



**NEW SILKROUTES**  
GROUP LIMITED

SUSTAINABILITY REPORT 2018

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# About this Report

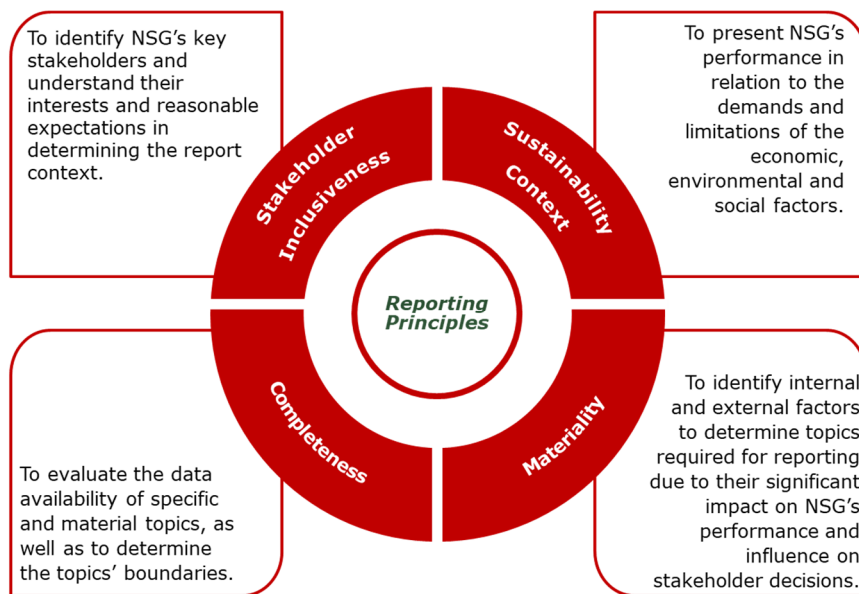
[GRI 102-1 | 102-46 | 102-50 | 102-52 | 102-53 | 102-54 | 102-56]

The New Silkroutes Group Limited (“NSG”) is delighted to present our inaugural annual Sustainability Report for the financial year ended June 2018 (“FY2018”). We have prepared the report in accordance with the Global Reporting Initiative Standards: Core option (“GRI Standards”) – the international standard for sustainability reporting, and with reference to the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Rules 711A and 711B. For further information on the relevant references, please refer to the GRI Content Index at the end of this report.

## Report content and topic boundaries

This report details our Environmental, Social and Governance (“ESG”) performance for FY2018 (1 July 2017 to 30 June 2018) and covers the operations of NSG’s healthcare division in Singapore, and our energy division. We will consider including other overseas operations in the reporting scope of future reports as our sustainability efforts continuously mature.

With the implementation of sustainability reporting requirements by the Singapore Exchange, the sustainability of our business practices, together with the transparent disclosure of our performance in sustainability and related ESG issues, has gained greater impetus. This report thus documents our consideration of and approach towards sustainability issues and demonstrates our commitment towards being a sustainable and responsible organisation. The content of this report adheres to the following reporting principles prescribed by the GRI Standards:



NSG has not sought external assurance for this report, although the organisation may consider doing so for subsequent reporting periods in its drive for continuous improvement.

## Contact

We are fully committed to listening to our stakeholders and welcome any feedback on our sustainability performance or any aspect of our report. Please write to: [ipr@newsilkroutes.org](mailto:ipr@newsilkroutes.org)

# About New Silkroutes Group

[GRI 102-2 | 102-3 | 102-4 | 102-5 | 102-6 | 102-7 | 102-8]



NSG is an investment holding company listed on the Mainboard of the Singapore Exchange Securities Trading Limited. NSG, together with its subsidiaries, (the "Group"), operates in the healthcare and energy sector and is headquartered in Singapore.

