

Sustainability Report FY2018



ASPIAL
CORPORATION LIMITED



CEO'S MESSAGE

I am pleased to present our FY2018 Sustainability Report, which provides the progress and achievements of our organisation over the previous 12 months, focusing on our commitment to working alongside with our valued stakeholders to build a sustainable business.

We 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 our company's 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 the principles laid out in our Corporate Sustainability Policy. Our responsibility to the society is to ensure that sustainable practices are incorporated into every aspect 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.

The Board having considered sustainability issues as part of the Company's strategic formulation, determined the material ESG factors and ensured that the management closely monitor them.

This report provides details about how we have fulfilled our responsibilities with our key stakeholders during the FY2018 and beyond.

Koh Wee Seng
Chief Executive Officer, Aspial Corporation Limited

OVERVIEW

Reporting Scope

This sustainability report covers the performance of our consolidated entities in the financial year 2018 (“FY2018”) from 1 January 2018 to 31 December 2018. The scope and all material topics disclosed in this report are relevant to the activities in Singapore and our Jewellery business.

Reporting Methodology

We have chosen the Global Reporting Initiative (“GRI”) Standards: Core Option Sustainability Reporting Guidelines. Our data are reported in good faith and to the best of our knowledge. We did not seek external assurance for this report.

Forevermark Endless



OVERVIEW

Report Structure

This Sustainability Report is structured to reflect the interests of our key stakeholders. We have identified four key stakeholder groups, namely, future generations, employees, customers and suppliers.

The information regarding the basis for report boundaries and our materiality assessment is provided in section - Integrating Sustainability into Our Business. Together, this report provides the basis for our responses and disclosures to the GRI Standards: Core Option requirements. Relevant sections in the report are referenced in the GRI Content Index.

Report Contact & 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 Sustainability Committee
Aspial Corporation Limited
55 Ubi Avenue 1, #07-11 Ubi 55 Singapore 408935
- Via our contact page at <http://www.aspial.com/contact-us/>

This report is provided in PDF format only and is available for download on the following page of our website: <http://www.aspial.com/investor-relations/>

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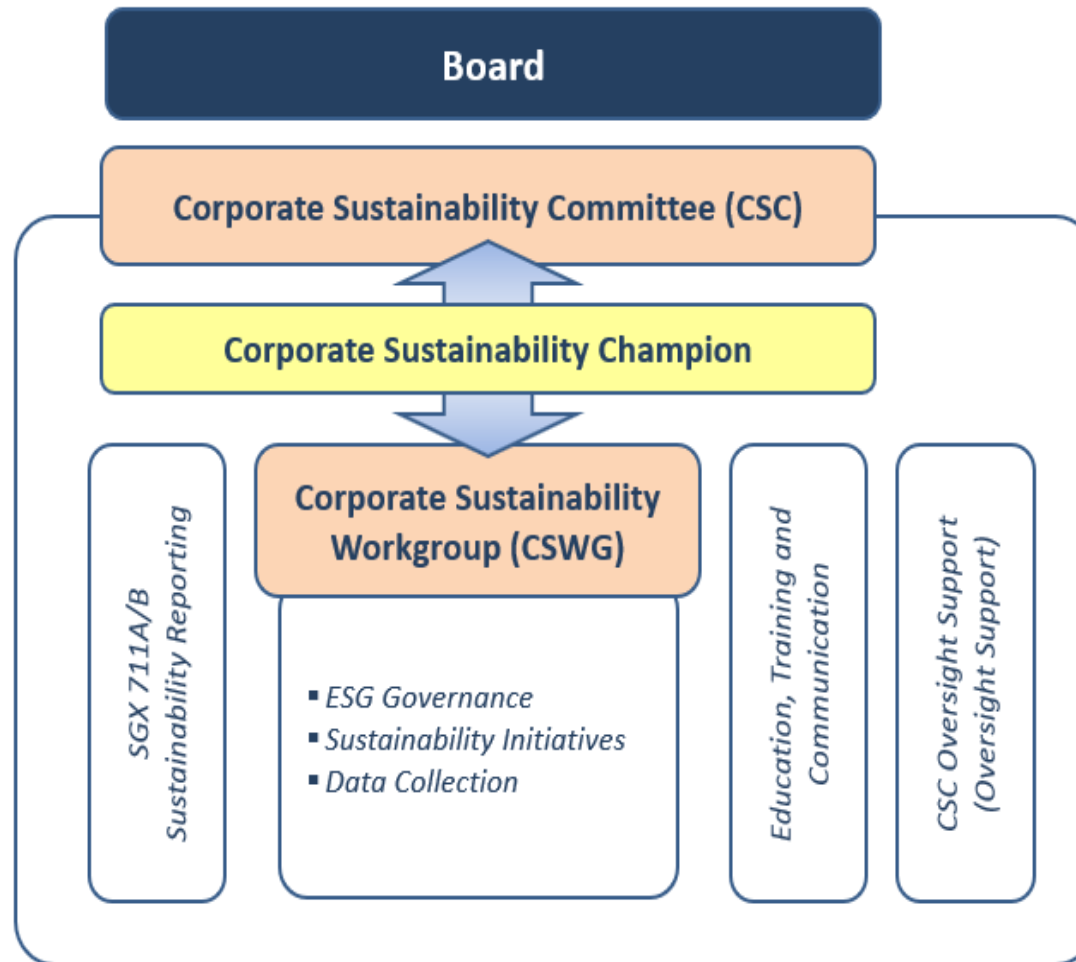
ABOUT ASPIAL

