



METAL COMPONENT ENGINEERING LIMITED

# Sustainability Report

2017





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## 1 MESSAGE FROM THE CEO / BOARD STATEMENT

It gives me great pleasure to introduce the inaugural sustainability report of Metal Component Engineering Limited (the “Company”, and together with its subsidiaries, the “Group”) for the financial year ended 31 December (“FY”) 2017, which highlights the progress and achievements of our organisation in FY2017, with particular focus on our commitment to working alongside with our valued stakeholders to build a sustainable business based on our resilience, adaptability and innovation.

We firmly believe that building a sustainable business is vital to our continued success and that we must be fully accountable for our impact on the environment, our customers, our people and our community as well as its financial performance.

The delivery of sustainable results is, however, a critical aspect of our ability to remain a strong and financially stable company. Acknowledging this helps to put into focus our commitment to principles laid out in our Corporate Sustainability Policy. Our responsibility to society is to ensure that sustainable practices are incorporated into every link of our value chain. We must meet the needs not only of our customers, employees and the community we operate in, but also those of our environment and our future generations.

This report provides detail about how we have met our responsibilities with our key stakeholders during the FY2017 and beyond.



## 2 ABOUT THE REPORT

This sustainability report articulates our commitment to sustainability and transparency. This is our first sustainability report. This report is designed to provide a transparent and balanced view of the company, to reflect the interests of our key stakeholders, and to address those interests pragmatically. This report aims to include comprehensive and accessible information on the company's strategy towards sustainability, key issues as well as data according to recognized standards.

### 2.1 Report Scope

This report covers the performance of our consolidated entities in FY2017. This report content focuses on the sustainability performance, activities and initiatives that are under our direct control, including our Singapore offices and regional operations, our local supply chain as well as any overseas activities directly associated with us. Material issues and topics described in this report have been selected according to their significance within the Company's boundaries, the sustainability context and the expectations of the stakeholders. Our material operations are mainly in Singapore, Malaysia, China and Thailand. The scope and all material topics disclosed in this report are relevant to the activities in these countries. Nevertheless, our corporate governance and sustainability approaches are drawn from the policies and practices set at the Group level.

This sustainability report focuses on the Group's sustainability strategies and practices whilst highlighting the economic, environmental, and social and governance aspects of our activities and developments. This report aims to provide an overview of our approach, priorities and targets, as well as a performance review for our key sustainability areas.

### 2.2 Report Methodology

We have prepared our report based on the requirements of the 'In accordance-Core' level of the Global Reporting Initiative ("GRI") Standards Sustainability Reporting Guidelines. We have chosen the GRI Standards reporting guidelines for its robust guidance which offers an international reference for the disclosure of governance approach and of the environmental, social and economic performance and impacts of organizations. This report also takes into consideration of the primary components of the report content as set out by the Singapore Exchange Securities Trading Limited's ("SGX-ST") "Comply or Explain" requirements for sustainability reporting. Our data are reported in good faith and to the best of our knowledge. We continue to improve our data collection processes.

We did not seek external assurance for this report.

### 2.3 Report Structure

This sustainability report is structured to reflect the interests of our key stakeholders. We have identified five key stakeholder groups, namely, the environment and future generations, employees, customers, suppliers, and communities. For each stakeholder group, we lay out our management approaches that govern how our material issues are identified as well as how the issues are prioritized and managed. Further, we will present our initiatives relating to sustainability in the areas of environmental, social and economic issues relevant to our topics and boundaries. Finally, we will provide the information of our key performance indicators, performance targets and outcomes.

The information regarding the basis for report boundaries and our materiality assessment is provided in section 4 of this report.



All together, this report provides the basis for our responses and disclosures to the GRI-Standards In-Accordance-To-Core requirements. Relevant sections in the report are referenced in the GRI Content Index provided in section 7 of this report.

## 2.4 Report Contact and Feedback

Thank you for your interest in our Sustainability Report. We welcome and value your feedback on the content of this report and encourage you to contact us through the following channels:

❖ In writing to:

Corporate Social Responsibility Department  
Metal Component Engineering Limited  
10 Ang Mo Kio Street 65,  
Techpoint #04-02  
Singapore 569059

❖ Via our contact page at [www.mce.com.sg/contact](http://www.mce.com.sg/contact)

This report is provided in PDF format only and is available for download on the following page of our website: [www.mce.com.sg/investors](http://www.mce.com.sg/investors)



## 3 CORPORATE PROFILE

### 3.1 Vision and Values

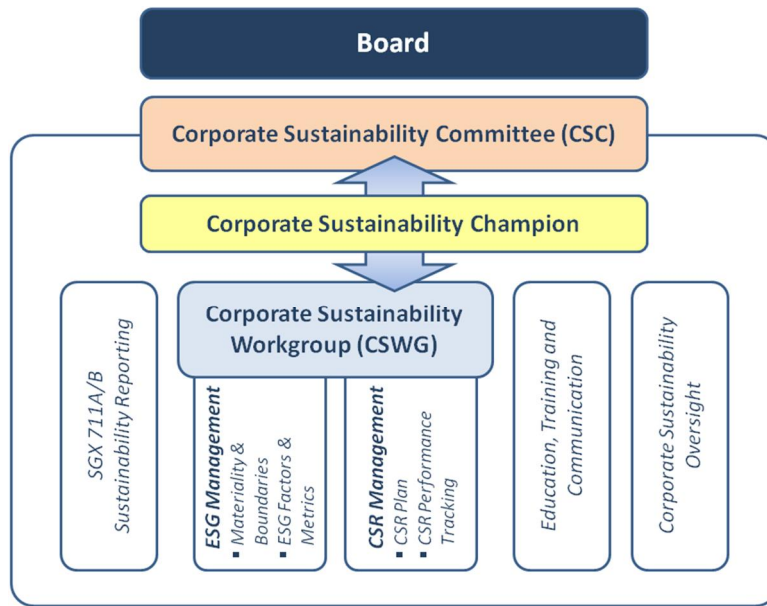
Our mission is to pioneer clutter-breaking ideas through excellence in innovation, design and technology that enables us to revolutionise and redefine customer engagement. Our vision is to be a world-class mechanical engineering solutions provider.

Our employees operate according to a set of core values that guide all aspects of our business. We recognise that cooperation, communication and trust are essential for us to collaborate to compete, and that care and concern through respect, patience, empathy and consideration are essential, both between each other and among the communities in which we operate.

Value	Description
<b>Commitment</b>	We shall always contribute our 100% work effort with passion and enthusiasm. We conduct our business professionally just like a life-long marriage, with the “can-do” attitude.
<b>Communication</b>	It is important that listeners understand and accept our view. We always ensure two-way interaction is carried out with clarity, precision and be quantifiable. We always strive to master this art to ensure a timely and regular communication.
<b>Creativity</b>	We must always think ahead, be bold to make a difference and to accept changes. We are always dynamic, flexible, continuously making improvement and accountable.
<b>Trust</b>	We will trust others first, followed by check and balance. We shall always respect all individuals the same way we want to be respected. We empower people, but are aware of cross cultural differences and each other’s strength and weakness.
<b>Team</b>	We share a common goal, strive to understand each other’s strength and weakness, work together with a balanced approach, to bring the Company towards its winning state.