NSG's healthcare division, through our subsidiary Healthsciences International Pte. Ltd. ("HSI"), owns and operates primary medical care and dental clinics in Singapore, and also has a team that specialises in hospital development and management, with a focus in Southeast Asia and China. HSI owns 11 clinics in Singapore, which consists of two traditional Chinese medicine (TCM) clinics, eight dental clinics and one dental specialist clinics.

NSG's energy division, through our oil trading subsidiary International Energy Group Pte. Ltd. ("IEG"), conducts physical oil trades in the key markets of Southeast Asia and North Asia, and charters and operates its own fleet of vessels to support the necessary logistics. We serve oil distributors, retailers, wholesalers and other

commodity traders, with customers from South Korea, Singapore, Cambodia, Myanmar, Hong Kong, United Arab Emirates and United Kingdom.

## Scale of our organisation



### Total Operations

11 clinics  
1 energy operation



### Total Employees

64



### Male: 15

Permanent: 15  
Temporary: 0



### Female: 49

Permanent: 48  
Temporary: 1

# Sustainability Board Statement

[GRI 102-14]

Dear Stakeholders,

As NSG embarks on its sustainability journey, we are delighted to share with you our inaugural Sustainability Report. Prepared in accordance with the GRI Standards 2016 (Core Option), this report outlines our efforts in embedding sustainable business practices across our healthcare and energy divisions.

## Our Sustainability Vision

At NSG, sustainability is highly regarded by the Board and top management as key to maintaining our long-term success, and we have collectively considered Environmental, Social and Governance (ESG) issues in the formulation of our business strategy. We believe in the Group's ability to leverage our core competencies in ways that both contributes to social inclusion and generates long-term economic opportunities, and are committed to creating an organisational culture which values sustainable business practices.

Through a robust stakeholder engagement process, we have identified several ESG issues that are material to both our business and our stakeholders. They are namely: Economic Performance, Customer Health and Safety, Marketing and Labelling, and Customer Privacy. We also identified Market Presence as an emerging issue that could be given subsequent attention further to our expansion. Setting the tone from the top, we assume ultimate responsibility for reporting and overseeing the management and monitoring of these material issues.

## Our Sustainability Performance

As a Group, NSG has directly generated a positive economic value of US\$693 million over the reporting period, of which US\$692 million is distributed as operating costs, and employee wages and benefits among other societal contributions. We have recorded zero incidents in topics considered material to our stakeholders and business operations, including breaches in marketing and labelling standards, or standards to maintain the health, safety and data privacy of our patients and customers. We intend to maintain our performance in FY2019, and in the customer health and safety category, to derive indicators to monitor our performance in a more specific manner. In the customer privacy arena, NSG will look to strengthen existing cyber security measures with additional IT enhancements to further safeguard our performance.

## Our Sustainability Commitment

Going forward, NSG will continue to identify, manage and address our material ESG issues. We pledge to review them on an ongoing basis, taking into account the business environment, our business objectives and stakeholders' feedback. The Group is in the process of finalising an organisational-wide Enterprise Risk Management (ERM) framework, which takes into account the ESG topics outlined in this report. The continuous integration of sustainability measures into our strategy and operations will be complemented by quality disclosures so as to provide our stakeholders with a holistic view of both our financial and non-financial performance. We are on track in building a resilient and sustainable business committed to creating long-term value for all our stakeholders.

**Mr Ho Sheng**

**Non-Executive Chairman**

# Sustainability at NSG

[GRI 102-9 | 102-11 | 102-12 | 102-13 | 102-16 | 102-18]

NSG is committed to conducting our business in a responsible manner as we embark on our sustainability journey. We acknowledge our role in minimising and mitigating environmental and social impacts from our business operations by adopting relevant risk management procedures across our divisions.

The Group is in the process of finalising our Enterprise Risk Management (ERM) framework for the ongoing identification, assessment and management of risk exposures to our business operations. The sustainability topics outlined in this report would be an integral part of the overall framework.



## Vision and Mission

As NSG’s healthcare division, HSI envisages the organisation to be a leading integrated healthcare provider in Asia that places patients and community interests before self.