Mission and Values

Our mission is to deliver quality lifestyle products and services through our leadership in learning and innovation, brand building and value-added partnerships with customers, suppliers, business partners and employees.

Governance

Our Board of Directors (“**the Board**”) 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 (“**CEO**”) and includes other designated senior executives.



Ethics and Compliance

As a company listed on the Singapore Stock Exchange (“**SGX**”), we are in compliance with the Code of Corporate Governance as required by the listing rules.

Our corporate governance framework covers ethics and compliance through a code of conduct as well as guidelines which are to be practised by the officers and employees across the organisation. Every new employee is introduced to our code of conduct and our policies on ethics and compliances, which include areas such as anti-corruption.

Communication channels are in place to enable all employees and individuals engaged in 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 top management where appropriate.

INTEGRATING SUSTAINABILITY INTO OUR BUSINESS

We believe corporate social responsibility is a key driver towards long-term sustainability.

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 four key stakeholder groups within our sustainability context and their respective material issues are to be shown in this report.



INTEGRATING SUSTAINABILITY INTO OUR BUSINESS

Key Stakeholders and Material Issues

We have a regular review and assessment in relation to Environmental, Social and Governance (“ESG”) topics.



We identify and review material issues that are most relevant and significant to us and our stakeholders.



Stakeholders	Material Issues	Significance
Future Generations	❖ Reduction of carbon emissions through minimisation of energy consumption	Sustainability agenda relevant to our business is through curbing carbon emission
Employees	<ul style="list-style-type: none"> ❖ Employee well-being through workplace health & safety ❖ Regular training of employees on critical skillsets to sustain competitiveness 	An ethical and professional working environment is crucial in cultivating a corporate culture which motivates our employees
Customers	<ul style="list-style-type: none"> ❖ Customer data privacy ❖ Customer satisfaction and customer-centric approach 	The quality of our services and products to our customers are the core focuses of our commitments.
Suppliers	❖ Environmental, labour and human rights impact in the supply chain	To favour those suppliers who share our commitment to our sustainability

INTEGRATING SUSTAINABILITY INTO OUR BUSINESS

Awards and Achievements

Year	Description	Description
2017	<p>The Excellent Service Award (EXSA)</p> 	<p>Aspial-Lee Hwa Jewellery Pte Ltd and Goldheart Jewelry Pte Ltd were awarded EXSA.</p> <p>This is a national award that recognises individuals who have delivered outstanding service.</p>
2018	<p>Influential Brands (Premium Jewellery)</p> 	<p>Aspial-Lee Hwa Jewellery Pte Ltd was awarded the Influential Brands</p> <p>Influential Brands is a think-tank formed to gain consumer insights through various methods of research.</p>



STAKEHOLDER ENGAGEMENT

We believe that good Corporate Social Responsibility (“CSR”) practice goes hand-in-hand with good corporate management practice.

Stakeholders	Management Approach	Initiatives	Outcomes and Responses	Boundaries
Future Generations	Prevailing laws & regulations on environment, Waste Recycling/Management.	Our internal standard operating policies	Digital filing and document to reduce paper consumption, waste and chemicals disposed by recycling company	Singapore Operations
Employees	Code of conduct, Training and Career Development	Staff Communication Sessions, Staff Feedback Process and Staff Exit Interviews	Training Programmes	Singapore Operations
Customers	Customer Relationship Management System, Data Security for Customer Information.	Customer Feedback Process, Competitive Benchmarking Survey, Customer Data Protection Awareness and Education Program	Customer Complaints and Compliments Statistics / Trending, Create and Engage Brand Ambassadors	Singapore Operations
Suppliers	Supplier Selection and Review Process	Feedback and Communication with Suppliers through Supplier Performance Review	A continuous communication process	Singapore Operations