### 3.2 Governance

Our board of directors (the “Board” or “Directors”) oversees all corporate governance and operational matters relating to our business. For corporate sustainability, the Board is supported by the Corporate Sustainability Committee (“CSC”) which is chaired by our Chief Executive Officer and includes designated senior executives. The CSC provides leadership and approval over corporate sustainability matters such as Corporate Social Responsibility (“CSR”) plan, community investment and environmental initiatives. Supported by the CSC, our Corporate Sustainability Champion (the “Champion”) is our Subject Matter Expert (“SME”) in the area of corporate sustainability, and pro-actively raises awareness through education and training across the organization. Through the Corporate Sustainability Work Group, our Champion engages the businesses and functions in collectively executing the CSR plan, identifying and managing the Environment, Social and Governance (“ESG”) Factors as well as engaging sustainability stakeholders. The businesses and functions provide back-to-back assurance over the quality of the information for sustainability reporting.



### 3.3 Ethics and Compliance

Being a listed company on the Catalist of the SGX-ST, we are managed to the highest standards of corporate governance as required in the listing rules. We strictly conform to local and international best practices. Our corporate governance framework covers ethics and compliance through a Code of Conduct as well as action guidelines which are to be adhered by the officers and employees across the organization. Every new employee is introduced to our Code of Conduct and our policies on ethics and compliances which includes areas such as anti-corruption. Communication channels are in place to enable all employees and individuals engaged in the business activities to report complaints of unethical behaviour. We have a designated officer who maintains a register of incidences regarding ethics and compliance issues and escalates to the management where appropriate.





## 4 INTEGRATING SUSTAINABILITY INTO OUR BUSINESS

We believe that corporate social responsibility is a key driver towards long-term sustainability. Such responsibility is pragmatically integrated into our business practices as one of the core values in our corporate culture. Embedding such responsibility into our management processes across the value chain allows us to establish credibility among our stakeholders. Through our action today, we play a part in influencing the environment for our future generations. Through integrating the notion of sustainability in our business, we ensure that our business strategy and operations are in line with a long-term vision towards a conducive and sustainability future.

### 4.1 Sustainability Management Framework

In July 2017, we took the initiative to establish our sustainability reporting framework. We performed an analysis on our business and operation models as the basis for our stakeholder mapping and materiality assessment. Through our analysis, we identified five key stakeholder groups within our sustainability context and their respective material issues are to be shown in this report.

### 4.2 Key Stakeholders and Material Issues

We have a regular review, assessment and feedback process in relation to the ESG topics. The key to this is a regular risk assessment exercise which entails the identification, assessment and documentation of material risks and corresponding internal controls. Such material risks include fraud and corruption, environmental, health and safety, and human capital risks which are ESG-relevant. We are continuously improving the adequacy and effectiveness of our risk assessment process in response to the changing business and operation environment.

Through regular stakeholder engagement, we identify and review material issues that are most relevant and significant to us and our stakeholders. For external stakeholders, priority is given to issues important to the society and applicable to us. Then, we prioritize our sustainability efforts and report issues that are most material to the business and the stakeholders. Considering that specific stakeholders and material issues are specific in countries and locations, we are reporting the stakeholder engagement and material issues for our Singapore operations in this report.

Stakeholders	Material Issues	Significance
<b>Environment and Future Generations</b>	<ul style="list-style-type: none"> <li>▪ Materials recycling of product material and packaging</li> <li>▪ Environmental education of our employees and customers</li> <li>▪ Reduction of carbon emissions</li> <li>▪ Energy consumption</li> <li>▪ Compliance with best practices and standards on Green initiatives.</li> </ul>	Our sustainability agenda for the environment and future generation is embedded into the day-to-day business activities among our staff. We continue to strive to improve from a holistic perspective through the Company's culture and practices. Within the big picture of sustainability, we take steps to focus on key goals such as curbing global warming, conserving and recycling resources. Such areas are crucial to a sustainability economic ecosystem for our customers which are keys to our business sustainability.
<b>Employee</b>	<ul style="list-style-type: none"> <li>▪ Employee well-being through workplace health and safety, and work-life balance</li> <li>▪ Regular training of employees on critical skill sets to sustain competitiveness</li> </ul>	An ethical and professional working environment is crucial in cultivating a corporate culture which motivates and empowers our employees to meet their full potential both professionally and personally.



	<ul style="list-style-type: none"> <li>▪ Competitive compensation scheme to retain talents</li> <li>▪ Non-discrimination, diversity and equality</li> <li>▪ Senior management engagement with employees</li> </ul>	
<b>Customer</b>	<ul style="list-style-type: none"> <li>▪ Safety of our customers in our services delivery</li> <li>▪ Customer data privacy</li> <li>▪ Customer satisfaction and customer-centric approach</li> </ul>	The quality and safety of our services and products to our customers are the core focuses of our commitments. Through our quality and safety commitments to our customers, we will, in turn, be contributing to their own successful sustainable development.
<b>Supplier</b>	<ul style="list-style-type: none"> <li>▪ Environmental, labour and human rights impact in the supply chain</li> </ul>	To effectively and meaningfully implement our sustainability agenda, it is important that our suppliers and partners share our values in their business practices in the areas such as the environment, human rights, labour practices and corporate ethics. Such alignment of values is a crucial part of building mutually beneficial relations with suppliers and channel partners to enhance both their own competitiveness and that of ours.
<b>Community</b>	<ul style="list-style-type: none"> <li>▪ Impact on communities and local economies, and future generation education</li> <li>▪ Economic value generated and distributed to local community</li> </ul>	In our vision in moving our business to high-value-added business areas, abilities to identify and attract people with knowledge and talent are crucial to the sustainability of our businesses. Within a broad range of our community engagements, we intend to focus on the education of today's youth and providing financial and practical support to targeted communities, through donation, sponsorship, fundraising and voluntary activities.
<b>Common To All Stakeholder Groups</b>	<ul style="list-style-type: none"> <li>▪ Compliance with prevailing laws and regulations</li> <li>▪ Good corporate governance and ethics, transparency and non-financial reporting</li> <li>▪ Ethical business practices such as anti-corruption</li> <li>▪ Grievance mechanisms</li> </ul>	Legal compliance and ethical practices are the core foundation of our business. Our culture is established and sustained through strong corporate governance, transparent reporting and open communications with all our stakeholder groups.

