimise any accidents due to intoxication, we included in our policies rules for prohibition of consumption of alcohol, gambling and drug abuse at our work sites. Frequent checks are conducted on a random basis at the accommodation areas to ensure that there are no illegal activities (i.e. consumption of alcohol, gambling and drug abuse) that may lead to poor mental well-being.

During the summer, to prevent workers from heat stroke, the Group provides workers with water-rich fruits such as watermelons and soups (i.e. green bean soup) to cool down body temperature and prevent dehydration. At the same time, we encourage our workers to consume more fluids so that they will stay hydrated throughout the warm summer.

Prevention and mitigation of Occupational Health and Safety Impacts directly linked by business relationship

We are aware that the safety impacts are directly linked to our operations. Hence, we have in place a comprehensive Occupational Health and Safety Management System that covers not just potential safety impacts to our employees and workers but also to the safety of the community based near our project sites.

Our site visits prior to undertaking new projects involve evaluation on the suitability of the area to be used as a project site and checks on whether safety measures can be taken to mitigate risks posed to the surrounding area.

Our policies include, but not limited to, the following measures:

- a. Ensure proper drainage and perimeter demarcation;
- b. Deploy personnel to direct traffic at junctions with high traffic flow;
- c. Set up electrical points in compliance with PRC's regulations;
- d. Ensure that there are no fire hazards at the project sites; and
- e. Ensure the structural integrity of the surrounding buildings and work site structures.

Workers covered by an Occupational Health and Safety Management System

The table below shows the number and percentage of workers covered under our Occupational Health and Safety Management System:

Table 2 - Number and percentage of workers covered by the occupational health and safety management system

Types of workers	No. of headcounts	No. of headcounts covered by the Group's health and safety management system	% of workers covered
Employees	39	39	100
Non-employees but working at workplace controlled by the Group (e.g. subcontractors)	358	358	100

Human Capital Development

Our philosophy on human capital is depicted below:

企业重视人才、爱护人才、合理开发人才、使用人才、留住人才、提升人才。的指导思想和价值观念。尊重人的品德，重视人的智慧；承认人的价值，珍惜人的感情；维护人的尊严，提高人的素质。人才富有，企业才能强大。

We value our human capital and attach great importance to talent development. We believe that our people and their skills are our greatest asset. We believe that we can only be successful as a sustainable enterprise when our talent pool is strong. In addition to providing a safe environment for our people to work and deliver results, it is equally important for us to ensure that they are well-equipped with the skills to match our needs and goals.

We have prepared a training plan for the upcoming financial year for each department in our business, from the design and consulting department to the construction and safety department. Our training strategy focuses first on enabling our people to develop the right skill sets to fulfil existing work responsibilities and then upskill to be future-ready. The training plan spans across the year and the total hours of training per person is approximately 83 hours. Each training programme also has a specifically designed test for the participating staff to assess the effectiveness of the training.

In addition, we see succession planning as a key aspect of our talent management strategy and our long term sustainability. With majority of our key executive officers at near or past their retirement age, the Group knows and understands the critical need to rejuvenate the team with younger members.

The Group intends to step up efforts to recruit younger candidates with the relevant experience and drive from outside the organisation to occupy the key positions in Finance, Human Resource and Administration, Production and Sales. To ensure a smooth transition process, the old guards are retained by the company for a short period of time as consultants to mentor the younger talents to become future leaders of the Group.

GOVERNANCE

Sustainability Governance

We hope to strengthen our overall sustainability governance by setting up a Sustainability Committee to be headed by the Group's General Manager, Xu Shulin.

The Sustainability Committee will provide overall oversight and accountability over all sustainability efforts by the Group, from identification to management.

This represents a conscious effort by our Group in managing our sustainability issues by assigning responsibility and implementing processes to proactively assess sustainability issues and strategies.



GRI CONTENT INDEX

GRI Standards			
GRI No.	GRI Standard	Disclosure Title	SR ref:
102-1	General Disclosures	Name of the organization	1
102-2	General Disclosures	Activities, brands, products, and services	5
102-3	General Disclosures	Location of headquarters	5
102-4	General Disclosures	Location of operations	5
102-5	General Disclosures	Ownership and legal form	4
102-6	General Disclosures	Markets served	5
102-7	General Disclosures	Scale of the organization	6
102-8	General Disclosures	Information on employees and other workers	6
102-9	General Disclosures	Supply chain	7
102-10	General Disclosures	Significant changes to the organization and its supply chain	7
102-11	General Disclosures	Precautionary Principle or approach	9
102-12	General Disclosures	External initiatives	11
102-13	General Disclosures	Membership of associations	6
102-14	General Disclosures	Statement from senior decision-maker	4
102-16	General Disclosures	Values, principles, standards, and norms of behavior	4
102-18	General Disclosures	Governance structure	27
102-40	General Disclosures	List of stakeholder groups	9
102-42	General Disclosures	Identifying and selecting stakeholders	9
102-43	General Disclosures	Approach to stakeholder engagement	9
102-44	General Disclosures	Key topics and concerns raised	10
102-45	General Disclosures	Entities included in the consolidated financial statements	3
102-46	General Disclosures	Defining report content and topic Boundaries	3
102-47	General Disclosures	List of material topics	10
102-48	General Disclosures	Restatements of information	3
102-49	General Disclosures	Changes in reporting	3
102-50	General Disclosures	Reporting period	3
102-51	General Disclosures	Date of most recent report	3
102-52	General Disclosures	Reporting cycle	3
102-53	General Disclosures	Contact point for questions regarding the report	3
102-54	General Disclosures	Claims of reporting in accordance with the GRI Standards	3
102-55	General Disclosures	GRI content index	Appendix

Topic-Specific GRI Standards			
GRI No.	GRI Standard	Disclosure Title	SR ref:
201-2	Economic Performance	Financial implications and other risks and opportunities due to climate change	11
308-1	Supplier Environmental Assessment	New suppliers that were screened using environmental criteria	14
403-1	Occupational Health and Safety	Occupational health and safety management system	19
403-2	Occupational Health and Safety	Hazard identification, risk assessment, and incident investigation	20
403-3	Occupational Health and Safety	Occupational health services	22
403-4	Occupational Health and Safety	Worker participation, consultation, and communication on occupational health and safety	23
403-5	Occupational Health and Safety	Worker training on occupational health and safety	24
403-6	Occupational Health and Safety	Promotion of worker health	24
403-7	Occupational Health and Safety	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	25
403-8	Occupational Health and Safety	Workers covered by an occupational health and safety management system	25
404-1	Training and Education	Average hours of training per year per employee	26
404-2	Training and Education	Programs for upgrading employee skills and transition assistance programs	26

Leader Environmental Technologies Limited

36 Armenian Street #06-12

Singapore 179934