

SUSTAINABILITY REPORT 2018



**GROWING TOWARDS A
SUSTAINABLE FUTURE**

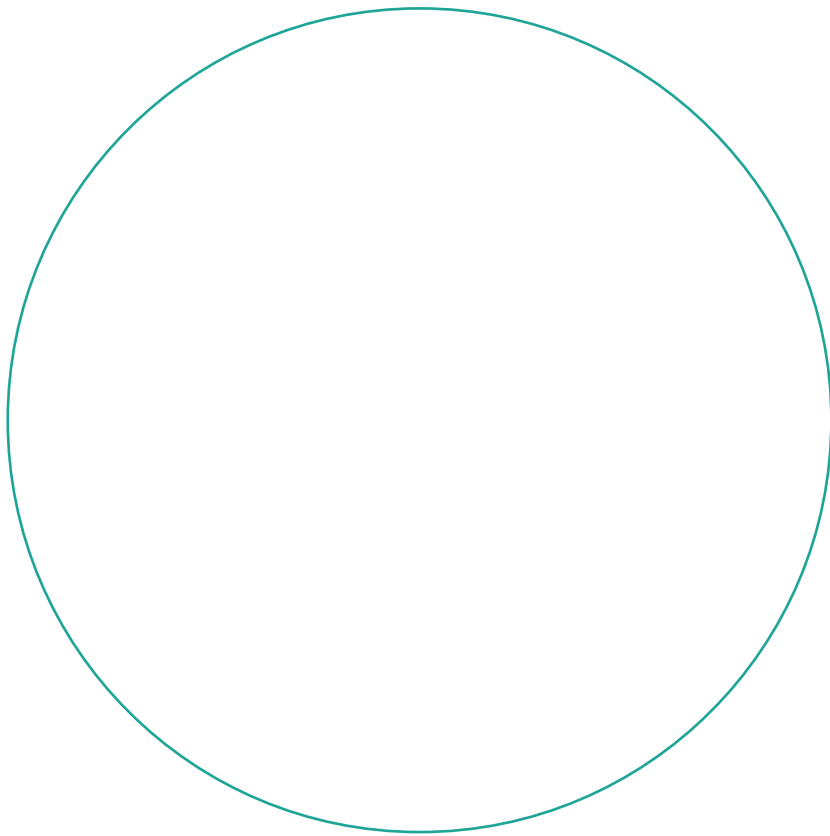
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Our Mission

Chemical industries Far East Ltd "CIL" hopes to give our customers the best value. With a combination of our core competencies of manufacturing, logistical efficiency, safe procedures and reliability. With these advantages, we aim to be the local supplier.

Our Vision

To be able to supply basic and industrial chemicals to the region in a manner that is safe, sustainable and efficient.

Board Statement

Since 1964, CIL has grown from supplying Chlorine to local waterworks with chlorine to being the local supplier of choice for all the chemicals we produce. As the Singapore Exchange releases the "comply or explain" sustainability framework, we are confident that the current systems to that have been in place since our incorporation will ensure our future.

The Board is committed to oversee the company's initiatives where Environmental, Social and Governance "ESG" factors are concerned. The Board evaluated the internal and external engagement with stakeholder to identify key factors to be revealed in our first report. We are also confident that with our oversight, the Report will be in full compliance in with GRI G4 guidelines within 5 years.

This Report

In our first ever Sustainability report, we are hoping to achieve compliance with the GRI G4 guidelines within 5 years.

This report has not recieved External assurance.

About CIL

CIL continues to be the sole manufacturer of chlorine, caustic soda and other chlor-alkaline products in Singapore, as we have been since 1963. CIL was established as a pioneer industry to underpin the industrialization, and to-date remains the prime supplier of basic chemicals to the petro-chemical, pharmaceutical, electronics and water-treatment industries. In 1999, we erected a new chlor-alkali plant employing membrane technology on Singapore's Jurong Island.

Our HQ is located at No.3 Jalan Samulun Road, Singapore 629127. This location also acts as a back up storage and continuity site for the business.



Supply chain

We have, our main subsidiary, Chem Transport pte ltd to handle all logistics locally.

We have an in house lab to run tests on a daily basis to ensure quality and consistency.

We use dedicated ISO tankers to bring our product to our customers.

Our main feedstock come from multiple sources with redundancies to ensure supply.

