
Natural Cool Holdings Limited
ENERGISED FOR WIDER GROWTH
SUSTAINABILITY REPORT FY 2017

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1 ABOUT THIS REPORT

Natural Cool Holdings Limited ("Natural Cool" or the "Company", and together with its subsidiaries, the "Group") are pleased to present the first sustainability report covering the Group's sustainability efforts in the financial year ended 31 December 2017 ("FY2017"). This report is set out on a "comply or explain" basis in accordance with Rule 711B and Practice Note 7F of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited ("SGX-ST").

As one of the leading air-conditioning specialists in Singapore, we are motivated by the prospect of being a benchmark creator in creating sustainable value for our shareholders and customers. We are committed to applying best practices in sustainability reporting and transparency to our various stakeholders.

Reporting Scope and Period

This sustainability report provides an overview of Natural Cool's sustainability performance as well as its strategies and practices, while highlighting the economic, environmental, and social impact of the Company's activities and developments. Further information on corporate governance, which is part of our sustainability, can be found under the section of "Corporate Governance" on page 87 to 109 of the Group's FY2017 Annual Report.

To reaffirm our commitment towards sustainability, our sustainability report will be published no later than 31 May on an annual basis from the financial year ended 31 December 2018 ("FY2018") onwards. This report covers the group for FY2017 from 1 January 2017 to 31 December 2017.

Reporting Process

In each reporting cycle, Natural Cool's Sustainability Reporting Committee (the "SR Committee") reviews the content of the report to determine its relevance to our business as well as to ensure that the current and emerging material issues of significance pertaining to sustainability and the interests of our stakeholders are addressed. The SR Committee includes the Chief Executive Officer, Managing Director, Chief Investment Officer, and the management personnel of all our business functions.

GRI Guidelines

We would like to inform our stakeholders that we are benchmarking our sustainability efforts in accordance with the Global Reporting Initiative ("GRI") Standards.

The GRI Sustainability Reporting Guidelines provide a globally recognised framework for companies to measure and communicate their environmental, economic, social and governance performance. We have prepared our report in accordance with the GRI Standards - Core option.

Feedback

We value feedback from our stakeholders as it allows us to continually improve our sustainability policies, processes and performance. Kindly address all feedback to the SR Committee at *report.sr@natcool.com*. Your feedback is important to us so that we can improve on our future reporting.

2 STATEMENT FROM BOARD

This year marks the publication of Natural Cool's inaugural sustainability report. At Natural Cool, we recognise the importance of creating long-term value for our stakeholders and believe that it can be achieved through sustainable business practices and our commitment to be a responsible corporate citizen.

The Board strives to align the Group's policies and practices with internationally recognised standards in the Environmental, Social and Governance ("ESG") themes, thus allowing us to achieve a balance between financial results, social engagement and environmental initiatives whilst ensuring the strategic growth of the Group.

The Group established an SR Committee under the guidance of the Board and conducted a formal materiality assessment to better manage non-financial risks such as environmental compliance, employment, employee health and safety and corporate governance. The SR Committee have identified four of the highest ranked material factors for reporting. The SR Committee reports directly to the Board, which has considered sustainability issues as part of its strategic formulation, determined the material Environmental, Social and Governance ("ESG") factors and overseen the management and monitoring of these factors.

With this inaugural sustainability report, which will be published annually, we would therefore like to reinforce our support and management of these newly prioritised matters through active engagement with senior management who will lead the Group's sustainability efforts.

Moving forward, we urge our stakeholders to share our commitment to sustainability and work towards a common goal of improving the economic, environmental and social well-being of the communities we operate in.

3 OVERVIEW OF THE GROUP

Corporate Profile

Natural Cool Holdings Limited was founded in 1989. The Group is an investment holding company that trades in air-conditioners, air-condition components, systems and units in Singapore, Malaysia and internationally.

Widely regarded as one of Singapore's leading air-conditioning and switchgear specialist, the Group is the first to integrate both the switchgear and air-conditioning business segments in the power management and temperature-control of both commercial and residential properties.

The Group operates primarily in the business of air-conditioning. For instance, the Group through its subsidiaries - Natural Cool Airconditioning & Engineering Pte Ltd offers consulting, implementation, repair and maintenance services for retail, commercial, government and industrial clients. The Group also has a trading department that provides air-conditioners, related accessories and professional services to overseas customers.