## 4.3 Alignment with International Initiatives

### 4.3.1 Sustainable Development Goals



Established in 1945 under the Charter of the United Nations (the "Charter"), the general assembly occupies a central position as the chief deliberative, policymaking and representative organ of the United Nations. Comprising all 193 Members of the United Nations, it provides a unique forum for multilateral discussion of the full spectrum of international issues covered by the Charter. It also plays a significant role in the process of standard-setting and the codification of international law.








On 25 September 2015, the United Nations General Assembly adopted the 17 Sustainable Development Goals (“SDG”) to end poverty, protect the planet, and ensure prosperity for all as part of a new sustainable development agenda. Each goal has specific targets to be achieved over the next 15 years. Although the SDGs are primarily aimed at governments, they represent an important opportunity for businesses to also act for a more sustainable world. We will use SDGs as one of the guiding principles for our sustainability initiatives.

We acknowledge that our participation in reaching the SDGs has room for improvement. As we advance on our sustainability journey, we will continue to assess our alignment with the SDGs and, whenever possible, redirect our internal priorities and sustainability strategy to more effectively and comprehensively address the goals.

SDGs Logo Source: <http://www.un.org/sustainabledevelopment/news/communications-material>

SDG Goal	Relevant Targets to Our Businesses <i>(Source: <a href="http://sustainabledevelopment.un.org">http://sustainabledevelopment.un.org</a>)</i>	Our Participation
	13.3: Improve education, awareness-raising, and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.	We have our own internal processes and environmental policies to reduce electricity and fuel consumption. Our approach to mitigating climate change includes staff training and implementing energy-efficient measures. We monitor and report our Greenhouse Gas (“GHG”) emissions and set reduction targets.
	15.1: By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements.	All the paper used in our offices is Forest Stewardship Council (“FSC”) certified. We actively promote the use of FSC paper across our organization.

				The following SDG goals are relevant to our business, operations and value chain. They are addressed in our various policies at the Group level. Such goals are also embedded in various initiatives carried out across the organization.
				
				

				We do not believe these goals are relevant to our business or industry. They are not within our boundaries and scope of influence, and therefore, we are currently unable to make noticeable contributions to such goals.
				



## 4.3.2 United Nation Global Compact

The United Nations Global Compact (“UNGC”) is a United Nations initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. The UNGC is a principle-based framework for businesses, stating ten principles in the areas of human rights, labour, the environment and anti-corruption.

Below are the references of our report to the 10 principles of the UNGC.

Principle		Report Section
<b>Human Rights</b>		
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights.	5.2.2.1 and 5.2.6
Principle 2	Make sure that they are not complicit in human rights abuses.	5.2.2.1 and 5.2.6
<b>Labour</b>		
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	5.2.2.1 and 5.2.6
Principle 4	Elimination of all forms of forced and compulsory labour.	5.2.2.1 and 5.2.4.1
Principle 5	Effective abolition of child labour.	5.2.1 and 5.2.6
Principle 6	Elimination of discrimination in respect of employment and occupation.	5.2.2.1 and 5.2.6
<b>Environment</b>		
Principle 7	Businesses should support a precautionary approach to environmental challenges.	5.1.1
Principle 8	Undertake initiatives to promote greater environmental responsibility.	5.1.2, 5.1.3 and 5.1.4
Principle 9	Encourage the development and diffusion of environmentally friendly technologies.	5.1.2, 5.1.3 and 5.1.4
<b>Anti-Corruption</b>		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	3.3



## 4.4 Awards and Achievements

Year	Description	Year	Description
2002	Awarded Enterprise 50	2003	Awarded Enterprise 50
2007	Awarded ISO 9001 certification	2010	Awarded ISO/TS 16949 certification
2011	Awarded IATF 16949	2014	Awarded ISO 14001 certification



## 5 STAKEHOLDER ENGAGEMENT

We believe that good CSR practice goes hand-in-hand with good corporate management practice. We also recognize that it is vital that our management approaches are adaptable to the dynamics of business and operation environment in such a way that we can continuously assess our impacts, develop sustainability objectives and respond in a proper manner to meet our stakeholders' expectations. Our CSR framework is based on our approach to sustainability and includes policies and measurement mechanisms to monitor the impacts made by our businesses and operations.

Key to the success of our sustainability programme is through regular and up-to-date communication about our CSR policies and activities to all our stakeholders, and the provision of appropriate feedback mechanisms so that we can monitor and evaluate how we are doing and explore new possibilities stimulated by the stakeholder responses. We see our sustainability report as being a critical component of this continuous cycle of communication and evaluation. The overall sustainability context of the stakeholder engagements is managed through our CSR plan for our sustainability governance oversight.

Stakeholder	Management Approach	Engagement Initiatives	Outcomes and Responses	Boundaries
<b>Environment and Future Generations</b>	Environmental Management System ("EMS"), environmental policy, EMS Guidelines, waste recycling/management, Green campaigns, ISO 14001 certification	Internal awareness and education	Energy efficient lighting (e.g. LED), and digital filing and document to reduce paper consumption	All operations
<b>Employee</b>	Code of Conduct, fair employment practices, training and career development, flexible work policy, pension scheme, work health and safety framework	Staff communication sessions, staff feedback process, and staff exit interviews	Work life balance programmes, training programmes, and employee benefits	All operations
<b>Customer</b>	Customer relationship management system, policies on quality assurance, data security for customer information, privacy policy, ISO 9001 certification, IATF 16949 certification	Customer feedback process, competitive benchmarking survey, customer data protection awareness and education program	Customer complaints and compliments, statistics / trending, and product quality monitoring	All operations
<b>Supplier</b>	Supplier selection and regular review process	Feedback and communication with suppliers through supplier performance review	Incident register and supplier engagement	All operations
<b>Community</b>	Selection of community initiatives in alignment with organization goals	CSR plan, awards and accolades	Increase visibility of the Company's CSR efforts	All operations

### 5.1 Protecting Our Environment for the Future Generations

#### 5.1.1 Our Approach

We are committed to maintaining and building on the same stringent environmental policies and standards in our Singapore office and key regional operations. We continually seek new and innovative ways to reduce the environmental impact of our products and services while maintaining the highest



levels of quality. We recognise our responsibility to protect the environment for the health and wellbeing of the future generations.

## 5.1.2 Reduction of Carbon Footprint

We recognize that effective management and monitoring of carbon footprint can reduce operating costs, raise brand profile, create a competitive edge and increase stakeholder value. Our carbon footprint is measured in terms of GHG emission. However, GHG emission is an absolute measure of how much carbon dioxide equivalent (CO<sub>2</sub>e) is emitted. Our GHG emission is predominantly indirect (Scope 2). We have insignificant direct (Scope 1), and we do not include the GHG emissions generated by our suppliers (Scope 3).

Considering the changes and dynamics of business and operations, we established our GHG emission efficiency index for consistent tracking of carbon footprint over time. To this end, we have set a target for GHG emission efficiency improvement of 10% from our 2017 level by 2030. Our target for GHG emission improvement is 0.8% per year. Although various business lines and operations account for different percentage of GHG emissions across the organization, they all support this target and have aligned our environmental objectives accordingly.