We provide piping systems to big off takers on Jurong island for OSH & environment reasons.

Our principle of in house management ensure that our supply chain is unbroken.

Products

1 Chlorine is produced as the main product of our Chlor alkali facilities. This is used mainly in basic chemical processes as well as in the semi conductor, industrial and Water treatment industries.

3 Hydrochloric Acid is one of two derivatives of chlorine that is use for fertilizers, waste water treatment and other industrial processes.

2 Sodium Hydroxide commonly refered to as Caustic Soda is the main by product of Chlorine and is an openly sold commodity on the market. It is used by almost every plant on Jurong island in differing quantities but its use for PH balancing is almost universal.

4 Sodium Hypochlorite or more commonly refered to as Bleach. This product is used by many as a water treatment solution without the hazardous effects of chlorine gas.

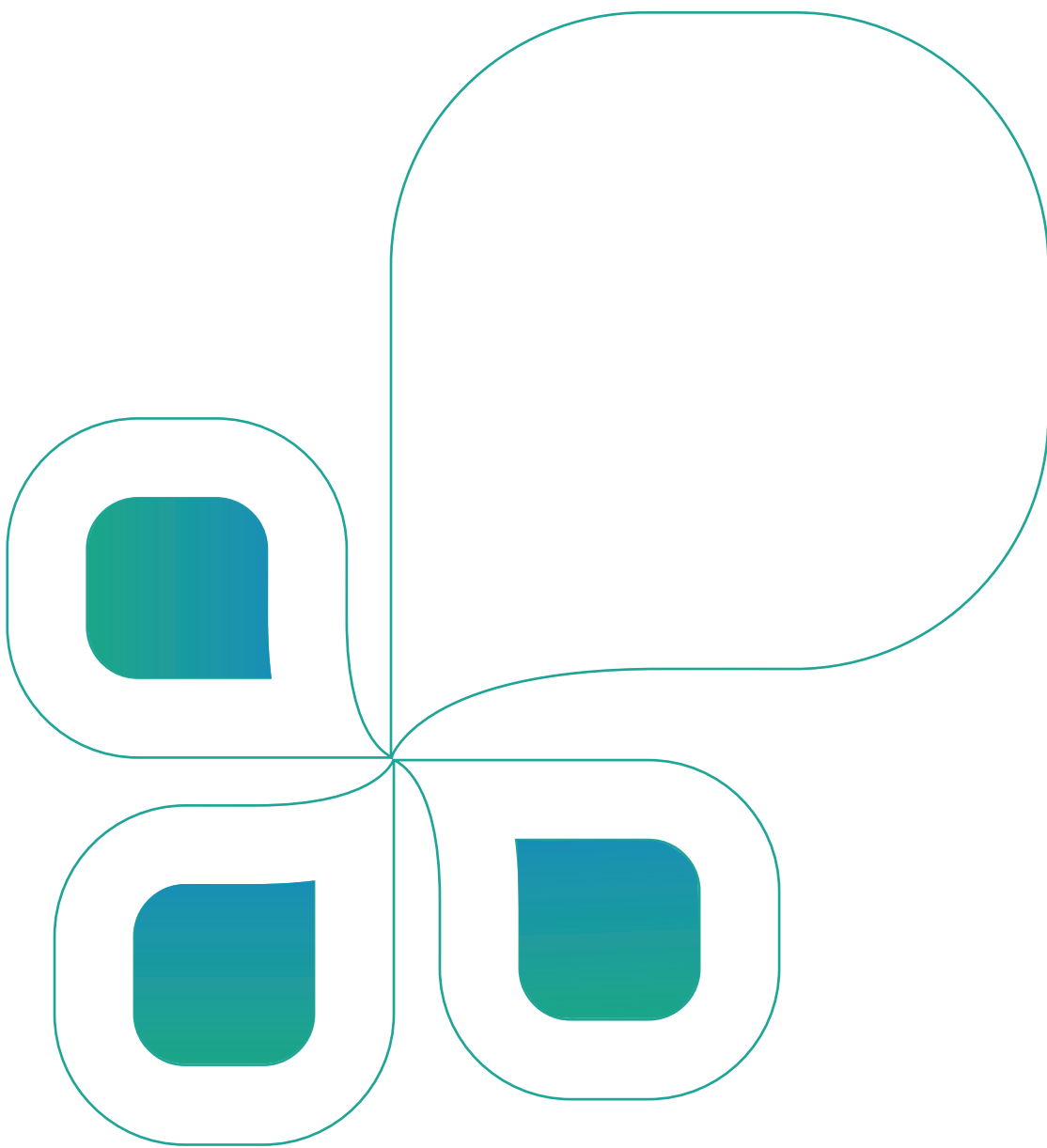
CIL markets served



Not indicated above but served by CIL

1. Maldives
2. Papa New Guinea
3. Sri Lanka
4. Australia
5. New Zealand
6. Diego Garcia

Materiality



Stakeholders

Management	Customers	Suppliers	Employees
<u>Engagement</u>	<u>Engagement</u>	<u>Engagement</u>	<u>Engagement</u>
