



SEN YUE HOLDINGS LIMITED

RCB REG. NO: 200105909M

SUSTAINABILITY REPORT FOR FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

This Sustainability Report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst.

This Sustainability Report has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this Sustainability Report, including the correctness of any of the statements or opinions made or reports contained in this sustainability report.

The contact person for the Sponsor is Ms. Gillian Goh, Director, Head of Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and Email:sponsorship@ppcf.com.sg).

INTRODUCTION

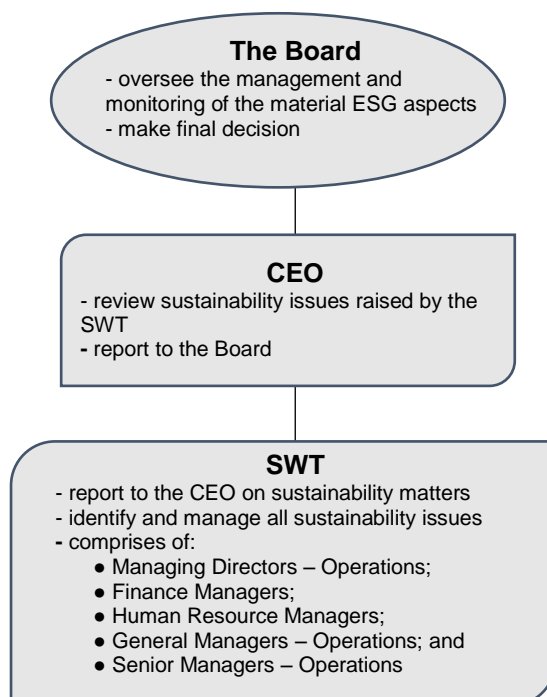
We are pleased to present our first Sustainability Report 2018 (the “Report”) of Sen Yue Holdings Limited and its subsidiaries (the “Group”) which was prepared in accordance with the Listing Rule 711B and Practice Note 7F of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

This Report covers data and information for the financial year from 1 October 2017 to 30 September 2018 (“FY2018”) and the Group’s two core operating segments, that is commodities and e-waste management segment and electro deposition coating service segment.

In preparing this report, we do not engage independent third party. The selected Environmental, Social and Governance (“ESG”) factors are based on collective effort done internally within the Group with all concerned departmental heads of the subsidiaries of the Group.

We have adopted the Global Reporting Initiatives (“GRI”) Standards Sustainability Reporting Guidelines which is internationally recognised. The relevant GRI standards applied in this report are 307-1 of GRI 307: Environmental Compliance 2016, 403-1, 403-5, 403-6 and 403-9 of GRI 403: Occupational Health and Safety 2018, 404-1 and 404-2 of GRI 404: Training and Education 2016 and 405-1 of GRI 405: Diversity and Equal Opportunity 2016 which are the most appropriate for our Group’s business model.

The Board of Directors (“the Board”) considers sustainability as part of the Group’s strategic formulation, determined the Environmental, Social and Governance (“ESG”) and oversee the management and monitoring of the material ESG factors. To do so, the Board delegated its role to a Sustainability Working Team (“SWT”) to identify and manage all sustainability issues. The SWT meet regularly to discuss and update matters relating to the Group’s sustainability and report to the Chief Executive Officer (“CEO”). The CEO will then highlight to the Board on any potential issue for final decision.

