



SUSTAINABILITY REPORT

2017

JEP Holdings Limited

*This report has been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this report. This report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document. The details of the contact person for the Sponsor are as follows:*

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MESSAGE FROM BOARD

BOARD STATEMENT



JEP Holdings Limited believes that sustainability is integral to our business and is critical to achieving long-lasting value creation for all our stakeholders. We embarked on our sustainability journey to address material ESG issues to create a sustainable future with all our stakeholders. To manage stakeholder engagement, we have cultivated relationships through regular and systematically planned forms of dialogue as well as open channels of communication.

We are proud on delivering top-notch manufacturing solutions evident. From our customer satisfaction survey results, we have achieved an outstanding score of 86% customer satisfaction. These results stand as a testament to our skilled and professional workforce that exists within our organisation to produce manufacturing quality and high-precision components. To continue our stellar performance and deliver manufacturing solutions to our customer, we have also recognised the importance of attracting, developing and retaining a high-quality workforce.

To strengthen and achieve results that go beyond, we place heavy emphasis on good corporate governance as the core belief of our business. The belief in good cooperate governance enables us to achieve our sustainability goals. We thus uphold this belief as it lays a solid foundation for the establishment of a sound organisation. Furthermore, operating in an ethical environment will safeguard the interests of all our stakeholders. Therefore, we strive to put in place a robust governance framework to maintain integrity, transparency, accountability, and discipline in all our business activities.

Moving forward, we will continually update to include more targets to drive sustainability performance. We will make efforts to improve the overall sustainability performance across our business portfolio, as well as improve upon our communications to all stakeholders. We aim to create a virtuous cycle that benefits both our business operations and future sustainability pursuits.

BACKGROUND OF JEP HOLDINGS LIMITED

ABOUT JEP HOLDINGS LIMITED

JEP Holdings Limited (the “Group” or “JEP”) is a public limited company listed on the Catalist Board of the Singapore Stock Exchange in 2004. JEP is Singapore's leading solution provider of precision machining and engineering services, with a primary focus on the aerospace industry.

The Group acquired JEP Precision Engineering Pte Ltd (“JEPS”), in 2007, which functions as the main operating subsidiary. Accredited with AS9100, OSHAS, and NADCAP, JEPS has built a record of accomplishment as a reliable sub-contractor for aerospace components since beginning operations in 1990 and is now part of the global supply chain for the world’s leading aircraft manufacturers.

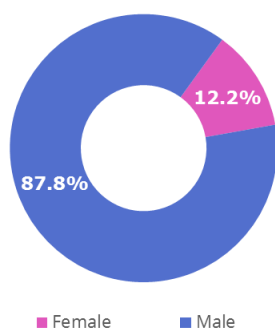
The Group’s customer base spans across Singapore, Malaysia, China, United States of America and the United Kingdom. This has allowed JEP to build and establish a strong value chain that provides seamless manufacturing solutions. The Group’s business operations not only spans across different regions globally but also provides complete turnkey services for aerospace, electronics, oil and gas, equipment manufacturing and machine tooling industries. The Group’s headquarters and significant location of operations is in Singapore.

The Group also believes in providing precision manufacturing services that excel in quality and delivers unprecedented customer satisfaction whilst carrying out our operations in a manner that is both environmentally sustainable and socially responsible.

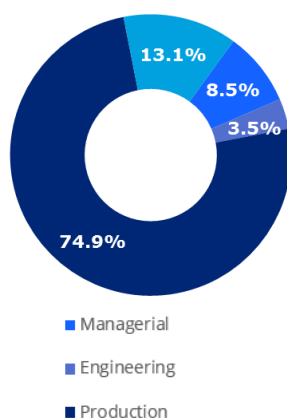
Therefore, the Group follows strict procedures of identifying, selecting, qualifying and monitoring to assess the performance and capabilities of the vendors for raw materials supply, standard items, special process services and fixture as well as gauge fabrication.

