

# HWA HONG

CORPORATION LIMITED

SUSTAINABILITY  
REPORT /  
20  
17



Towards Excellence  
in Corporate Governance



HWA HONG CORPORATION LIMITED

# CONTENTS

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BOARD MESSAGE ON SUSTAINABILITY REPORT	2
ABOUT HWA HONG	3
ABOUT THIS SUSTAINABILITY REPORT	4
SUSTAINABILITY AT HWA HONG	5
FUNDAMENTAL	8
HIGH STANDARDS OF CORPORATE GOVERNANCE	8
REGULATORY COMPLIANCE	11
STRATEGIC	12
SUSTAINABLE BUSINESS GROWTH	12
RELATIONAL	15
STAKEHOLDER COMMUNICATIONS	15
ASPIRATIONAL	17
TEAM PROFILE	17
FAIR EMPLOYMENT PRACTICES	18
GRI CONTENT INDEX	20

## BOARD MESSAGE ON SUSTAINABILITY REPORT

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This year, Hwa Hong Corporation Limited and its subsidiaries (“Hwa Hong, HHC, or Group”) embarked on its sustainability reporting journey for greater sustainable value creation in the areas of Environmental, Social and Governance (“ESG”). This effort has led us to work on ways to improve our value chain, combining our own actions with those of our service providers and joint venture partners, to create positive impacts.

With the recent introduction of Singapore Exchange Limited (“SGX”) Listing Rule 711A, the Board of Directors (the “Board”) has placed greater importance on adopting a strategic approach in managing and overseeing the ESG matters which are significant to Hwa Hong as identified by the Board. The Board also reviewed the sustainability performance of the organisation and guided the Management on defining future priorities.

Together with the Management, the Board will continue to promote greater resilience and sustainability in its business operations whilst engaging with all stakeholders of Hwa Hong.

## ABOUT HWA HONG

Hwa Hong's history stems from the partnership first formed in 1952 where it grew to be admitted to the Official List of SGX in 1979. With its headquarters located in Singapore, the Group is primarily involved in investment in private and public securities and investment, development and rental of properties in Singapore, and the United Kingdom ("UK"). The key highlights of the Group operations in 2017 are summarized in *Figure 1*.

*Figure 1. 2017 key highlights of Hwa Hong*



## ABOUT THIS SUSTAINABILITY REPORT

At Hwa Hong, the Group's inaugural sustainability report is aimed at addressing non-financial matters in the aspects of ESG which are significant to the Group's property investment operations in Singapore and UK<sup>1</sup> (*Figure 2*). Unless otherwise stated, this sustainability report covers the period from 1 January 2017 to 31 December 2017.

This sustainability report has been prepared in accordance with the requirements of SGX's "Comply or Explain" rules for sustainability reporting and Global Reporting Initiative ("GRI") G4 Guidelines – Core. The Group plans transition to the new GRI Standards in the forthcoming year.

The Group has not sought external assurance for this year's report. External assurance will be considered as reporting matures.

Hwa Hong seeks to continually improve its sustainability reporting and your feedback essential to achieving this. You can reach us at [secretariat@hwahongcorp.com](mailto:secretariat@hwahongcorp.com).

*Figure 2. Investment properties in scope for Sustainability Report 2017*

INVESTMENT PROPERTIES	IN SCOPE
<b>SINGAPORE</b>	
Global Trade Investment Management Pte Ltd - 93, 95, 97, 99 Robertson Quay Singapore 238255/6/7/8	●
Singapore Warehouse Company (Private) Ltd. - 110 Paya Lebar Road, Singapore 409009	●
<b>UK</b>	
Thackeray Properties Limited - 58 Queensgate London SW7 United Kingdom - 115B Queensgate London SW7 United Kingdom	●
Pumbledon Limited - 15/17 Hornton Street London W8 United Kingdom	●
Vantagepro Investment Limited - 70% interest in 20 Midtown, Procter Street, Holborn London WC 1 6NX United Kingdom - 50% interest in Head Post office. Fitzalan Square, Sheffield S1 2AB United Kingdom	●
Singapore Warehouse Company (Private) Ltd. - 50% interest in 3-7 Herbal Hill, Clerkenwell, London EC1 United Kingdom	●

<sup>1</sup> The data and information disclosed in this sustainability report relates to all properties owned by the Group for which the Group has control, such as the properties held by its subsidiaries and joint operations as outlined in investment properties in scope for this year's reporting.

# SUSTAINABILITY AT HWA HONG

## RESPONSIBILITY FOR SUSTAINABILITY

At Hwa Hong, sustainability matters are governed by the Board which is supported by the Audit and Risk Committee (ARC) (Figure 3). This committee is responsible for integrating sustainability principles and policies, which comprise of relevant policies and standard operating procedures (“SOPs”) throughout the Group. Compliance with these policies and SOPs is effected through periodic reviews by the Board.

Figure 3. Hwa Hong’s governance structure



## WHAT’S IMPORTANT FOR HWA HONG?

As Hwa Hong commences its sustainability journey, the Management, together with the Board conducted a formal materiality assessment exercise in late 2016. An extensive list of ESG matters were evaluated and then ranked according to their importance from both internal and external stakeholders’ perspectives. As a result, five ESG matters were identified as material in line with the Group’s sustainability strategy (Figure 4). This sustainability report will be focusing on the performance disclosures of these material sustainability matters (Figure 5)<sup>2</sup>.

