



MERCURIUS CAPITAL  
INVESTMENT LIMITED

SGInvestors

## Sustainability Report 2018

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

*This Sustainability Report has not been examined or approved by the SGX-ST and 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.*

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## Executive Chairman and CEO Statement

Dear Stakeholders,

I am pleased to present the Sustainability Report of Mercurius Capital Investment Limited (“**Mercurius Capital**” or the “**Company**”, and together with its subsidiaries, the “**Group**”) for the financial year ended 31 December 2018 (“**FY 2018**”).

As we venture into the new business units of property development and property investment, we endeavour to expand our revenue base and offer new business opportunities to enhance shareholders’ value. The Group will adopt sustainability practices relevant for the property development and investment business, including the assessment of joint venture partners for economic, environmental and social compliance, as well as engaging the local communities.

The Group signed a licensing agreement with Clover Lifestyle Sdn Bhd (“**Clover**”) on 13 July 2018, whereby the Company granted Clover the right to use the Group’s proprietary brands for the sale of bedding, bed linen and bath products exclusively in Singapore and Malaysia for a duration of 12 months. The Group will assess Clover’s performance and closely monitor Clover’s progress to ensure product responsibility.

On behalf of the Board of Directors and management, we would like to thank our business partners, customers and shareholders for their unwavering support and faith for the Group over the years. We look forward to growing the Group’s business strategically to provide greater value to our shareholders.

MR CHANG WEI LU

Executive Chairman and Chief Executive Officer

## Organisation Profile

Mercurius Capital is an investment holding company listed on the Catalist board of the Singapore Exchange Securities Trading Limited, principally engaged in property development and property investment in Malaysia (“**Property Business**”). This involves (i) activities such as real estate-related investments and property development activities (including acquisition, development and/or sale of real estate) and holding of investments in real estate and residential, hospitality (including hotels and/or serviced residences), commercial (retail and office), industrial and any other suitable types of properties (including mixed development properties) (“**Property Related Assets**”); and (ii) acquisition and holding of investments in Property Related Assets, as well as trading in and holding the same for long term investment purposes. Our joint venture with HM Realty Holdings Sdn Bhd to develop a plot of land in Kempas, Johor Bahru, Malaysia (“**Kempas Land**”) was stalled, pending approval from Majlis Bandaraya Johor Bahru (“**MBJB**”) for conversion of the Kempas Land from residential use to commercial use. As at to-date, the Company has yet to receive the approval from MBJB. The Company will continue to seek for approval from MBJB on the conversion of Kempas Land and proceed with the Company’s initial proposed plan for a mix-development property.

The Company also owns the “Friven & Co.” brand, a local Singapore bed linens and bedding product with good quality and contemporary designs. In our effort to re-penetrate into the bed linen business and revive the “Friven & Co.” brand, the Company had on 13 July 2018 signed a licensing agreement with Clover, whereby the Company granted Clover the right to use the Group’s proprietary brands, namely Friven, Allegoria, DS, and Relax at home (the “**Brands**”) for the sale of bedding, bed linen and bath products exclusively in Singapore and Malaysia for a duration of 12 months ending 31 July 2019 (“**Licensing Period**”).

## About This Report

Mercurius Capital presents its annual Sustainability Report (the “**Report**”) which covers the Group’s performance from 1 January 2018 to 31 December 2018 (“**FY2018**”).

This Report provides information about Mercurius Capital’s key sustainability topics, its management approach as well as its performance across the Group’s operations. The Group has chosen the Global Reporting Initiative Standards (“**GRI Standards**”) as it is the most established international sustainability reporting standard. This Report is prepared in accordance with the “Core” option of the GRI Standards and incorporates the primary components of the report content as set out by the “comply or explain” requirements on sustainability reporting under Rule 711B of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist.

The material topics applicable to the Group are identified based on their impact on the Group’s internal and external stakeholders, as outlined in the “Key Stakeholder’s Engagement” section. Detailed section reference with GRI Standards is found at under the “GRI Standards Content Index and GRI Indicators” section. The Sustainability Task Force has assessed that external assurance is not required as the Group wishes to continue strengthening its sustainability reporting framework for the next few years as the Group commences its new business in property development and property investment.

