

## ABOUT THIS REPORT

This report is set out on a “comply or explain” basis in accordance with Rule 711B and Practice Note 7.6 of the Singapore Exchange Securities Trading Limited (SGX-ST) Listing Manual on Continuing Listing Obligations. Corresponding to G4’s emphasis on materiality, this report covers the key areas of sustainability, namely environmental, social and governance-related initiatives carried out throughout the 12-month period, from 1 January 2017 to 31 December 2017.

The key material environmental, social and governance factors for Brook Crompton have been identified and reviewed by the Chairman and the CEO. The Board of Directors (“Board”) oversees the management and monitoring of these factors and takes them into consideration in the determination of the Group’s strategic direction and policies. Sustainability is a part of Company’s wider strategy to create long term value for all its stakeholders.

We welcome feedback from our stakeholders with regards to our sustainability efforts as this enables us to improve our policies, systems and results. Please send your comments and suggestions to [mgt@brookcromptonholdings.com](mailto:mgt@brookcromptonholdings.com).

## ORGANIZATIONAL PROFILE

Brook Crompton Holdings Ltd. is an established electric motors company. Our trademark Brook Crompton brand has been at the forefront of major technological breakthroughs in this arena, and is active in the supply of high-efficiency electric motors that also fulfil client needs for reliability and cost-effectiveness.

Through our commitment to quality and service, the Group has forged long-standing relationships with leading customers around the world. Always ready to devise solutions that satisfy the unique requirements of every client, we offer robust and versatile products that are widely deployed in sectors ranging from marine, mining and oil & gas to HVAC (heating, ventilation, air conditioning).

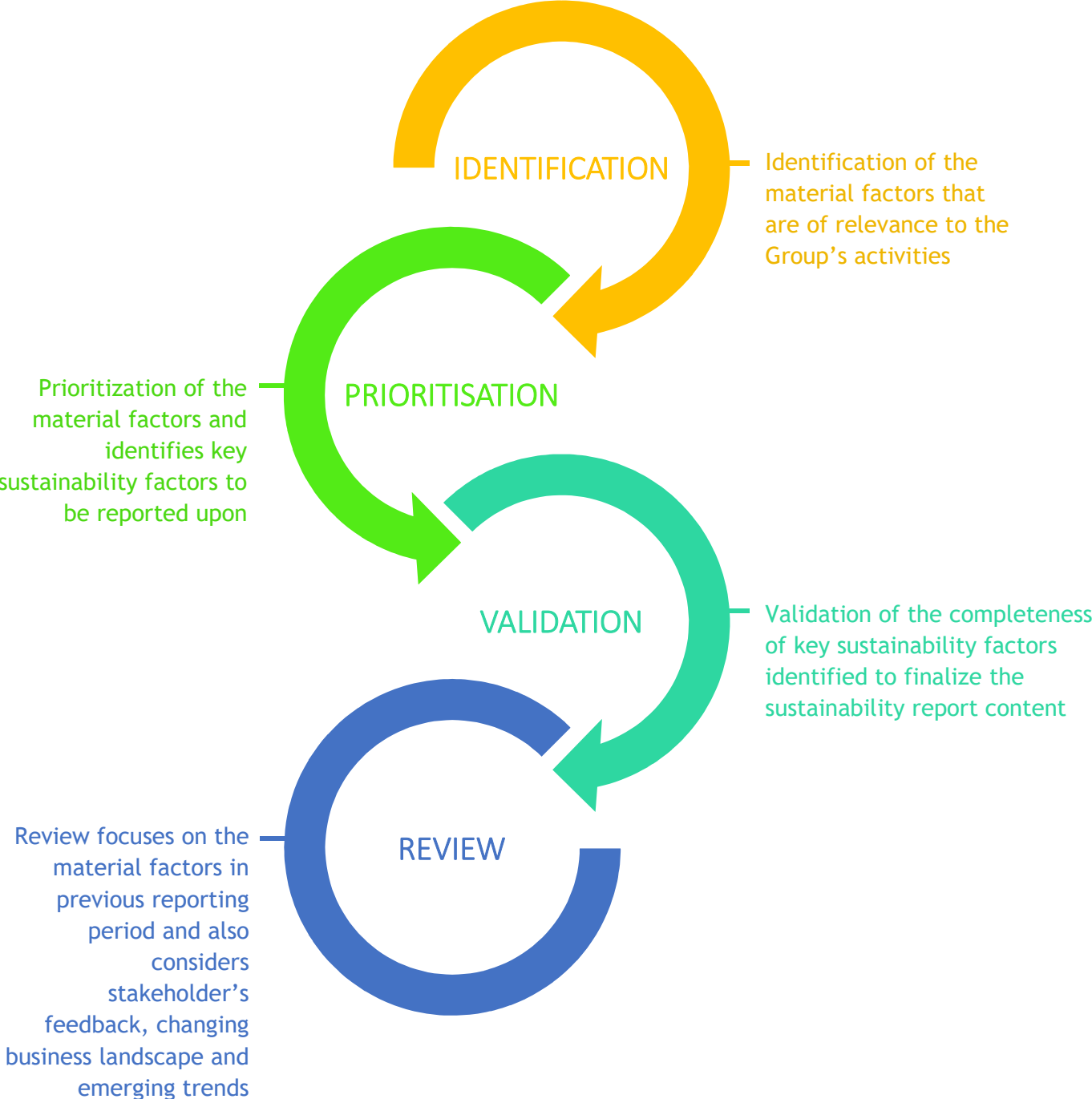
To bolster our position in key regions and facilitate our expansion to new markets we have taken decisive steps to strengthen our supply chain and distribution channel.

