



Advanced Holdings Ltd

**Sustainability  
Report**

2017





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# MANAGING DIRECTOR'S MESSAGE

Dear Stakeholders,

We are very pleased to present the inaugural Sustainability Report of Advanced Holdings Ltd (“Advanced” or the “Group”).

We recognise that sustainability is essential to the long-term growth of our business. Therefore, we ingrain sustainable practices in every action we take across our business, from our daily operations to our products.

Since our inception, the Group has always committed to delivering innovative engineering technologies and solutions that are operationally safer, cleaner and more efficient. This is part of our strategy to help us achieve our goal of becoming a leader in the Engineering and Equipment business.

As a reputable manufacturer, we pride ourselves in the quality and safety of our products. We strictly comply with industrial safety standards and perform thorough checks on every product to ensure that our products are safe for our customers.

The Group also prioritises the health and safety of our employees, and we implement measures to ensure that our workers are provided with a safe working environment and sufficient safety training.

I would like to extend my appreciation to all stakeholders, for your support to Advanced all these years.

Sincerely,

**DR WONG KAR KING**

Managing Director



# OUR SUSTAINABILITY STORY

## OUR VISION

To be the most advanced organisation in engineering science.

## OUR MISSION

Advancing innovations in engineering science.

## SUSTAINABILITY PHILOSOPHY

Advanced believes that achieving our social, environmental and ethical responsibilities is as essential as running our business operations profitably. Sustainability practices are integrated into the setting of key performance indicators (KPIs) and management incentives.

Known for delivering products of stringent quality and safety standards, we practise sustainable procurement in the selection of materials and suppliers to ensure that our supply chain is sustainable and ethically responsible.

We are committed to providing our employees with a safe working environment and adequate safety training. We further ensure that our employees are provided with opportunities to grow and upgrade their current skillsets.

We reduce our carbon footprint through constant innovations, and we practise sustainable measures such as green procurement, pollution prevention and energy conservation in our daily operations to achieve resource efficiency.

The Group is dedicated to developing innovative engineering technologies and solutions that are operationally safer, cleaner and more efficient for our customers in the Oil & Gas, Petrochemicals & Chemicals industries. We are currently exploring the use of more energy-efficient components in our products, and we will continue to innovate and improve on our products.

Advanced believes in giving back to the community and we are actively involved in multiple charitable works, both locally and globally.

## SUSTAINABILITY TARGETS

Advanced strives to maintain zero safety incidents from product defect and continue practising strict compliance to our standards in daily operations.

We endeavour to provide a safe working environment for our employees and target to maintain a zero-incident rate in our manufacturing facilities.

# ORGANISATION PROFILE



Founded in 1993 and headquartered in Singapore, Advanced Holdings Ltd., listed on the Mainboard of the Singapore Exchange Securities Trading Limited (SGX-ST), is a global engineering science organization that designs, manufactures and markets a diverse range of innovative products and solutions to the Oil & Gas, Petrochemicals & Chemicals industries to make operations safer, cleaner and more efficient.

Advanced's main business operation is the Engineering Services and Equipment business. Advanced offers engineering services as well as process and quality control equipment in three key business segments which range from individual analysers (Advanced Analyser Technologies), housed process analyser systems and sampling systems (Advanced System Solutions), to various customised special valves complete with actuation and controls (Advanced Plant Solutions).

Registering over 17 patents, trademarks and other Intellectual Properties, Advanced enjoys a leading technological edge honed by its research & development efforts aimed at cultivating innovation and improving its products, capabilities and technologies to benefit its customers.

Advanced has manufacturing facilities and offices in more than 11 countries, including the USA, UK, France, Germany, Saudi Arabia, UAE, China and Singapore. This global presence allows Advanced to work more closely with its customers while providing comprehensive engineering services.



# ETHICS AND INTEGRITY

## ETHICS AND COMPLIANCE

Advanced places a strong emphasis on ethics and compliance in its daily operations and interaction with suppliers. All new employees are given an induction programme on the Group's Code of Ethics and core values before they commence work. All reported instances of ethical breaches and non-compliance will be investigated fairly and thoroughly.