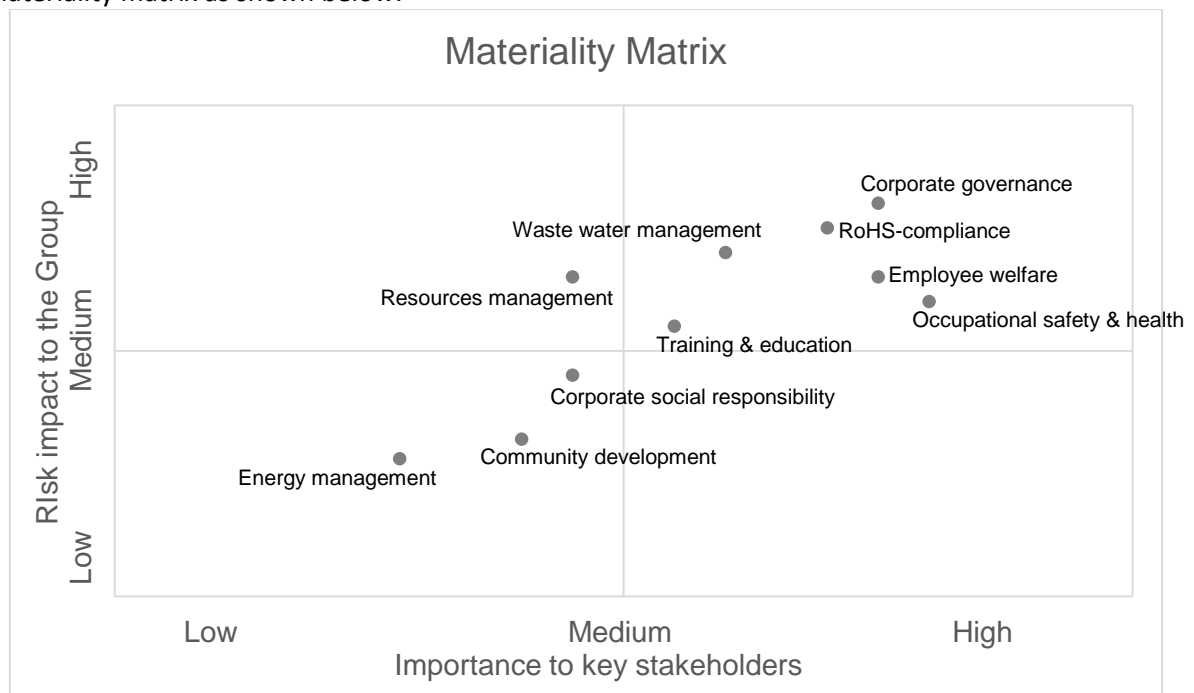


Our stakeholders are shareholders, investors, employees, customers, suppliers and regulatory bodies. We are considering our key stakeholders to understand their concerns and interests on the Group's sustainability. We communicate with them through both formal and informal channels such as annual general meeting, ongoing discussions and meetings. These stakeholder engagements bring stronger accountability, mutual value and shared trust between us and the stakeholders.

The following table summarises the sustainability objectives, indicators and key stakeholders of the main aspects of ESG which are used by the SWT in their consideration:-

	Environmental	Social	Governance
Sustainability Objectives	Minimise our impact to the environment as much as practicable	Treat our employees well by looking after their welfare, providing a safe and healthy workplace	Maintain a high standard of corporate governance within the Group
Sustainability Indicators	<ul style="list-style-type: none"> - Compliance with environmental laws - No hazardous substances contained in materials used for production 	<ul style="list-style-type: none"> - Compliance with laws related to employees and occupational safety and health - Zero fatal accidents at workplace - Minimum 2 training hours to each employee annually 	Compliance with principles set out in the Code of Corporate Governance 2012 by the SGX-ST
Key Stakeholders (Internal & External)	Suppliers, customers, employees, regulators	Employees, regulators	Shareholders, investors, employees, regulators

Based on the concerns and interests of our key stakeholders, the SWT has performed an analysis of materiality matrix as shown below:-



After taking into consideration the above and suggestions made by production heads of various subsidiaries, the SWT has identified the material ESG factors as follow:-

1 ENVIRONMENTAL

1.1 Resources Management

Maintaining an environmental conscience is an integral aspect of the Group's resources management business. The business revolves around creating a greener eco-system for all, without compromising the commercial interest. Our aim is to efficiently manage waste resources in cost-effective yet highly ethical and environmentally beneficial ways.

Besides handling general waste, we are also licensed to manage other waste resources such as industrial hazardous waste, e-waste and lithium-related products. The risks of mismanagement of commercial and industrial waste can hold great impact on human health and the environment, hence they are required to be handled with special precaution and the activity is regulated and subject to the requirements of the environment authorities in every country. In this regard, we meet the licensing requirement in countries which we have operations.

Our resources management business helps us to build a mutually beneficial partnership with our customers that at the same time brings positive impacts to the environment.

1.2 Environmental Management System

We are committed to conduct our businesses in an environmental-friendly way. As much as practicable, we seek to reduce our environmental footprint as our effort to conserve the environment. In offices, employees are encouraged to print only when necessary as an effort to reduce usage of papers. As such, going green also brings potential cost-saving to the Group.

We have been awarded with ISO 14001:2004 and ISO 14001:2015 certificates. We have Environmental Management System in place that enables us to systematically control material environmental aspects arises from our business activities. This will help us to achieve our environmental objectives and also ensure that we fully complied with relevant environmental laws and regulations in countries which we have operations. We have engaged external consultants to perform analysis on our environmental impacts, such as air emission and boundary noise level.