FY2017 is our first year of sustainability reporting. FY2017 will be used as reference against which the performance will be measured in subsequent years.

## 5.1.3 Reduction of Paper Consumption

All our employees are urged to minimize paper wastage at work by adhering to our Internal Paper Usage Reduction Guidelines. For example, double-sided printing is set as a default, lower grammage paper is used for daily printing, and blank sides of unneeded single-sided copies are used for printing drafts. Paper re-use and recycling habits are also cultivated through initiatives such as our in-house reminders posted near the photocopy machines.

All waste paper from our own offices is collected for recycling. Further, we encourage all employees to adopt digital documents instead of paper documents with an aim to further reduce paper consumption.

Considering the changes and dynamics of business and operations, we established our paper consumption index for consistent tracking of paper consumption over time. To this end, we have set a target for a paper consumption improvement of 10% from our 2017 level by 2030. Our target for paper consumption improvement is 0.8% per year. Although various business lines and operations account for different percentage of paper consumption across the organization, they all support this target and have aligned our environmental objectives accordingly.

In FY2017, we consumed total of 5,275 kg of paper, 100% of which are either Forest Stewardship Council (FSC) certified or made from KHAN-NA. Our paper consumption index stands at 69.4 (kg/million SGD)

FY2017 is our first year of sustainability reporting. FY2017 will be used as reference against which the performance will be measured in subsequent years.

## 5.1.4 Promoting Green Practices

We have embraced various green practices in our business and operation such as ISO 14001.

The ISO 14000 family of standards provides practical tools for companies and organizations of all kinds looking to manage their environmental responsibilities. ISO 14001 sets out the criteria for an environmental management system and can be certified to. It maps out a framework that a company



or organization can follow to set up an effective environmental management system. It can be used by any organization regardless of its activity or sector. Using ISO 14001 provides assurance to our management and employees as well as external stakeholders that environmental impact is being measured and improved.





## 5.2 Caring for Our Employees

### 5.2.1 Our Approach

Our people are our most valuable resource and investing in their professional and development is vital to our business sustainability. Our goal is to establish work ethics among our employees, which are in line with our core values and code of conduct. They are the foundation upon which we build all our business initiatives and conduct our day-to-day activities.

We recognise that a motivated workforce will convey a positive and powerful message to all our key stakeholders, such as our customers, suppliers and the members of the community. By attracting, nurturing, empowering and rewarding our employees, we create an environment conducive for innovation and inspiration flourish to further boost our competitiveness. Such commitment to our employees promotes a corporate culture of passion, quality, excellence and trust within the organization which reflect in our ability to create values to our stakeholders.

Our human resource (“HR”) management principles and policies have been developed and established based on fair employment practices with the goal of attracting, developing and retaining a robust motivated workforce. Our HR policies cover key areas such as remuneration, benefits, staff selection, career development and training. Such policies are communicated to all employees through our comprehensive Employee Handbook which is regularly reviewed by our management and we constantly seek feedback from our staff to ensure that our decisions are aligned as much as possible with their needs.

Our business operates in an environment which comprises diverse races, cultures and geographic locations. With this in mind, our HR polices are implemented across the organization within the principles with pragmatism, taking into consideration of the prevailing laws and regulations as well as local culture, norms and racial sensitivity.

### 5.2.2 Employment Practices

Our employment practices focus on maximizing the strength of our employees by providing equal opportunities based on merits, and help our employees to develop strength through our comprehensive training and development programme. We regularly review the competency gap and development of our employees to effectively match their strength to their job specifications. Our performance based reward scheme provides guidance and motivation to our employees to perform to their potentials in alignment with the objectives of the Company.

#### 5.2.2.1 *The Tripartite Guidelines on Fair Employment Practices*

We proactively pursue and adopt best practices in HR management. Our HR practices are guided by the Singapore Tripartite Alliance for Fair and Progressive Employment Practices. The Singapore Tripartite Alliance comprises the Ministry of Manpower, Singapore National Employers Federation and National Trades Union Congress. The Tripartite Alliance has formulated guidelines on fair employment practice for adoption by Singapore employers, embracing the recruitment, training, treatment and reward of employees.

#### 5.2.2.2 *Communications*

As our Company grows, effective communications across the organization are crucial to ensure continuous alignment of objectives of the employees and the organizational objectives. We achieve this through our various communication sessions customized based on the target employees. Communication sessions for our managers are held on a regular basis. Agendas covered at these sessions are customized in appropriate to the target functional scope of the managers. For example,



in monthly managers' meeting, operational agendas such as leadership and operation issues may be discussed while at the quarterly sessions, high level topics include strategic business directions, new service launches, ongoing developments and key project reviews.

### **5.2.2.3 Employee feedback**

We value our employees' expertise in their areas of responsibilities. Therefore, their feedbacks are important in the improvement of overall management and operation of the organization. Through various established processes of employee engagement, such as employee objective setting, performance review as well as exit interview in case of resignations, we gather such valuable feedbacks for the continuous improvement of our organization.

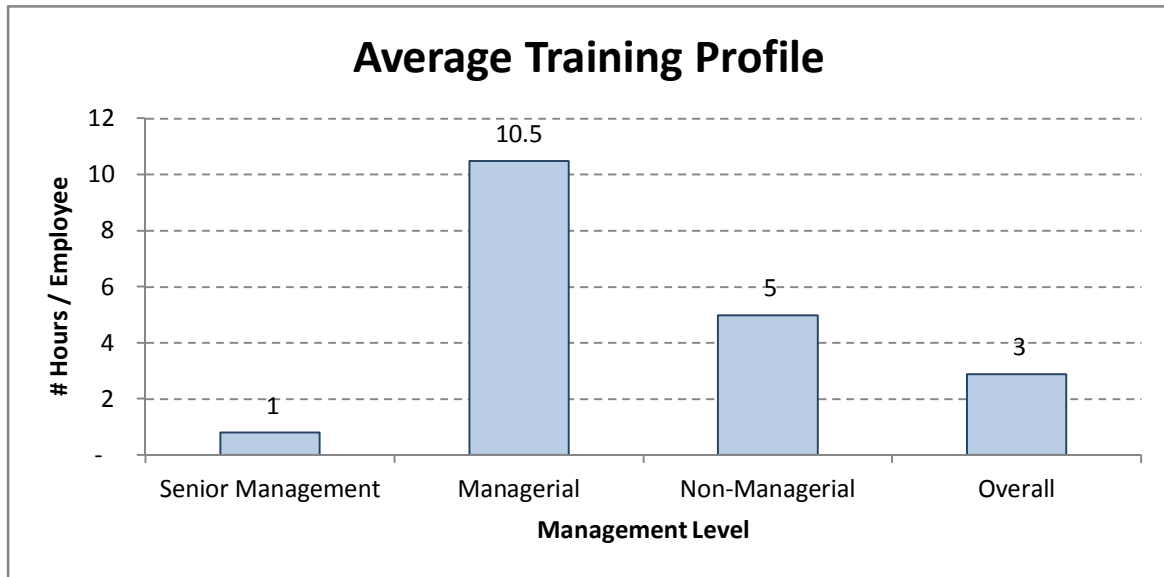
In addition, there are other feedback channels for areas specific to business and function, such as whistle-blowing policy on control and compliance issues. Such feedbacks are managed by the leaders and managers of their specific business and function domain. We have also established reporting and escalation channel should the feedback requires the attention of higher management.