Weekly meetings	Contract review Quarterly Calls Customer Surveys	Constant market watch Contract negotiation Trade conferences	Annual Appraisal Collective Bargaining Annual Events

Identifying keys areas of materiality and engaging our stakeholders

Management identified 25 Environmental, Economic and Social Issues ("ESG" factors) that were to have a material impact on the Company. Key stakeholders were engaged and surveyed to identify the ESG factors that were material to them.

Economic

- 1 Employee Wages and benefits
- 2 Government costs
- 3 Compliance Costs
- 4 Corporate social responsibility
- 5 Climate change
- 6 Employee KPIs
- 7 Infrastructure Costs
- 8 Inflation
- 9 Long term Contract Structure

Environmental

- 10 Materials Used
- 11 Raw Materials Source
- 12 Energy Consumption

Environmental

- 13 Water Recycled and reused
- 14 Energy intensity
- 15 Waste disposal methods
- 16 Significant Spills

Social Issues

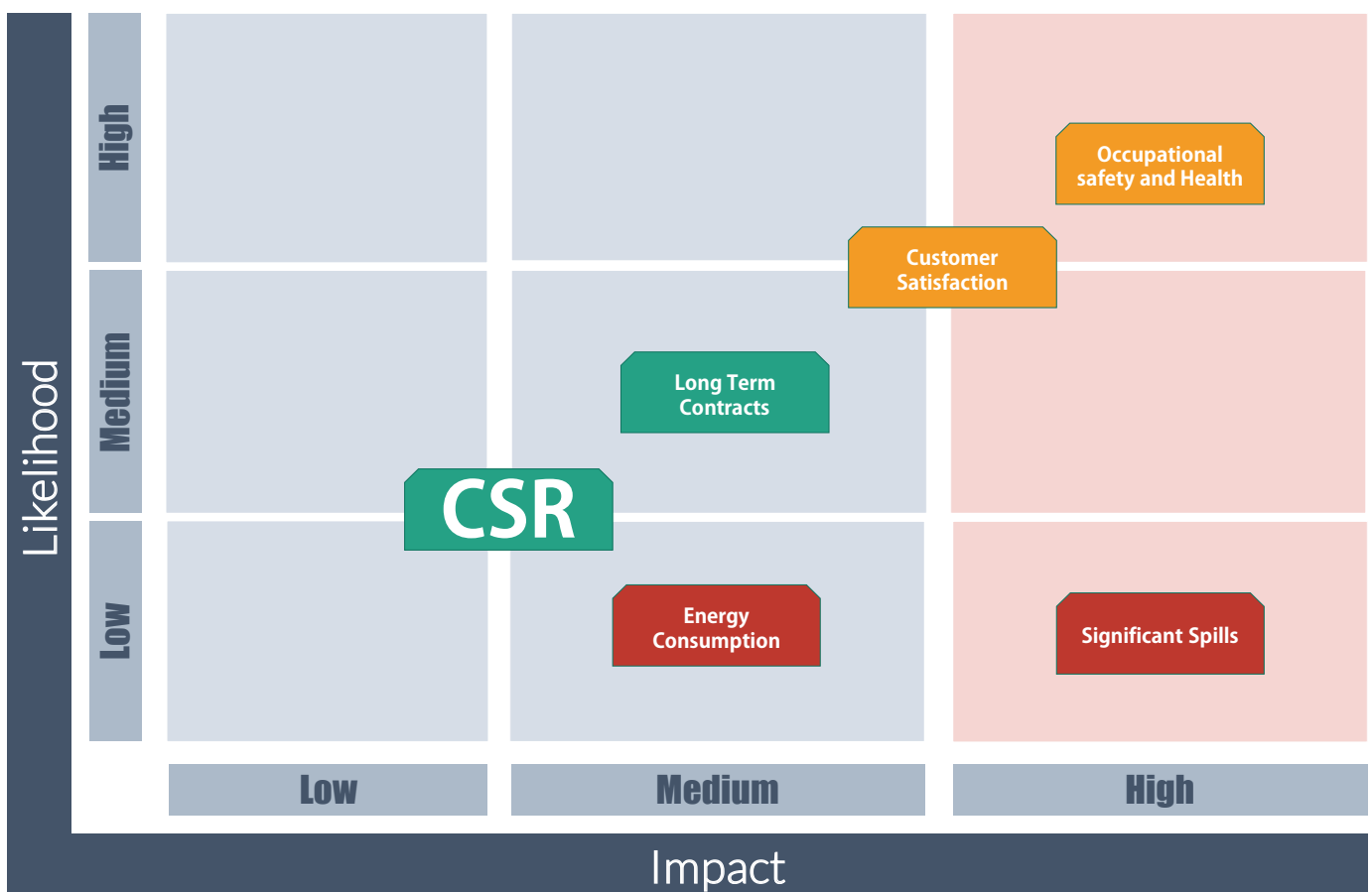
- 17 Non-discrimination
- 18 Occupational Safety & Health
- 19 Anti-corruption
- 20 customer satisfaction
- 21 Diversity and Equal opportunity
- 22 Customer privacy
- 23 Customer Health and Safety
- 24 Employee Turnover
- 25 Collective Bargaining