OUR PEOPLE

Number of Employees by Gender



Number of Employees by Category



Number of Employees by Age Group

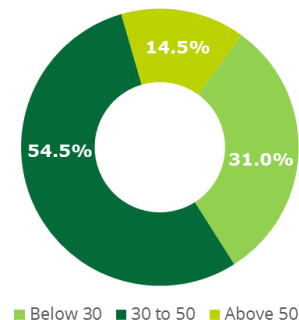


Figure 1: Employee Demographics* within JEP

*Total employee headcount in JEP is 374

LOCATION OF CUSTOMER BASE

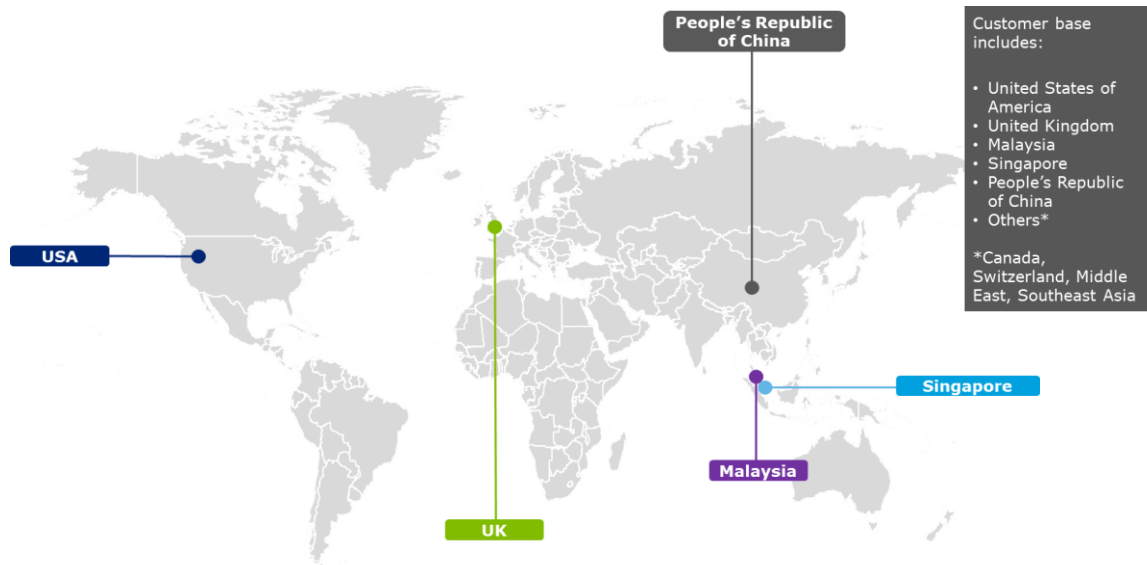


Figure 2: Location of JEP's customer base

JEP'S MISSION AND VISION

JEP functions with a dynamic mission and strategic vision, which allows it to pave its way forward in the industry. With over 30 years of operating history, we constantly strive to be the premium service provider for quality manufacturing solutions. Coupled with our highly experienced team, we seek to deliver every project with performance and precision.



Figure 3: Mission and Vision of JEP

EXTERNAL CHARTERS AND PRINCIPLES

As an entity regulated by the Securities and Futures Act (Cap 289) ("SFA"), the Listing Manual of Singapore Exchange Securities Trading Limited (the "SGX-ST") (the "Listing Manual") and other regulations, the Board is committed to upholding good standards of corporate governance at JEP.

The Board of Directors of JEP (the "Board") is committed to upholding high standards of corporate governance practices throughout JEP that are in line with the Code of Corporate Governance 2012 (the "2012 Code"). The Board will also ensure that JEP complies with the other regulations, notices, circulars, and guidelines that may be released by Monetary Authority of Singapore ("MAS") from time to time and should there be deviations, explanations will be provided.

JEP's leadership has combined more than 20 years of experience in manufacturing of front-end semiconductor components. With such experience, JEP's leadership competently drives all operational matters of the Group. JEP's leadership has directed the Group to hold membership in the Association of Aerospace Industries, Singapore Business Federation and Singapore Precision Engineering and Technology Association to develop strategic relationships within the industry to drive value creation for all stakeholders.

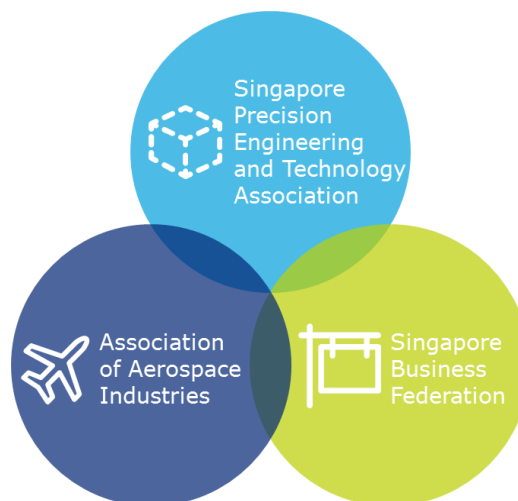


Figure 4: Associations where JEP Holdings Limited holds memberships

AWARDS

The Group has been in business since the 1980s. Over the years, JEP has accumulated a wealth of experience, expertise and an established record of accomplishment. Below is a list of some of the awards:



Figure 5: Awards received by JEP

CORPORATE GOVERNANCE

Sustainability is an integral aspect of the Group's operations. We are committed to delivering quality precision manufacturing solutions to our customers. This is only possible through proper management of internal and external risks to mitigate possible disruptions to the Group's operations. We have established an Enterprise Risk Management ("ERM") manual and management framework to provide the architecture for managing risks within the Group.