### **5.2.2.4 Career Development and Training**

We recognise that consistent and ongoing education is critical to maintaining a competitive, skilled, productive and motivated workforce. Employee career development and performance management are established based on merits and contributing skill sets towards the organization objectives through objective settings and regular performance reviews. We continue to review and improve our people development and learning process in light of the changing business and operation environment.

Our training programme covers a variety of areas catering for employees with different job scopes and skills set requirements. Our core training curriculum and contents are developed and guided by well-established industry and international standards such as ISO 9100, ISO 14000 and IATF 16949. In addition, specific training curriculums are developed based on the specific requirements of the specific businesses and functions. Training topics range from soft skills development in areas such as communication and leadership, to technical programmes covering project management and office productivity tools.

In FY2017, each employee received an average of 3 hours of training. We recognized that the training requirements vary depending on the levels of management responsibilities. Each senior manager registered an average of 1 hour of training while managerial and non-managerial staffs received an average of 10 hours and 5 hours of training respectively. In light of the changing business requirements and opportunities in variety of training methodologies, we continue to revise our training curriculum and programme to align with the organization objectives and to strive for effectiveness and efficiency in our training approach.



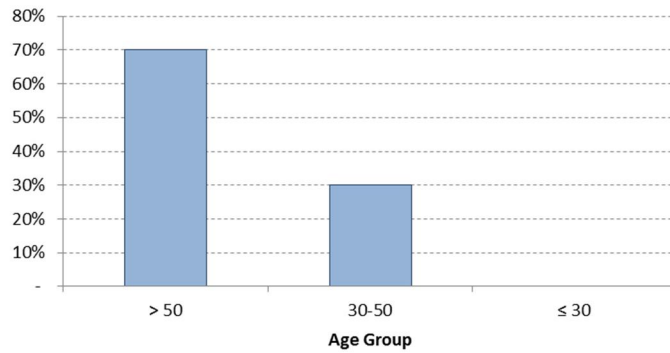
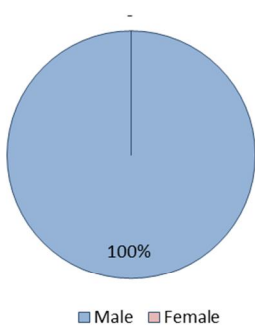
### 5.2.3 Workforce Diversity

Our business thrives on diversity. As such, we leverage on a host of strengths and skills that can only come from a diverse workforce embracing employees from various ethnic groups, religion, age and gender.

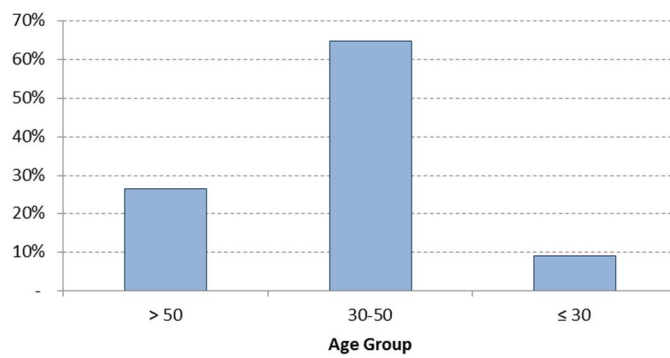
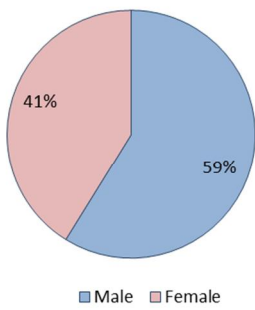
In FY2017, 247 of our employees were female, comprising (33%) of our workforce, while 494 (67%) employees were male. In terms of management function, 14 females (2%) held managerial positions compared to 30 males (4%), while 233 females (31%) and 464 males (63%) held non-managerial positions. The male to female ratio managerial and non-managerial positions were 20:14 and 464:233, respectively. From age profile perspective, there were 332 employees below 30 years old. The number of employees between 30 and 50 years old was 371, and 38 employees were above 50 years old. All members of our senior management team, including general managers, directors and unit heads, are Singaporeans and Malaysian.



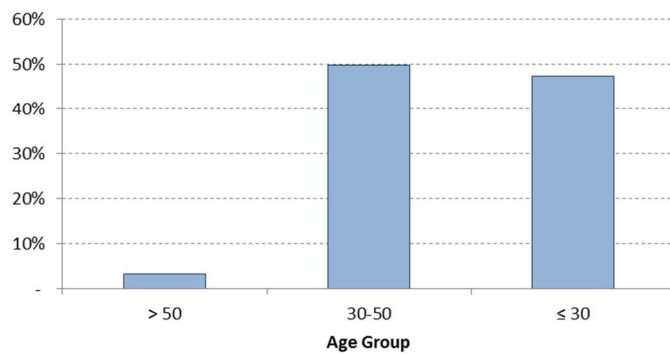
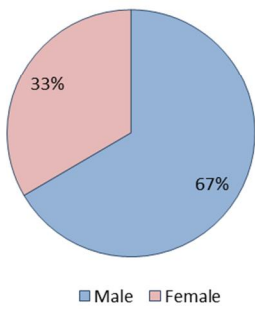
## Senior Management



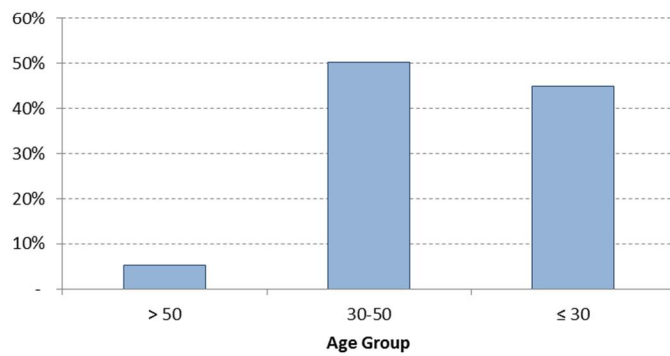
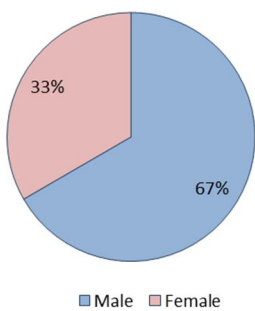
## Managerial Staff



