

SUSTAINABILITY REPORT 2018

ABOUT THE SUSTAINABILITY REPORT

The Sustainability Report (“this Report”) specifies the sustainability activities, challenges and measures being taken by Mary Chia Holdings Limited (the “Company” and together its subsidiaries, the “Group”) during the financial year ended 31 March 2018 (“FY2018”).

Unless specified otherwise, this Report mainly covers the Group’s four operating segments in Singapore, which is its headquarter and considered as material to Group. The segments include the segments of beauty, slimming and spa treatment for a) women and b) men, c) direct selling and d) investment holding. This Report also presents and summarises the Group’s policies, practice and performance relating to the environmental, social and governance (“ESG”) aspects. The Group will strengthen its sustainability works in the future, and continue to expand its scope of disclosure subject to materiality assessment and necessity.

REPORTING FRAMEWORK

This Report has been prepared in accordance with the Practice Note 7F Sustainability Reporting Guide issued by the Singapore Exchange Securities Trading Limited and with reference to the Global Reporting Initiative (“GRI”) Standards: Core Option, the latest sets of standards issued by the GRI Global Sustainability Standards Board. The GRI Standards sets out generic sustainability factors, general principles and indicators for the Group to report on sustainability policies, practices, performance and targets that is in line with the global best practices for reporting on economic, environmental and social topics.

In specific, the Report references to the following topic-specific disclosures:

- GRI 201: Economic Performance 2016
- GRI 205: Anti-corruption 2016
- GRI 302: Energy 2016
- GRI 303: Water 2016
- GRI 305: Emissions 2016
- GRI 307: Environmental Compliance 2016
- GRI 401: Employment 2016
- GRI 404: Training and Education 2016
- GRI 405: Diversity and Equal Opportunity 2016
- GRI 406: Non-discrimination 2016
- GRI 416: Customer Health and Safety 2016
- GRI 417: Marketing and Labeling 2016
- GRI 418: Customer Privacy 2016
- GRI 419: Socioeconomic Compliance 2016

STATEMENT FROM THE BOARD OF DIRECTORS

The Board of Directors (the “Board”) is pleased to present its first Sustainability Report and believes that this Report has provided a transparent presentation of its ESG initiatives, plans and performances. It also serves as a good communication platform with its stakeholders for demonstrating its ongoing commitment to sustainability development.

The Board having considered sustainability issues as part of its strategic formulation, determined the material ESG factors and overseen the management and monitoring of the material ESG factors. The Board believes that it is important for the Group to consider the impact brought by the businesses to stakeholders in order to formulate its strategy and maintain sustainable corporate development. The Board has the responsibility in setting the sustainability agenda and overseeing the sustainability performances of the Group. The Board considers ESG issues such as employment, customer health and safety, etc. are crucial to the Group’s long-term development. Therefore, a sustainability working group has been formed to plan for, implement and integrate sustainability into the Group’s operations and strategies. Strategy has always been a combination of consistent and repeatable growth in our existing market while identifying potential opportunities for expansion in new markets.

The Group has actively engaged its stakeholders including its customers, employees, business partners, shareholders and regulators across its operations. This stakeholder engagement has allowed the Group to continuously improve its business prospects and increase customer loyalty, which ultimately creates value to the Group.

During FY2018, the Group is glad to highlight our ESG performance in specific:

- Employment - There are a total of 178 employees, and the ratio of men to women employees is 1 to 5.8.
- Complaint Cases – There are no substantiated complaints received concerning breaches of customer privacy.
- Compliance – There are no cases of non-compliance with laws and / or regulations in the socioeconomic areas and the environmental area.

Last but not least, the Board would like to express its sincere appreciation for the support of all employees, customers and business partners over the past years. By adopting sustainable practices, the Group will continue to make greater contribution to the sustainable corporate development.

STAKEHOLDER ENGAGEMENT

The Group values its stakeholders and their feedback regarding its businesses and sustainability aspects. In order to understand and address their key concerns, we have maintained close communication with key stakeholders, including but not limited to customers, employees, shareholders, suppliers as well as government and regulators.

In formulating operational strategies and ESG measures, the Group takes into account the stakeholders' expectations and strives to improve its performance through mutual cooperation with the stakeholders, resulting in creating greater value for them by utilising diversified communication channels, shown as below.