Our expanded sales and marketing teams are moving rapidly to widen our client base across the continents. Under the flagship of Brook Crompton, Brook Crompton UK Limited covers the markets in the United Kingdom, the Middle East, North Africa and Continental Europe; Brook Crompton USA, Inc and Brook Crompton Limited (Canada) covers the North American market and Brook Crompton Asia Pacific Pte Ltd covers the Asia Pacific market.



# SUSTAINABILITY REPORTING PROCESS

Our sustainability process begins with the identification of relevant aspects. Relevant aspects are then prioritised as a material factors which are then validated. The end result of this process is a list of material factors disclosed in the sustainability report. Inter-relations of which are as shown below:



# STAKEHOLDERS AND MATERIALITY

## STAKEHOLDER ENGAGEMENT

An important starting point in our sustainability journey is to identify our stakeholders and material aspects relevant to our business. The interests and requirements of key stakeholders are also taken into account when formulating corporate strategies. These key stakeholders include, but are not limited to, customers, suppliers, employees, investors, and regulators. We adopt both formal and informal channels of communication to understand the needs of key stakeholders, and incorporate these into our corporate strategies to achieve mutually beneficial relationships.

The table below sets out our engagement with our stakeholders:

Stakeholders	Engagement Platforms
Employees	Townhall sessions Open dialogues among teams Intranet portal
Customers and Consumers	Hotline Email queries Customer visit
Suppliers and Service Providers	Face-to-face meetings Annual review and feedback sessions
Investors/Shareholders	Group Annual Report Annual General Meeting Informal discussion

## MATERIAL ASPECTS ASSESSMENT

We conducted a materiality assessment during the year with the help of an external consultant. Going forward, materiality review will be conducted every year, incorporating inputs from the stakeholder engagements.

To determine if an aspect is material, we assessed its potential impact on the economy, environment and society and the influence on the stakeholders. Senior management took part along with our consultant. Aspects were identified and prioritised through internal workshops, peer reviews and social impact assessments at site level. Applying the guidance from GRI, we have identified the following material aspects:

Economic	Economic performance Market presence
Environmental	Energy consumption Supplier environmental assessment
Social	Diversity & fair employment practice Work place safety Training and education Compliance
Governance	Enterprise risk management

# ECONOMIC

## ECONOMIC PERFORMANCE

Here at Brook Crompton, the original innovator in electric motor development, we pride ourselves as a leading provider of energy efficient electric motors. With over a century’s technical & design expertise Brook Crompton delivers consistently reliable electric motors to a global market.

Trusted to power limitless industrial activities across diverse market sectors, the robust design of Brook Crompton’s electric motors drives fans, pumps, compressors, conveyors and more, every second, of every day, of every year.

For detailed financial results, please refer to the following sections in our Annual Report 2017:

- Financial Highlights, page 2; and
- Financial Statements, page 43 - 98.

Brook Crompton is focused on supplying high efficiency drive solutions for the industry, lower the costs of ownership throughout the motor lifespan and reduce the impact on the environment, thereby promoting greater sustainability.

**MARKET PRESENCE**

Brook Crompton has a long-standing reputation for efficient customer care, supporting customers worldwide through its global network. Brook Crompton Motor Centres operate alongside approved Product Distributors throughout the UK, Mainland Europe, Middle East, Canada, USA & Asia Pacific.

The Group comprises operations in the UK ([www.brookcrompton.com](http://www.brookcrompton.com)), North America ([www.brookcromptonna.com](http://www.brookcromptonna.com)) and Asia Pacific regions. Under the restructuring program in 2010, the business of the company had been streamlined to focus on the core business of distribution of electric motors, leveraging on the long established, industry acclaimed, Brook Crompton brand.