## Non-Managerial Staff



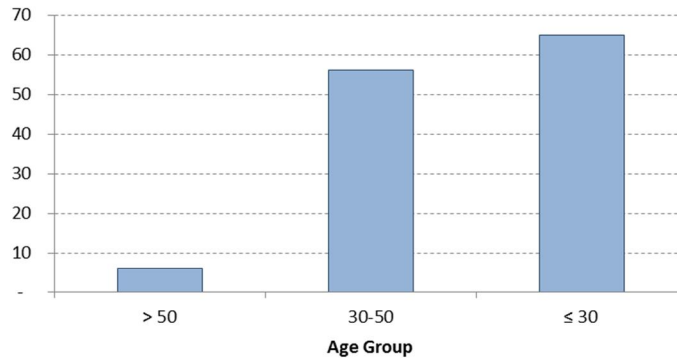
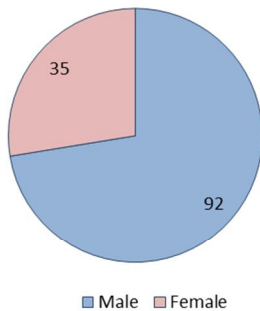
## Overall



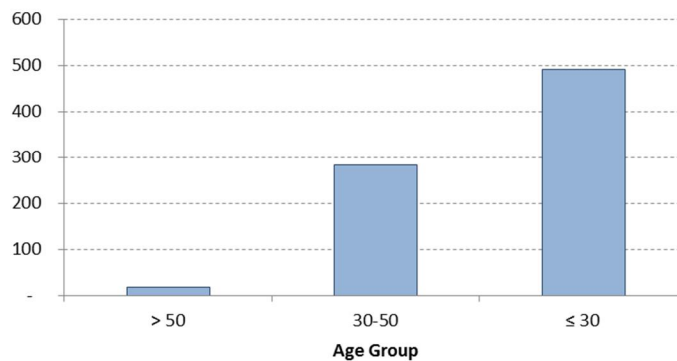
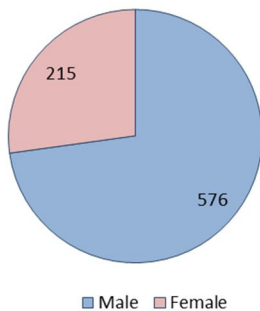


In FY2017, we hired a total of 127 new employees, while 791 employees resigned or were retrenched during the same period. As a result, we have a net decrease of 664 in our workforce. Out of the new hires, 51% of the new hires were below the age of 30, 44% were between 30 and 50 years old while 5% were above 50 years old. The gender ratio of new hires was 92 males to 35 females. For the employees who resigned or were retrenched, 62% were below the age of 30, 36% were between 30 and 50 years old while 2% were above 50 years old. The gender ratio of employees who resigned or were retrenched was 576 males to 215 females.

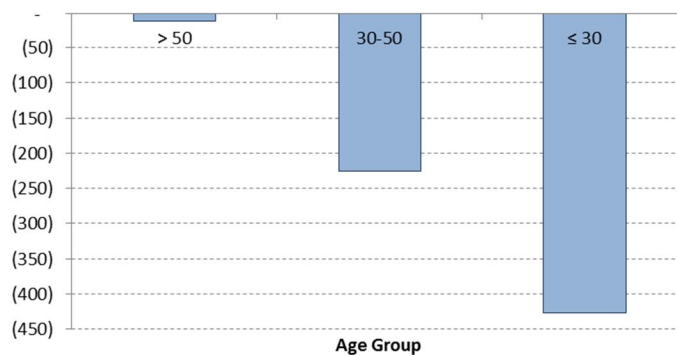
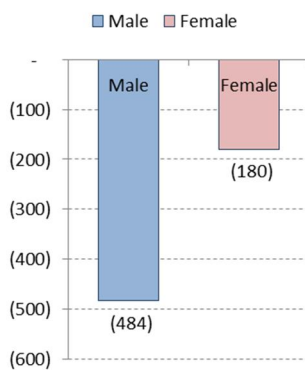
## New Hire



## Resignee



## Net Employee Movement



In addition to the human resources we managed under our payroll internally, we also engage external contracted companies as our outsourced vendors which provide outsourced personnel, such as cleaners and security guards who might work within our premises. Although we supervise these



people, they are employed by the contracted companies and are not included in our head count. We do not employ other types of un-contracted workers.

We expect that all the contracted companies we work with will share our core principles of HR management practices. In our vendor selection process, we take into consideration of their HR management practices as one of the key selections and performance criteria. We regularly review the performance of our vendors based on these criteria as a key basis to determine whether to continue to engage the services of such vendors.

## 5.2.4 Employee Benefits

All non-managerial employees in Singapore are covered by the Employment Act, which provides basic employment terms and working conditions including contract requirements, remuneration, hours of work, overtime, rest days and annual leave entitlement.

In addition to the statutory benefits outlined in the Employment Act, we provide beyond-compliance-level benefits to our fulltime employees. Examples of these benefits include vacation, marriage and compassionate leaves.

### 5.2.4.1 Work-Life Balance

While developing the talents of our employees and providing equal opportunities for them to excel are the key drivers for our company, we also recognize that the well-being and contentment of our employees are pivotal to the success and sustainability of our business and performance. Our employees are our most valuable asset, and we appreciate that their overall well-beings need to be well looked after in order for them to sustain their performance and realize their full potential.

To support our employees to strike a work-life balance, we aim to create an environment that allows our employees to achieve harmony in their personal and professional life. We intend to adopt a flexible approach to work arrangements and offering programmes to support health and wellness.

We understand that workplace could be at times stressful due to the competitiveness of our workforce and our business. To support our employees in their effort of pursuing excellence, we will launch various programmes and initiatives to balance their work with fun, and to develop an environment and culture of mutual support.

### 5.2.4.2 Retirement and Healthcare

Our Company has presence in various geographic locations where there are various local laws and regulations on pension and healthcare for employees. Our HR management practices comply with such laws and regulations. In Singapore, we participate in the Central Provident Fund (“CPF”) personal savings scheme, which helps employees to fund their retirement, home ownership, healthcare and education. Under this scheme, monthly deductions from the employees’ gross salaries are paid into their CPF savings accounts. The Company make employer contributions to these accounts, according to the rates stipulated in the CPF Act. In addition to CPF contributions, we provide comprehensive medical coverage for all employees. For more information on the CPF scheme and the contribution rates, please go to [www.cpf.gov.sg](http://www.cpf.gov.sg).

## 5.2.5 Safety and Health in the Workplace

We are committed to workplace safety and health and take every precaution to prevent occupational injuries among employees. We believe that optimum work conditions not only make our employees safer, but also boost morale.