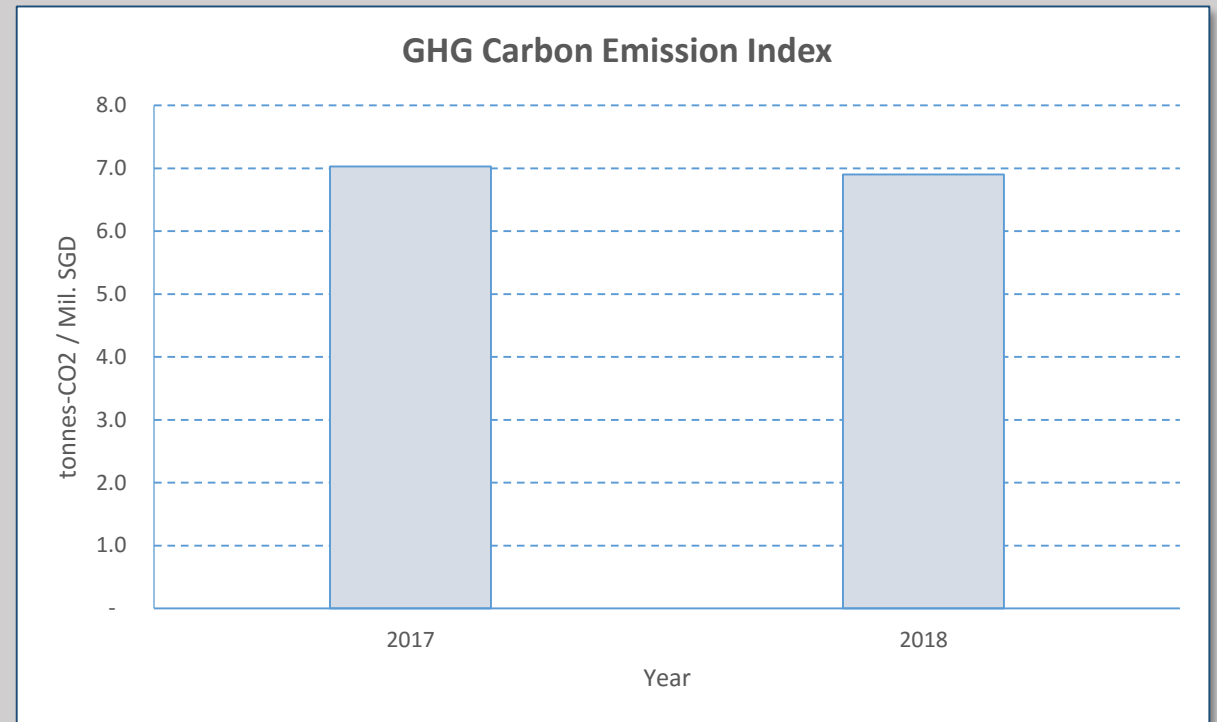
STAKEHOLDER ENGAGEMENT

Protecting Our Environment for the Future Generations

Reduction of Carbon Footprint

We recognise that the effective management and monitoring of its carbon footprint can reduce operating costs and pollution. Our carbon footprint is measured in terms of Greenhouse Gas (“GHG”) emission. However, GHG emission is an absolute measure of how much carbon dioxide equivalent (CO₂e) is emitted. Our GHG emission is predominantly indirect (Scope 2) emission. We have insignificant direct (Scope 1) emission, and we do not include the GHG emissions generated by our suppliers (Scope 3).

Considering the changes and dynamics of business and operations, we have 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 23% from our 2017 level by 2030. Our target for GHG emission improvement is 2% per year. Although various business units account for different percentages of GHG emissions across the organisation, they all support this target and have aligned accordingly.



In FY2018, our GHG emission efficiency index stands at 6.90. In comparison to our base year FY2017, it is a 2% improvement, and we are on track towards our target by 2030.