Besides engaging in trading and supplying air-conditioners parts, Natural Cool is also involved in properties investment holding, manufacturing and trading of paint and basic chemicals.

Vision

Natural Cool strives to be considered as the preferred choice in building solutions.

Mission

Natural Cool enhances the strength and trust in our brand name through:

- Safe, Superior, Reliable Products and Services;
- Strategic Planning.

Employee Information

As of 31 December 2017, Natural Cool has a total of 298 staff. Embracing strength in diversity, we employ from a wide age group and from both genders.

4 BUSINESS PHILOSOPHY AND VALUES

Fundamental Beliefs

Since Natural Cool offers products and services which are integral to the lives of many people, we are clearly aware that our actions impact the community and the environment. Therefore, we aspire to lead as good corporate citizens by participating in activities that we find meaningful to all our stakeholders, including our customers, business partners, principals and employees, and also to society.

Engaging the Community and our Employees

Natural Cool is committed towards supporting communities and charitable organisations where it operates and cultivating employees with compassion. In 2017, we supported "UOB Heartbeat CSR Programme" by giving a fresh coat of paint and new furniture to the homes of 16 families under the care of Fei Yue Community Services in Bukit Batok.





Natural Cool also hosted a satellite "Hair for Hope" event at our premises. As "Hair for Hope" is a fundraising event that serves to raise funds and awareness of childhood cancer, we hope to encourage more individuals in shaving and garner support from the public as well. At the end of the event, we had successfully raised a total of $33,192 from this event.

Apart from reaching out to the general public, Natural Cool is also committed to continuous learning and have high performance expectations. We develop our employees by providing them with sufficient trainings, rewards and encouragement to foster their growth and learning. We believe in growing a diverse work force and provide our employees with equal opportunities to achieve their full potential.

Engaging our Investors and the Business Community

Natural Cool believes in supporting meaningful corporate events as it helps us to strengthen our profile and gives us a platform to share our business and corporate practices with our stakeholders and peers in the industry. As such, we have participated in numerous high-profile initiatives and events. Some of the events we participated in includes: CG Week and ASEAN Conference 2017.



CG Week

Organised by the Securities Investors Association Singapore (SIAS), CG Week aims to foster good corporate governance among listed companies. For CG Week, we have participated in the Global Corporate Governance Conference, Investor's choice awards (ICA) dinner presentation ceremony, workshops and investors' forum to discuss some of the best practices for companies. As a form of support, we have also signed a statement of support for good corporate governance practices in both 2016 and 2017.

ASEAN Conference 2017



Natural Cool was pleased to be invited to be a sponsor and participated in ASEAN Conference 2017 held in April. Presented by United Overseas Bank, Rajah & Tann, RSM and the Singapore Business Federation, the ASEAN Conference is a flagship platform that supports businesses' regional ambitions through strategic collaboration and equips business leaders with critical insights and practical services.

This grand event gave Natural Cool the opportunity to connect with both the private and government sectors in pursuing the same goal in creating a better country and sustainable future for all.

Engaging our Customers and Contractors

We believe in building a strong community amongst our employees and providing our people a platform to recognize their efforts and contributions to Natural Cool. In FY2017, we have rolled out some new initiatives to facilitate the exchange of ideas and to recognize their contribution:

- **No Horse Run (NHR) Breakfast**

Our weekly NHR breakfast every Friday provides a networking opportunity for our Aircon manufacturer and/or suppliers and contractors. During these weekly sessions, technical support staff representing our principals were present to provide technical advice to customers and contractors on issues relating to their Aircon products and equipment, and also to gather valuable feedback for further insights and improvement.

- **Annual Dinner and Dance (D&D)**

For the first time in our corporate history, we invited our customers and contractors to our Annual D&D to show gratitude for their continued support, as well as to celebrate together the success milestones of Natural Cool. This is also a token of appreciation to our valued stakeholders as we strive to build and strengthen our relationships with them.

5 APPROACH TO SUSTAINABILITY

Our Approach

Natural Cool has considered sustainability issues as part of the strategic formulation of the Group. We strive to create long-term values for our stakeholders. We have established a SR Committee. The SR Committee is headed by the Group's Executive Director and Chief Executive Officer, Mr Tsng Joo Peng, and comprises of all the senior management across different business units and functions to oversee the Group's practices are in line with its business philosophy and values, and ensure that these are integrated into our business operations and complement our goals. We also actively participate in initiatives in line with our sustainability approach.