The Board manages potential risks in JEP through the review and approval of policies and procedures. The Management then ensures that the identified risk is relevant to the business environment as well as ensuring controls or mitigating factors are in place. The Audit Committee provides independent oversight of the effectiveness of the risk management process.

RISK MANAGEMENT

Currently, the risk management committee does not exist because the Board is responsible for managing risk within the Group. The Board ensures that a sound system of risk management and internal controls are present to safeguard shareholders' interests and the assets of JEP. The Board also holds the authority to determine the nature and extent of the significant risks undertaken by JEP to achieve strategic business and objectives.

The Management has engaged Virtus Assure Pte Ltd ("VA"), an internal auditor, to conduct a major review of the Group's operations and business to assess risks within the Group. VA conducted the risk assessment exercise to highlight pertinent risks in all areas of the Group's operations. The identified risks will form the basis of the Group's risk management framework and the Enterprise Risk Management ("ERM") manual.

ANTI-CORRUPTION AND WHISTLEBLOWING

JEP is required to observe relevant local laws and regulations. In ensuring that all laws and regulations are complied with, the Management has implemented corporate policies and procedures to provide clear instructions for all staff to abide by. The Management ensures that all employees are aware of the latest developments in the law through training, seminars, and briefings conducted by professionals.

The Board notes that the system of internal controls provides reasonable but not absolute assurance that the Group will not be affected by any event that could be reasonably foreseen.

For continuous improvement of its systems, the ERM manual and risk management framework will undergo review by the Board when necessary. The ERM Framework will be reviewed and updated in the event of any change in regulations, country of operations, nature of the business or any events that could affect the Group's operations.

JEP has in place a whistleblowing policy that encourages employees to bring forward any actions that is opposed to the best interest of JEP, to the Chairman of the Audit Committee or the other members of the AC if the Chairman is not available. This is done to instil high standards of good business practices within JEP.

For questions or to deliver feedback about this report, please contact:

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SUSTAINABILITY REPORT

ABOUT THIS REPORT

JEP proudly presents our inaugural sustainability report prepared in accordance with the Global Reporting Initiative ("GRI") G4 Guidelines: Core option, the international standard for sustainability reporting.

This report aims to disclose our environmental, social and governance ("ESG") performance against the issues that are considered most material to our company's stakeholders and this includes shareholders*, suppliers*, customers*, regulators*, management and employees. The objective of preparing this report annually is to inform our stakeholders of the initiatives and strategies related to sustainability that we are currently embarking on.

Currently, there is no external assurance for this report. However, we will be looking to seek external assurance for future sustainability reports to improve the credibility of our report.

** Proxies to external stakeholders were present during the stakeholder engagement and materiality assessment workshop*

REPORTING SCOPE AND BOUNDARIES

The reporting period for the sustainability performance of our operations in Singapore is for the financial year 2017. All data and activities reported are with respect to the timeframe from 1 January 2017 to 31 December 2017, unless stated otherwise.

Since JEP's operations primarily involve precision manufacturing, we refer to the activities and performance of the precision manufacturing facilities when discussing employee-related material issues.

Environmental data disclosed within the sustainability report covers only Singapore operations.

The content of this report is defined by the four reporting principles established by GRI G4 Guidelines: Stakeholder Inclusiveness, Sustainability Context, Materiality, and Completeness.

