

EINDECKYODO

英德集团

EVOLVING
FORWARD

SUSTAINABILITY
REPORT 2017



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This sustainability report has been prepared by Eindex Corporation Limited (the "Company") and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this sustainability report.

This sustainability report has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this sustainability report, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this sustainability report.

The contact person for the Sponsor is Ms Lam Siew Hwa, Vice President at 8 Anthony Road, #01-01 Singapore 229957, telephone (65) 6590 6881.

ABOUT EINDEC CORPORATION LIMITED

Eindec Corporation Limited (“**Eindec**” or “**Company**” and together with its subsidiaries, “**Group**”) is a regional clean air environmental technology solutions manufacturer and distributor with customised proprietary products for residential, commercial and industrial customers.

Established since 1984, the Group has expertise in design, manufacturing and distribution capabilities in cleanroom equipment (“**CRE**”) as well as heating, ventilation and air-conditioning (“**HVAC**”) equipment for the real estate sector.

Tapping on its technological expertise and customisation capabilities in cleanroom and HVAC equipment and systems, the Group broadened its product range to include air purification systems under its “**Eindec**” and “**Kyodo**” proprietary brands. These air purification systems are designed, manufactured and sold in the Southeast Asia region and People’s Republic of China (“**PRC**”).

Headquartered in Singapore, the Group operates a manufacturing facility in Malaysia and carries out its product research and development in Singapore and the PRC. The Group has also established offices in the PRC. Eindec was listed on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 15 January 2016 under stock code 42Z.

DIVERSIFIED RANGE OF PRODUCTS

AIR PURIFICATION & VENTILATION

AIR PURIFIER



Equipped with 4 stages of filtration, our air purifiers captures up to 99% of allergens and purifies PM 2.5. Perfect for residential and commercial usages with low power consumption, ultra-quiet operation and easy maintenance

FRESH AIR PURIFICATION & VENTILATION SYSTEM



Provides fresh clean air through a sophisticated technology for residential, commercial and industrial usage. With its small footprint, easy installation and maintenance, Eindec aims to provide "Quality Air, Quality Living"

FIRE / SMOKE, MARINE DAMPERS



To compliment the comprehensive range of automatic fire and smoke dampers and associated controls, provide the complete solution for shipboard air conditioning and ventilation systems fire safety engineering strategies.

HVAC

GRILLES & DIFFUSERS



Provide a thermally comfortable temperature, humidity, air cleanliness and freshness that is evenly distribute within a confined space in the building to satisfy operational conditions for machinery or processes.

DAMPERS & VAV TERMINAL UNIT



Used to vary the volume of air passing through a confined cross section by varying the cross-sectional area to maintain comfortable temperatures for people and business equipment.

CLEANROOM

FAN FILTER UNIT



A self-contained ceiling unit used in turbulent mixing and laminar flow cleanroom applications that delivers high quality air filtration and air movement performance in clean room.

AIR SHOWER



Designed to your specific requirements with high degree of flexibility, using air jet blowing to removing fine particles on your clean room clothing and footwear before you enter into the cleanroom.

EINDEC SINGAPORE GRAND OPENING JUNE 2017



The Group relocated its headquarter in Singapore to 100H Pasir Panjang Road, OC @ Pasir Panjang, #01-01 Singapore 118524 on 11 May 2017. The opening ceremony held on 8 June 2017 was attended by over 60 guests, including customers and business partners. It marked the auspicious occasion for the unveiling of its new corporate logo to commemorate the Group's 33 years of establishment in Singapore and showcase its extensive range of products, such as air purifiers, HVAC and cleanroom equipment.

BOARD STATEMENT

We are pleased to present the inaugural annual Sustainability Report of Eindex for our financial year ended 31 December 2017 (“FY2017”). This report is prepared in compliance with the requirements of SGX-ST Listing Rules 711A and 711B, and references the Global Reporting Initiative (GRI) Standards: Core option. Eindex has chosen the GRI framework as it is a well-known and globally-recognised sustainability reporting standard. This report highlights the key economic, environmental, social and governance (EESG) related initiatives carried throughout a 12-month period, from 1 January to 31 December 2017 focusing on our Malaysia plant.