STAKEHOLDER ENGAGEMENT

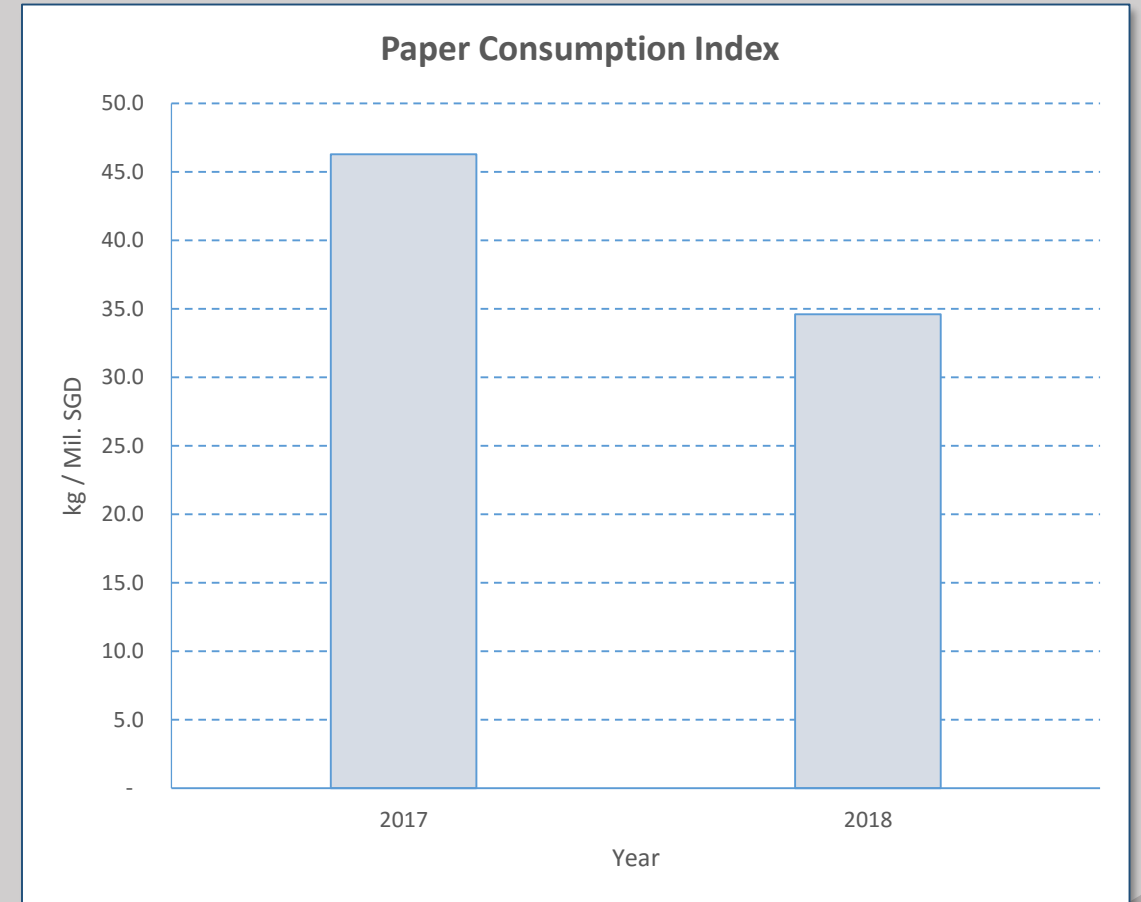
Reduction of Paper Consumption

All our employees are urged to minimise paper usage at work by adhering to our paperless initiative.

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 23% from our 2017 level by 2030. Our target for paper consumption improvement is about 2% per year. Although various business units account for different percentages of paper consumption across the organisation, they all support this target and have aligned accordingly.

In FY2018, we consumed total of 3,425 kg of paper, 100% of which are either Forest Stewardship Council (“FSC”) certified, Programme for the Endorsement of Forest Certification (“PEFC”) certified or ecological responsibility.

Our Paper consumption index stands at 34.61. In comparison to our base year FY2017, it is a 25% improvement, and we are on track towards our target by 2030.



STAKEHOLDER ENGAGEMENT

Caring for Our Employees

Our Approach

Our people are our most valuable resource and investing in their professional 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.

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 motivated workforce.

Employment Practices

Our employment practices focus on maximising the strength of our employees by providing equal opportunities based on merits, and helping our employees to develop strength through our comprehensive training and development programme.



STAKEHOLDER ENGAGEMENT

The Tripartite Guidelines on Fair Employment Practices

We 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.

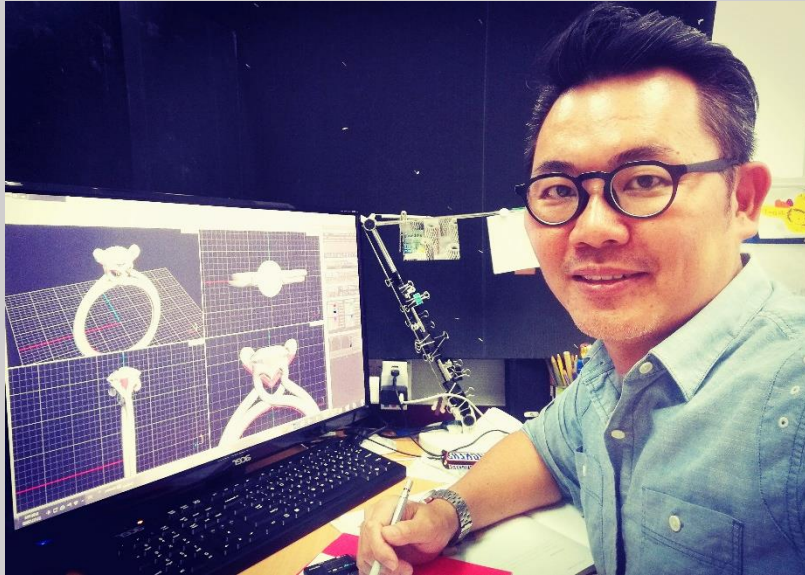
Communications

As our Company grows, effective communications across the organisation are crucial to ensure continuous alignment of objectives of the employees and the organisational objectives. We achieve this through our various communication sessions customised based on the target employees. Communication sessions for our managers are held on a regular basis.