Details of key stakeholder engagement channels

Stakeholders	Engagement channels	Engagement frequency	Key topics / Concerns
Customers	<ul style="list-style-type: none"> ● Online Feedback ● Social media 	<ul style="list-style-type: none"> ● Throughout the year 	<ul style="list-style-type: none"> ● Quality of goods and services provided ● Area for improvement ● Customer Privacy ● Compliance with the Personal Data Protection Act and other relevant regulations
Employees	<ul style="list-style-type: none"> ● Trainings ● Team building activities 	<ul style="list-style-type: none"> ● Throughout the year ● Quarterly 	<ul style="list-style-type: none"> ● Service improvement ● Get together (Festive celebration; D&D etc.)
Shareholders	<ul style="list-style-type: none"> ● Annual General Meeting ● Sustainability Report ● Release of financial results and other relevant disclosures through SGXNet and Mary Chia's website 	<ul style="list-style-type: none"> ● Once a year ● Ad-hoc 	<ul style="list-style-type: none"> ● Profitability and share price performance of the Company
Suppliers	<ul style="list-style-type: none"> ● Supplier management meetings and events ● Supplier audit 	<ul style="list-style-type: none"> ● Throughout the year 	<ul style="list-style-type: none"> ● Fair and open procurement ● Quality of products
Government and regulators	<ul style="list-style-type: none"> ● Annual report ● Announcements on SGX ● Written response to public consultation ● Ongoing dialogues 	<ul style="list-style-type: none"> ● Annually ● Throughout the year 	<ul style="list-style-type: none"> ● Compliance with related laws and regulations ● Compliance with industry standards and guidelines

MATERIALITY ASSESSMENT

The senior management and representatives have participated in preparing this Report, identifying key sustainability issues and assessing the importance of these issues to our businesses and stakeholders. The Group has performed materiality assessment and compiled a questionnaire to collect the material information for sustainability reporting purpose.

The Group has considered feedback from relevant stakeholders in determining the Group’s material sustainability aspects to be covered in this Report. The Group’s materiality matrix for FY2018 is presented in the following section.



Material topics			
1	Anti-corruption	6	Customer Health and Safety
2	Energy Consumption	7	Marketing and Labelling
3	Water Management	8	Customer Privacy
4	Employment	9	Environmental and Socio-economic Compliance
5	Talent Retention and Training		

The Group is focused upon diversity and equal-opportunity, work-life balance, occupational health and safety, development and training of employees, fair and open procurement, quality of service, customer service, customer privacy protection, intellectual property protection, anti-corruption and anti-fraud, internal control and whistleblowing mechanism.

In this Report, the Group will further disclose its performance in terms of relevant aspects, and consider the results as important reference points for the planning of sustainability management for the next financial year.

The Group confirmed that appropriate and effective management policies and internal control systems for environmental, social and governance issues are in place.

CONTACT US

The Group welcomes comments and suggestions from its stakeholders. You may provide your comments on this Report or towards its ESG performance via email to corporateenquiry@marychia.com.

SUSTAINABILITY PERFORMANCE SUMMARY:

Material ESG factors and aspects	Indicator	Performance for FY2018	Target for upcoming financial year
Economic			
Economic Performance	Details of the financial performance in FY2018 can be referred to 2018 Annual Report published by the Company.		
Anti-corruption	Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption	0	Maintaining zero corruption case by educating staff and other stakeholders through anti-corruption trainings, promotion and education.
	Public legal cases regarding corruption brought against the organization or its employees	0	
Environmental			
Energy Management	Electricity consumption	492,622.00 kWh	Maintaining current level of energy consumption intensity.
	Electricity consumption intensity	2,767.54 kWh / employee	
Water Management	Water consumption	3,252.93 m ³	Maintaining current levels of water consumption intensity.
	Water consumption intensity	18.27 m ³ / employee	
Environmental Compliance	Number of non-compliance with environmental laws and/or regulations	0	Upholding the same high standard of conduct and maintain zero non-compliance cases.
Social			
Employment	Total employee number	178	Maintaining the existing ratio of diversity of employees.
	Diversity of employees	Male: 26	
Female: 152			
Talent Retention and Training	New employee hires rate	45.51%	
	Employee turnover rate	48.31%	
	Average training hours per employee, per year	0.96 hours	