In defining our reporting content, we applied GRI’s principles defining report content by considering the Group’s activities, impacts and substantive expectations and interests of its stakeholders. We observed a total of four principles, including materiality, stakeholder inclusiveness, sustainability index and completeness. For reporting quality, we observed principles of balance, comparability, accuracy, timeliness, clarity and reliability.

The EESG data and information provided have not been verified by an independent third party. Our report is done in good faith and to the best of our knowledge.

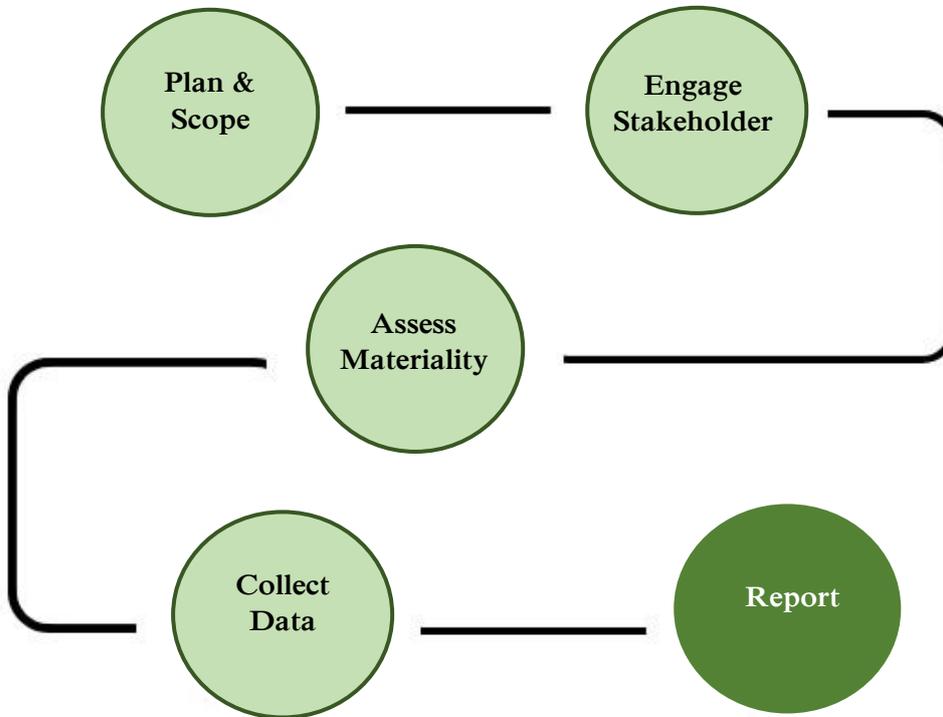
The board of directors of the Group (the “Board”) oversees the management and monitoring of these factors and takes them into consideration in the determination of the Group’s strategic direction and policies.

We welcome feedback from our stakeholders with regards to our sustainability efforts as this enables us to consistently improve our policies, systems and results. Please send your comments and suggestions to enquiry@eindex.com.sg.

16 November 2018

APPROACH TO SUSTAINABILITY

EINDEC'S SUSTAINABILITY APPROACH



We take a strategic and comprehensive approach towards sustainability as we acknowledge the importance of effective EESG strategy and management across the business operations.

With the combined efforts of our teams and stakeholders, we strive to effectively manage social and environmental associated risks and opportunities. We strive to continuously enhance our sustainability approach and performance through regular policy and operations reviews to positively contribute to our business growth in the long term and create value for our stakeholders and customers.

In our first year of reporting, we have adopted primarily objective-based targets to allow us to incrementally progress on our sustainability journey.

STAKEHOLDER ENGAGEMENT

The Group's business operations influence and are influenced by internal and external stakeholders.

Thus, it is crucial to set up effective communication and engagement approach and platforms to manage the expectations and needs of our key stakeholders. We commit to establish a mutually beneficial relationship with our stakeholders via various channels and platforms to develop a deeper understanding of their concerns.

Our engagements with our key stakeholders are summarized below.