## WHISTLE-BLOWING POLICY

The Company has also set in place whistle-blowing procedures pursuant to which staff of the Group may, in confidence/anonymously, raise concerns about possible improprieties in matters of financial reporting or other matters. The objective for such arrangement is to ensure independent investigation of matters raised and to allow appropriate actions to be taken. All such investigations are undertaken by the Managing Director who will report directly to the Chairman of the Audit Committee on all such matters raised. The procedures for submission of complaints have been explained to all employees of the Group. Following investigation and evaluation of a complaint, the Audit Committee will then decide on recommended disciplinary or remedial action, if any. The action so determined by the Audit Committee to be appropriate shall then be brought to the Board or to the appropriate members of senior management for authorisation or implementation, respectively.

## ANTI-CORRUPTION

The Group's business core principles revolve around integrity, responsibility and accountability. An Employee Code of Conduct is in place to reiterate our firm position against corruption and bribery and provides a framework for all staff to adhere to in their dealings with customers, business partners and other colleagues. Our stance against corruption and bribery is also clearly communicated to all of our business partners before they commence dealings with us.

## INTERESTED PERSON TRANSACTIONS

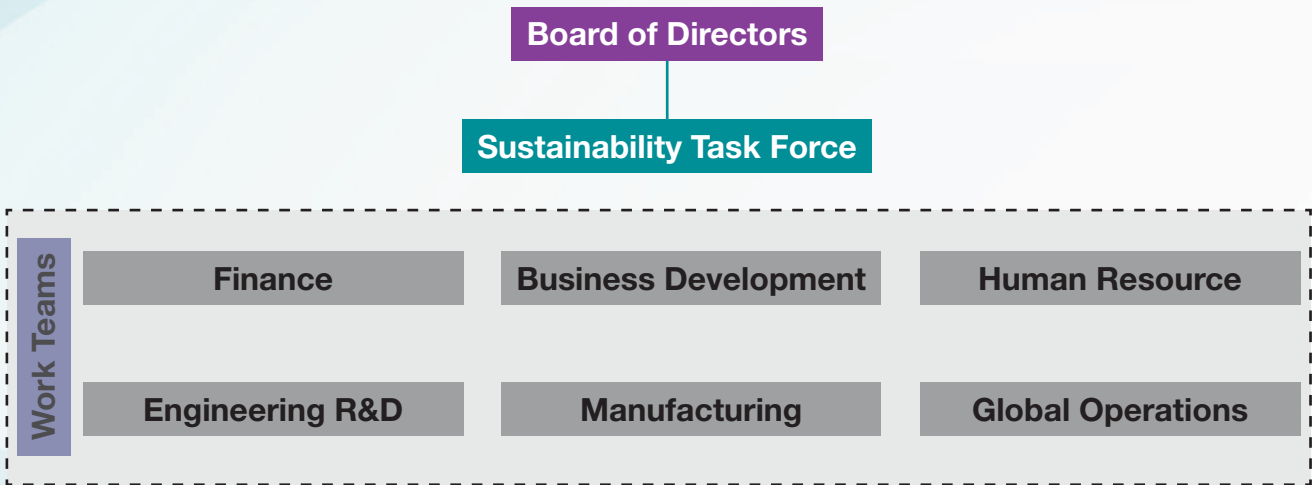
The Company has established internal control policies to ensure transactions with interested persons are properly reviewed and approved, and are conducted on an arm's length basis. If the Company does enter into an interested person transaction, and a potential conflict of interest arises, the Director concerned will abstain from any discussions and will also refrain from exercising any influence over other members of the Board.

There were no interested person transactions ("IPTs") that were more than \$100,000 during the financial year ended December 31, 2017. IPTs were disclosed on Page 76 of the 2017 Annual Report.

## DEALING IN SECURITIES

The Board has in place a policy on share dealings. All Directors, officers and staff of the Group who have access to price-sensitive and confidential information are not permitted to deal in the Company's shares during the period commencing two weeks before the announcement of the Group's first three quarters results, and during the period commencing one month before the announcement of the Group's full year results, and ending on the date of the announcement of such results. All Directors, officers and staff of the Group are also expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. In addition, the policy discourages trading in the Company's securities on short term considerations.