Governance			
Customer Health and Safety	Total number of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services	0	Upholding the same high standard of conduct and maintain zero non-compliance cases.
Marketing and Labelling	Total number of non-compliance with regulations and/or voluntary codes concerning product and service information and labelling	0	
	Total number of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship	0	
Customer Privacy	Total number of substantiated complaints received concerning breaches of customer privacy	0	
Socioeconomic Compliance	Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area	0	

Economic Performance

Anti-corruption

The Group believes that a clean corporate culture is the key to our continuous success. To promote high standards of corporate governance, corporate transparency and to enhance shareholder value, the Group has adopted a framework of corporate governance policies and practices, and implemented the Whistle Blowing Policy.

The Group had instituted a whistle-blowing policy to provide a channel for employees of the Group to report in good faith and in confidence, without fear of reprisals, concern about possible improprieties in financial reporting and other matters. The objective of the policy ensures that there is independent investigation of such matters and that appropriate follow up actions will be taken. The Audit Committee (“AC”) exercises the overseeing function over the administration of the policy. Staff is given direct access to the AC via email or mail. Once a complaint is lodged, the AC will direct the management to investigate and review any report findings as well as follow up actions.

Environmental Performance

The Group believes that environmentally-friendly practices complement business efficiency and advocates corporate social responsibility towards the environment by incorporating these processes in its daily operations. As a socially responsible corporation, the Group strictly complies with related environmental regulations and all employees share responsibilities in monitoring the Group’s environmental performances. Employees are encouraged to report any suspected violation to the Group, and the management will look into the reported issues in a serious manner.

Energy Management

Energy management policy has been developed to strive for energy conservation as one of the Group’s fundamental policies. All employees should implement the adopted measures whenever appropriate, including the purchase of energy-efficient products and services, and are responsible for the Group’s overall energy efficiency. Through adopting energy management and conservation policies and practices, the Group has developed and regularly reviewed our energy targets to continuously enhance the Group’s energy performance.

The energy management system is implemented with annual review to assist in achieving our energy saving objectives and targets. Moreover, monthly monitoring of the usage of electricity and water and other materials is implemented. Unexpected high consumption of electricity will be investigated to find out the root cause and take preventive measures.

During FY2018, the Group performed the following measures relating to mitigating emissions:

- Adopted higher energy-efficiency office equipment in workplace;
- Encouraged its staff to utilise teleconferences and video conferences if appropriate;
- Publicized environmental protection messages to its staff; and
- Encouraged its staff to participate in campaigns and activities relating to the promotion of green environment.

The Group is committed to strictly execute the measurement and track the effectiveness. It is intended to achieve constancy in term of the total energy consumption as well as the intensity.

Water Management

The water consumption of the Group is mainly for treatment and cleaning that is related to our business activities. As a result, the Group has formulated relevant procedures for water management and water conservation measures.

The Group has also encouraged employees and customers to develop the habit of conserving water consciously. The Group has been strengthening its water-saving promotion, posting water-saving slogans and educating employees to use water reasonably. The Group is targeting in maintain the same total water consumption as well as the intensity.

Greenhouse Gas Emission

The Group’s major sources of greenhouse gas (“GHG”) emissions are from the electricity supplied by the relevant service providers. To reduce GHG emissions, measures such as electricity conservation initiatives are adopted, which have been detailed in previous section in “Energy Management”. The Group’s target is to remain a consistent GHG emission through the constancy in electricity consumed.

During FY2018, the indirect GHG Emission (Scope 2) of the Group was 206.51 tCO₂e, and the intensity was 1.16 tCO₂e per employee.

Social Performance

Socioeconomic compliance is one of the key factors for the Group to obtain social license to operate. The management of the Group regularly review on the business activities, set up clear policies and procedures in advance to prevent potential infringement of related laws and regulations. Employees are also encouraged to report any suspected cases of violation in any laws and regulations.

Employment Practice

The Group values human resources as they are the foundation in supporting the development of the Group. Hence, the Group has established Employment Policy and Procedures to fulfil its principle of people-oriented management and realising the full potentials of its employees. The Employment Policy and Procedures are formally documented, covering the aspects of recruitment, compensation, promotion, working hours and rest periods, diversity and equal opportunity, etc. The Group reviews the Employment Policy and Procedures and its employment practices on a periodic basis to ensure continuous improvements of its employment standards.