<sup>2</sup> The Group did not identify any environmental matters such as energy and water consumption as material sustainability matters for its properties in Singapore and the UK as the usage of water and electricity are not within the Group’s control. The property managements in the Singapore properties are mainly carried out either by the Management Corporation Strata Title (“MCST”) or by the anchor tenant in its Paya Lebar property. In the UK, the commercial properties are leased on a full repair, insurance basis (“FRI”) whereby repairs and insurance are largely borne by the tenants and for the residential properties, repairs and maintenance costs are shared by all leaseholders.

# SUSTAINABILITY AT HWA HONG

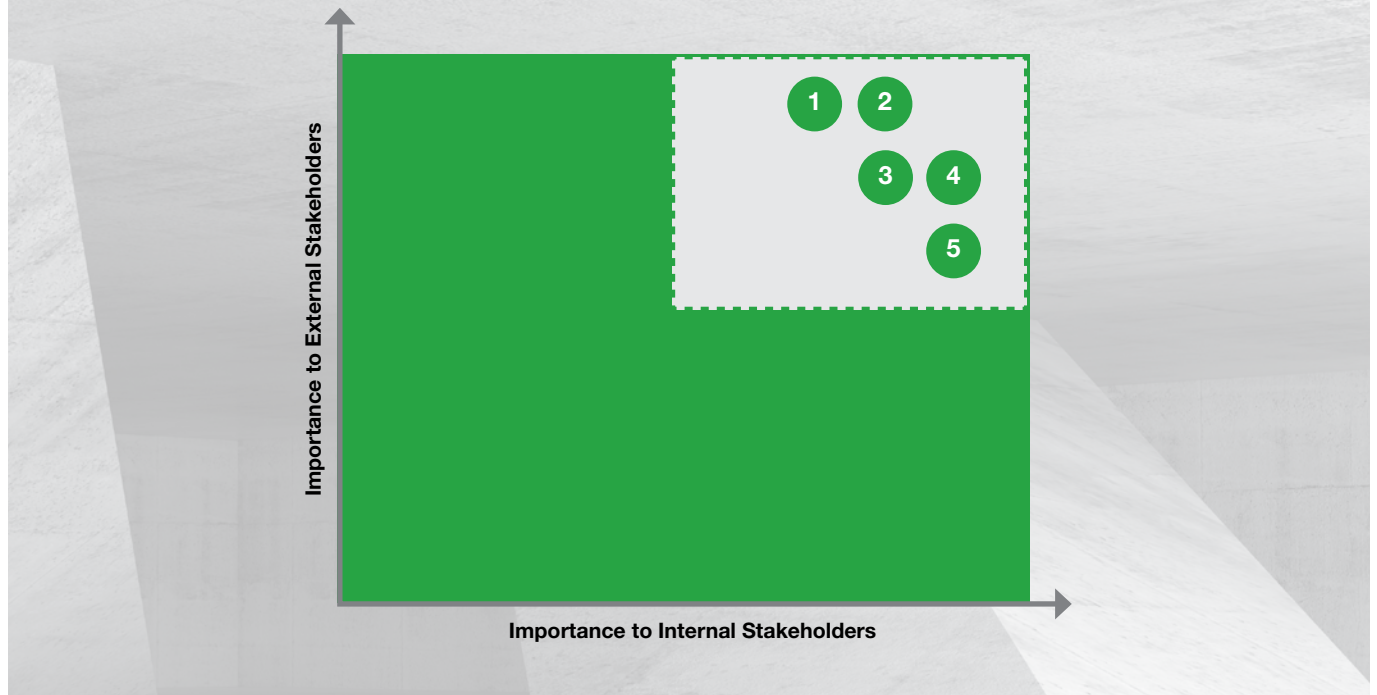
Figure 4. Sustainability Strategy

SUSTAINABILITY STRATEGY OF HWA HONG	
<b>FUNDAMENTAL</b>  Ensuring that the foundation of the Group is built on a strong governance meeting all required compliance	<b>STRATEGIC</b>  Sustaining long-term financial growth and performance through sound management decision system in evaluating potential buys and sells and strong partnerships
<b>1 High Standards of Corporate Governance</b>  <b>2 Regulatory Compliance</b>	<b>3 Sustainable Business Growth</b>
<b>RELATIONAL</b>  Communicating with stakeholders to understand and address their concerns, strengthen relationships and work together on sustainability goals and challenges	<b>ASPIRATIONAL</b>  Providing equal opportunities, fair remuneration and treatment to all employees and contractors at Hwa Hong
<b>4 Stakeholder Communications</b>	<b>5 Fair Employment Practices</b>

Moving forward, the Group will be reviewing these material matters on a periodic basis and stakeholders' feedback on these issues is welcomed. Future reviews will ensure a proactive response to emerging sustainability matters.

# SUSTAINABILITY AT HWA HONG

Figure 5. Results of the Group's materiality assessment



NO.	MATERIAL SUSTAINABILITY MATTERS	CORRESPONDING GRI ASPECTS	WHERE IMPACTS OCCUR WITHIN THE GROUP	WHERE IMPACTS OCCUR OUTSIDE THE GROUP
1	High standards of corporate governance	• Anti-corruption	• Board of Directors • The Management	• Regulators
2	Regulatory compliance	• Compliance	• Board of Directors	• Regulators
3	Sustainable Business Growth	• Economic Performance	• The Management	• Investors • Suppliers • Customers
4	Stakeholder Communications	• N.A. <sup>3</sup>	• All stakeholders	• All stakeholders
5	Fair employment practices	• Employment	• Team Members	• Industry association

<sup>3</sup> The stakeholder communications have been disclosed in accordance with General Standard Disclosures under the GRI G4 Guideline. Please refer to the GRI Content Index for the corresponding indicators.