# GOVERNANCE AND STATEMENT OF THE BOARD



Advanced has established a Sustainability Task Force (“STF”) which comprises heads of different business units and is chaired by Ms Samantha Teo (Deputy Chief Executive Officer). The business units constitute the work teams of the STF.

The duty of the Task Force is to formulate the sustainability framework, communicate the culture and values of a sustainable business, and monitor sustainability performances that are material to our stakeholders. The Taskforce also reviews the Group’s sustainability objectives, challenges, targets and progress and aligns them with the strategic direction of the Group, and supervises the work teams in their implementation of sustainability measures and tracking of sustainability data and progress.

The Board has considered sustainability issues as part of our strategic formulation, approved the material environmental, social and economic topics identified and overseen that the factors identified are managed and monitored.

Advanced adopts a precautionary approach in strategic decision making and daily operations by implementing a comprehensive Enterprise Risk Management framework. Please refer to the Group’s Annual Report 2017 for further information.





# STAKEHOLDER ENGAGEMENT

The Group understands that sustainable growth is dependent on meeting and exceeding the expectations of our key stakeholders. The Group's STF oversees the process of engaging stakeholders and determining material topics based on the principle of materiality to stakeholders.

We value the involvement of all of our stakeholder groups and use a variety of channels to engage with them and collect their feedback. We identify stakeholders as groups that have an impact or have the potential to be impacted by our business, as well as external organisations that have proficiency in areas that we consider material. The feedback we receive from our stakeholders helps us determine our material topics and identify our focus areas.

The following table summarises our key stakeholders, engagement platforms and their key concerns:

Stakeholders	Areas of Concern	Means of Engagement	Section Reference
Employees	<ul style="list-style-type: none"> <li>• Remuneration and benefits</li> <li>• Training and career development</li> <li>• Occupational Health and safety</li> </ul>	<ul style="list-style-type: none"> <li>• Employee engagement surveys</li> <li>• Team Bonding Events</li> <li>• Service Appraisal &amp; Staff Recognition</li> </ul>	<ul style="list-style-type: none"> <li>• Our People</li> <li>• Occupational Health and Safety</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Product Safety</li> </ul>	<ul style="list-style-type: none"> <li>• Customer feedbacks</li> <li>• Advertisements and Media Campaigns</li> </ul>	<ul style="list-style-type: none"> <li>• Product Safety</li> </ul>
Community	<ul style="list-style-type: none"> <li>• Community engagement services</li> <li>• Environmental Preservation</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate social responsibility programmes</li> <li>• Corporate Donations</li> </ul>	<ul style="list-style-type: none"> <li>• Protecting the Environment</li> <li>• Corporate Social Responsibility</li> </ul>
Government and Regulators	<ul style="list-style-type: none"> <li>• Environmental compliance</li> <li>• Product Safety</li> </ul>	<ul style="list-style-type: none"> <li>• Industry seminars</li> <li>• Focus group discussions</li> </ul>	<ul style="list-style-type: none"> <li>• Protecting the Environment</li> <li>• Product Safety</li> <li>• Our People</li> </ul>
Shareholders and Investors	<ul style="list-style-type: none"> <li>• Economic performance</li> <li>• Anti-corruption policy</li> </ul>	<ul style="list-style-type: none"> <li>• SGX announcements</li> <li>• Annual reports</li> <li>• Annual General Meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Ethics and Integrity</li> <li>• Product Safety</li> <li>• Protecting the Environment</li> </ul>



# REPORTING PRACTICE

The Group's sustainability report is produced in accordance with the GRI standards "Core" option, covering our performance from 1 January 2017 to 31 December 2017.

The GRI standards represent the global best practices for reporting on economic, environmental and social topics.

The report also incorporates the primary components of report content as set out by the SGX's "Comply or Explain" requirements on sustainability reporting under Listing Rule 711B.

GRI does not require external assurance and the Group's STF has assessed that external assurance is not required as the Group is laying the foundations for a sustainability reporting framework this year.

This report supplements the Group's 2017 Annual Report which is available online at: <https://advancedholdings.com>. Detailed section reference with GRI Standards is found at the GRI Standards Content Index section of this report.

The Group's material topics are identified based on its impacts on our internal and external stakeholders, as outlined in the Stakeholders Engagement section.