The Company welcomes feedback from stakeholders with regard to its sustainability efforts as this will enable us to improve its policies, systems and results. Please send your comments and suggestions to Mr. Raphael Liew, Group Finance Manager at [raphael@mercuriuscapital.com](mailto:raphael@mercuriuscapital.com).

## Governance and Statement of the Board

Mercurius Capital is committed towards shaping a sustainable society. The Group has established a Sustainability Task Force which reviews the Group's sustainability objectives, challenges, targets and progress to align with our strategic direction. The Sustainability Task Force currently comprises the Group Finance Manager, Mr Raphael Liew, and will constitute other department heads moving forward. The Sustainability Task Force reports directly to the board of directors of the Company ("**Board**") to consider sustainability issues as part of our strategic formulation, determine the material environmental, social and governance factors and oversee the management and monitoring of these factors.

The Group has also adopted a precautionary approach in its strategic decision making and day-to-day operations by setting appropriate risk appetite and risk tolerance to ensure material risks are identified and mitigated to acceptable level.

## Sustainability Targets

The Group will adopt a prudent approach in managing its business and continue to encourage diversity in our workforce. The Group continues to comply with applicable laws, regulations and professional codes of conduct.

We aim to maintain zero social and economic non-compliance in FY2019 and will maintain strict compliance with applicable laws, regulations and professional codes of conduct.

## Key Stakeholders Engagement

Mercurius Capital engages with all its stakeholders through a variety of channels to gather their feedback and update them on the Group's business developments. The Company identifies stakeholders as groups that have an impact, or have the potential to be impacted by our business, as well as external organisations that have expertise in topics that the Company considers material. The feedback we receive from our stakeholders helps us to determine our material topics and identify our focus areas as the following:

| Stakeholders                     | Areas of Concern  | Means of Engagement   | Section Reference  |
|----------------------------------|---|---|--|
| Employees                        | <ul style="list-style-type: none"><li>• Ethics and conduct</li><li>• Remuneration and benefits</li><li>• Training and development</li></ul> | <ul style="list-style-type: none"><li>• Training needs identification exercise</li><li>• Trainings</li><li>• Performance appraisal</li><li>• Sustainability reporting</li></ul>                               | <ul style="list-style-type: none"><li>• Ethics and Integrity</li><li>• Social Topics</li></ul> |
| Shareholders and investors       | <ul style="list-style-type: none"><li>• Economic performance</li><li>• Anti-corruption</li></ul>  | <ul style="list-style-type: none"><li>• SGX-ST announcements</li><li>• Annual reports</li><li>• Investor relations management</li><li>• Whistle blowing channels</li><li>• Sustainability reporting</li></ul> | <ul style="list-style-type: none"><li>• Ethics and Integrity</li><li>• Social Topics</li></ul> |
| Government and regulatory bodies | <ul style="list-style-type: none"><li>• Regulatory and industrial requirements</li></ul>  | <ul style="list-style-type: none"><li>• Sustainability reporting</li><li>• Ongoing dialogues</li></ul>  | <ul style="list-style-type: none"><li>• Social Topics</li></ul>                                |
| Communities                      | <ul style="list-style-type: none"><li>• Social development</li></ul>  | <ul style="list-style-type: none"><li>• Sustainability reporting</li></ul>  | <ul style="list-style-type: none"><li>• Social Topics</li></ul>                                |

## Material Topics and Boundaries

The Company has applied the GRI Standards for defining report content to identify material topics which are relevant to the business and to its stakeholders. The Company has conducted a materiality assessment based on the guidelines of GRI Standards. Although the Company has obtained its shareholders' approval for diversification into the new business including the Property Business, operations of the Property Business has yet to commence as at 31 December 2018. Hence, no environmental topics were selected. The Group will report material topics as and when these topics become relevant as a result of the Property Business. The following table summarises topics which were determined to be the most significant to the Group currently:

| Material Topics                          | Boundaries (where the impacts occur) |
|--|--------------------------------------|
| <b>ECONOMIC</b>                          |                                      |
| GRI 205: Anti-Corruption                 | The Group                            |
| <b>SOCIAL</b>                            |                                      |
| GRI 405: Diversity and Equal Opportunity | The Group                            |
| GRI 406: Non-Discrimination              | The Group                            |
| GRI 419: Socioeconomic Compliance        | The Group                            |

## **Ethics and Integrity** (GRI 205-1, 205-2, 205-3)

### **Ethics and Compliance**

Mercurius Capital is committed to conducting its business in accordance to the highest standards of business ethics. The Group works diligently to ensure that its employees comply with applicable laws, regulations and professional codes of conduct.