## FUNDAMENTAL

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### HIGH STANDARDS OF CORPORATE GOVERNANCE

The Group recognises the importance of good corporate governance, accountability and transparency and believes that conducting business in a responsible and ethical manner is vital to the sustainability of the Group.

At Hwa Hong, the Board monitors the effectiveness of the Management and regularly reviews its corporate governance practices according to the principles and guidelines of the Singapore's Code of Corporate Governance 2012 to maintain continual robustness of governance that is reflective of changes to existing environment. Additionally, the Management would engage the Company Secretary to conduct an annual review of the Group's corporate governance practices to ensure that current practices are largely in line with the recommended best practices.

The Group has improved its ranking in the Singapore Governance and Transparency Index ("SGTI") from the 226<sup>th</sup> position in 2015 to the 96<sup>th</sup> position in 2016. While the position had declined to 100<sup>th</sup> position in 2017, the SGTI 2017 score remained the same as SGTI2016. The SGTI is aimed at assessing companies on their corporate governance disclosure and practices, as well as the timeliness, accessibility and transparency of their financial results announcement. The Group will continue to look into maintaining the timeliness, accessibility and transparency of the announcement results and target to maintain and improve the SGTI score going forward.

To demonstrate its commitment towards excellence in Corporate Governance, the Group had joined the Securities Investors Association Singapore ("SIAS") and its partners for the past few years in making the following public Statement of Support, which was reiterated at the 8<sup>th</sup> Singapore Corporate Governance Week 2017, organised by SIAS in 2017.

"As an Organisation, we are committed to upholding high standards of corporate governance to enhance shareholder value. We believe practising good corporate governance is central to the health and stability of our financial markets and economy."

One of the initiatives launched by SIAS which the Group participated in, includes raising key questions on the annual reports of SGX-listed companies on SGX Net to raise the quality of Annual General Meetings ("AGM"). This initiative was launched in 2016, designed to help shareholders to focus on critical areas, such as business strategies, financial performance and corporate governance practices, etc. for constructive discussions during AGM. In April 2017, SIAS had raised some queries on the Group's 2016 Annual Report and the Group had promptly uploaded its responses in the SGX Net which had also been communicated to the shareholders during the 64<sup>th</sup> AGM held in April 2017. This further demonstrates the Group's commitment in ensuring timely and transparent information available to its shareholders.

## FUNDAMENTAL

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### RISK MANAGEMENT

A formalised risk management process has been established since 2006 where risks, control measures, risk tolerance level or limits and follow up actions are identified and monitored by the Management and reported to the Board for review and evaluation. During the risk management process, the Board determines acceptable levels of risk tolerance and policies to ensure that all identifiable material risks should be identified, understood, managed and monitored. The Group believes that effective risk management is the responsibility of all directors and managers, with the Board providing general oversight.

Every year, the Management carries out a review of the Group's risk registers to update and identify new risks that may adversely affect the Group's operations. A risk management report highlighting high risk areas or new risks and measures to mitigate such identified risks is submitted annually to the ARC for review and discussion.

For the year under review, the Management believes that the current framework for managing risks remains appropriate. Although risks cannot be completely eliminated, an effective risk management framework will reduce the uncertainties in achieving the Group's business objectives and allow the Group to take advantage of opportunities that may arise. Please refer to the Corporate Governance Report and Risk Management and Control Environment sections of the Annual Report.

### ANTI-CORRUPTION, ANTI-BRIBERY

The Group recognises the importance of good governance, anti-corruption and anti-bribery and adopts an integrated Fraud Risk Management Framework, designed to identify and minimise fraud occurrences within the Group. The Group adheres to the Code of Corporate Governance 2012 and listing rules and regulations set out by SGX and MAS Securities and Futures Act, as well as all other applicable laws and regulations.

In addition, the Group expects its business partners, such as joint ventures and suppliers, to approach issues of corruption and bribery in a manner that is consistent with the Group's principles. The Group will use its influence to ensure that business partners meet high integrity standards. The Group will also ensure that the procurement procedures for appointing suppliers are open, fair and transparent. The selection of suppliers will be based on evaluation of merits, and not on personal recommendations.

## FUNDAMENTAL

Most of the Group’s investments are in developed markets such as Singapore and UK where there is very strong rule of law including anti-corruption laws. Where we have investments in emerging markets, the Group is careful that the investments are made with thorough due diligence.

In support of an open and transparent communication culture, the Group has a whistle-blowing policy in place to provide an avenue for employees and external parties to raise concerns and offer reassurance that they will be protected from reprisals or victimisation for whistle blowing in good faith. The Group has zero tolerance to fraud and/or misconduct, encouraging all team members to report suspicious cases of fraud and/or misconduct, and spreading awareness amongst them on risks faced by the Group. In addition, the Group adheres with the corporate policies and SOPs established (Figure 6), to guide conduct of the team members as demonstrated in the unblemished record of zero incidents in this year.