To achieve this end, our mission is to positively impact lives and the community through excellent care. We value our patients and caregivers by treating those we serve, and each other, with compassion, dignity and respect. We achieve excellence by acting with integrity and striving for the highest quality care and service.

At IEG, NSG’s energy division, sustainability is not only a strategy but a way of doing business where all employees and business partners embrace the highest standards in trading execution. We place a great emphasis on the most critical issues we face globally, even as we assess the impact of our business at the local level. We make sure environmental concerns are managed and the communities of where we work and the biodiversity around them are protected.

## Sustainability governance

At NSG, we are committed to maintaining high standards of corporate governance across all functions of our organisation. We strive to put in place a robust governance framework to maintain integrity, accountability, and transparency in our operations.

As the highest governing body of the Group, the Board is in charge of overseeing all ESG factors and sustainability-related matters of the organisation. Please refer to page 13-24 of our annual report for corporate governance report for our governance structure. NSG is also committed to achieving the highest standards in accordance with the principles and guidelines of the Code of Corporate Governance 2012 (the “Code”).

## Supply Chain

At HSI, we procure drugs, dental and orthodontic appliances and consumables from pharmaceutical companies or authorised third-party distributors. Our clinics practice first-in-first-out as our inventory management process, and we check expiry dates before dispensation or usage of products.



At IEG, our supply chain elements are determined by Incoterms, a set of rules published by the International Chamber of Commerce defining the responsibilities of sellers and buyers for the delivery of goods under sales contracts.

As a business involved in the trading of oil products, our supply chain is typically positioned between the refineries and the end-users. IEG only conducts business with terminals, facilities and ship-owners that follow adequate maintenance procedures, and specifically hire superintendents to oversee our operations as part of our emphasis on safety. As a responsible commodity industry player, we have established measures to prevent the harmful effects of our oil product shipments through the appointment of inspectors for every transaction, working with reputable suppliers and ship-owners, and ensuring relevant parties in the supply chains take precautions as per guidelines of their respective product material safety data sheets.

Our team is committed to the establishment of efficient and safe models of supply of oil products, which, along with our innovations in the supply of products, makes us well-positioned to meet both the needs of our customers today and in the future.

### **External Initiatives**

On a group level, NSG is a member of the Singapore Business Federation. All professionals practising in our clinics under HSI are required to be registered and comply with the Codes and Conduct and guidelines of their respective professional bodies listed below:

- Singapore Medical Council
- Singapore Dental Council
- Traditional Chinese Medicine Practitioners Board

IEG apply the regulations and guidelines of global organisations regulating the commodity industry, including:

- Declaration of the United Nations Conference on the Human Environment, Stockholm (1972);
- International Convention on Civil Liability for Oil Pollution Damage, (1975);
- Convention on Civil Liability for Damages Resulting from Activities Dangerous to the Environment, (1993);
- Convention for the Prevention of Marine Pollution from Land-Based Sources, Paris (1974);
- UN Convention on the Law of the Sea, (1982)



# Stakeholder Engagement

[GRI 102-40 | 102-42 | 102-43 | 102-44]

NSG recognises the importance of meaningful two-way engagement with its stakeholders to understand their concerns and interests. We are committed to identifying issues most important to our stakeholders and addressing their concerns in the formulation of our business strategies and policies.

We identified and selected our key stakeholders based on importance, representation, responsibility, dependency, and proximity to our business. The table below showcases our stakeholder engagement mechanisms.

We continuously seek to improve stakeholder engagement by enhancing our communication channels and embedding their valuable feedback into our strategy.