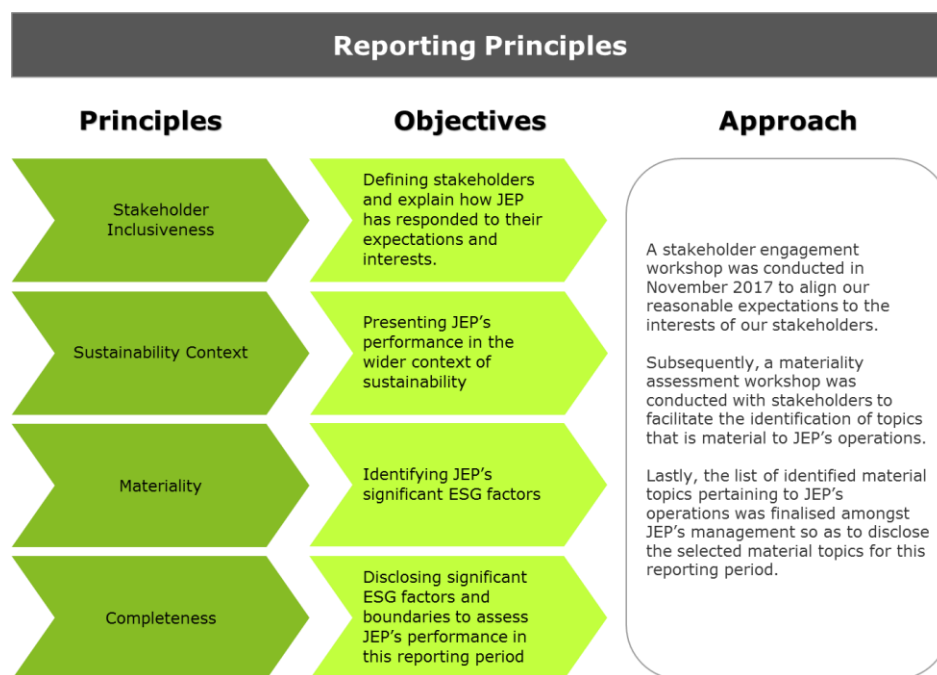


Figure 6: GRI Reporting Principles

STAKEHOLDER ENGAGEMENT & MATERIALITY ASSESSMENT

JEP Holdings Limited recognises that stakeholders play an important strategic role in maintaining the company's long-term growth. In November 2017, we engaged our key stakeholders through a stakeholder engagement and materiality assessment workshop to gather their concerns about the sustainability of the business. These key stakeholders were identified based on their ability to influence our performance and provide effective solutions to incorporate sustainability into our operations. Their concerns raised were gathered to identify the material Environmental, Social and Governance factors ("ESG"). The ESG factors were then prioritised based on their impact on the business and how important stakeholders considered each aspect.

The materiality assessment process was conducted based on a three-step approach to identify the material ESG and the diagram below describes the process.

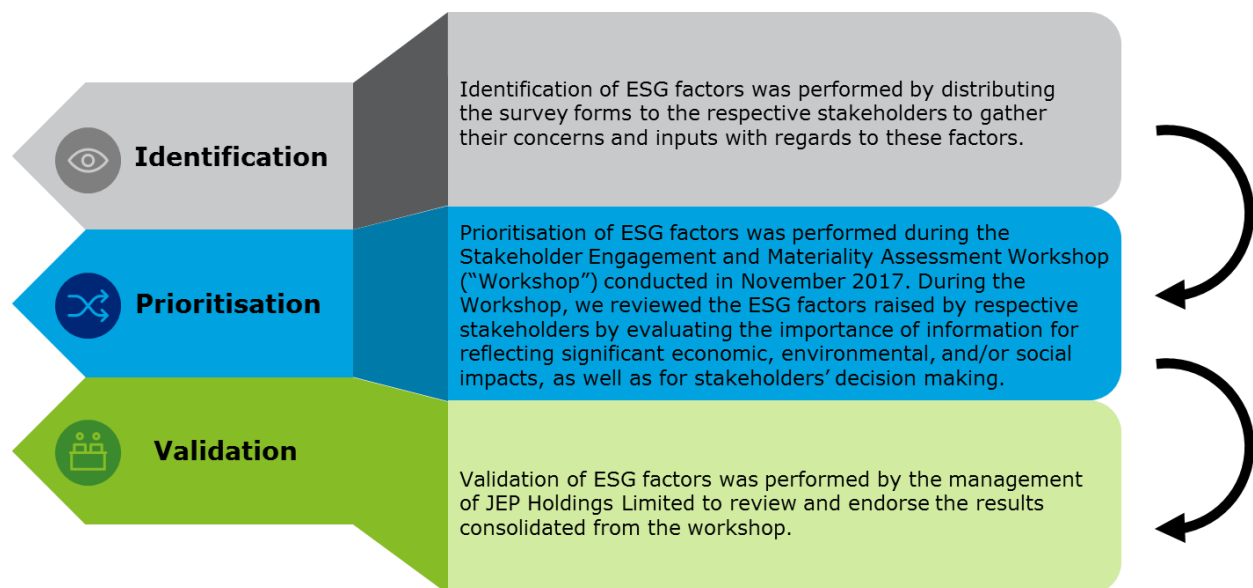


Figure 7: Approach to identifying ESG

The materiality assessment process concluded with JEP's management identifying four ESG factors to be considered as top priorities in this sustainability report.

MATERIAL ASPECTS IDENTIFIED

Table 1: List of Selected GRI Indicators

SELECTED INDICATORS		ASPECT BOUNDARY
G4-EC1	Direct economic value generated and distributed	Within organisation
G4-EN3	Energy consumption within the organization	Within organisation
G4-LA6	Types of injury and rates of injury, occupational diseases, lost days and absenteeism and number of work related fatalities, by region and gender	Within organisation
G4-PR5	Results of surveys measuring customer satisfaction	Within organisation

ECONOMIC PERFORMANCE

JEP has policies that protect its stakeholders' interest and enhances its shareholders' value. We continuously invest in new capabilities to capture market share and facilitate growth.