Figure 6. Summary of corporate policies

CORPORATE POLICIES	DESCRIPTION OF GUIDANCE PROVIDED	MADE AVAILABLE TO/AT
Code of Business Conduct	Company values, ethics and conduct in relation to: <ul style="list-style-type: none"> <li>• General employee conduct</li> <li>• Records and communication</li> <li>• Information confidentiality</li> <li>• Conflicts of interest</li> <li>• Insider trading</li> </ul>	Internal Policy
Whistle-Blowing Policy	Independent channel to report following concerns: <ul style="list-style-type: none"> <li>• Improprieties in financial reporting</li> <li>• Professional misconduct</li> <li>• Irregularities or non-compliance with laws and regulations</li> </ul>	Available at: <a href="http://www.hwahongcorp.com">www.hwahongcorp.com</a>
Anti-Corruption and Anti-Bribery Policy	Prevention and management of fraud	Internal Policy
Personal Data Protection Act Policy	Compliance with the Personal Data Protection Act 2012 (“PDPA”)	Internal Policy
Legal and Regulatory Compliance Tracker	Provides guidance on compliance with relevant rules and regulations	Internal Policy

## FUNDAMENTAL

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### REGULATORY COMPLIANCE

Any form of non-compliance could potentially damage the Group's reputation and affect confidence levels of the shareholders. It may also result in penalties such as fines, public warnings or reprimands from the regulators. The Group also views that compliance with law and regulations is critical so as to uphold Singapore's reputation as a fair and efficient economy and reliable marketplace.

The Group has established policies and SOPs to ensure compliance with applicable regulations and legislation. Regulatory management is monitored via regular self-testing, routine compliance checklists and reporting of regulatory breaches. Internal audits also cover the review and compliance of policies and SOPs with regards to compliance matters, to ensure that the Group is adhering to regulatory requirements. The Group has outsourced its internal audit function to independently examine and evaluate the activities of the Group, focusing on the adequacy and effectiveness of internal controls, risk management and corporate governance processes. The last internal audit on regulatory management was carried out in 2016 and no significant matters were noted.

In 2017, apart from one incident of non-compliance in the GST filing resulting from an omission with a penalty of \$92.28, there was no other known incident of non-compliance with the codes, laws and regulations. The Group targets to achieve zero incidence of non-compliance going forward.

# STRATEGIC

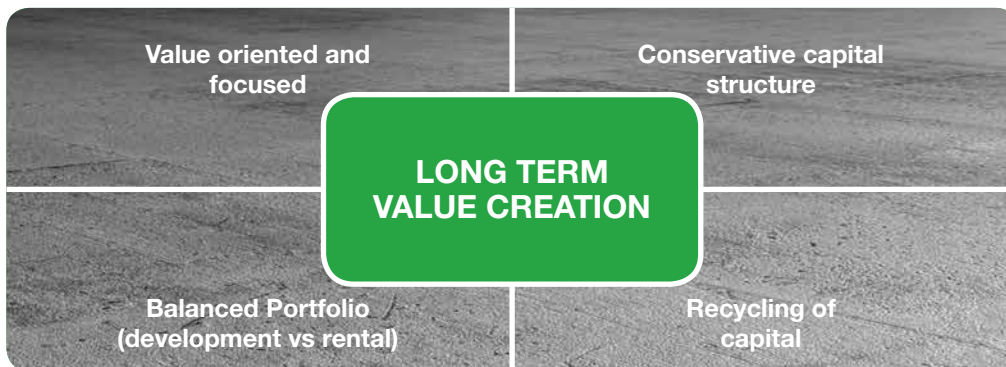
## SUSTAINABLE BUSINESS GROWTH

### SUSTAINING LONG-TERM FINANCIAL GROWTH AND PERFORMANCE

Listed on the SGX-ST, Hwa Hong reports its financial performance on a quarterly basis. At the time of the release of this report, the most recent financial results released are for the financial year ended 31 December 2017. Total revenue for the year was \$14,500,346 and net profit \$7,407,116. As at 31 December 2017, Hwa Hong’s total investment properties were valued at \$226,086,951 compared to \$238,033,671 last year.

Through a robust capital and asset management strategy, the Group focuses on investment opportunities which maximise shareholders’ value over the medium to long term (*Figure 7*).

Figure 7. Long term value creation points of focus



A good governance structure, access to capital and due consideration for broader economic and business environment in Singapore and UK are critical to the execution of this strategy.

Hwa Hong aims to meet its commitment to its shareholders through the following strategic objectives:

1. Acquire properties with long term value given their location and type of use
2. Unlock value from properties or develop sites over time to create value
3. Optimise income from assets
4. Recycle capital
5. Maintain strong, and efficient balance sheet (including ensuring sustainable loans-to-values (“LTVs”) and interest cover)
6. Develop overseas markets

## STRATEGIC

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The Group focuses on maximising the shareholder value and maintaining the ability to pursue future investment opportunities while striving to maintain a consistent dividend to shareholders. Hwa Hong has a track record of paying consistent dividend to shareholders and the decision on whether to recommend a dividend is at the discretion of the Board of Directors. In determining the dividend payout for a given year, the Board of Directors take into account, inter alia, the Group's balance sheet position, operating results, capital requirements and such other factors as the Board of Directors deems relevant.

### SUCCESSION PLANNING

A fundamental responsibility of the Board is to ensure that effective processes are in place to provide continuity of executive leadership and to assess if the potential leadership possesses sufficient depth and talent to execute the Group's long term strategy whilst addressing both current and long term needs of the Group.