Stakeholder	Frequency of Engagement	Modes of Engagement
Shareholders	Annually/Quarterly/ Ad hoc	Quarterly financial results Annual and Extraordinary general meeting Investor relations contact Media release
Top Management	Quarterly/Ad hoc	Board meetings Management meetings
Customers	Ad hoc	Front line team members Electronic feedback channel via website Emails Phone calls
Employees	Annually/Ad hoc	Emails Annual appraisals Regular dialogue Sessions with senior management
Suppliers	Ad hoc	Feedback via email Phone calls
Regulators	Annually/Ad hoc	Annual inspection Regulatory guidelines Emails Phone calls



# Materiality Assessment

[GRI 102-46 | 102-47 | 103-1]

To identify material Environment, Social, and Governance (“ESG”) topics for NSG, the organisation considered a reasonable estimation of economic, environmental and/or social impacts and the interests and expectations of our stakeholders. It also conducted internal discussions with employees from departments that acted as proxies to the various stakeholder groups. While we identified eight topics as being relevant for the Group, five of the topics were prioritised for disclosure in this reporting period. These ESG topics were subsequently endorsed by NSG’s management and board.

Category	Topic	Sub-topic	Aspect Boundary <sup>1</sup>	Applicable Divisions	
				HSI	IEG
Economic	Economic Performance	201-1: Direct economic value generated and distributed	Within Organisation	✓	✓
	Market Presence	202-2: Proportion of senior management hired from the local community	Within Organisation	✓	✓
Social	Customer Health and Safety	416-2: Incidents of non-compliance concerning the health and safety impacts of products and services	Within Organisation	✓	N/A
	Marketing and Labelling	417-2: Incidents of non-compliance concerning product and service information and labelling	Within Organisation	✓	N/A
		417-3: Incidents of non-compliance concerning marketing communications	Within Organisation	✓	N/A
	Customer Privacy	418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	Within Organisation	✓	✓

<sup>1</sup> Aspect Boundary is a description of where the impacts occur for a material topic and the organisation’s involvement with those impacts. Organisations might be involved with impacts either through their own activities or as a result of their business relationships with other entities.

# Economic

## Economic Performance

[GRI 103-1 | 103-2 | 103-3 | 201-1]

### Why is this a material issue?

The measurement of our economic and financial performance is a basic and fundamental indication of how we as an organisation has created wealth for our stakeholders, especially our investors and shareholders. We strive to continuously enhance our financial performance and create long-term value for our investors and stakeholders.

### Management approach

While NSG's overall financial performance in FY2018 is moderated by one-off expenses, including writing off of receivables and professional fees for corporate exercises, our core business divisions in healthcare and energy have contributed to positive economic value to our stakeholders for the reporting period.

Following an organisational strategic review in FY2018, NSG decided to fine-tune our business strategy to focus on healthcare and energy as core businesses. Besides the acquisition of new clinics in Singapore, FY2018 also saw the group setting its sights overseas for economic expansion. We have entered talks with Vietnam-based Egroup Education Group Joint Stock Company for a new dental joint-venture in Hanoi, and are also considering acquisition plans in China. The group is confident that our plans to strengthen our healthcare division will bear fruit in the coming years and contribute significantly to profitability going forward.

### FY2018 Performance

The table below highlights the financial performance of two NSG's major business divisions in 2018, HSI and IEG. More information on our financial performance as a Group is disclosed in our 2018 Annual Report.

	HSI	IEG
<b>Direct Economic Value Generated<sup>2</sup> (US\$ '000)</b>	<b>6,404</b>	<b>686,129</b>
<b>Economic Value Distributed<sup>3</sup> (US\$ '000)</b>	<b>6,078</b>	<b>685,996</b>
<b>Economic Value Retained<sup>4</sup> (US\$ '000)</b>	<b>326</b>	<b>133</b>

<sup>2</sup> Direct economic value generated typically refers to the revenue generated by the organisation for the reporting period

<sup>3</sup> Economic value distributed typically refers to the sum of operating costs, employee wages and benefits, payments to providers of capital, payments to government by country and community investments

<sup>4</sup> Economic value retained refers to the value of direct economic value generated less economic value distributed.