In the near future, we will be moving towards embracing advanced manufacturing technologies and automation to incorporate the SMART Factory Concept into our business model and further establish our footprint on a global scale. For the year ended 31 December 2017, we have achieved a revenue of \$5.5 million.

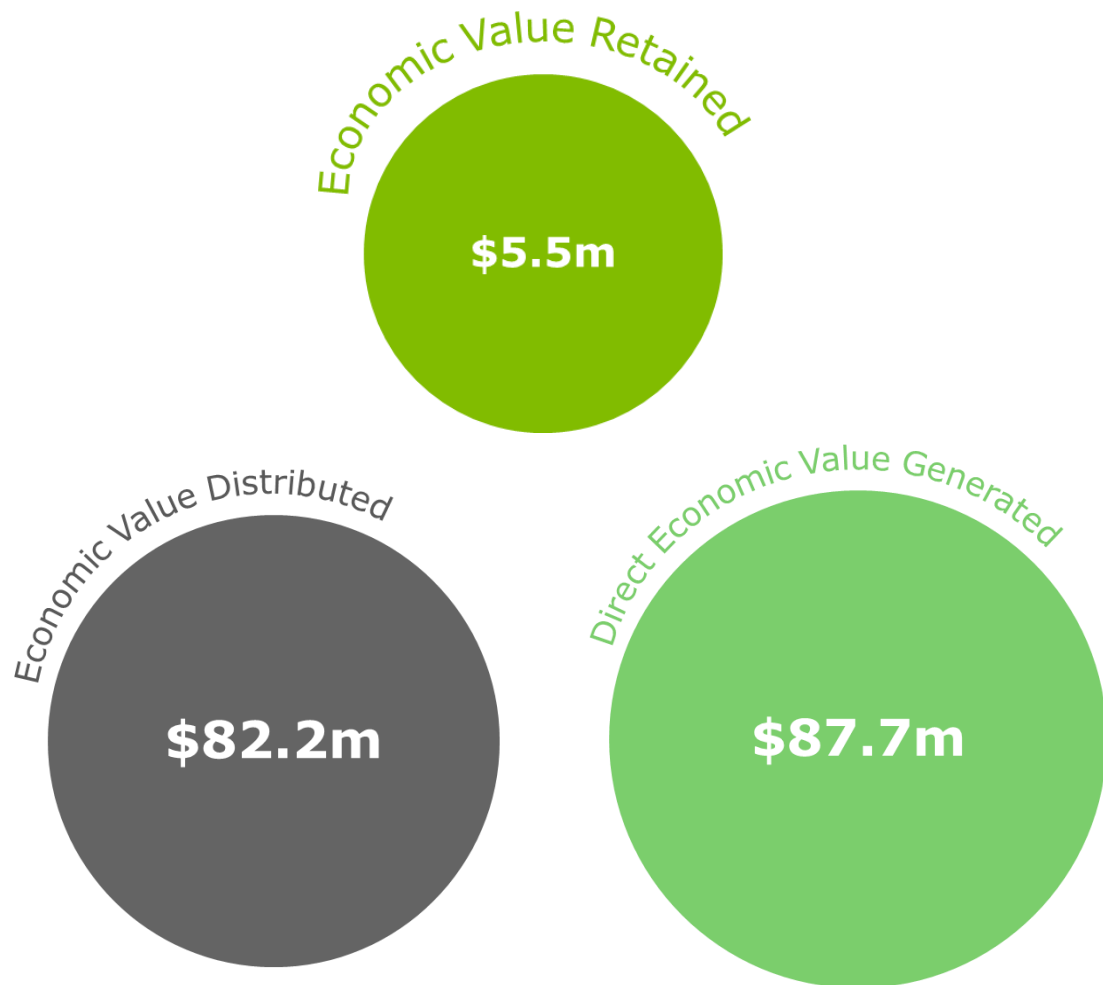


Figure 8: Key Economic Figures

For a detailed breakdown of its 2017 financial results, please refer to the JEP Holdings Limited Annual Report 2017.

ENERGY CONSUMPTION

Here at JEP, we utilise a wide variety of precision engineering instruments and machinery to deliver the best quality that a precision engineering manufacturer can offer. These instruments and machinery contribute to the majority of our energy consumption. We recognise the importance of properly managing and regulating our energy consumption so as to keep our operational costs low and help reduce the impact on the environment. To keep track of the energy consumption, we have a monitoring system in place and a maintenance team of trained individuals.

In addition, we have an automated electrical supply regulation system that switches off unnecessary appliances and air-conditioning during lunch hours and after office hours. This system enables further reduce the energy consumption within our organisation.

The monitoring of our energy consumption is reviewed daily by our maintenance team. At end of each month, the team will analyse the monthly energy consumption. Energy surges that were identified within different operational areas will be investigated for possible faults in the instruments and machinery. If necessary, repairs will be carried out should faults be discovered. With these practices established, we aim to improve efficiency in our energy usage to lower our consumption.