The Group's sound corporate governance and Nominating Committee terms of reference provide the committee's responsibilities on ensuring succession planning. These include ensuring effective processes at Hwa Hong to provide continuity of executive leadership and assessing potential leadership on his or her depth and talent to execute long term strategies through:

- Establishment of a process for identifying and assessing potential internal candidates;
- Conducting periodic review and assessment of readiness;
- Implementing contingency planning for temporary absences of the Chairman and Group Managing Director due to disability or other unexpected event; and
- Ensuring long term continuity planning for succession to the Group Managing Director position.

In order to ensure continuing relevance to meet current and future challenges and opportunities, the Board will assess such processes with the committees on an annual basis.

# STRATEGIC

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## STRONG PARTNERSHIPS

From a geographical perspective, the Group continues to focus its property investments in the two key geographical markets of Singapore and the UK. Given the Group's relative small size and limited capital availability, the Group operates in the UK primarily through partnerships. As such, forging and maintaining strong partnerships for continued growth and sustainability is a key pillar of our sustainability strategy.

The Group's presence in UK has been longstanding and it continues to view London, and to an lesser extent, the UK, as a key overseas market for the Group. The Group believes that the Group's long operating experience, the depth and liquidity of the London property market and the transparency and the rule of law in the UK make the market attractive for foreign investors. Since 2013, the Group has broadened its UK partnerships and resources there and this has helped us to identify promising investment opportunities. Over time, together with our UK partners, we have been able to identify, invest in and profitably exit property investment opportunities. In addition, we have been able to identify opportunities to invest in properties for recurring income and potential long term value creation.

In broadening its partnerships, the Group assesses largely on these criteria:

1. Potential partner's profile and track record; and
2. Potential partner's previous partnership experience or reputation in the industry for new partnership.

In order to ensure a successful outcome from partnering, there are a few key process issues which are considered important to achieving optimal partnership outcomes. These process issues include:

1. Creating a shared vision on the investments;
2. Agreeing on terms upfront with robust and thorough legal agreements;
3. Regular monitoring of the investment; and
4. Ensuring that dispute resolution is agreed upfront.

The Group has been able to foster close, amicable, professional relationships with its partners and it is the Group's belief that this will bring along opportunities for future investments.

## INFLUENCING HWA HONG'S SUPPLY CHAIN

Sustainability impacts occur at every aspect of the business, and extend beyond the Group's own operations. Hwa Hong is committed to influence its value chain in sustainability matters. The Group's main suppliers are the property and project management service providers and professional service providers. In areas where the Group is in joint operations with the joint venture partners, the Group has varying degrees of control and influence over its property and project management service providers.

Where relevant and practicable, the Group engages property and project manager and related service providers, and collaborate with them to create a positive sustainability impact. Together with the property operators, appropriate and adequate risk management procedures on sourcing and selection of materials/services are considered. For example, the service providers who carry out maintenance work and fitting-out works in the Group's properties have the required licenses and are in compliance with the relevant statutory requirements.

# RELATIONAL

## STAKEHOLDER COMMUNICATIONS

All stakeholders are important to Hwa Hong’s long-term success. Hwa Hong recognizes that the Group’s operations may impact on others and similarly, the Group’s stakeholders may influence various aspects of Hwa Hong’s business. Recognising this interdependency has driven the Group to engage proactively with its key stakeholders, so that their feedback can be incorporated to improve the Group’s business. The Group seeks to engage stakeholders’ concerns through multiple forms of engagement, as outlined in *Figure 8*.

*Figure 8. Stakeholder engagement summary*

	ENGAGEMENT DESCRIPTION	KEY TOPICS	HWA HONG’S RESPONSE
<b>Stakeholders</b>	<b>Customers</b>		
	<ul style="list-style-type: none"> <li>Tenant requests and feedback via phone calls or emails</li> </ul>	<ul style="list-style-type: none"> <li>Responsiveness of the property management teams to tenant requests and feedback</li> </ul>	<ul style="list-style-type: none"> <li>Consistently reviews service standards of the property management teams and the customer relationship</li> </ul>
	<b>Investors (i.e. equity shareholders)</b>		
	<ul style="list-style-type: none"> <li>Annual General Meetings</li> <li>Annual/Quarterly Reports</li> <li>Website (www.sgx.com), annual reports and SGXNet announcements as and when required</li> </ul>	<ul style="list-style-type: none"> <li>Business operations and performance</li> <li>Growth strategy and market outlook</li> <li>Capital management</li> </ul>	<ul style="list-style-type: none"> <li>Proper communication and engagement with shareholders within the investment community</li> <li>Proactive management of foreign currency exposure and liquidity while maximising capital efficiency</li> </ul>
	<b>Board of Directors and the Management</b>		
	<ul style="list-style-type: none"> <li>Quarterly Board and Committee meetings</li> <li>Annual Board evaluation and performance review</li> <li>Orientation and training programmes for new Directors upon joining HHC</li> <li>Regular meetings and calls</li> <li>Timely updates from key Management on relevant business activities as and when required</li> </ul>	<ul style="list-style-type: none"> <li>Profit maximising</li> <li>Compliance with laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Strategic planning communicated to all departments</li> </ul>