For detailed information on our product and our performance, please refer to our Annual Report, pages 2, 3, 10 and 11.

# ENVIRONMENT

We focus on business and environment to create value through our offering of products and services that contribute to a reduced environmental impacts, whilst also engaging in efforts to reduce our environmental footprint.

Brook Crompton, as a group, is committed to energy efficiency. To this end, the company has started enhancing its product range with high efficiency motors that performed optimally even in the most challenging environments.

Our direct environmental impact is limited, but we always strive to avoid unnecessary impact on the environment and to further reduce environmental impact.

## ENERGY CONSUMPTION

Our offices uses electricity. In order to manage energy effectively, we have adopted the following measures:

1. Installed LED energy saving bulbs;
2. All staff turn off the lights when not in use; and
3. Printing of paper is minimised, electronic mail is used.

## SUPPLIER ENVIRONMENTAL ASSESSMENT

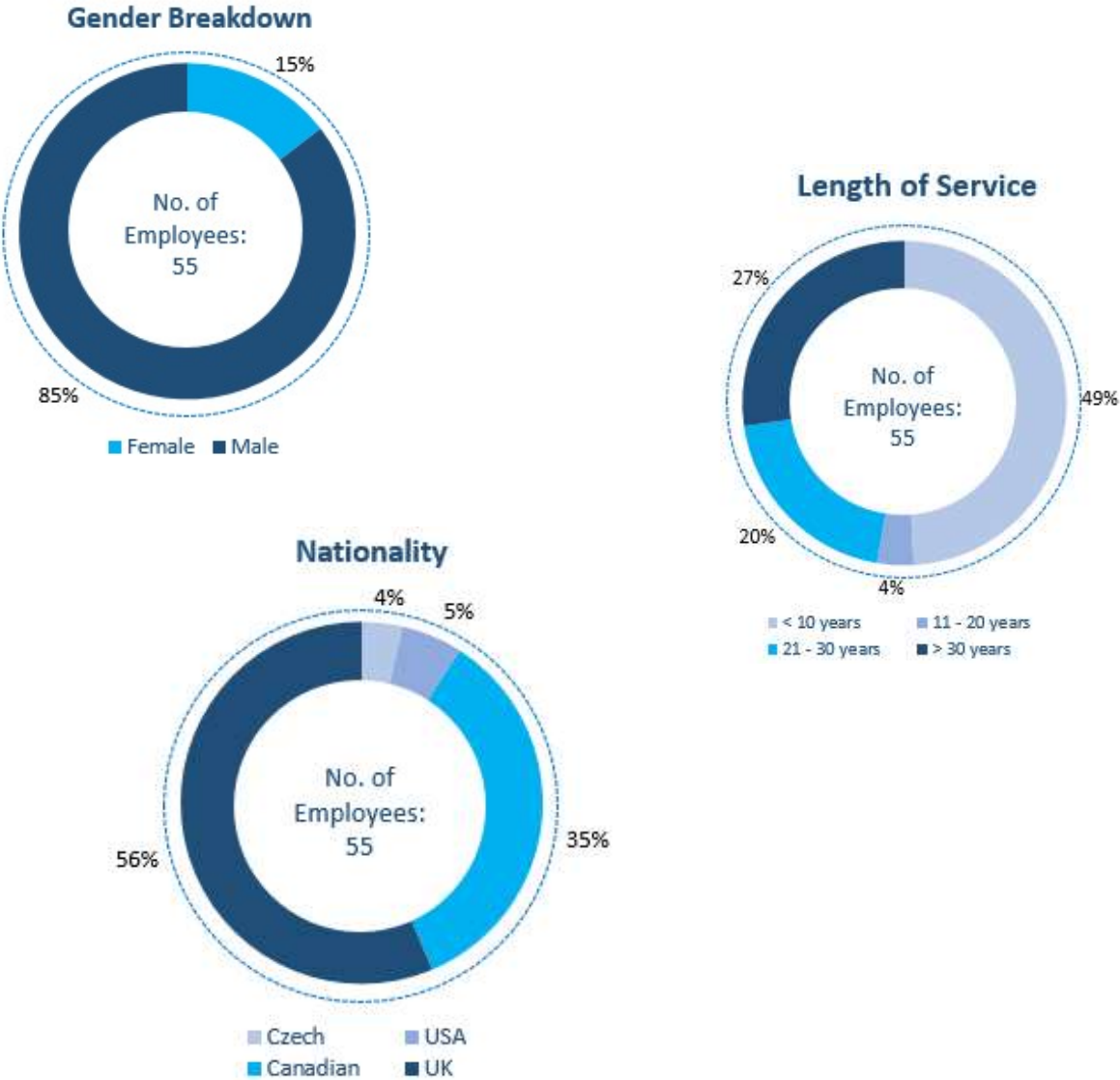
Our sourcing activities can also have a positive influence on the local economy. We engage local suppliers whenever possible. We procure from partners who provide us with the highest quality equipment, systems and solutions, in order to achieve the highest quality in our products and services. It is important to us to procure from suppliers with sound social and environmental practices. In the manufacturing stage, human rights issues and forced or child labour practices have potential negative impacts, together with the use of contentious materials such as rare earth metals in the production of the equipment. Brook Crompton can indirectly influence our supply chain positively, through our supplier selection process.