Survey results and key matters to cover

The results of the survey based on the different perspectives of the stakeholders. were normalised and consolidated, giving us focus on material issues to be covered for our first report. The Board then decided on which topics for the team to focus on. The results are below both by group and by consolidation

Stakeholder group	Top Social concern	Environmental concern	Top Economic concern	Rank	Economic Factor
Management	Anti Corruption	Energy consumption	CSR	1	CSR
Customers	Customer privacy	Waste and disposal method	CSR	2	Long Term Contract Structures
Suppliers	OSH	Significant Spills	Long Term contract structures	3	Employee Benefits
Employees	Customer Satisfaction	Significant Spills	Employee Benefits	Rank	Social Factor
				1	Occupational Safety and Health
				2	Customer satisfaction
				3	Anti corruption
				Rank	Environmental Factor
				1	Significant Spills
				2	Energy Consumption
				3	Materials Used

The results of the survey were consolidated and presented to the board for their deliberation.



E1 Corporate Social Responsibility

- With regards to reputational risk. One can never know when public opinion is turned onto hazardous chemicals being produced in country. As such, we constantly strive to look for newer ways to reuse energy and cooperate with Educational institutes and institutes of public characters. We have supported public institutions like the Zoo and Bird Park for over 40 years.

We have collaborated with Nanyang Technological University on the use of Hydrogen to test fuel Cell technologies in hopes of creating a Energy from Waste like project. Field tests were successful and the project was a basis for additional funding from the government to allow the research teams to continue their work.



- We take part in Local Bodies like the Singapore Chemical Industry Council, and receive awards for our dedication to our National service contributions.

SCIC
SINGAPORE CHEMICAL
INDUSTRY COUNCIL

- We are a signatory to the Responsible Care commitment to Sustainability.



Our Targets • To have at least one CSR or public engagement project a year.

E2 Long Term Contracts

CIL has numerous contracts with other manufacturers and multinational corporations. Our conservative and long term approach to business tends to favour long term contracts with customers that go over 5 years. Of course pricing structures and cost structures tend to change over periods of time and we implement the following measures to mitigate the risk these contractual obligations bring with them.

Self regulating formulas

We implement self regulating formulas with a Cost structure of our production factors plus a fixed margin for profitability. This functions on a monthly, quarterly and annual basis for adjustment depending on customers. This allows Chemical Industries and its customers to share in cost reductions and price hikes together. Most of the indices we refer to are publicly available.

STATLINK
SINGAPORE TRADE STATISTICS



Transparency

- Such formulas promote transparency between customer and client. Verification of such information is generally done through the use of Public Indices available to both parties or provided by one for verification. In certain situations, Customers have agreed to alter the structure of the formula with valid basis given. These adjustments and are also available at pre determined intervals in a contract.