In 2017, the total energy consumption accounted to 10,351,720 kWh. The method used to calculate energy consumption is based on the compiled electricity bill taken for the reporting period.

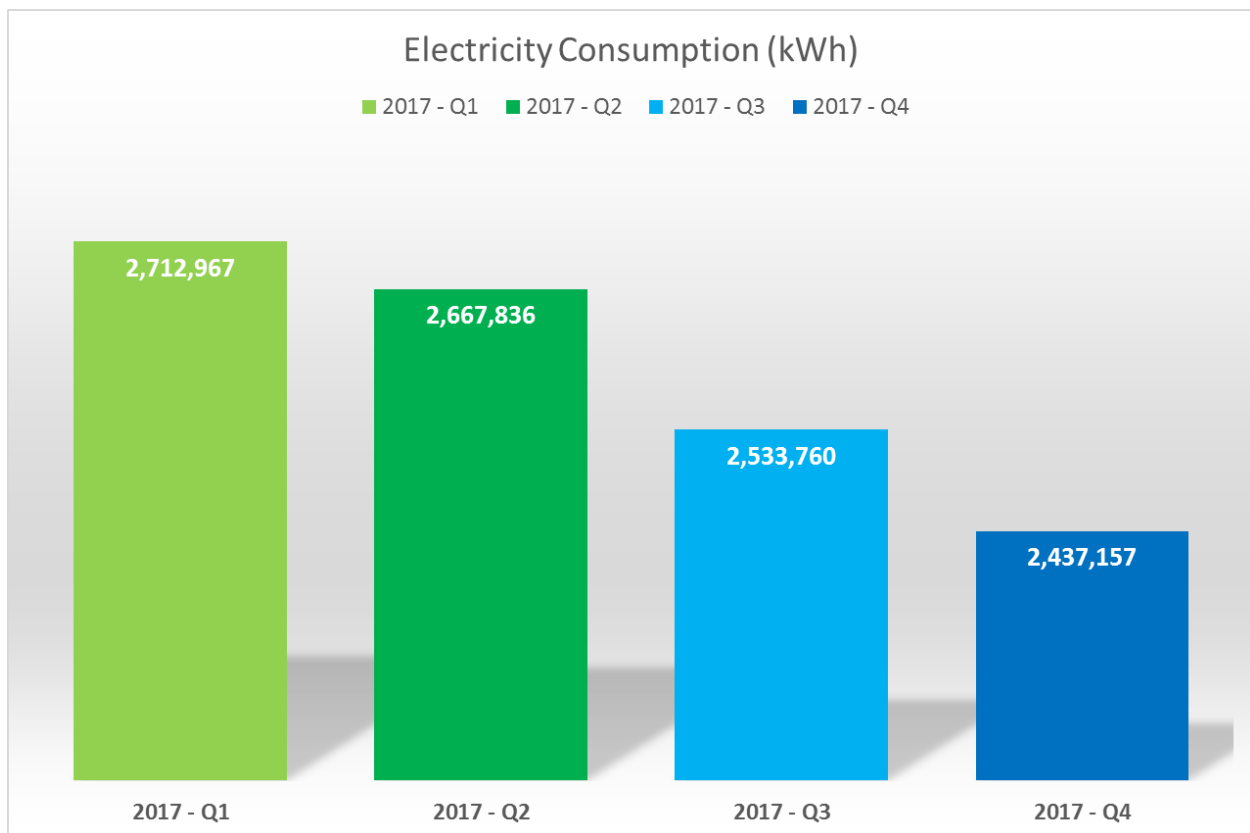


Figure 9: Energy Consumption in JEP

CARING FOR OUR PEOPLE

We believe that building people within the organisation is crucial to building our business. At JEP, we consider people as the backbone holding up our business and strive to ensure that our employees are always taken care of.

The overall responsibility of planning and conduct of Occupational Health and Safety ("OHS") in JEP lies with the top management and Worksite Safety Management ("WSM") committee, which comprises of representatives from all departments.

We have established an OHS policy that have been developed to safeguard our employees. The policy has provided JEP a systematic way of reporting any incidents of injury or accident in our properties. At the same time, we advocate our corporate safety culture through multiple communications channels to all our employees. This includes compulsory training and courses, which include:



Figure 10: OHS Training and Courses

In the event of incidents, we have on-site response plan that gives the plant manager overall responsibility in the treatment and evacuation of any injured workers. The human resource department will be informed to follow up with documentation and handling of insurance claims.

In 2017, there were only four injuries reported. These injuries sustained by our employees in the four incidents reported were of minor severity. The extent of their injuries ranged from minor laceration, minor burn, bruising to a forearm injury. At JEP, all injuries suffered by our employees regardless of the extent of injury is taken seriously.