1.3 Raw Materials

We require materials used in production to meet the Restriction of Hazardous Substances ("RoHS") compliance which mean they do not contain substances that are harmful to the environment. Besides, we are aware that chemical waste, such as sludge, can contaminate the environment. Hence, it is important to have proper waste disposal. In this regard, we only dispose them to licensed contractors which are approved by the environment authorities.

In order to reduce usage of materials in production, various initiatives have been adopted. For example, in production area, obsolete materials are reused in production testing. Other materials, if cannot be reused, are then sold as scrap for recycling purposes.

1.4 Waste Water

We have Waste Water Treatment Plant (“WWTP”) to treat water used in production before discharging to the drains outside of our premises so that we do not create water pollution to the environment. On a regular basis, we monitor the conditions of water by collecting samples and then sent them for testing by third party accredited laboratories. This also ensures that the conditions of water discharged are acceptable within parameter as required by the government.

The following are selected parameters limits on waste water as set by the Department of Environment, Malaysia and Indonesia. Our subsidiaries fully complied with those limits.

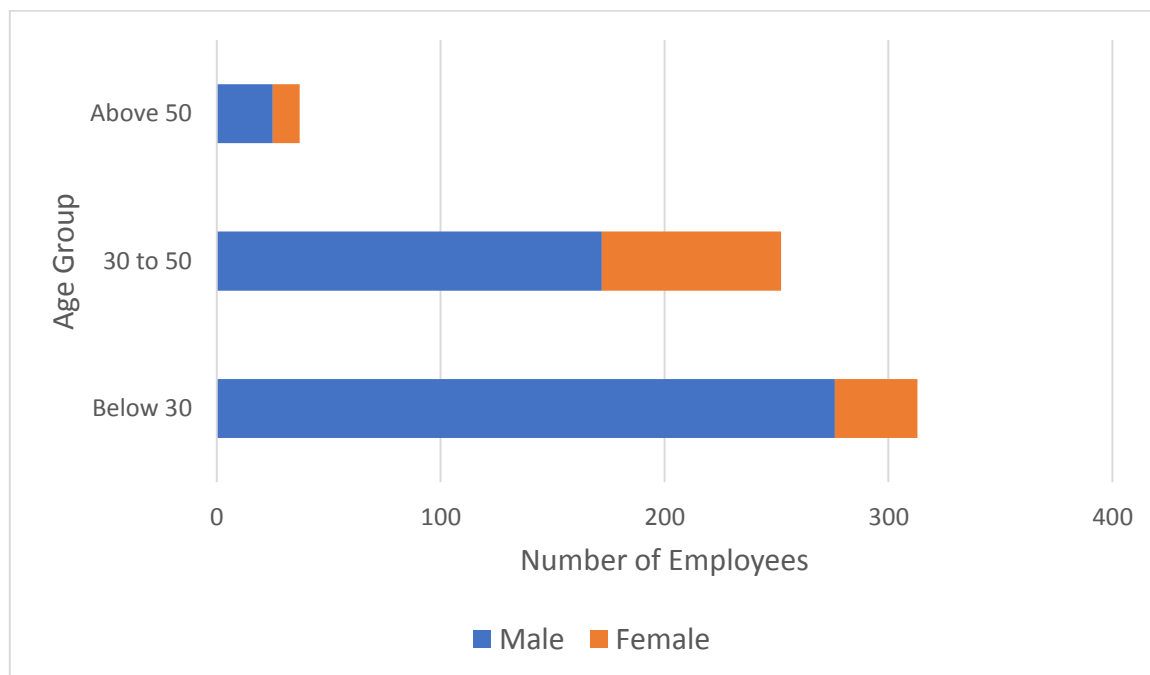
Parameters	Parameter Limit	Compliance in 2018
Temperature	40° Celsius	√
pH Value	5.5 – 9.0	√
Biochemical Oxygen Demand	50	√
Chemical Oxygen Demand	200	√

We will continue to monitor the conditions of water discharged as it is a continuous process to ensure water to our environment is pollution-free.

2 SOCIAL

2.1 Workplace Diversity

Our workforce comprises of employees from diverse background in terms of age groups, gender, ethnicity, etc. While we value workplace diversity, we recruit mostly male workers due to nature of our industry. Breakdown of our workforce by age groups and gender as at 30 September 2018 is presented below:-



For composition of the Board, please refer to page 14 to page 17 of the Annual Report 2018.

2.2 Occupational Safety and Health

Due to the nature of our businesses, we place strong emphasis on occupational safety and health of our employees by providing them a safe and conducive working environment.

The Group complies with all local laws in respect of occupational safety and health. Our production workers are given safety trainings or briefings on how to handle chemicals and machines. Furthermore, personal protective equipment such as earplugs, safety shoes, respirator, etc are made available for our production workers.