## RELATIONAL

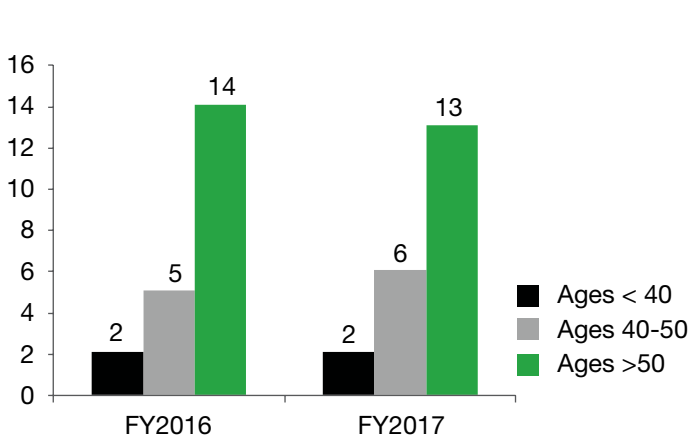
	ENGAGEMENT DESCRIPTION	KEY TOPICS	HWA HONG'S RESPONSE
Stakeholders	<b>Team members</b>		
	<ul style="list-style-type: none"> <li>• Orientation and on-the-job training programmes for new hirers</li> <li>• Regular meetings and calls</li> <li>• Regular performance feedback</li> </ul>	<ul style="list-style-type: none"> <li>• Fair and equal employment opportunities</li> <li>• Remuneration, compensation and benefits</li> <li>• Employee wellness</li> <li>• Safe and healthy working environment</li> </ul>	<ul style="list-style-type: none"> <li>• Reviews fair employment practice</li> <li>• Ensures that remuneration package comprises a base salary and performance bonus</li> <li>• Provides healthcare benefits to Team Members</li> </ul>
	<b>Suppliers (i.e. Property Management and professional service providers)</b>		
	<ul style="list-style-type: none"> <li>• Regular meetings/email exchanges</li> <li>• Supplier screening and review on ad-hoc basis</li> </ul>	<ul style="list-style-type: none"> <li>• Timely provision of services</li> <li>• Timely payment upon completion of work</li> <li>• Regulatory compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Review quality and timeliness of services provided</li> <li>• Payments are monitored closely by the finance departments</li> <li>• Ensures compliance with relevant laws and regulations, adherence to code of conduct</li> </ul>
	<b>Regulators</b>		
<ul style="list-style-type: none"> <li>• Compliance with rules and regulations throughout the year</li> <li>• Industry regulatory briefings and consultations such as Inland Revenue Authority of Singapore ("IRAS") when required</li> </ul>	<ul style="list-style-type: none"> <li>• Regulatory compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Ensures compliance with relevant laws and regulations, adherence to code of conduct and internal policies</li> </ul>	
<b>Industry associations</b>			
<ul style="list-style-type: none"> <li>• Regular member of Real Estates Developers' Association of Singapore ("REDAS")</li> <li>• Subscribers to UK Trade Press throughout the year</li> </ul>	<ul style="list-style-type: none"> <li>• Issues concerning both short and long- term interests of the property markets in Singapore and UK</li> </ul>	<ul style="list-style-type: none"> <li>• Review latest knowledge obtained from industry associations</li> </ul>	

# ASPIRATIONAL

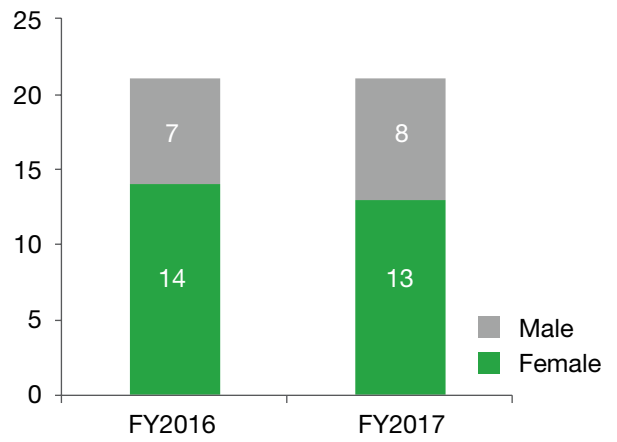
## TEAM PROFILE

As at 31 December 2017, there are total of 21 team members in Singapore (*Figure 9 to 11*). There are no team members in the UK, as the joint operations are mainly carried out by the property and project management service providers.