Key Stakeholders	Engagement Platforms	Frequency of Engagement	Our Approach
Internal			
Board of Directors (Board)	Board meeting	Half yearly	<ul style="list-style-type: none"> • Keep the Board updated with the Group's business activities and developments • Review financial performance of the Group • Seek approval for matters requiring the Board's decision via meetings, telephone or video conference
	Regular reporting to the board	Throughout the year	
Employees	Induction programme for new employees	Throughout the year	<ul style="list-style-type: none"> • Develop employees professionally • Adequately reward and recognise contributions of employees • Organise casual festive gatherings or barbeque gathering
	Training and development programmes		
	Regular e-mailers and meetings		
	Recreational activities		
	Career development performance coaching		
	Performance appraisals	Yearly	
External			
Shareholders	SGXNet	When required throughout the year	Potential investors and shareholders receive fair disclosure of our financial results and other important business developments
	Annual General Meeting (AGM)	Yearly	
Customers	Formal and informal feedback through surveys, dialogue sessions and meetings	<ul style="list-style-type: none"> • Post-handover of project • When required throughout the year 	<ul style="list-style-type: none"> • Engage customers through networking events and programmes • Frontline interaction by sales personnel • Email queries
Regulators	Surveys and audits in collaboration regulators	When required throughout the year	Actively participate in sessions with regulators