Agendas covered at these sessions are customised appropriate to the target functional scope of the managers.



STAKEHOLDER ENGAGEMENT



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 organisation. Through various established processes of employee engagement, such as employee objective setting, performance review as well as exit interview in cases of resignations, we gather such valuable feedbacks for the continuous improvement of our organisation.

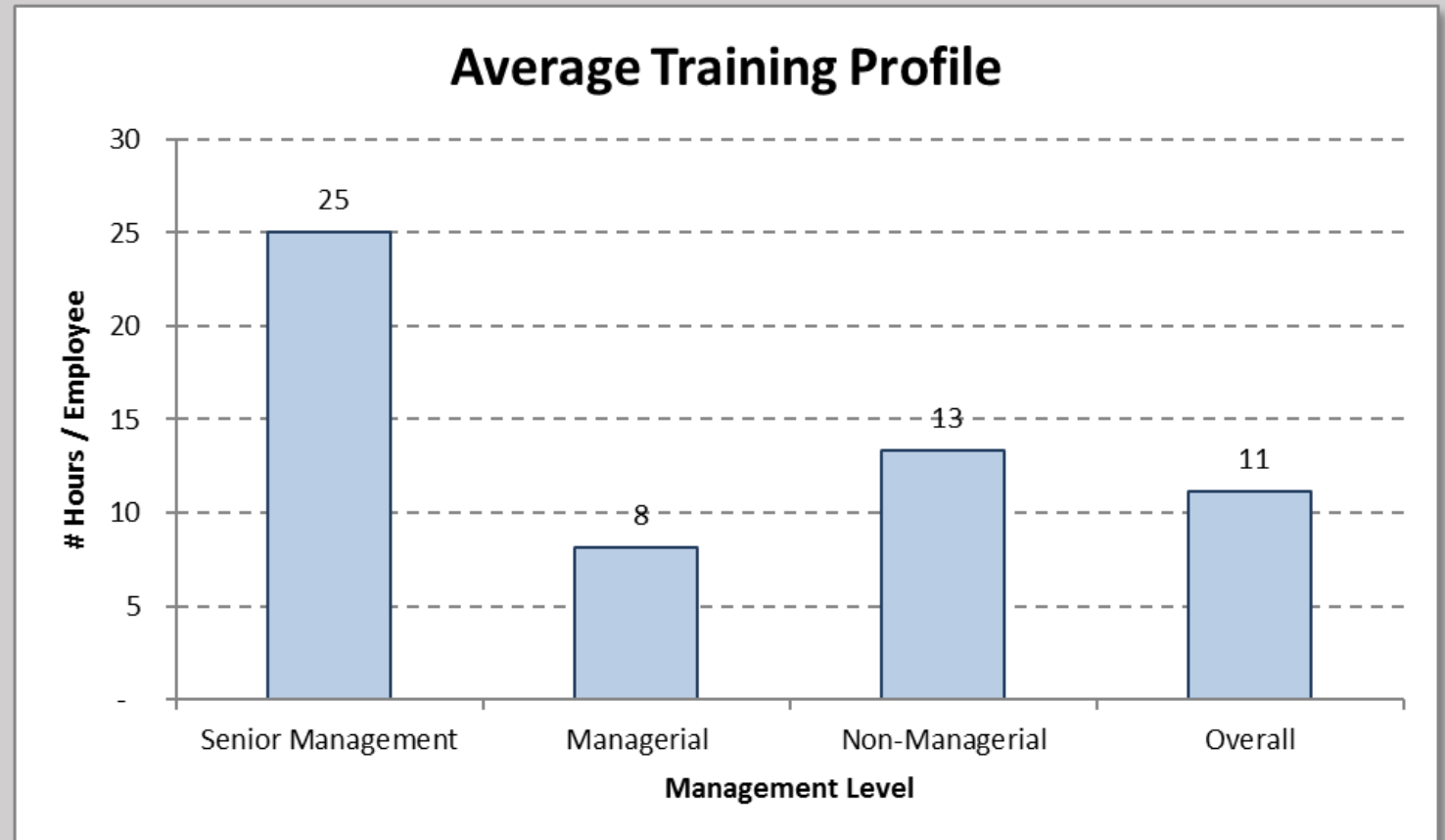
In addition, there are other feedback channels for areas specific to business and function, such as whistle-blowing policy on control and compliance issues.

STAKEHOLDER ENGAGEMENT

Career Development and Training

We recognise that consistent and ongoing education is critical to maintaining a competitive, skilled, productive and motivated workforce.