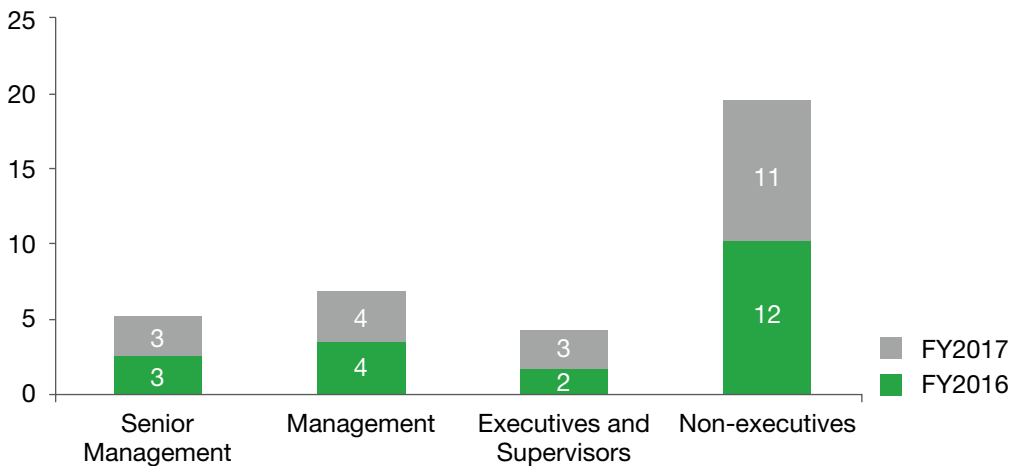
**Figure 9. Team Members' Age Profile**



**Figure 10. Team Members' breakdown by Gender**



**Figure 11. Team Members' breakdown by Employment Category**

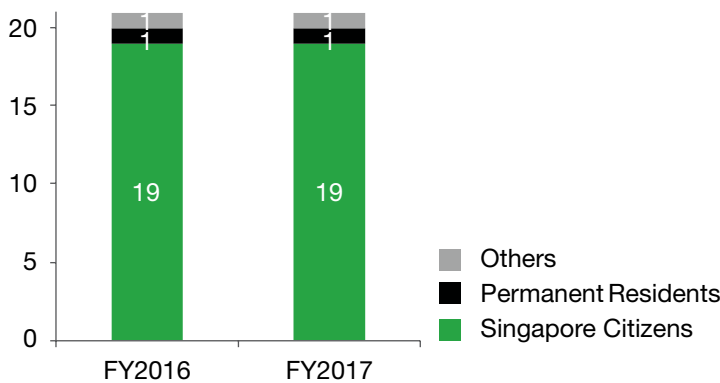


## ASPIRATIONAL

The Group's turnover rate was low with one non-executive member resigning during 2017. During the year, the Group has also hired one executive member with relevant expertise and knowledge to support its business operations.

At Hwa Hong, it is recognised that the future competitiveness of Singapore's economy lies in nurturing the core of local talent. The Group therefore supports local employment to its utmost, while simultaneously keeping an open mind on hiring foreign talent for their specialised skill sets. In 2017, Singapore made up 95% of Hwa Hong's total workforce which includes the new hire ([Figure 12](#)).

**Figure 12. Team members' Diversity Profile**



## FAIR EMPLOYMENT PRACTICES

The Group believes in fair and equal culture and adopts fair employment practices which are aligned with the Fair Consideration Framework of the Ministry of Manpower and the five key principles defined by the Tripartite Guidelines on Fair Employment Practices (TGFEF).

These five key principles are:

- Recruit and select team members on the basis of merit (such as skills, experience or ability to perform the job), regardless of age, race, gender, religion, marital status and family responsibilities, or disability.
- Treat team members fairly and respectfully and implement progressive human resource management systems.
- Provide employees with equal opportunities to be considered for training and development based on their strengths and needs, to help them achieve their full potential.
- Reward employees fairly based on their ability, performance, contribution and experience.
- Abide by labour laws and adopt the Tripartite Guidelines on Fair Employment Practices.

## ASPIRATIONAL

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At Hwa Hong, the recruitment and career progressions follow a meritocratic approach. The Group remains highly committed in treating all team members fairly and equally. For example, the Group provides opportunities for senior citizens who have in turn, demonstrated good knowledge and loyalty to the Group.

As Hwa Hong has a lean workforce, the Group recognises that talent attraction and retention is an important aspect. Team members are identified as the Group's most valuable assets and are continuously engaged. The Group views the importance of training, developing, growing and retaining its human capital through implementation of effective human resource policies and practices. The team members are encouraged to upskill themselves by getting trained for career growth and personal development.

In addition, the Group offers competitive pay packages that are bench marked to the market and reward team members based on merit. The Group's remuneration package generally comprises two components. One component is fixed in the form of a base salary. The other component is variable consisting of Annual Wage Supplement ("AWS") and performance bonus. The variable component is largely dependent on the Group and individual performance, both in terms of financial and non-financial performance and creation of shareholder wealth.

Hwa Hong regards its team members' well-being as its top priority because it creates job satisfaction, which in turn lowers turnover rates and increase productivity. The Group focuses on providing a safe, clean and balanced workplace for its team members. The team members are provided with various healthcare benefits, such as health insurance and health screenings. The above-mentioned benefits are provided for full-time team members and may vary according to different employment category. The Group strives to provide an environment aligned to its team members' needs wherever possible. Provision of additional leave days and flexible working arrangements allow team members to concentrate on personal commitments when needed.

The Group believes in integrity and professionalism in the conduct of Hwa Hong's business activities and expects the team members to embrace, practise and adopt these values. To ensure that all Hwa Hong's team members understand the Group's philosophy in this aspect, the Group's code of conduct is made available to all staff in the employment policy.