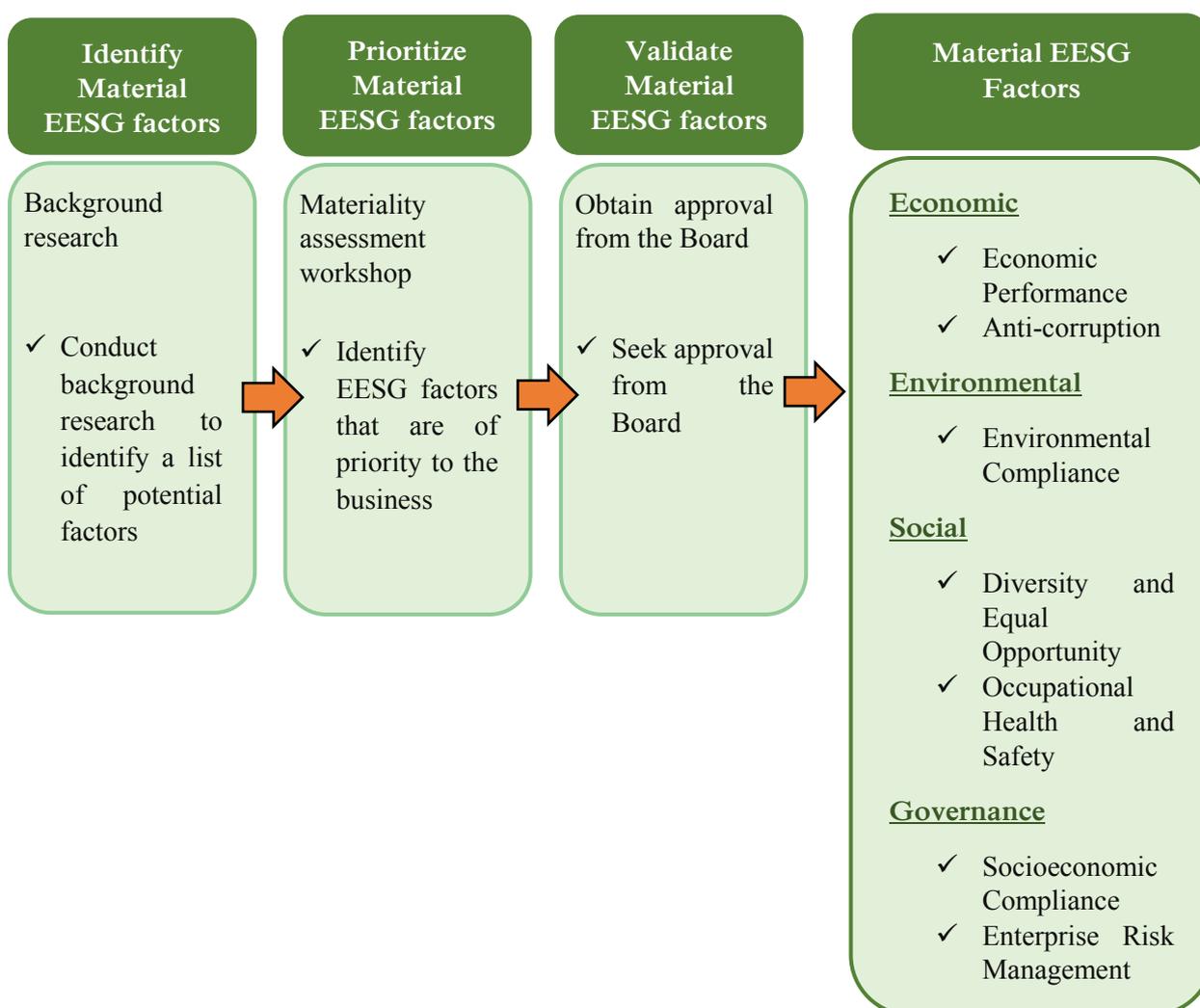
MATERIALITY ASSESSMENT

Our sustainability process begins with the identification of relevant aspect. Relevant aspects are then prioritised to identify potential material factors which are subject to validation. The end result of this process is a list of material factors in the sustainability report.

We conducted our inaugural materiality assessment during the year under the guidance of an external consultant, together with key personnel from the respective departments. In addition, the Group adopts a matrix-based approach based on likelihood and impact of occurrences to address the Company’s sustainability risk profile and priorities issues. We shall use this method to monitor our risk profile on regular basis. Going forward, materiality review will be conducted every year, incorporating inputs from stakeholder engagements.

In order to determine if an aspect is material, we assessed its potential impact on the economy, environment and society and its influence on the stakeholders. This year material aspects were identified and prioritised through internal workshops together with senior management and guidance from our consultant. Peer reviews and social impact assessments were performed at site level.

Following polling exercise involving key personnel from various departments and validation from our Board, the following 7 material EESG factors have been selected:



ECONOMIC

ECONOMIC PERFORMANCE

- *Achieve sustainable growth through strengthening our presence in Asia Pacific and China, focus in streamlining operational efficiencies and continue to innovate our products and systems across our three product segments*

Eindec's core business activities are in the provision of design, manufacturing and distribution capabilities in cleanroom equipment as well as heating, ventilation and air-conditioning equipment for the real estate sector.

Compared to financial year ended 31 December 2016, the Group's financial performance for the FY2017 was affected by the slowdown in the real estate operating environment for both the Singapore and PRC.

For detailed financial results, please refer to the following sections in our Annual Report for FY2017 issued in April 2018, which can be retrieved from SGXNet:

- Financial Review, pages 8 to 9
- Financial Statements, pages 48 to 101.

At Eindec, we strive to reduce cost while maintaining quality. We will continue to enhance our efforts in improving operational efficiency to achieve cost reduction and explore new vendors who can provide higher quality of services at reasonable prices.

With more than 30 years of establishment in Singapore, Eindec aims to become a leading clean air environmental technology solutions provider under its proprietary "Eindec" and "Kyodo" brands.

FY2017 Performance

- Group's financial performance for the FY2017 was affected by the slowdown in the real estate operating environment for both the Singapore and PRC

FY2018* Target

- Continue to enhance the efforts in improving operational efficiency to achieve cost reduction
- Continue the efforts in exploring other growth opportunities to drive growth for the Group

* Financial year ended 31 December 2018

ANTI-CORRUPTION

- ✓ *Conduct our business with integrity and transparency with no compromise on corruption.*

The Group has zero tolerance on fraudulent and corrupt practices that may disrupt the business operations and impede the growth of the business due to loss of trust in Eindex that we have built over the years.

To effectively monitor anti-corruption practices, the Group adopts several policies such as the Conduct & Discipline Policy, the Conflict of Interest Policy and the Fraud and Whistle Blowing Policy to prevent, to govern and facilitate the reporting of any illegal or unethical practices across the businesses.

For this reporting period, there was no incident of non-compliance with the relevant law and regulations resulting in internal disciplinary action or public allegation. There was also no non-compliance relating to bribery, extortion, fraud and money laundering.