The Group is pleased to present its ratio of men to women of the Group, which demonstrates its equality principle:

The Ratio of Men to Women of the Group:

Male	Percentage (%)	Female	Percentage (%)	Total	Percentage (%)
26	14.61	152	85.39	178	100

Recruitment and Remuneration

The Group applies robust and transparent recruitment processes based on merit selection against the job criteria, and recruits individuals based on their suitability for the position and potential to fulfill the Group's current and future needs.

The basis for compensation and promotion are job-related skills, qualifications and performances, ensuring that the Group treats and evaluates employees and applicants in a fair way and compensates employees relative to the industry and local labour markets in which it operates. The benchmarking exercise also consists of assessing competitive level of fixed and variable compensation including cash, shares and other benefits, such as holidays, annual leave, sick leave, medical insurance and discretionary bonus.

The following table demonstrates the number of new employees recruited during FY2018 and its rate of new employee hires:

Gender	Number of new employees	Rate of new employee hires (%)
Male	15	57.69
Female	66	43.42

Talent Retention and Training

In order to train employees to meet the requirements of the job as well as develop them to their fullest potential and to give these employees the opportunity to move laterally and vertically in tandem with their abilities and aspirations, the Group has established relevant training guidelines and provides trainings and development activities to our employees on an ongoing basis. The Group also provides them Training Evaluation Form to evaluate the effectiveness of the courses and learning activities that our employees have attended.

Details of average training hours per employee on an annual basis can be referred to the section of "Sustainability Performance Summary".

On top of providing continuous trainings and development activities to staff, the Group recognises the importance of talent retention. The employee turnover rate was shown as below:

The Employee Turnover Rate by Gender:

Gender	Turnover number of employees	Turnover rate (%)
Male	11	42.31
Female	75	49.34

Diversity, Equal Opportunity and Anti-discrimination

The Group recognises the value of a diverse and skilled workforce and is committed to creating and maintaining an inclusive and collaborative workplace culture in which all can thrive.

The Group is dedicated to providing equal opportunity in all aspects of employment and maintaining workplace that are free from discrimination, physical or verbal harassment against any individual on the basis of race, religion, colour, gender, physical or mental disability, age, place of origin, marital status, and sexual orientation. This covers all aspects of

employment, including selection, job assignment, compensation, discipline, termination, and access to benefits and training.

In order to ensure that complaints, grievances and concerns, are dealt with promptly and confidentially as well as to promote a higher standard of corporate governance and corporate transparency, the Group has adopted the whistle-blowing policy. Employees can raise concerns and make reports without fear of reprisals. Anyone found to be engaging in any type of unlawful discrimination will be subject to disciplinary action, up to and including termination of employment.

Customer Health and Safety

As a corporation providing lifestyle and wellness services as well as skincare, the Group values the health and safety impact brought by its offering of services and products. The Group has established appropriate policies and measures to maintain product and service quality in order to protect customer health and safety. The relevant policies and measures include the appropriate and standardised steps taken by employees when providing services to its customers.

In case of any customer complaints, regulators' notification, internal discovery or laboratory reports relating to the product quality issues, the Group will immediately follow up the issues with relevant stakeholders in accordance with the established policy and procedures of customers services. Customers' satisfaction will be evaluated after the complaints are settled. The management team will also assess the risks on the service and product quality issues and take further follow-up actions if required.

SGX CONTENT TABLE

S/N	Primary Component	Section Reference
1	Material Topics	<ul style="list-style-type: none"> ● Materiality Assessment
2	Policies, Practices and Performance	<ul style="list-style-type: none"> ● Anti-corruption ● Energy Management ● Water Management ● Greenhouse Gas Emission ● Employment Practice ● Recruitment and Remuneration ● Talent Retention and Training ● Diversity, Equal Opportunity and Anti-discrimination ● Customer Health and Safety
3	Board Statement	<ul style="list-style-type: none"> ● Statement from the Board of Directors
4	Targets	<ul style="list-style-type: none"> ● Sustainability Performance Summary
5	Framework	<ul style="list-style-type: none"> ● Reporting Framework