Following which, we take the necessary corrective action and issue notices to all employees to prevent future occurrences of such incidents. No fatalities and occupationally acquired disease were reported. A further breakdown of lost-days and absenteeism in hours is shown below.



Figure 11: JEP's OHS statistics

To continue the emphasis on managing workplace health and safety in our business, we educate our employees on the importance of OHS to their respective roles. We aim to achieve an excellent OHS culture within our Group to achieve zero reportable (lost-time) incidents.

CUSTOMER SATISFACTION

As a manufacturing solutions provider, we are dedicated to designing and creating high-quality components for our customers. We are totally committed to meeting customer, statutory and regulatory requirements at all times and our quality management system will be continually improved to enhance customer satisfaction. Furthermore, we take a proactive approach to satisfy the needs of our customers, thereby providing top quality service and solutions that fit our customers' requirements.

To improve our service and experience to our customers, we utilise a certain approach to gather valuable feedback. The approach that we use includes:

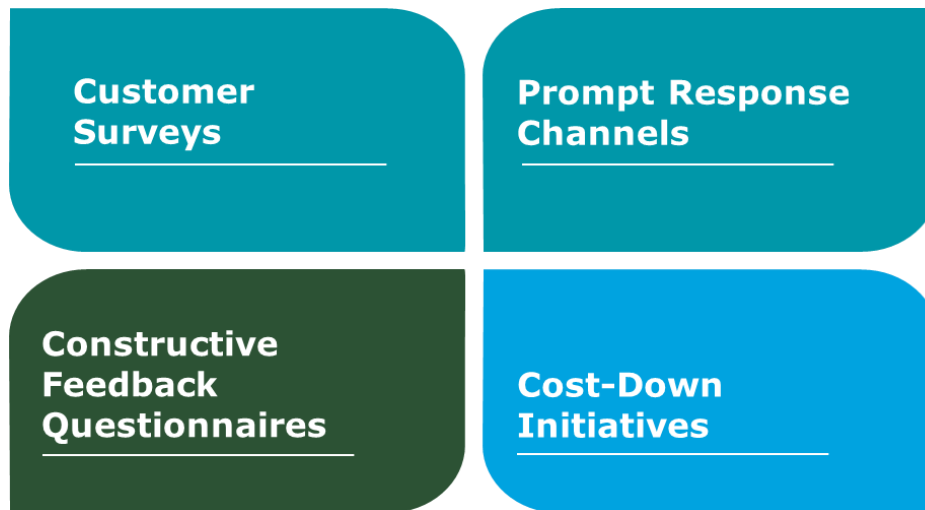


Figure 12: Channels of Communication



Figure 13: JEP Quality Policy

With this approach, we were better prepared to serve the needs of our customers. We have achieved an average of 86% customer satisfaction level at all stages of services to our customers. In future, we aim to achieve 100% customer satisfaction.

CARING FOR OUR COMMUNITY

We recognise the need to give back to the community and play a pivotal role in ensuring that talents in the field of Aerospace have the necessary support to further their pursuits and soar to greater heights. We have thus actively sponsored events that benefits the underprivileged as well as young talents who are pursuing their studies in the field of Aerospace.

ASTAR-JTC One-North Run 2017

JEP looks to give back and help the less fortunate in the community and has donated to Community Chest which raises funds on a yearly basis to meet the needs of the social service programmes and events.

Sponsor prize award to ITE “Course Medal Awards for Graduation 2017”

JEP recognizes the need to award students who have outstandingly perform well in their studies because we have a firm belief in meritocracy. Thus, we sponsored ITE’s Course Medal awards which was presented to the graduates who have excelled in Aerospace Machining Technology course.

Co-funding of scholarship to Nanyang Polytechnic students

JEP believes in supporting government initiatives and it does so by grooming future talent in precision engineering. JEP has co-funded scholarship awards under the National Precision Engineering Scholarship Programme at Nanyang Polytechnic. From this sponsorship, seven talented individuals benefitted and moved on to greater pursuits in life.