## Market Presence



The Group has identified Market Presence, defined in the GRI Standards as covering an organisation's contribution to economic development in the local areas or communities where it operates, as an emerging priority in its materiality analysis. With the Group poised for regional expansion through our plans for acquisitions in Vietnam and China, including local community members in the management team of our regional footprint would increase economic benefits to the local community and enhance local human capital. Such market presence could also improve our organisation's ability to understand local needs and enhance our expansion strategy. Going forward, NSG will explore ways to strengthen its presence among local communities in Vietnam and China through the adoption of best practices in hiring and remuneration.

# Social

## Customer Health and Safety

[GRI 103-1 | 103-2 | 103-3 | 416-1]



### Why is this a material issue?

The safety and wellbeing of HSI's patients is a top priority for NSG. As a provider of health and medical-related products and services, our service and performance can have a direct impact on the health and safety of our patients, making this topic especially material to our organisation. We strive at NSG to not just meet the intended functions of our services and products to our patients, but to exceed their expectations and provide the highest standards of care and treatment.

### Our management approach

HSI adhere strictly to government regulations such as the Private Hospitals and Medical Clinics Act, Medicine Act and Health Products Act. Our clinics maintain strict adherence to these government regulations by observing a comprehensive set of standard operating procedures ("SOPs") which follows clinical best practices, including clinic workflows and codes of conducts for clinical assistants. Our procedures are reviewed annually by the department heads, with required approvals by the Chief Executive Officer for new or changes to SOPs. We also ensure that our clinical staff are well-trained, and all new staff will receive orientation and on-the-job training by Clinic Heads. Monthly audits will be conducted to ensure compliance. Cases studies and industry incidences are shared with clinicians and frontline staff as occurred as reminders on patient safety and adherence to safe clinical practices.

### FY2018 performance and targets

In FY2018, the organisation has not identified any non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of its products and services. Going forward, we aim to maintain our record for FY2019. We also aim to establish a baseline for FY2019 and derive indicators relating to safety in the workplace.

## Marketing and Labelling

[GRI 103-1 | 103-2 | 103-3 | 417-2 | 417-3]



### Why is this a material issue?

NSG is committed to the fair and responsible marketing of its products and services to its customers and stakeholders, including the transparent communication of the economic, environmental and social impacts of its brands, products and services. Any breach of marketing and labelling standards for our healthcare division could potentially also lead to customer health and safety issues, which is why the Group places a material emphasis on this topic.

### Our management approach

All professionals practising in our clinics under HSI are required to be registered and comply with the Codes and Conduct and guidelines of their respective professional bodies, including those of the Singapore Medical Council, the Singapore Dental Council and the Traditional Chinese Medicine Practitioners Board, each with their respective guidelines on ethical advertising. All medical practitioners are also required to conform to the Advertising Guidelines made pursuant to the Private Hospitals and Medical Clinics Act (PHMCA) or the new Healthcare Services Bill.

### FY2018 performance and targets

In FY2018, the organisation has not identified any incidents of non-compliance with regulations resulting in a fine/penalty, a warning, or with voluntary codes related to product and service information and labelling, and with matters related to marketing communications, including advertising, promotion and sponsorship. Going forward, we aim to continue to comply with the rules within the PHMCA and Codes and Conduct and guidelines established by the professional bodies.

## Customer Privacy

[GRI 103-1 | 103-2 | 103-3 | 418-1]



### Why is this a material issue?

The safeguarding of our customers’ private information is of paramount importance to NSG, especially when the organisation deals with information as sensitive as the health data of its patients. Therefore, the continued success of the Group’s performance is dependent on us maintaining the highest standards of how our customers’ personal data is being collected, handled and protected, and we are committed to doing so in relation to our business operations.

### Our management approach

To meet NSG’s obligations under the Personal Data Protection Act (PDPA), NSG issued a notice to all employees in 2018 regarding their obligations and roles under the Act as NSG staff. The notice introduced the Group’s Privacy and Personal Data Protection Policies, which laid out our position and guidelines on the collection of personal data from our existing and prospective customers, business associates and employees, among others, and how we protect the use of these data. Additionally, our clinical SOPs also included guidelines for clinical assistants to safeguard patients’ confidentiality.