Material Topics	Boundaries
<b>ECONOMIC</b>	
Market Presence	The Group
Anti-corruption	
<b>ENVIRONMENTAL</b>	
Energy	The Group
Effluents and Waste	
Environmental Compliance	
<b>SOCIAL</b>	
Employment	The Group
Occupational Health and Safety	
Training and Education	
Diversity and Equal Opportunity	
Non-Discrimination	
Freedom of Association and Collective Bargaining	
Child Labour	
Forced or Compulsory Labour	
Human Rights Assessment	
Local Community	
Customer Health and Safety	
Socioeconomic Compliance	



# PRODUCT SAFETY

At Advanced, we are committed to delivering products that are designed and constructed to be safe for intended use. We prioritise the health and safety of our product users and implement strict control measures to safeguard the health and safety of our customers.

## CUSTOMER HEALTH AND SAFETY

On a group level, we take careful measures to ensure that every product is safety certified and compliant with industrial safety requirements and standards.

In order to build confidence in the safety of our equipment, all our products are third-party certified for reliable and safe use in explosive environments when deployed in such environments, as well as compliance with a minimum set of regulatory, technical and safety requirements. Some internal and third party certificates that we issue for our products include Declaration of Conformity, Appareils destinés à être utilisés en ATmosphères Explosives (Apparatus for use in ATmospheres Explosives or “ATEX”) certification, Certificate of Conformity issued by International Electrotechnical Commission System for Certification to Standards Relating to Equipment for Use in Explosive Atmospheres (“IECEX”) and certification issued by Canadian Standards Association (“CSA”).

Details of our product certifications are as follows:

### Declaration of Conformity

- Certified by the Group’s quality control unit for products that meet all relevant requirements of all product safety directives applicable to the product.

### ATEX

- Third party certification for equipment that are safe for intended use in potentially explosive atmospheres.
- Involves manufacturing, sale, installation and use of equipment.

### IECEX Certificate of Conformity

- Third party certification for equipment that comply with international standards and are safe for intended use in potentially explosive atmospheres.
- Involves manufacturing, operation and maintenance of product.

## PRODUCT SAFETY

### CSA

- Third party certification for top-notch products or components that have been tested independently and comply with industrial standards
- CSA certified products deliver exactly what is expected of them

Advanced has stringent controls over the quality of components sourced from suppliers, and every component used for assembly of the final product must be granted with Certificate of Conformity of safety before being procured.

To ensure user safety, we consider the diversity of our users and incorporate a multi-language guide on operation of equipment for safe use and maintenance, as well as monitoring requirements of product where necessary.

There was no reported incident of non-compliance concerning the health and safety impacts of our products and services in 2017.





# PROTECTING THE ENVIRONMENT

Advanced recognises the need to preserve and protect the environment. We strive to be an environmentally responsible supplier of engineering equipment by implementing energy-efficient manufacturing practices.

## ENERGY-SAVING PRODUCTS

Advanced delivers products that provide solutions for some of the most pressing environmental issues. The Research and Development team innovates engineering technologies to reduce the carbon emissions and energy consumption of our analysers. In addition, our procurement and engineering departments procure energy-saving components for our final products whenever possible.

## SUSTAINABLE MANUFACTURING

Advanced is committed to manufacturing products in a responsible and sustainable manner. We endeavour to optimise the management of all gas and effluents discharge as well as waste disposal by implementing measures such as reducing and recycling waste at all manufacturing sites.

Scrap metal waste is produced during manufacturing. Since our inception, we have arranged to sell our scrap metal waste to resellers for recycling.

Gases such as Sulphur Dioxide are used as a test gas in the quality control stage of some equipment to measure their accuracy and reliability. In an effort to mitigate discharge of hazardous gas during manufacturing, an insignificant amount of the gas is used and exhausted in the testing process. The testing environment is also equipped with a fume hood to prevent any leftover toxic fumes from being discharged into the environment.

## ENVIRONMENTAL COMPLIANCE

Advanced strictly complies with local environmental regulations where we operate.

Our U.K. manufacturing entity conforms to the Waste Electrical and Electronic Equipment Directive (“WEEE Directive”) for its electrical waste management, and it complies with the Control of Substances Hazardous to Health Regulations (“COSHH”) for chemicals management.