## GRI CONTENT INDEX

GENERAL STANDARD DISCLOSURES		
Profile Disclosure	Description	Cross-Reference/Direct Answer
<b>Strategy and Analysis</b>		
G4-1	Statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability	Board Message on Sustainability (Page 2)
<b>Organisation Profile</b>		
G4-3	Name of the organisation	Annual Report FY2017: Corporate Information
G4-4	Primary brands, products, products and/or services	Annual Report FY2017: Corporate Information
G4-5	Location of organisation's headquarters	Annual Report FY2017 (Corporate Information) – The Group's holding company is in Singapore.
G4-6	Number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report	Annual Report FY2017: Joint letter to shareholders
G4-7	Nature of ownership and legal form.	Annual Report FY2017: Corporate Information (Pages 61-65)
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	Annual Report FY2017: Investment Properties Portfolio (Pages 8-15)
G4-9	Scale of the reporting organisation	Annual Report FY2017: Corporate Information
G4-10	<ul style="list-style-type: none"> <li>a. Total number of employees by employment contract and gender.</li> <li>b. Total number of permanent employees by employment type and gender.</li> <li>c. Total workforce by employees and supervised workers and by gender.</li> <li>d. Total workforce by region and gender.</li> <li>e. Report whether a substantial portion of the organisation's work is performed by workers who are legally recognised as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors.</li> <li>f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).</li> </ul>	Team profile (Pages 17-18)
G4-11	Report the percentage of total employee covered by collective bargaining agreements.	None of our employees are covered by collective bargaining agreements.

## GRI CONTENT INDEX

GENERAL STANDARD DISCLOSURES		
Profile Disclosure	Description	Cross-Reference/Direct Answer
G4-12	Description of the organisation's supply chain	Influencing Our Supply Chain (Page 14)
G4-13	Report any significant changes during the reporting period regarding HHC's size, structure, ownership, or its supply chain.	No significant changes.
G4-14	Report whether and how the precautionary approach or principle is addressed by the organisation	The Group does not specifically refer to the precautionary approach when managing risk; however, our management approach is risk-based.
G4-15	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	Fair employment practices (Page 18)
G4-16	Memberships in associations (such as industry associations)	Stakeholder Engagement (Pages 15-16)
Identified Material Aspects and Boundaries		
G4-17	a) List all entities included in the organisation's consolidated financial statements or equivalent documents. b) Report whether any entity included in the organisation's consolidated financial statements or equivalent documents is not covered by the report.	Annual Report FY2017: Corporate Information (Pages 61-65)  About the Report (Page 4)
G4-18	Process for defining report content and the aspect boundaries and explain how the reporting principles have been implemented.	What's important to us (Pages 5-7)
G4-19	List all the material Aspects identified in the process for defining report content.	What's important to us (Pages 5-7)
G4-20	For each material aspect, aspect boundary within the organisation	What's important to us (Pages 5-7)
G4-21	Aspect boundary outside the organisation	About the Report (Page 4)
G4-22	Report the effect of any restatement of information provided in previous reports, and the reasons for such restatements.	There are no restatements.
G4-23	Report significant changes from previous reporting periods in the scope and aspect boundaries	FY2017 is the first year of Sustainability Reporting for the Group.
Stakeholder Engagement		
G4-24	List of stakeholder groups engaged by the organisation	Stakeholder Engagement (Pages 15-16)
G4-25	Basis of identification and selection of stakeholders with whom to engage	Stakeholder Engagement (Pages 15-16)
G4-26	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Stakeholder Engagement (Pages 15-16)
G4-27	Key topics and concerns raised through stakeholder engagement, and how the organisation has responded	Stakeholder Engagement (Pages 15-16)

## GRI CONTENT INDEX

GENERAL STANDARD DISCLOSURES		
Profile Disclosure	Description	Cross-Reference/Direct Answer
<b>Report Profile</b>		
G4-28	Reporting period for information provided	About the report (Page 4)
G4-29	Date of most recent previous period	This is the first Sustainability Report.
G4-30	Reporting cycle	About the report (Page 4)
G4-31	Contact point for questions regarding the report of its contents	We welcome your feedback (Page 4)
G4-32	a) Report the 'in accordance' option the organisation has chosen. b) Report the GRI Content Index for the chosen option. c) Report the reference to the External Assurance Report, if the report has been externally assured.	GR1 G4 Core Done Not externally assured.
G4-33	Policy and current practice with regard to seeking external assurance for the report	About the report (Page 4)
<b>Governance</b>		
G4-34	Governance Structure of the organisation	Annual Report FY2017: Corporate Structure (Pages 61 - 65), Board of Directors (Pages 22 - 23), Key executives (Page 24), Corporate Governance (Pages 25 - 43), Risk Management (Page 44)
<b>Ethics and Integrity</b>		
G4-56	Describe the organisation's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	Joint letter to shareholders (Annual Report, Pages 4 - 7), Code of Business Ethics and Employee Conduct Policy

## GRI CONTENT INDEX

SPECIFIC STANDARD DISCLOSURES		
Profile Disclosure	Description	Cross-Reference/Direct Answer
<b>Category : Social – Labour Practices and Decent work</b>		
<b>Aspect: Employment</b>		
LA1	Total number and rates of new employee hirer and employee turnover by age group, gender and region	Team profile (pages 17-18)
LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operations	Fair Employment Practices (page 18 )
<b>Category: Economic</b>		
<b>Aspect Economic performance</b>		
EC1	Direct economic value generated and distributed	Annual Report 2017: Financial Highlights (page 16), Financial performance review (pages 17-21), Financial statements (page 52 onwards)
EC4	Financial Assistance received from government.	None received from government.
<b>Category: Social</b>		
<b>Aspect: Compliance/Anti-corruption</b>		
S04	Communication and training on anti-corruption policies and procedures	Anti-Corruption and Anti-Bribery (pages 9-10)
S05	Confirmed incidents of corruption and actions taken	No known incident of non-compliance with codes, laws and regulations related to anti-corruption and whistle blowing in FY2017.
S08	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	Anti-Corruption and Anti-Bribery, (pages 9-10)