FY2017 Performance

- Recorded no incident of non-compliance with the relevant laws and regulations involving corruption, bribery, extortion, fraud and money laundering resulting in internal disciplinary action or public allegations

FY2018* Target

- Continue to maintain no incident of non-compliance with the relevant laws and regulations involving corruption, bribery, extortion, fraud and money laundering resulting in internal disciplinary action or public allegations
- Implement employee declaration on conflict of interest

Fraud and Whistle-blowing Policy

The Group has implemented a Fraud and Whistle Blowing policy whereby a designated mailing address and email address are provided for all employees to raise concerns about possible improprieties in matters of financial reporting or other matters which they become aware and to ensure that:

- I. independent investigations are carried out in an appropriate and timely manner;
- II. appropriate action is taken to correct the weakness in internal controls and policies which allowed the perpetration of fraud and/ or misconduct and to prevent a recurrence; and
- III. administrative, disciplinary, civil and/or criminal actions that are initiated following the completion of investigations are appropriate, balance and fair, while providing reassurance that employees will be protected from reprisals or victimisation for whistle-blowing in good faith and without malice.

ENVIRONMENTAL

ENVIRONMENTAL COMPLIANCE

- ✓ *Care for the environment by going beyond regulatory requirements to minimise our carbon footprint*

We recognise the role that we play in influencing our operations and their impacts on the environment. As a responsible corporation, we are committed to govern and minimise our environmental footprint to contribute to the climate change cause.

Our disposal of wastes, rejected finished goods, defective raw materials, machinery & equipment were guided by customs rules and regulations applicable to Licensed Manufacturing Warehouse under the Malaysian Customs Act. We engaged a third-party service provider to disposed all our scraps and wastages.

Within office operations, we have implemented two-side printing and the use of recycled paper for printing to save paper.

We are pleased to disclose that there were no violation of laws and regulations in the environmental aspect resulting in internal disciplinary action or public allegation.

FY2017 Performance

- Recorded no incident of non-compliance with the relevant laws and regulations in the environment area resulting in internal disciplinary action or public allegation

FY2018* Target

- Continue to maintain no incident of non-compliance with the relevant laws and regulations on environmental protection, resulting in internal disciplinary or public allegation

SOCIAL

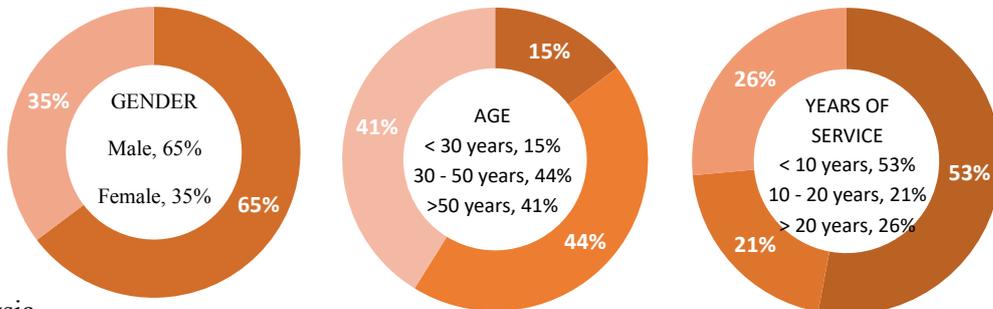
DIVERSITY AND EQUAL OPPORTUNITY

- ✓ *Commit to nurturing a workplace that advocates fairness, justice, respect and inclusiveness regardless of race, religion or nationality, as our diverse workforce reflects the diversity of markets and customers we serve.*

