



MERCURIUS CAPITAL  
INVESTMENT LIMITED

**MERCURIUS CAPITAL INVESTMENT LIMITED**

**(INCORPORATED IN SINGAPORE)**

**(COMPANY REGISTRATION NO. 198200473E)**

**SUSTAINABILITY REPORT**

**FOR THE FINANCIAL YEAR ENDED**

**31 DECEMBER 2017**

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*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"), for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this Sustainability Report.*

*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.*

*The contact person for the Sponsor is Ms. Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.*

## About This Report

Mercurius Capital Investment Limited (“**Mercurius Capital**” or the “**Company**”, and together with its subsidiaries, the “**Group**”) presents its first annual Sustainability Report (the “**Report**”) which covers the Group’s performance from 1 January 2017 to 31 December 2017 (“**FY2017**”).

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 Catalyst.

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).

## Chairman/CEO Statement

In March 2017, the Group made significant but necessary changes to diversify into a new business. The Company disposed of and discontinued its then business in original design manufacturing and obtained its shareholders’ approval to diversify into property development and property investment (“**New Business**”). Since then, the Company entered into a joint venture to develop a land located at Kempas, Johor Bahru, Malaysia, and the Company is currently in the process of converting the Kempas land title from residential use to commercial use. As and when the Group commences the New Business, 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.

## 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 (ESG) 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.

## Key Stakeholder 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

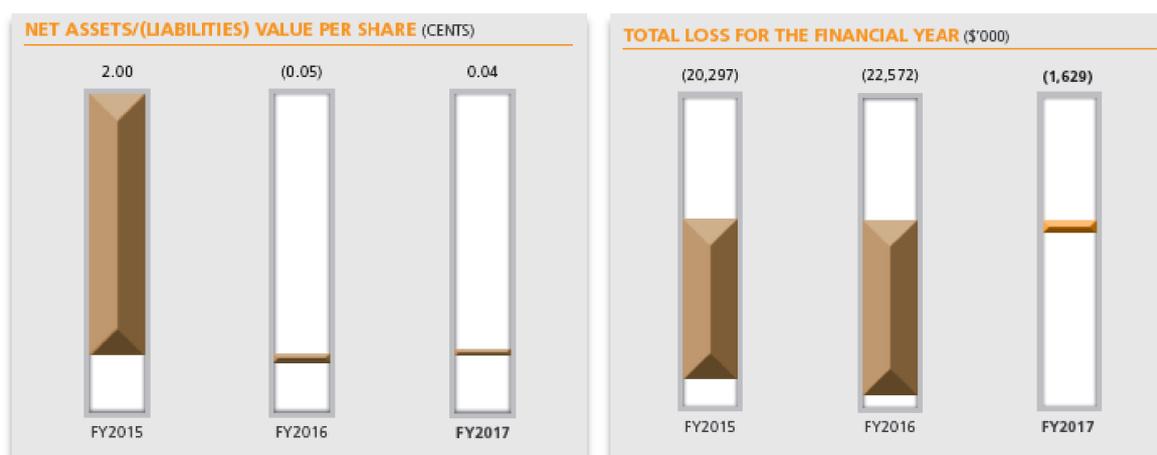
The Company has applied the GRI Standards for defining report content to identify material topics which are relevant to the business and to its stakeholders. The Company has conducted a materiality assessment based on the guidelines of GRI Standards. Although the Company has obtained its shareholders' approval for diversification into the New Business, operations of the New Business has yet to commence as at 31 December 2017. Hence, no environmental topics were selected. The Group will report material topics as and when these topics become relevant as a result of the New 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

## Organisation Profile

<b>Company Name: Mercurius Capital Investment Limited</b>	<b>Company Headquarter: Singapore</b>
<b>Founded: 1980</b>	<b>Listed on SGX-ST: 1995</b>

Mercurius Capital was listed on the SGX SESDAQ (Stock Exchange of Singapore Dealing and Automated Quotation system) in 1995 and subsequently transited to CATALIST with effect from 22 September 2009. Over the years since its listing on SGX, the Company had evolved from bedlinen and bedding business to manufacturing and selling of children's clothing ("**Previous Business**"). On March 2017, the Company completed the disposal of the Previous Business, and diversified into property development and property investment.



Apart from property development and property investment, the Company's business scope also includes financial investment business activities, fund management, advising on corporate finance and providing financial advisory services, providing financing and operating leases, and operations in renewable energy products. The Company also owns the "Friven & Co." brand, a local Singapore bed linens and bedding product with good quality and contemporary designs.

The Company has obtained its shareholders' approval to diversify its business into property development and property investment. 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. The Group ventured into the New Business to, among others, expand its revenue base and offer new business opportunities to enhance shareholders' value.

## 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 FY2017.

### **Interested Person Transactions**

The Company has established procedures governing all interested person transactions ("IPTs") 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 IPTs 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 \$100,000 during FY2017.

### **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 weeks before the announcement of the 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 year 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.

## **Working with Reputable Partners**

In FY2017, the Company has obtained its shareholders' approval to diversify its business into property development and property investment. The Group had entered into a joint venture agreement with HM Realty Holdings Sdn. Bhd. to develop a plot of freehold land in Kempas, Johor Bahru, Malaysia, into mixed development properties comprising shopping mall, hotels, and offices. 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.

## **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 FY2017.

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

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 FY2017, there were no fines or non-monetary sanctions for 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

GRI Standards	Disclosure Content	Report Section Reference
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 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