The U.S.A manufacturing entity complies with environmental regulations under the California Environmental Protection Agency (“CalEPA”) to restore, protect and enhance the environment, and to ensure public health, environmental quality and economic vitality.

There was no incident of non-compliance with environmental laws and regulations in 2017.

## OUR PEOPLE

Advanced believes in fair employment practices and providing all employees with equal opportunities. We have implemented policies to ensure that all operations are in compliance with local labour regulations and all employees are treated fairly.

### OCCUPATIONAL HEALTH AND SAFETY

The Group believes that our employees are our greatest asset, and safeguarding their health and safety is essential in our operations. We strictly comply with workplace safety regulations at all manufacturing facilities.

The Group provides adequate health and safety training for all employees at our manufacturing facilities to reduce the risk of mechanical hazards (injuries arising from moving parts of machines) and non-mechanical hazards (harmful emissions and chemical by-products).

We necessitate all engineering and manufacturing personnel to be equipped with suitable safety gear, including protective clothing, helmets, goggles, tools and safety accessories when working in the factory. First aid kits are available at all manufacturing sites in case of open injuries. Advanced Holdings Singapore also conducts annual fire drills to ensure that all employees are well-prepared in case of fire hazards.

There was no reported incident of workplace safety incidents in 2017.

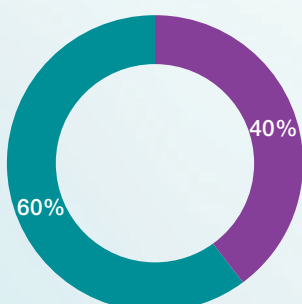
### WORKFORCE DIVERSITY

The Group promotes diversity in our Board, key management and workforce to ensure continuity in the pipeline of skilled employees. We practise fair remuneration for all employees regardless of gender.

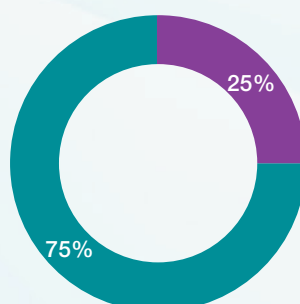
As at end of 2017, there were 68 employees in the Singapore entity. Our board of directors is chaired by Dr Emily Choo, and the top management has several women in key leadership roles, including our Deputy CEO, Ms. Samantha Teo. Our Board and employee diversity is a major force in driving change and innovation in the Group.

The graphs below show the gender distribution of our Singapore workforce, Board and key management:

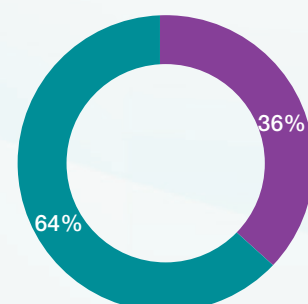
Singapore Workforce



Board of Directors



Top Management



■ Female ■ Male



## OUR PEOPLE

The Group hires senior management from the local community, including Singapore, China, USA, Germany, and United Kingdom. This allows us to effectively harness their market knowledge and optimise the growth of our business in various countries.

### EMPLOYEE BENEFITS AND DEVELOPMENT

Advanced makes an effort to promote employee wellbeing and ensure that all staff remain engaged and motivated at their jobs. We provide employee benefits as regulated by labour laws to promote employee wellbeing and productivity, including healthcare, insurance and parental leave.

To build on our success, we continue to focus on human capital development as it has a strategic role in our business growth and organisation strategy. Advanced prioritises engineering science and aims to become a leader in the field through continuous innovation. To have a better standing ground in an industry that is constantly evolving, it is imperative for Advanced to retain and develop the right people with the right skills in our organisation. Aside from giving bonus schemes, the Group provides employees with opportunities for growth and development, such as secondment or relocations and job reassignments to upgrade our employees and give them meaningful careers.

Advanced performs annual appraisals for all employees to ensure that they receive adequate and relevant trainings and refreshers in the following financial year. As at end of 2017, the turnover rate was 25%.

### ETHICAL LABOUR PRACTICES

Advanced complies with minimum wage laws at all operating facilities, including USA, Thailand, China and United Kingdom. We do not tolerate any form of discrimination, forced labour or child labour in our operations.