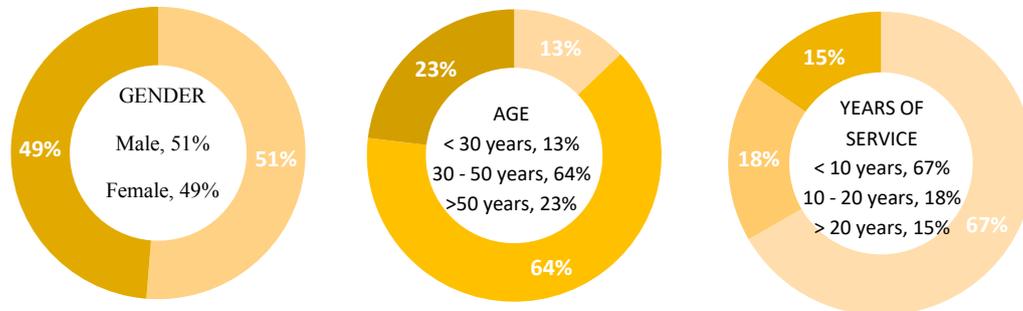
Employees are an important resource in our business. Discretionary incentives are granted to eligible employees based on the performance of the Group and contribution of individual employees. Remuneration policies and packages are reviewed regularly to ensure that compensation and benefits are in line with the market, thus helping the recruitment and retention of talents.

Eindec does not discriminate according to their race, age, gender, religion, ethnicity, facial attractiveness, physical impairments, sexual preference, political viewpoints or nationality. As of 31 December 2017, we have a total of 101 employees. The demographics of the employees are as follows:

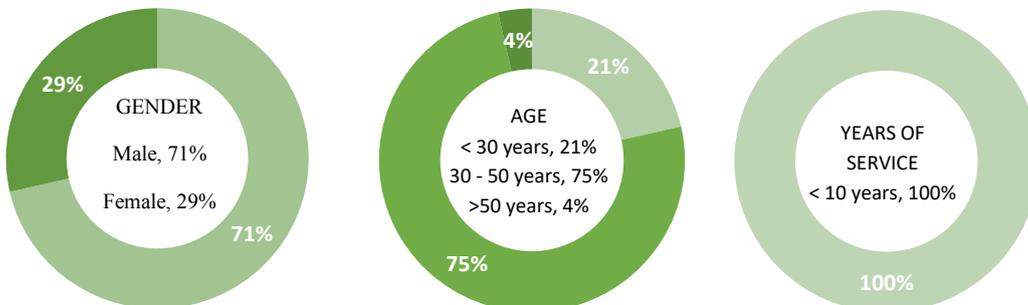
Singapore



Malaysia



China



Throughout FY2017, our Human Resource department organized Company's events such as casual festival gathering or BBQ gathering giving everyone a chance to take a break from work and serves as a platform for them to bond with each other.



FY2017 Durian Feast



FY2018 Staff Birthday Celebration

FY2017 Performance

- 4 employee gatherings have been organized by the Human Resource department

FY2018* Target

- To hold at least 4 employee gatherings throughout the year

OCCUPATIONAL HEALTH AND SAFETY

- ✓ *Manage health and safety risks to provide a healthy and safe working environment to our employees*

We are committed to provide a healthy and safe working environment by managing our health and safety risks through various policies and procedures such as Office Environment, Office Order and Safety Management Policy, Employee Behaviour and Responsibilities Guidelines, employee liability insurance, accident and injury insurance and hospitalisation and surgery insurance for our employees.

Our offices are cleaned on a daily basis and air purifiers are placed in offices to safeguard the comfort and health of the working and living environment. Our employees are constantly being reminded on safety precautions in our facilities.



Our employees are also encouraged to do annual health checks to monitor their wellbeing.

Eindec employs a variety of measures to ensure the health and safety of all our staff. Throughout the year, we sent our employees to attend the following courses:

Course Attended	Number of Days
Building Construction Supervisors Safety Course	4
HVAC, Cleanroom and Special Dampers (In-house training)	1
Managing Work-At-Heights Course	3
Workplace Safety and Health in Construction Sites	2
HVAC Cleanroom Product - Understanding products	1
WSQ Operate Forklift Course	1
WSQ Apply Workplace Safety and Health in Process Plant	1

FY2017 Performance

- No incident of significant work -related injuries and fatalities.
- No incident of non-compliance with the relevant laws and regulations relating to occupational health and safety, providing a safe working environment and protecting employees from occupational hazards.

FY2018* Target

- To maintain no incident of significant work -related injuries and fatalities.
- Continue to maintain no incident of non-compliance with the relevant laws and regulations relating to occupational health and safety, providing a safe working environment and protecting employees from occupational hazards.