NSG takes the adherence of these policies very seriously and all staff has been notified of the potential of disciplinary action in the event of a breach. To ensure enforcement, we have appointed a dedicated Data Protection Officer, which can be reached at [dpo@newsilkroutes.org](mailto:dpo@newsilkroutes.org).

### FY2018 performance and targets

In FY2018, the organisation has not received any substantiated complaints concerning breaches of customer privacy from outside parties, regulatory bodies, nor recorded any incidents of leaks, thefts, or losses of customer data.

Going forward, we aim to maintain our record for FY 2019. We will continue to work with our vendor to ensure adequate cyber security over our patient database, including exploring the installation of additional IT security enhancements such as user IDs and passwords, user access control, automatic lock-out of unattended computers, etc. We also intend to establish a company intranet, or equivalent, to facilitate sharing of our Privacy and Personal Data Protection policy documents with all employees.

# GRI Content Index

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S)	OMISSION	
<b>GENERAL DISCLOSURE</b>				
GRI 102: General Disclosures 2016	Organisational Profile			
	102-1	Name of the organisation	3	-
	102-2	Activities, brands, products, and services	4	-
	102-3	Location of headquarters	4	-
	102-4	Location of operations	4	-
	102-5	Ownership and legal form	Page 2 of NSG's FY2018 Annual Report	-
	102-6	Markets served	4	-
	102-7	Scale of the organisation	4	-
	102-8	Information on employees and other workers	4	-
	102-9	Supply chain	6	-
	102-10	Significant changes to organisation and its supply chain	Not applicable	This is our inaugural report
	102-11	Precautionary Principle or approach	6	-
	102-12	External initiatives	7	-
	102-13	Membership of associations	7	-
	Strategy			
	102-14	Statement from senior decision-maker	5	-
	Ethics And Integrity			
	102-16	Values, principles, standards, and norms of behaviour	6	-
	Governance			
	102-18	Governance structure	6	-
	Stakeholder Engagement			
	102-40	List of stakeholder groups	8	
	102-41	Collective bargaining agreements	Not applicable	We do not have employee unions in our business
	102-42	Identifying and selecting stakeholders	8	-
	102-43	Approach to stakeholder engagement	8	-
	102-44	Key topics and concerns raised	9	-
	Reporting Practice			
	102-45	Entities included in the consolidated financial statements	Page 75 & 76 of NSG's FY2018 Annual Report	
	102-46	Defining report content and topic Boundaries	3	
	102-47	List all material topics	9	
	102-48	Restatements of information	Not applicable	This is our inaugural report
	102-49	Changes in reporting	Not applicable	This is our inaugural report
102-50	Reporting period	3	-	
102-51	Date of the most recent report	Not applicable	This is our inaugural report	
102-52	Reporting cycle	3	-	

GRI STANDARD	DISCLOSURE		PAGE NUMBER(S)	OMISSION
	102-53	Contact point for questions regarding this report	3	-
	102-54	Claims of reporting in accordance with the GRI Standards	3	-
	102-55	GRI content index	15, 16	-
	102-56	External assurance	3	-
<b>MATERIAL TOPICS</b>				
<b>ECONOMIC</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	10	-
	103-2	The management approach and its components	10	-
	103-3	Evaluation of the management approach	10	-
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	10	-
<b>SOCIAL</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	12	-
	103-2	The management approach and its components	12	-
	103-3	Evaluation of the management approach	12	-
GRI 416: Customer Health and Safety 2016	416-1	Incidents of non-compliance concerning the health and safety impacts of products and services	12	-
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	13	-
	103-2	The management approach and its components	13	-
	103-3	Evaluation of the management approach	13	-
GRI 417: Marketing and Labelling 2016	417-2	Incidents of non-compliance concerning product and service information and labelling	13	-
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GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	14	-