### **Anti-Corruption and Whistle-Blowing**

The Group takes a strong stance against corruption and does not tolerate any malpractice, impropriety, statutory non-compliance or wrongdoing by staff in the course of their work. To achieve the highest standards of integrity and accountability, the Group implemented a whistle-blowing policy whereby accessible channels are provided for employees, shareholders, business partners and external parties to raise concerns about possible improprieties in financial reporting, fraudulent acts and other irregularities, and to ensure that arrangements are in place for independent investigations of such matters and timely implementation of appropriate preventive and corrective actions. This framework promotes responsible and secure whistleblowing without fear of adverse consequences and offer reassurance that they will be protected from reprisals for whistle-blowing in good faith within the limits of the law.

The administration of this policy is overseen by the Company's Audit Committee ("**AC**") and periodic reports will be submitted to the AC stating the number and the nature of complaints received, the results of the investigations, follow-up actions and unresolved complaints. There were no reports received through the whistle-blowing mechanism in FY2018.

### **Interested Person Transactions**

The AC will review all IPTs to be entered to ensure that the relevant rules under Chapter 9 of the Catalist Rules are complied with. The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are conducted at arm's length basis and will not be prejudicial to the interests of the Company and its minority Shareholders.

The Group does not have a general mandate from Shareholders for IPT pursuant to Rule 920(1)(a)(i) of the Catalist Rules. There were no IPTs entered into between the Company or its subsidiary corporations and any of its interested persons exceeding S\$100,000 during FY2018.

### **Dealing in Securities**

The Company has adopted an internal code on dealings in securities to govern dealings in its shares by the Directors, the Management and officers of the Group. This internal code is modelled on the Code relating to dealings in securities and has been disseminated to the Directors, the Management and officers of the Group. The Directors, the Management and officers of the Group who have access to price-sensitive, financial or confidential information are not permitted to deal in the Company's shares during the periods commencing two (2) weeks before the announcement of the Group's quarterly financial results for the first three (3) quarters and one (1) month before the announcement of the Group's full yearly financial results and ending on the date of announcement of such financial results, or when they are in possession of unpublished price-sensitive information on the Group. In addition, the Directors, the Management and officers of the Group are discouraged from dealing in the Company's shares on short term considerations. The Directors, the Management and

officers are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

## Social Topics

### **Diversity and Equal Opportunities** (GRI 405-1, 405-2, 406-1)

The Group embraces diversity and offers employees an environment of equity and inclusiveness, and does not discriminate our employees in any aspects, including gender, race, religion or age. All employees are treated with respect and there was no reported incident of discrimination in FY2018.

### **Compliance with Social and Economic Laws and Regulations** (GRI 419-1)

In the journey of diversification in our business, the Group will engage in more partnerships and will continue to assess all major partners on their environmental and social impacts using topics from the GRI Standards. The assessment includes disclosure on their compliance with relevant international and local laws, whether they have taken mitigating actions to address impacts (if any) and whether there have been fines, sanctions or penalties against them for the past two years.

The Group adheres to labor standards and complies strictly with local laws, and encourages open communication and comply with the Group's policies and procedures. In FY2018, there were no fines or non-monetary sanctions for non-compliance with laws and regulations in the social and economic area. In FY2019, the Group aims to achieve zero non-compliance with laws and regulations in the social and economic area.