GOVERNANCE

SOCIOECONOMIC COMPLIANCE

- ✓ *Operate our business in compliance with the relevant social and economic laws and regulations through internal checks and balances*

We pride ourselves in having good corporate governance and observing compliance with applicable laws and regulations. The Group is committed to conduct the business with integrity and safeguarding the interest of all our stakeholders, both internal and external.

FY2017 Performance

- Recorded no incident of non-compliance with the relevant laws and regulations in the social and economic area resulting in internal disciplinary action or public allegation

FY2018* Target

- Continue to maintain no incident of non-compliance with the relevant laws and regulations in the social and economic area resulting in internal disciplinary action or public allegation

ENTERPRISE RISK MANAGEMENT

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Audit Committee of the Company oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Auditor. Internal Auditor undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

GRI STANDARDS CONTENT INDEX

GRI Standard	Disclosure	Reference / Description
GRI 101: Foundation 2016		
GENERAL DISCLOSURE		
GRI 102: General Disclosures	102-1	Name of organisation Eindec Corporation Limited
	102-2	Activities, brands, products and services Sustainability Report (SR) – About Eindec Corporation Limited, page 1
	102-3	Location of headquarters Singapore
	102-4	Location of operations Singapore, Malaysia, China
	102-5	Ownership and legal form Annual Report (AR) – Statistics of Shareholdings, pages 102 - 103
	102-6	Markets served AR – Operations Review, page 5
	102-7	Scale of the organisation AR – Financial Review, page 8 – 9, SR – Social, page 10
	102-8	Information on employees and other workers SR – Social, page 10
	102-9	Supply chain SR – About Eindec Corporation Limited, page 1
	102-10	Significant changes to the organisation and its supply chain Not applicable since this is our first report.
	102-11	Precautionary Principle or approach Eindec supports the intent of the Precautionary Principle, but has not expressed a specific commitment.
	102-12	External initiatives To be reported in the FY2018 report.
	102-13	Membership of associations Eindec is a member of Singapore Business Federation and Federation of Malaysian Manufacturers
	102-14	Statement from senior decision maker SR – Board Statement, page 3
	102-16	Values, principles, standards and norms of behaviour AR – Corporate Governance
	102-18	Governance structure AR – Corporate Governance
	102-40	List of stakeholder groups SR – Approach to Sustainability, page 4
	102-41	Collective bargaining agreements Not applicable
	102-42	Identifying and selecting stakeholders SR – Stakeholder Engagement, page 5
	102-43	Approach to stakeholder engagement SR – Stakeholder Engagement, page 5
102-44	Key topics and concerns raised To be reported in the FY2018 report.	
102-45	Entities included in the consolidated financial statements AR – Notes to Financial Statements, page 76 – 77	
102-46	Defining report content and topic boundaries SR – Board Statement, page 3	
102-47	List of material topics SR – Board Statement, page 3	
102-48	Restatement of information Not applicable since this is our first report.	

GRI Standard	Disclosure	Reference / Description	
GENERAL DISCLOSURE			
GRI 102: General Disclosures	102-49	Changes in reporting	Not applicable since this is our first report.
	102-50	Reporting period	SR – Board Statement, page 3
	102-51	Date of most recent previous report	Not applicable since this is our first report.
	102-52	Reporting cycle	Annual
	102-53	Contact point for questions about the report	SR – Board Statement, page 3
	102-54	Claims if reporting in accordance with the GRI Standards	SR – Board Statement, page 3
	102-55	GRI content index	SR – GRI Standards Content Index, page 14 - 15
	102-56	External Assurance	We may seek external assurance in the future.
MATERIAL TOPICS			
GRI 201: Economic performance	201-1	Direct economic value generated and distributed	SR – Economic Performance, page 7
GRI 205: Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	SR – Anti-corruption, page 8
GRI 307: Environmental compliance	307-1	Non-compliance with environmental laws and regulations	SR – Environmental Compliance, page 9
GRI 403: Occupational health and safety	403-2	Types of injury and rates of injury, occupational diseases, lost	SR – Occupational Health and Safety, page 12
GRI 405: Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	SR – Diversity and Equal Opportunity, page 10 - 11
GRI 419: Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	SR – Socioeconomic Compliance, page 13