Materiality Assessment

The materiality assessment forms part of our dialogue with our stakeholders. By communicating with them about key topics, we gain a better understanding of their different views and perspectives. This in turn enables us to actively address important issues and challenges and to report on them transparently.

Hence, the Group is committed to undertaking the materiality assessment regularly. We believe doing so will help us identify new trends, evolve our strategy accordingly and tailor our reporting to align it to the interests and needs of our business and our stakeholders.

Our Materiality Process

Natural Cool engaged a team of external sustainability consultants in 2017 to assist in the identification and prioritisation of issues that are most relevant and significant to the Group and its stakeholders. These issues are mostly linked to the Group's overall strategy and other major areas of corporate sustainability.

A discussion was then facilitated with the SR Committee members and thereafter, they evaluated each ESG factor based on the influence on stakeholder decisions and significance of environmental and social impact.

6 IDENTIFYING MATERIAL ESG FACTORS

The SR Committee has identified the following material ESG factors for FY2017. As we strive to improve our level of transparency and timely communication to all our stakeholders, we will be reviewing the significance of, and reporting other ESG factors in the following years.

1. Environmental Compliance
2. Employment
3. Occupational Health and Safety
4. Anti-Corruption

FOCUS	IMPACT TO STAKEHOLDERS	2017 PERFORMANCE	COMMITMENTS & TARGETS
Environmental Compliance	Non-compliance with National Environment Agency ("NEA")'s requirement to sell air-conditioners with Energy Labels that have an energy efficiency rating of 2 ticks and above will result in fines and disciplinary actions. Air-conditioners with Energy Labels that have an energy efficiency rating of 5 ticks will help customers to reduce electricity consumption and save costs in the long run.	• Full compliance with NEA's requirement • Air-conditioner models with an energy efficiency rating of 5 ticks accounted for nearly half of the Group's total sales	• Full compliance with NEA's requirement • Air-conditioner models with an energy efficiency rating of 5 ticks to account for more than half of the Group's total sales in FY2018
Employment	Fair and merit-based employment practices are important to our employees, investors, regulators, and community as they affect our ability to attract, retain, and develop local talents under the direct hire of the Group's offices and operations.	• Sustainable and manageable attrition rate • Training courses and programs relevant to individual's job scope are sponsored by the Group	• Clear employee rights set out in an updated Staff Handbook that is available to all employees • Turnover rate to be improved by 5-10% • Internal and external training courses relevant to the job scopes of office staff • To introduce and promote flexible work arrangements by utilising Work-Life Grant by Singapore government.
Employee Health and Safety	Business continuity, workplace safety and how we innovate are amongst the highest concerns to our stakeholders.	• Zero accident resulting in fatality or serious injury reported • Regular briefings and training courses on employee health and safety for employees in construction service line	• Zero fatalities and workplace accidents across all business operations • Regular briefings and training courses on employee health and safety for employees in construction service line
Anti-Corruption • Corporate Governance • Risk Management	Applies across the Group's business operations in Singapore and overseas. Compliance with legislation as well as national and international standards of corporate governance, anti-corruption, risk management, environmental, safety, product, and social responsibility. These are issues of interest to all our stakeholders.	• Published whistle blow policy on the Group's website • No incident of corruption and fraud • No incident of whistle blowing • Sound risk management and internal control system put in place by the Management, e.g. senior management ensured adequate controls in place to prevent unauthorized or improper payment, finance enforced a stringent payment process, prior approval for all entertainment, sponsorship, charitable contribution expenses must be sought for. • External auditors performed audits	• Zero-tolerance on corruption and fraud • Continuous strengthening of the enterprise risk management • Continuous strengthening of the internal control system

7 STAKEHOLDERS ENGAGEMENT

While we work on our sustainability efforts, we also aim to align our business interests with that of our stakeholders, which comprise those who are impacted by our businesses and operations. By assessing the significance and impact of their interest on the Group's business, we have singled out five key stakeholder groups.