During FY2018, we engaged an external laboratory to monitor our production workers for chemical exposure such as 2-butoxyethanol fluoride, nickel, etc. The exposure level are below permitted exposure level as required by the laws.

The Group is proud that no fatalities as a result of work-related injury were recorded during FY2018. We target to maintain the same for the following financial year of 1 October 2018 to 30 September 2019 ("FY2019").

2.3 Training and Education

The Group does not have a formal internal training programme but all employees will be given on-the-job trainings. Some staff will be sent to attend relevant external seminars and courses to ensure that they are competent in performing their work. Adequate trainings not only allow employees to do the work efficiently and safely, but also in the long run can bring cost saving to the Group.

Each subsidiary of the Group, taking into consideration skills and experiences of its general managers and availability of suitable trainings, makes its own decision on when and what to train its employees. On average, the Group provided 2 to 10 training hours to its employee during FY2018. Off-site trainings held during FY2018 include:

- First aid with CPR
- Industrial wastewater treatment
- Positive working at workplace
- Supervisory development programme
- Sales & service tax
- Capital Business Model

Our employees working in resources management business are also trained in industrial standards of safety and best practices in handling and processing hazardous waste. This is to ensure a safe work environment for employees and the communities at large.

2.4 Employee Welfare

The management believes that the relationship amongst our employees is crucial and this can be strengthened by participating in activities. During FY2018, the Group organised various activities to its employees such as annual dinners, company trips and sport day.

Besides, the management encourages our employees to participate in events organised by outside parties. For example, during FY2018, our employees were also sponsored to participate in events such as Anak-anak Malaysia Walkathon.

The Group also complies with all local laws pertaining to employment such as minimum wage, provident fund and leave provisions. In addition to basic salary and allowances, employees also receive other benefits as part of their welfare, such as:

- Group PA insurance
- Medical claim benefit
- Transportation
- Long service award

The Group will continue to look for ways to improve welfare of its employees.

2.5 Corporate Social Responsibility

As part of the society, the Group contributes to the local community which it has operations. Therefore, our Indonesian subsidiary contributed cash to the community at the factory area for development purpose. On ad-hoc basis, the Group also made cash donations for charitable purposes. Organisations that were benefited during FY2018 included Metta Welfare Association, Parkinson Society Singapore, etc.

The Group plans to undertake more corporate social responsibility activities in FY2019 in order to bring greater positive impact to the community which it operates.

3 GOVERNANCE

The Board is committed to maintain a high standard of corporate governance within the Group. Key governance issues identified are: risk management, internal controls and investor relations.

Details of the key governance issues above have been discussed in Corporate Governance section on page 10 to page 56 in the Annual Report 2018.

3.1 Anti-corruption

The Group has established a whistleblowing policy which provides the channel for employees of the Group and external parties to raise their concerns about improprieties in financial reporting or other matters (including corruption and bribery) to the Audit Committee Chairman or CEO, in good faith and in confidence, sending their mails directly to the Company's registered address, if any.

During FY2018, there were no whistleblowing reports received or incidents of corruption reported.

CONCLUSION

The Board recognises the importance of sustainability in today's business environment to enhance shareholders' value. Hence, the Board will continue to meet the Group's commitments to achieve its sustainability objectives for the Group.

GRI STANDARDS SUSTAINABILITY REPORTING GUIDELINES

Content Index – Extracted from Guidelines

GRI Standard	Disclosure	Page Reference, if Applicable
GRI 307: Environmental Compliance 2016		
307-1	Non-compliance with environmental laws and regulations	Page 3

GRI Standard	Disclosure	Page Reference, if Applicable
GRI 403: Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	Page 5
403-2	Hazard identification, risk assessment, and incident investigation	
403-3	Occupational health services	
403-4	Worker participation, consultation, and communication on occupational health and safety	
403-5	Worker training on occupational health and safety	Page 5
403-6	Promotion of worker health	Page 6
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
403-8	Workers covered by an occupational health and safety management system	
403-9	Work-related injuries	Page 5
403-10	Work-related ill health	

GRI Standard	Disclosure	Page Reference, if Applicable
GRI 404: Training and Education 2016		
404-1	Average hours of training per year per employee	Page 5
404-2	Programs for upgrading employee skills and transition assistance programs	Page 5
404-3	Percentage of employees receiving regular performance and career development reviews	

GRI Standard	Disclosure	Page Reference, if Applicable
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	Page 4
405-2	Ratio of basic salary and remuneration of women to men	