Commercial benefits for CIL

While these formulas offer very competitive rates for product, they generally ensure a fixed quantity of demands with a take or pay clause. This ensure a “base” load for our production facilities. They also often include an exclusivity clause which ensures us being the sole supplier of the products we do supply.

S1 Occupational Safety and Health

- CIL takes a very strong view to ensure workplace and safety standards are complied with. We also have a zero tolerance policy on safety lapses. We want our employees to work in a safe environment and be secure in the knowledge that we take their health and safety seriously.

Our OSH policies and targets

- 100% Briefing of Safety Regulations to employees and contractors/subcontractor
- 100% Supervisor / foreman / process technician in Emergency Response Plans
- Minimum of 2 first aiders on site for each shift
- 100% Trained in Safe Work Procedures
- 100% of staff trained in Relevant Risk Assessment
- At least 1 Tool box briefing a week in plant operations

	Our Targets	Incident type and classification	April 2016 - Mar 2017	April 2017 - Mar 2018
(a)	Zero Fatality	a year	Zero	Zero
(b)	Zero case	Injury resulting from work requiring more than 1 day in-patient medical leave	Zero	Zero
(c)	Zero case	Injury resulting from work requiring more than 3-days outpatient medical leaves	Zero	Zero
(d)	< 3 cases	Injury resulting from work requiring less than 2-days outpatient medical leaves	Zero	Zero
(e)	< 3 cases	Injury resulting from work requiring less than 2-days outpatient medical leaves	Zero	Zero

S2 Customer Satisfaction Survey

- The loyalty of customers in Singapore should not be taken for granted. The ease with which foreign competitors can enter the market with Singapore's free trade status should not be underestimated. We thus hold ourselves to the high standards where customer feedback is concerned.

Our Feedback targets

- Our targets for Feedback and complaints are as follows.
- Number of complaints and feedback given must be less than 24 per year.
- Complaints must be replied and resolved within 1 month of receiving them.
- We aim for a number of compliments at least two times of the complaints received in the same period.

No. of compliments received	FY2017	FY 2018	Target for 2019
Total from April to March	65	80	60 or 5/month
No. of complaints received	FY2017	FY 2018	Target for 2019
Total from April to March	5	3	24 or 2/month

These feedback forms are sent to all customers and they are given a two week period to respond.

Env1 Energy Consumption

- With the core process of chlorine manufacturing called Electrolysis, we use a lot of energy in production. This used to be much higher when Plastic producers were still situated in Singapore. With our dedication to lowering our Energy consumption, CIL is proud to use advanced technology that uses less electricity than most other producers of Chlorine. For competitive reasons we are unable to share the information of our electricity consumption or costs.

Env2 Significant Spill

- With a product as hazardous as chlorine. Spills are a serious concern of ours.
- We are the only manufacturer of the chemicals we produce in Singapore and thus are also the subject matter experts.
- We have transported our chemicals all over the Region without any incidents of note for more than 40 years.

Collaboration with Authorities

To mitigate risks associated with spills, the OSH as referred to above ensures that safety standards are maintained. We also work closely with local authorities to ensure that they know how to respond and mitigate a leak of our products anywhere in Singapore.

In house drills

As the subject matter expert, we also have our own drills that are conducted with our own staff. These are to ensure all Emergency Response Team members are well trained and up to date in how to mitigate a leak in a timely manner.

Our Targets

- To have no accidents that result in casualties with MCs lasting more than 3 days. (already accounted for in OSH)
- To conduct 1 joint exercise with the SCDF every year to simulate leaks and response doctrines.



Teams from the Singapore Civil Defence Force and Chemical Industries (Far East) tending to victims of a simulated chlorine leak, while DPM Teo (in white shirt, not wearing cap), Defence Minister Ng Eng Hen (in blue shirt) and other visitors watch from the outside. ST PHOTOS: ALPHONSUS CHERN

Our Staff

Our staff are drawn from multiple background and countries across Asia. We believe in a diverse workforce. Their make up is below



66 staff are permanent full time staff



81 staff are on term employments ranging from 1 year re-contracting staff and 2 year foreign worker staff



We have 120 male Employees

82%



We have 27 Female Employees

18%



We have a collective agreement in which 60 staff are covered

40%



Phone : +65 62650411 , **Email**: www.chemical.ind@cil.sg **Web** : www.cil.sg
Address : 3 Jalan Samulun, Singapore 629127