In FY2018, each employee received an average of 11.1 hours of training. We recognised that the training requirements vary depending on the levels of management responsibilities. Each senior management registered an average of 25.0 hours of training, while managerial and non-managerial staff received an average of 8.2 hours and 13.3 hours of training respectively. In light of changing business requirements and opportunities in variety of training methodologies, we continue to revise our training curriculum and programme to align with the organisation objectives and to strive for effectiveness and efficiency in our training approach.



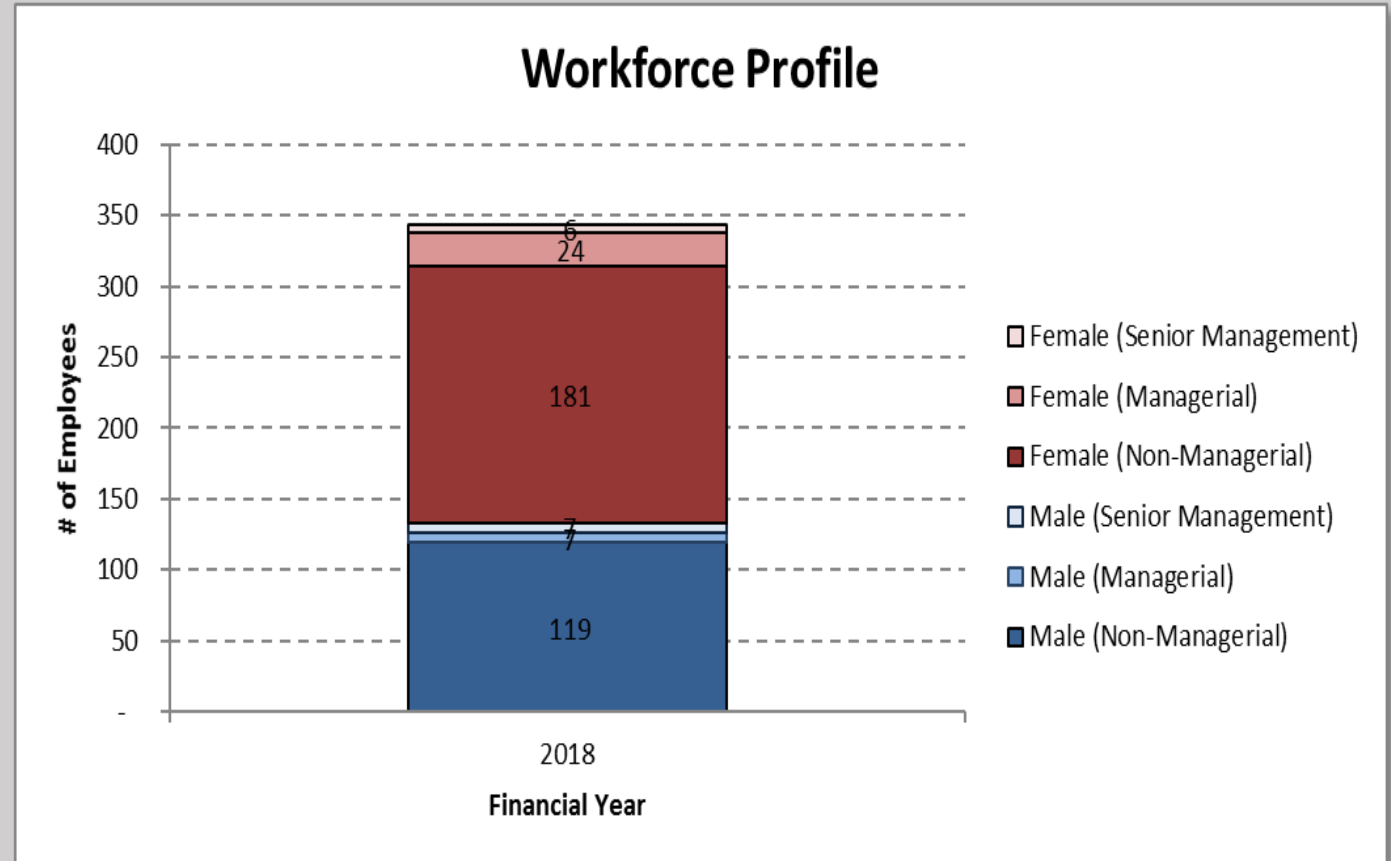
STAKEHOLDER ENGAGEMENT

Workforce Diversity

In FY2018, 211 of our employees were females, comprising 61% of our workforce, while 133 (39%) employees were males. In terms of management function, 24 females (77%) held managerial positions compared to 7 males (23%), while 181 females (60%) and 119 males (40%) held non-managerial positions. The male to female ratio of managerial and non-managerial positions were 7:24 and 119:181 respectively.

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.



STAKEHOLDER ENGAGEMENT

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 applicable laws and regulations in those countries we operate. We provide medical coverage for employees.