GLOBAL REPORTING INITIATIVE CONTENT INDEX

GRI Indicator	Description	Session / Explanation
GRI 102: General Disclosures		
102-1	Name of the organization	Section: About the Sustainability Report
102-2	Activities, brands, products, and services	Section: About the Sustainability Report
102-3	Location of headquarters	Section: About the Sustainability Report
102-4	Location of operations	Section: About the Sustainability Report
102-8	Information on employees and other workers	Section: Social Performance – Employment Practice
102-10	Significant changes to the organization and its supply chain	No significant changes
102-16	Values, principles, standards, and norms of behavior	Section: Statement from the Board of Directors
102-18	Governance structure	Section: Statement from the Board of Directors
102-40	List of stakeholder groups	Section: Stakeholder Engagement
102-42	Identifying and selecting stakeholder	Section: Stakeholder Engagement
102-43	Approach to stakeholder engagement	Section: Stakeholder Engagement
102-46	Defining report content and topic boundaries	Section: About the Sustainability Report
102-49	Changes in reporting	Explanation: Not applicable due to the first year sustainability reporting
102-50	Reporting period	Section: About the Sustainability Report
102-51	Date of most recent report	Explanation: Not applicable as this is

		the first sustainability report
102-52	Reporting cycle	Reported annually
102-53	Contact point for questions regarding the report	Section: Contact Us
102-56	External assurance	Explanation: According to Materiality Assessment, not applicable
GRI 201: Economic Performance		
103	Management Approach	Other reference: Annual Report 2018
201-1	Direct economic value generated and distributed	Section: Sustainability Performance Summary Other reference: Annual Report 2018 - Statements of Financial Position
GRI 205: Anti-corruption		
103	Management Approach	Section: Economic Performance - Anti-corruption
205-3	Confirmed incidents of corruption and actions taken	Section: Sustainability Performance Summary
GRI 302: Energy		
103	Management Approach	Section: Environmental Performance - Energy Management
302-1	Energy consumption within the organization	Section: Sustainability Performance Summary
GRI 303: Water		
103	Management Approach	Section: Environmental Performance - Water Management
303-3	Water recycled and reused	No water resource being recycled and reused
GRI 305: Emissions		
103	Management Approach	Section: Greenhouse Gas Emission
305-2	Energy indirect (Scope 2) GHG emissions	Section: Greenhouse Gas Emission
305-4	GHG emissions intensity	Section: Greenhouse Gas Emission
GRI 307: Environmental Compliance		
103	Management Approach	Section: Environmental Performance
307-1	Non-compliance with environmental laws and regulations	Section: Sustainability Performance Summary
GRI 401: Employment		
103	Management Approach	Section: Social Performance - Employment Practice
401-1	New employee hires and employee turnover	Section: Social Performance - Recruitment and Remuneration, Talent Retention and Training
GRI 404: Training and Education		
103	Management Approach	Section: Social Performance - Talent Retention and Training
404-1	Average hours of training per year	Section: Sustainability Performance

	per employee	Summary
404-2	Programs for upgrading employee skills and transition assistance programs	Section: Social Performance - Talent Retention and Training
GRI 405: Diversity and Equal Opportunity		
103	Management Approach	Section: Social Performance - Diversity, Equal Opportunity and Anti-discrimination
GRI 406: Non-discrimination		
103	Management Approach	Section: Social Performance - Diversity, Equal Opportunity and Anti-discrimination
406-1	Incidents of discrimination and corrective actions taken	No incidents of discrimination is reported in FY2018.
GRI 416: Customer Health and Safety		
103	Management Approach	Section: Social Performance - Customer Health and Safety
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Section: Sustainability Performance Summary
GRI 417: Marketing and Labeling		
103	Management Approach	Section: Social Performance - Customer Health and Safety
417-2	Incidents of non-compliance concerning product and service information and labeling	Section: Sustainability Performance Summary
417-3	Incidents of non-compliance concerning marketing communications	Section: Sustainability Performance Summary
GRI 418: Customer Privacy		
103	Management Approach	Section: Social Performance - Customer Health and Safety
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Section: Sustainability Performance Summary
GRI 419: Socioeconomic Compliance		
103	Management Approach	Section: Social Performance
419-1	Non-compliance with laws and regulations in the social and economic area	Section: Sustainability Performance Summary