Brook Crompton has regularly conducted annual audits of key suppliers. Many of our customers now demand that we comply with anti-child labour laws and refrain from the use of conflict materials which we will in due course pass on to our suppliers.

In addition to questions about child labour and the use of conflict materials, for 2018 Brook Crompton will ask suppliers on their policies on monitoring and managing their supply chain in regard to environmental issues, their policies that promote efficient use of resources, ethics, training and any cases of non-compliance on environmental or safety issues.

Going forward for 2018, Brook Crompton has completed a draft group code of conduct in Q3 and has been put to the board for approval.

## SOCIAL





## DIVERSITY AND FAIR EMPLOYMENT

We embrace diversity, and at the same time expect employees to be aligned with group's vision and strategic initiatives. Whilst we expect our employees to constantly challenge and improve themselves, we also require them to treat others equally, honestly and with respect. We will never discriminate against its employees on grounds of race, religion, gender, marital status or age.

Brook Crompton's recruitment is committed to recruit staff is based solely on merit. We give preference to the hiring of local talent. We are committed to providing competitive remuneration and benefits to our employees.

Staff retention is deemed high given majority of staff work for more than 5 years.

## WORK PLACE SAFETY

The working environment at Brook Crompton is safe and conducive. We are also committed to safeguarding our employees' health and safety against any potential workplace hazards. There has been no work place incidents for YA2017.

## TRAINING AND EDUCATION

We conduct training for our UK employees. We intend to develop technical training for our staff in North America in 2018.

## COMPLIANCE

Most of our customers already require us to comply with sustainable practices such as a ban on child labour and conflict materials. Some of our clients have embarked on their own far-reaching sustainability programmes and as such need to fully evaluate their supply chain in far greater detail than before. One client in particular has reached out to its suppliers, including Brook Crompton, asking for thoughts on how we can work towards achieving these goals together.

We have to audit our suppliers to ensure that all strict guidelines and customer specifications are adhered to. We conduct audits on our suppliers to ensure there is no child labour used, no conflicting materials used. As indicated above, we intend to perform a supplier evaluation in 2018.

Stringent quality procedures are observed from first design to finished product in accordance with the ISO9001 quality systems. All of our factories have been assessed to meet these requirements, a further assurance that only the highest standards of quality are accepted.

## PRODUCT QUALITY

Driven by technology and innovation, Brook Crompton offers a complete range of low, medium & high voltage motors including the premium Brook Crompton "W", the Series 10 and motors suitable for operation in hazardous atmospheres and hostile environments. Given Brook Crompton's extensive knowledge and experience, stock can be modified to suit specific customer needs, with technical support from the company's knowledgeable team readily available to ensure the correct selection of motors for any application. For bespoke situations and complete flexibility, Brook Crompton will design and manufacture to meet detailed individual customer specifications. Brook Crompton is on the forefront of constant innovation.

Shaping the future of electric motors, Brook Crompton is focused on the development of new products that improve energy efficiency, offer lower cost of ownership throughout the motor lifetime and reduce environmental impact.

## CONTRIBUTION TO SOCIETY

We purchase corporate gifts from charities as a form of help charities advertise and also to fund charities.

## GOVERNANCE

In 2017, we complied with the Code of Corporate Governance. Please refer to the Annual Report pages 13 to 29 for our Code of Corporate Governance Report.

In our dealings with our customers we get our employees to strictly uphold company policy on anti-corruption/bribery clauses. We may also ask our suppliers through a supplier questionnaire on whether they have anti-corruption/bribery clause with their upstream suppliers.

## ENTERPRISE RISK MANAGEMENT (ERM)

ERM is an integral part of good corporate governance as well as resource management. A thorough and comprehensive ERM framework enables Brook Crompton to identify, communicate and manage its risks and exposures in an integrated, systematic and consistent manner. For detailed disclosure on ERM, please refer to our Annual Report, pages 24 to 25.