Safety and Health in the Workplace

We are committed to workplace safety and health, and we take precautions to prevent occupational injuries among our employees. We believe that safe work place conditions boost work morale.

Individual Rights

Respecting and protecting basic human rights is fundamental to all our operations.

In FY2018, none 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.



STAKEHOLDER ENGAGEMENT

Focusing on Our Customers' Needs

Our Approach

Safety in our premises is always our priority.



Product Quality and Safety

Reliability and quality of our products are important to us. We have in place a set of key quality assurance processes to ensure compliance with international standards. For example, the quality of diamond used in our products is subject to stringent external assurance processes such as diamond grading by American Gem Society Laboratories (AGS), Forevermark (FM), as well as Gemological Institute of America (GIA) on diamond grading which represents a technologically advanced diamond and gemstone evaluation and provides a blueprint of the gemstone's attributes and a tangible record of its quality.



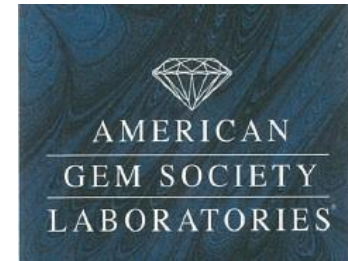
Forevermark (FM)



GIA[®]

The World's Foremost Authority in Gemology™

Gemological Institute of America (GIA)



American Gem Society Laboratories (AGS)

Data Safety and Privacy

Ensuring safety and privacy of our customers' data is of great priority to us. We have well established Personal Data Protection Act ("PDPA") Policy to protect the privacy of such sensitive data.

STAKEHOLDER ENGAGEMENT

Partnering Our Suppliers

Our Approach

We strive to encourage our suppliers to adopt sustainable business practice.



Supplier Selection

We select our key suppliers based on criteria such as quality of products and services, competitiveness of pricing and financial health.

From 2019, we will require our suppliers to disclose their sustainable business practice. Although sustainable business practice is not the only criteria, it is one of the key criteria in our supplier selection.

PERFORMANCE TABLE

Energy Usage and CO₂ Emissions

Direct and indirect CO₂ emissions as measured in GHG emissions are measured in tonnes (t-CO₂) 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; 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 normalise 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-CO₂ per SGD million and the electricity consumption index is measured in kWh per SGD million.

	Performance	
	FY2017	FY2018
GHG Emission Index (t-CO₂ /million SGD)	7.03	6.90
Electricity Consumption Index (kWh /million SGD)	14,881.57	14,612.14
FY2018 Performance	<p>FY2017 was 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.</p> <p>As of FY2018, the GHG Emission Index stands at 6.90 and Electricity Consumption Index stands at 14,612.14, which is 2% improvement from previous year. We are on track towards our target by 2030.</p>	

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PERFORMANCE TABLE

Paper Consumption

We capture the data for paper consumption by number of 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	
	FY2017	FY2018
Paper Used for Office Printing		
Total Weight of Paper Consumed (kg)	5,291	3,425
Total Weight of Paper from FSC certified, PEFC certified or ecological responsibility Paper Consumed (kg)	5,291 100%	3,425 100%
Paper Consumption Index (kg / million SGD)	46.27	34.61
FY2018 Performance	<p>FY2017 was 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.</p> <p>As of FY2018, the Paper Consumption Index stands at 34.61, which is 25% improvement when compared with previous year. We are on track towards our target by 2030.</p>	

PERFORMANCE TABLE

Employment Profile



	Performance	
	FY2017	FY2018
Men : Women ratio in non-managerial positions	138:236 (Total = 374)	119:181 (Total = 300)
Men : Women ratio in managerial positions	11:29 (Total = 40)	7:24 (Total = 31)
FY2018 Performance	For performance tracking purpose, we will use FY2017 data as our base. As of FY2018, the Men : Women ratio in non-managerial and managerial positions stands at 119:181 and 7:24 respectively.	

PERFORMANCE TABLE

Employment Engagement and Training

	Performance	
	FY2017	FY2018
Average Training Hours per Employee	17.0	11.1
FY2018 Performance	For performance tracking purpose, we will use FY2017 data as our base. As of FY2018, the Average Training Hours per employee stands at 11.1 hours.	