There was no incident of non-compliance with laws and regulations in the social and economic area in FY2017.

## CORPORATE SOCIAL RESPONSIBILITY

Advanced has encased the value of social, environmental and cultural commitment to our business practices. We have cultivated a corporate culture of social-accountability, unity, and compassion.

We participated in a number of charitable works, including Race against Cancer organised by the Singapore Cancer Society. The race was aimed to raise funds for cancer treatment subsidies, welfare assistance, cancer rehabilitation, hospital care, cancer screenings, research, public education and cancer support group initiatives.

Our employees also volunteer at The Breadline Group, which supports the welfare of the elderly and needy in Singapore. Besides making monetary contributions, we “adopt” families who are beneficiaries of the Breadline Group. Our employees will visit the “adopted” families every month to support them financially, emotionally and mentally.

## SGX FIVE PRIMARY COMPONENTS INDEX

S/N	Primary Component	Section Reference
1	Material Topics	<ul style="list-style-type: none"> <li>Reporting Practice</li> <li>Stakeholder Engagement</li> </ul>
2	Policies, Practices and Performance	<ul style="list-style-type: none"> <li>Managing Director’s Message</li> <li>Our Sustainability Story</li> </ul>
3	Board Statement	Governance and Statement of the Board
4	Targets	Our Sustainability Story
5	Framework	Reporting Practice





# GRI STANDARDS CONTENT INDEX

GRI Standards	Disclosure Content	Section Reference
102-1	Name of the organisation	Annual Report 2017
102-2	Activities, brands, products, and services	Annual Report 2017
102-3	Location of headquarters	Annual Report 2017
102-4	Location of operations	Annual Report 2017
102-5	Ownership and legal form	Annual Report 2017
102-6	Markets served	Annual Report 2017
102-7	The scale of the organisation	Annual Report 2017
102-8	Information on employees and other workers	Annual Report 2017
102-9	Supply chain	Annual Report 2017
102-10	Significant changes to the organisation and its supply chain	Annual Report 2017
102-11	Precautionary principle or approach	Annual Report 2017
102-12	External initiatives	Annual Report 2017
102-13	Membership of associations	Annual Report 2017
102-14	Relevance of sustainability to the organisation and strategy for addressing sustainability	Managing Director's Message
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
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	Reporting Practice
201-1	The direct economic value generated and distributed	Annual Report 2017
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Ethical Labour Practices
202-2	Proportion of senior management hired from the local community	Workforce Diversity
205-1	Operations assessed for risks related to corruption	Anti-corruption
205-2	Communication and training about anti-corruption policies and procedures	Anti-corruption
205-3	Confirmed incidents of corruption and actions taken	Anti-corruption



# GRI STANDARDS CONTENT INDEX

GRI Standards	Disclosure Content	Section Reference
302-5	Reduction in energy requirements of products and services	Energy-saving Products
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	Sustainable Manufacturing
306-2	Waste by type and disposal method	Sustainable Manufacturing
307-1	Non-Compliance with Environmental regulations and laws	Environmental Compliance
401-1	New employee hires and employee turnover	Workforce Diversity
401-2	Benefits provided to the full-time employees that are not provided to temporary or part-time employees	Employee Benefits and Development
403-2	Types of injury and rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities	Occupational Health and Safety
403-3	Workers with high incidence or high risk of diseases related to their occupation	Occupational Health and Safety
404-3	Percentage of employees receiving regular performance and career development reviews	Employee Benefits and Development
405-1	Diversity of governance bodies and employees	Workforce Diversity
405-2	Ratio of basic salary and remuneration of women to men	Workforce Diversity
406-1	Incidents of discrimination and corrective actions are taken	Ethical Labour Practices
408-1	Operations and suppliers at significant risk for incidents of child labour	Ethical Labour Practices
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Ethical Labour Practices
413-1	Operations with local community engagement, impact assessments and development programs	Corporate Social Responsibility
416-1	Assessment of the health and safety impacts of product and service categories	Customer Health and Safety
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Customer Health and Safety
419-1	Non-compliance with laws and regulations in the social and economic areas	Ethical Labour Practices



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