## 5.2.6 Individual Rights

Respecting and protecting basic human rights is fundamental to all our operations and deeply ingrained in our Code of Conduct, which applies to all employees. Labour rights, the prohibition of discrimination and harassment, protection of privacy, prohibition of forced and child labour, and workplace health and safety are all strictly observed within the work environment and discrimination and harassment of any kind is not tolerated at our Company.

We also respect our employees' rights to freedom of association as well as their membership of trade unions and other professional bodies.

In FY2017, 0% of our workforce was covered by a collective bargaining agreement; no incidents of forced labour, child labour or young workers were identified across the organisation, and no human rights-related grievances have been reported.

## 5.2.7 Data Safety and Privacy

Ensuring safety and privacy of our customers' data is of great priority to us. We have processes and controls in place for handling and communicating sensitive and confidential information of our customers such as contracts, customer orders and product delivery orders. Our information security policies ensure our customers' data are managed in accordance to the level of confidentiality. We strictly observe all local laws and internal regulations applicable to personal information protection.



## 5.3 Partnering Our Suppliers

### 5.3.1 Our Approach

As part of our ambition to realize sustainability throughout our value chain, we extend the application of responsible business practices to our local partners and suppliers. We recognise that we are only at the beginning of our journey to integrate sustainable business practice throughout our supply chain, and we commit in our pragmatic approach to continuous improvement. We aim to identify new opportunities for collaboration with our suppliers, gradually increase transparency and continue to build shared capacity to minimise our indirect environmental and social impacts.

### 5.3.2 Supplier Selection

Our key suppliers are carefully selected through our supplier selection process. When selecting our key suppliers, we examine criteria such as financial health, quality of products and services, competitiveness of pricing. In addition, we also take into consideration of the overall sustainability policies adopted by our suppliers. Our final decision on supplier selection is based on the overall assessment which takes a balanced view across all selection criteria.

### 5.3.3 Supplier Review

We regularly review the performance of our key suppliers to determine whether to extend our partnership with them. During the key supplier review process, we engage with our key suppliers to communicate our expectations and mutual feedbacks. Such review process ensures alignment of our key suppliers' services and products to our business requirements and sustainability objectives through pragmatic and continuous improvement in our partnership with our key suppliers.





## 5.4 Supporting for Our Community

### 5.4.1 Our Approach

We will be providing support to the communities. The key motivation driving all our community engagement initiatives is to enable and empower young people. By supporting young people today and helping to educate them about the world they are to inherit, our goal is to benefit not only the current generation, but also the next.

We also recognize that meeting the needs of today's youth goes beyond their own education, security and well-being, extending to that of their families, homes and neighbourhoods as well. To this end, our engagement programmes also encompass financial and practical support in carefully selected communities, through fundraising and voluntary activities.

Our community initiatives are selected according to how closely they are aligned with our own community engagement goals of "enabling and empowering young people", the anticipated staff participation rate, and the tangible impact on the beneficiary. Separately, we will also engage on other community initiatives on an ad hoc basis. All our business units and some of our channel partners are involved in our community engagement programmes.

The culture and spirit of giving back to our society are ingrained into our business visions, and reflected our commitments under our various brands.



## 6 PERFORMANCE TABLE

### 6.1 Energy Usage and CO<sub>2</sub> Emissions

Direct and indirect CO<sub>2</sub> emissions in GHG emissions are measured in tonnes (t-CO<sub>2</sub>) and kilowatt hours (kWh), from electricity and fuel consumed. The electricity and fuel we purchase are both from non-renewable sources.

Our business and function grow over time, and the GHG emissions and electricity consumption vary. To ensure consistency and comparability of the GHG emission and electricity consumption measures over time, we create a GHG emission index and electricity consumption index for our performance monitoring. The index adjusts the GHG emissions and electricity consumption for the size of our activities. We normalize the amount of GHG emissions and electricity consumption by the amount of our revenues which we use as a proxy of the size of our activities. The GHG emission index is measured in t-CO<sub>2</sub> per SGD million and the electricity consumption index is measured in kWh per SGD million.

	Performance	Target
	FY2017	FY2018
GHG Emission Index (t-CO <sub>2</sub> / million SGD)	75.05	74.47 (reduce by 0.8%)
Electricity Consumption Index (kWh /million SGD)	120,763	119,934

#### **FY2017 Performance**

This year is our first year reporting of the performance. For performance tracking purpose, we will use FY2017 data as our base for our performance tracking towards our 2030 goals.

As of FY2017, the GHG Emission Index and Electricity Consumption Index stand at 75.05 and 120,763kWh respectively. In subsequent year, we will track our performance in reference to FY2017, being the base year.



## 6.2 Paper Consumption

We capture the data for paper consumption by how many reams of paper used where one ream is equivalent to 500 sheets of paper. To ensure consistency and comparability across various paper sizes, such as A3 and A4 papers, we measure the paper consumption by the weight of paper used which is adjusted for the various sizes and quality of papers.

Our business and function grow over time and the paper consumption patterns vary. We devise a paper consumption index for our performance monitoring. The index adjusts the paper consumption for the size of our activities. We normalize the amount of weights of paper consumed by the amount of our revenues which we use as a proxy of the size of our activities. The paper consumption index is measured in kilograms per SGD million.

	Performance	Target
	FY2017	FY2018
Total Weight of Paper from KHAN-NA or Forest Stewardship Council (FSC) Paper Consumed (kg) (%)	5,275 100%	--
Electricity Consumption Index (kWh /million SGD)	69.40	68.86

### FY2017 Performance

This year is our first year reporting the performance. For performance tracking purpose, we will use FY2017 data as our base for our performance tracking towards our 2030 goals.

As of FY2017, the Paper Consumption Index stands at 69.4 kilograms per SGD million. In subsequent year, we will track our performance in reference to FY2017, being the base year.

## 6.3 Employment Profile

### FY2017 Performance

In FY2017, Men-to-Women ratios in managerial positions and non-managerial positions stand at 20:14 and 464:233



## 6.4 Employees Engagement and Training

	Performance	Target
	FY2017	FY2018
Average Training Hours per Employee	3	4

**FY2017 Performance**

This year is our first year of reporting the performance. For performance tracking purpose, we will use FY2017 data as our base for our performance tracking towards our 2030 goals.

As of FY2017, the average training hours per employee stands at 3. In subsequent year, we will track our performance in reference to FY2017, being the base year.

## 6.5 Customer Feedback

	Performance	Target
	FY2017	FY2018
Customer Satisfaction Index	50%	52%

**FY2017 Performance**

This year is our first year of reporting the performance. For performance tracking purpose, we will use FY2017 data as our base for our performance tracking towards our 2030 goals.

As of FY2017, the Customer Satisfaction Index stands at 50%. In subsequent year, we will track our performance in reference to FY2017, being the base year.



## 6.6 Supplier Screening Using Environmental Criteria

**FY2017  
Performance**

This year is our first year of reporting the performance. For performance tracking purpose, we will use FY2017 data as our base for our performance tracking towards our 2030 goals.