## SGX Five Primary Components Index

| S/N | Primary Component                   | Section Reference  |
|-----|-------------------------------------|--|
| 1   | Material Topics                     | <ul style="list-style-type: none"> <li>▪ Key Stakeholders Engagement</li> <li>▪ Material Topics and Boundaries</li> <li>▪ Ethics and Integrity</li> <li>▪ Social Topics</li> </ul> |
| 2   | Policies, Practices and Performance | <ul style="list-style-type: none"> <li>▪ Ethics and Integrity</li> <li>▪ Social Topics</li> </ul>  |
| 3   | Board Statement                     | Governance and Statement of the Board  |
| 4   | Targets                             | Sustainability Targets   |
| 5   | Framework                           | About This Report  |

## GRI Standards Content Index and GRI Indicators

| GRI Standards | Disclosure Content   | Report Section Reference                          |
|---------------|--|---|
| 102-1         | Name of the organisation                                     | Organisation Profile                              |
| 102-2         | Activities, brands, products, and services                   | Organisation Profile                              |
| 102-3         | Location of headquarters                                     | Organisation Profile                              |
| 102-4         | Location of operations                                       | Organisation Profile                              |
| 102-5         | Ownership and legal form                                     | Organisation Profile                              |
| 102-6         | Markets served   | Organisation Profile                              |
| 102-7         | Scale of the organisation                                    | Organisation Profile                              |
| 102-8         | Information on employees and other workers                   | Social Topics                                     |
| 102-9         | Supply chain   | Organisation Profile                              |
| 102-10        | Significant changes to the organisation and its supply chain | Chairman/CEO Statement                            |
| 102-11        | Precautionary principle or approach                          | Governance and Statement of the Board             |
| 102-12        | External initiatives   | N.A.  |
| 102-13        | Membership of associations                                   | Organisation Profile                              |
| 102-14        | Statement from senior decision-maker                         | Chairman/CEO Statement                            |
| 102-15        | Key impacts, risks, and opportunities                        | Chairman/CEO Statement                            |
| 102-16        | Values, principles, standards, and norms of behaviour        | Ethics and Integrity                              |
| 102-17        | Mechanisms for advice and concerns about ethics              | Ethics and Integrity                              |
| 102-18        | Governance structure   | Governance and Statement of the Board             |
| 102-40        | List of stakeholder groups                                   | Stakeholder Engagement                            |
| 102-42        | Identifying and selecting stakeholders                       | Stakeholder Engagement                            |
| 102-43        | Approach to stakeholder engagement                           | Stakeholder Engagement                            |
| 102-44        | Key topics and concerns raised                               | Stakeholder Engagement                            |
| 102-46        | Defining report content and topic boundaries                 | About This Report, Material Topics and Boundaries |
| 102-47        | List of material topics                                      | Material Topics and Boundaries                    |
| 102-48        | Restatements of information                                  | N.A. as this is the first report issued           |
| 102-49        | Changes in reporting   | N.A. as this is the first report issued           |
| 102-50        | Reporting period   | About This Report                                 |
| 102-51        | Date of most recent report                                   | N.A. as this is the first report issued           |
| 102-52        | Reporting cycle  | About This Report                                 |
| 102-53        | Contact point for questions regarding the report             | About This Report                                 |
| 102-54        | Claims of reporting in accordance with the GRI Standards     | About This Report                                 |
| 102-55        | GRI content index  | GRI Standards Content Index and                   |

| GRI Standards | Disclosure Content   | Report Section Reference                                 |
|---------------|--|--|
|               |  | GRI Indicators   |
| 102-56        | External assurance   | About This Report  |
| 205-1         | Operations assessed for risks related to corruption                      | Ethics and Integrity                                     |
| 205-2         | Communication and training about anti-corruption policies and procedures | Ethics and Integrity                                     |
| 205-3         | Confirmed incidents of corruption and actions taken                      | Ethics and Integrity                                     |
| 405-1         | Diversity of governance bodies and employees                             | Diversity and Equal Opportunities                        |
| 405-2         | Ratio of basic salary and remuneration of women to men                   | Diversity and Equal Opportunities                        |
| 406-1         | Incidents of discrimination and corrective actions taken                 | Diversity and Equal Opportunities                        |
| 419-1         | Non-compliance with laws and regulations in the social and economic area | Compliance with Social and Economic Laws and Regulations |