PERFORMANCE TABLE

Customer Feedback

	Performance	
	FY2017	FY2018
Customer Compliments	29	9
Customer Complaints	118	54
Compliments vs. Complaints ratio	29:118	9:54
FY2018 Performance	<p>For performance tracking purpose, we will use FY2017 data as our base.</p> <p>As of FY2018, the Compliment vs. Complaints ratio stands at 9:54. Customer complaints reduce when compared with previous year. We will continue to strive to maintain our current performance.</p>	



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	Response	
General Standard Disclosure			
Organisation Profile	102-1	Name of the organisation	Cover Page
	102-2	Activities, brands, products, and services	AR Page 2-11
	102-3	Location of headquarters	SR Page 3
	102-4	Location of operations	AR Page 58, 99-104
	102-5	Ownership and legal form	AR Page 58, 99-104, 165 – 166
	102-6	Markets served	AR Page 2-11
	102-7	Scale of the organisation	AR Page 48-50, 99-104, 143-144
	102-8	Information on employees and other workers	SR Page 16
	102-9	Supply chain	SR Page 19
	102-10	Significant changes to the organisation and its supply chain	No significant changes
	102-11	Precautionary Principle or approach	SR Page 5, 6, 9, 12, 18, 19

GRI Reference	Disclosure	Response	
General Standard Disclosure			
Strategy	102-14	Statement from senior decision-maker	SR Page 1
Ethics and Integrity	102-16	Values, principles, standards, and norms of behaviour	AR Page 16-37 (Code of Governance), SR Page 5
Governance	102-18	Governance structure	AR Page 16-37 (Code of Governance)
Stakeholder Engagement	102-40	List of stakeholder groups	SR Page 9-19
	102-41	Collective bargaining agreements	None of our workforce was covered by collective bargaining agreements
	102-42	Identifying and selecting stakeholders	SR Page 9
	102-43	Approach to stakeholder engagement	SR Page 9
	102-44	Key topics and concerns raised	SR Page 7, 9

GRI Content Index

GRI Reference	Disclosure	Response	
General Standard Disclosure			
Reporting Practice	102-45	Entities included in the consolidated financial statements	AR Page 99-117
	102-46	Defining report content and topic boundaries	SR Page 2 - 3
	102-47	List of material topics	SR Page 7
	102-48	Restatements of information	No Significant Changes
	102-49	Changes in reporting	No Significant Changes
	102-50	Reporting period	SR Page 2
	102-51	Date of most recent report	Published on 26 December 2018
	102-52	Reporting cycle	SR Page 2
	102-53	Contact point for questions regarding the report	SR Page 3
	102-54	Claims of reporting in accordance with the GRI Standards	SR Page 2
	102-55	GRI content index	SR Page 25 - 28
	102-56	External assurance	SR Page 2

GRI Reference	Disclosure	Response	
Economic			
Economic Performance	201-1	Direct economic value generated and distributed	AR Page 10-12, 48-50
	201-2	Financial implications and other risks and opportunities due to climate change	SR Page 10 - 11
	201-4	Financial assistance received from government	Yes
Anti-corruption	205-1	Operations assessed for risks related to corruption	AR Page 27 - 28
	205-2	Communication and training about anti-corruption policies and procedures	SR Page 5
	205-3	Confirmed incidents of corruption and actions taken	There were no confirmed incidents of corruption
Anti-competitive Behaviour	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	There were no legal actions for anti-competitive behavior, anti-trust and monopoly practices

GRI Content Index

GRI Reference	Disclosure	Response	
Environment			
Energy	302-1	Energy consumption within the organisation	SR Page 10
	302-4	Reduction of energy consumption	SR Page 10, 20
Emissions	305-1	Direct (Scope 1) GHG emissions	SR Page 10, 20
	305-2	Energy indirect (Scope 2) GHG emissions	SR Page 10, 20
	305-3	Other indirect (Scope 3) GHG emissions	SR Page 10, 20
	305-5	Reduction of GHG emissions	SR Page 10, 20
Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	No reports were received on non-compliance with environmental laws and regulations

GRI Reference	Disclosure	Response	
Social			
Labor/ Management Relations	402-1	Minimum notice periods regarding operational changes	SR Page 13 (No minimum notice period)
	404-1	Average hours of training per year per employee	SR Page 15, 23
Training and Education	404-2	Programs for upgrading employee skills and transition assistance programs	SR Page 15, 23
	405-1	Diversity of governance bodies and employees	SR Page 16
Diversity and Equal Opportunity	406-1	Incidents of discrimination and corrective actions taken	No reports were received on incidents of discrimination or exploitative labour practices.
Human Rights Assessment	412-2	Employee training on human rights policies or procedures	SR Page 13, 17
Public Policy	415-1	Political contributions	There were no political contributions made

GRI Content Index

GRI Reference	Disclosure	Response	
Social			
Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	SR Page 18
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No reports were received on non-compliance with regulations or codes concerning health and safety of products and services.
Marketing and Labelling	417-2	Incidents of non-compliance concerning product and service information and labelling	No reports were received on non-compliance concerning product and service information and labelling.
	417-3	Incidents of non-compliance concerning marketing communications	No reports were received on non-compliance concerning marketing communications.

GRI Reference	Disclosure	Response	
Social			
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No reports were received concerning breaches of customer privacy and loss of data
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	No reports were received on non-compliance with laws and regulations in social and economic area

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