As of FY2017, we have not screened key suppliers for sustainability criteria. We have, however, incorporate the following in our screening for new key suppliers:

Environment Protection Management	
ISO14001EMS established or not (attach EMS organization chart)?	
What are the major pollution sources? How to control? (state with attached pages)	
Any self-made environment rules and regulations? (state with attached pages)	
Are there any environment protection equipment and facilities? And environment performances? (state with attached pages)	
Is "three simultaneous" system implemented? (attach "three simultaneous" report)	
Any punishment by the local environment protection bureau?	
Company has a Sustainability Policy in place to govern company's sustainability initiatives? State : Yes/No	

## 6.7 Community Contribution

**FY2017  
Performance**

This year is our first year of reporting the performance. For performance tracking purpose, we will use FY2017 data as our base for our performance tracking towards our 2030 goals.

As of FY2017, we have not performed any community contributions. In subsequent year, we will track our performance in reference to FY2017, being the base year.



## 7 GRI CONTENT INDEX

This report is prepared in accordance with the Global Reporting Initiative (GRI) Standards Core option. We did not seek external assurance for this report.

N.B.: AR = Annual Report, SR = Sustainability Report (i.e. this report)

GRI Reference	Disclosure	Reference/Description	
<b>General Standard Disclosure</b>			
Organization Profile	102-1	Name of the organization	SR Section 1
	102-2	Activities, brands, products, and services	AR Page 1
	102-3	Location of headquarters	AR Page 2
	102-4	Location of operations	SR Section 2.1
	102-5	Ownership and legal form	AR Page 114
	102-6	Markets served	AR Page 101, 102
	102-7	Scale of the organization	AR Page 3, 11
	102-8	Information on employees and other workers	SR Section 5.2.3
	102-9	Supply chain	SR Section 5.3, 5.3.1, 5.3.2, 5.3.3
	102-10	Significant changes to the organization and its supply chain	No significant changes
	102-11	Precautionary Principle or approach	SR Section 3.2, 3.3, 4, 4.1, 5, 5.1.1, 5.2.1, 5.3.1, 5.4.1, 5.5.1
	102-12	External initiatives	SR Section 4.4
Strategy	102-14	Statement from senior decision-maker	SR Section 1
Ethics and Integrity	102-16	Values, principles, standards, and norms of behaviour	AR Pages 15-17 (Corporate Governance Report), SR Section 3.1, 3.3
Governance	102-18	Governance structure	AR Pages 13-31 (Corporate Governance Report), SR Section 5.3, 5.3.1, 5.3.2, 5.3.3
Stakeholder Engagement	102-40	List of stakeholder groups	SR Section 5, 5.1, 5.2, 5.3, 5.4, 5.5
	102-41	Collective bargaining agreements	SR Section 5.2.6
	102-42	Identifying and selecting stakeholders	SR Section 5
	102-43	Approach to stakeholder engagement	SR Section 5
	102-44	Key topics and concerns raised	SR Section 4.2, 5
Reporting Practice	102-45	Entities included in the consolidated financial statements	AR Page 3
	102-46	Defining report content and topic boundaries	SR Section 2.1, 2.2, 2.3
	102-47	List of material topics	SR Section 4.2
	102-48	Restatements of information	Not applicable as this is our first year reporting.
	102-49	Changes in reporting	Not applicable as this is our first year reporting.
	102-50	Reporting period	SR Section 2.1



GRI Reference		Disclosure	Reference/Description
	102-51	Date of most recent report	<i>Not applicable as this is our first year reporting.</i>
	102-52	Reporting cycle	<i>Annual</i>
	102-53	Contact point for questions regarding the report	<i>SR Section 2.4</i>
	102-54	Claims of reporting in accordance with the GRI Standards	<i>SR Section 2.2</i>
	102-55	GRI content index	<i>SR Section 7</i>
	102-56	External assurance	<i>We did not seek external assurance for this SR.</i>
<b>Economic</b>			
Economic Performance	201-2	Financial implications and other risks and opportunities due to climate change	<i>SR Section 5.1.4</i>
	201-3	Defined benefit plan obligations and other retirement plans	<i>SR Section 5.2.4.2</i>
Anti-corruption	205-1	Operations assessed for risks related to corruption	<i>SR Section 4.2</i>
	205-2	Communication and training about anti-corruption policies and procedures	<i>SR Section 3.3</i>
	205-3	Confirmed incidents of corruption and actions taken	<i>No confirmed incidents.</i>
Anti-competitive Behaviour	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	<i>No confirmed incidents.</i>
<b>Environment</b>			
Energy	302-1	Energy consumption within the organization	<i>SR Section 5.1.2</i>
	302-4	Reduction of energy consumption	<i>SR Section 5.1.2, 6.1</i>
	302-5	Reductions in energy requirements of products and services	<i>SR Section 6.1</i>
Emissions	305-1	Direct (Scope 1) GHG emissions	<i>SR Section 5.1.2, 6.1</i>
	305-2	Energy indirect (Scope 2) GHG emissions	<i>SR Section 5.1.2, 6.1</i>
	305-3	Other indirect (Scope 3) GHG emissions	<i>SR Section 5.1.2, 6.1</i>
	305-5	Reduction of GHG emissions	<i>SR Section 5.1.2, 6.1</i>
Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	<i>No confirmed incidents.</i>
Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	<i>SR Section 5.3.3, 6.6</i>
<b>Social</b>			
Employment	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<i>SR Section 5.2.4</i>
	401-3	Parental leave	<i>SR Section 5.2.1 5.2.2.1, 5.2.4</i>
Labour/Management Relations	402-1	Minimum notice periods regarding operational changes	<i>SR Section 5.2.2.2</i>
Occupational Health and Safety	403-1	Workers representation in formal joint management–worker health and safety committees	<i>SR Section 5.2.5</i>



GRI Reference		Disclosure	Reference/Description
Training and Education	404-1	Average hours of training per year per employee	SR Section 5.2.2.4, 6.4
	404-2	Programs for upgrading employee skills and transition assistance programs	SR Section 5.2.2.4, 6.4
	404-3	Percentage of employees receiving regular performance and career development reviews	SR Section 5.2.2.1 5.2.2.4, 6.4
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	SR Section 5.2.3
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	No incident has been reported.
Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	No confirmed incidents.
Human Rights Assessment	412-2	Employee training on human rights policies or procedures	SR Section 5.2.2.1, 5.2.6
Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	SR Section 5.3.1, 5.3.2, 5.3.3, 6.6
Customer Health and Safety	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No confirmed incidents.
Marketing and Labelling	417-2	Incidents of non-compliance concerning product and service information and labelling	No confirmed incidents.
	417-3	Incidents of non-compliance concerning marketing communications	No confirmed incidents.
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No confirmed incidents.
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	No confirmed incidents.

*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 (the "SGX-ST") Listing Manual Section B: Rules of Catalist. 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.*