GRI CONTENT INDEX

GRI G4 Guidelines	Disclosure	Page Number(s) and/or URL	Omission
General Standard Disclosures: Strategy & Analysis	G4-1: Statement from the most senior decision maker of the organisation	Board Statement	
General Standard Disclosures: Organisational Profile	G4-3: Name of the organisation	About JEP Holdings Limited	
General Standard Disclosures: Organisational Profile	G4-4: Primary brands, products and services	About JEP Holdings Limited	
General Standard Disclosures: Organisational Profile	G4-5: Location of organisation's headquarters	About JEP Holdings Limited	
General Standard Disclosures: Organisational Profile	G4-6: Number and names of countries where the organisation operates	About JEP Holdings Limited	
General Standard Disclosures: Organisational Profile	G4-7: Nature of ownership and legal form	About JEP Holdings Limited	
General Standard Disclosures: Organisational Profile	G4-8: Markets served	Location of Our Customer Base	
General Standard Disclosures: Organisational Profile	G4-9: Scale of organisation	About JEP Holdings Limited	
General Standard Disclosures: Organisational Profile	G4-10: Workforce	About JEP Holdings Limited	
General Standard Disclosures: Organisational Profile	G4-11: Percentage of employees covered by collective bargaining agreements		Omitted
General Standard Disclosures: Organisational Profile	G4-12: Organisation's supply chain	About JEP Holdings Limited	
General Standard Disclosures: Organisational Profile	G4-13: Significant changes during the reporting period	Not applicable	
General Standard Disclosures: Organisational Profile	G4-14: How the precautionary approach is addressed	Corporate Governance	

GRI G4 Guidelines	Disclosure	Page Number(s) and/or URL	Omission
General Standard Disclosures: Organisational Profile	G4-15: Charters, principles or other initiatives to which the organisation is subscribed to	External Charters and Principles	
General Standard Disclosures: Organisational Profile	G4-16: List of memberships or associations and national/international advocacy in which the organisation holds a position, participates, provides substantive funding or view membership as strategic	External Charters and Principles	
General Standard Disclosures: Identified Material Aspects And Boundaries	G4-17: Entities included in the organisation's consolidated financial statements. Report whether any entity included in the organisation's consolidated financial statements or equivalent documents is not covered by the Report	Economic Performance	
General Standard Disclosures: Identified Material Aspects And Boundaries	G4-18: Process for defining Report content and Aspect Boundaries, and how the organisation has implemented the Reporting Principles for Defining Report Content	Reporting Scope and Boundaries	
General Standard Disclosures: Identified Material Aspects And Boundaries	G4-19: List all Material Aspects identified in the process for defining Report content	Material Aspects Identified	
General Standard Disclosures: Identified Material Aspects And Boundaries	G4-20: For each Material Aspect, report the Aspect Boundary within the organisation	Material Aspects Identified	
General Standard Disclosures: Identified Material Aspects And Boundaries	G4-21: For each Material Aspect, report the Aspect Boundary outside the organisation	Material Aspects Identified	
General Standard Disclosures: Identified Material Aspects And Boundaries	G4-22: Restatements	Not applicable	

GRI G4 Guidelines	Disclosure	Page Number(s) and/or URL	Omission
General Standard Disclosures: Identified Material Aspects And Boundaries	G4-23: Significant changes in Scope and Aspect	Not applicable	
General Standard Disclosures: Stakeholder Engagement	G4-24: List of stakeholder groups	About this Report	
General Standard Disclosures: Stakeholder Engagement	G4-25: Basis for identification and selection of stakeholders	Stakeholder Engagement & Materiality Assessment	
General Standard Disclosures: Stakeholder Engagement	G4-26: Organisation's approach to stakeholder engagement	Stakeholder Engagement & Materiality Assessment	
General Standard Disclosures: Stakeholder Engagement	G4-27: Key topics raised through stakeholder engagement	Stakeholder Engagement & Materiality Assessment	
General Standard Disclosures: Report Profile	G4-28: Report profile	Reporting Scope and Boundaries	
General Standard Disclosures: Report Profile	G4-29: Date of most recent previous report	Not applicable	
General Standard Disclosures: Report Profile	G4-30: Reporting cycle	Reporting Scope and Boundaries	
General Standard Disclosures: Report Profile	G4-31: Contact point	Contact Us	
General Standard Disclosures: Report Profile	G4-32: GRI Content Index	GRI Content Index	
General Standard Disclosures: Report Profile	G4-33: External assurance	Not externally assured	
General Standard Disclosures: Governance	G4-34: Governance structure and composition	Corporate Governance	
General Standard Disclosures: Ethics and Integrity	G4-56: Values, principles, standards, codes of conduct and ethics	Risk Management Anti-Corruption and Whistleblowing	
Specific Standard Disclosures: Disclosure on Management Approach	G4-DMA	Economic Performance Energy Consumption Caring for our People	

GRI G4 Guidelines	Disclosure	Page Number(s) and/or URL	Omission
		Customer Satisfaction	
Specific Standard Disclosures: Category: Economic Sub-category: Economic Performance	G4-EC1: Direct economic value generated and distributed	Economic Performance	
Specific Standard Disclosures: Category: Environmental Sub-category: Energy	G4-EN3: Energy consumption within the organisation	Energy Consumption	
Specific Standard Disclosures: Category: Social Sub-category: Labour Practices and Decent Work	G4-LA6: Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Caring for our People	
Specific Standard Disclosures: Category: Social Sub-category: Labour Practices and Decent Work	G4-PR2: Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	Caring for our Customers	