STAKEHOLDERS	IMPACT AND SIGNIFICANCE	KEY ISSUES	ENGAGEMENT PLATFORMS
Employees	Our employees are part of our human capital whose competencies and well-being are fundamental to the Group's operational effectiveness.	• Talent retention and attraction • Employee safety and well-being • Training and development opportunities • Efforts to promote work-life balance • Remuneration and benefits • Employee welfare and well-being • Employee volunteerism	• Regular staff dialogue sessions • Mobile chat groups • Training programs and courses • Safety briefings and courses • Safety drills and site inspections • Annual appreciation events and festival celebrations • Volunteering and charitable events • Whistle-blowing policy
Customers	Our promise is to maximize our customer satisfaction, understand our customers' needs and expectations and build long lasting relationships with our customers so that they are likely to purchase from us or engage our services again.	• Design and workmanship • Customer satisfaction and experience • Quality products and services • Environmental conservation • Communication	• No Horse Run (NHR) Breakfast • Annual appreciation events • Natural Cool's company website • Natural Cool's social media platforms, e.g. Facebook • Feedback handling through email / phone calls
Shareholders and Investors	We strive to maximise shareholder returns, maintain good corporate governance, and improve levels of transparency through financial and sustainability reporting and timely communication.	• Financial stability • Long-term growth plans • Market diversification • Geographical expansion • Risk management • Corporate governance • Sustainability efforts	• Half yearly financial results announcements • Annual reports • Annual General Meeting (AGM) • External events, e.g. Corporate Governance (CG) week organized by the Securities Investors Association Singapore (SIAS), ASEAN Conference
Business Partner	We work closely with partners, including suppliers and subcontractors, in our value chain to ensure that all our operations are carried out in line with industry leading practices and sustainability efforts.	• Quality assurance • Certifications • Supply chain management • Occupational health • Safety practices • Personal Data Protection Act (PDPA) Compliance	• Supplier's Code of Conduct • Regular supplier visits / meetings • Annual performance evaluation • Safety briefings and courses • PDPA compliance clauses specified in contracts
Community	We strive to be a responsible corporate citizen to the society, environment and the people around us.	• Doing our part as a responsible corporate citizen	• Volunteering and charitable events • Annual Corporate Social Responsibility Programmes

Supply Chain Management

As a sustainable leading air-conditioning specialist, Natural Cool is committed to manage its supply chain across the whole life cycle of the project from its initiation and design development stages to subsequent construction and operation stages. This allows the Group to effectively manage its subcontractors, as well as diverse services, materials and equipment required to deliver large-scale projects in a complex supply chain environment.

For its trading business, Natural Cool carries a wide range of well-known international brands, including Mitsubishi Electric, Daikin, Panasonic, LG, Midea, Fujitsu, Toshiba, TCL, Samsung, Sharp and etc., with Mitsubishi Electric, Daikin and Panasonic accounting for more than 90% of the total sales.

In selecting its subcontractors for projects in Singapore, subcontractors are assessed under stringent criteria. These include track records, financial strength as well as commitments towards high quality, health and safety standards.

8 ENVIRONMENTAL

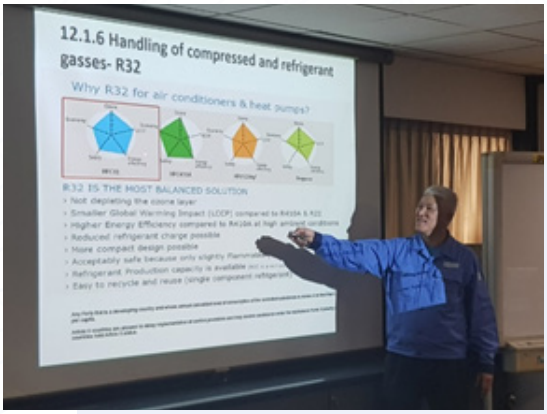
Natural Cool, strictly follows NEA's requirement to sell air-conditioners with Energy Labels that have an energy efficiency rating of 2 ticks and above. This is part of the Group's commitment to being an environment-friendly company.

Over the recent years, the Group's air-conditioner suppliers had been phasing out air-conditioners using R-22[1] refrigerant since 1 September 2013 and bringing in new models using R-410A[2] and R-32[3] refrigerant. By 2020, there will be no production or import of R-22 refrigerant into Singapore.

In addition, our sales consultants are committed in educating our contractor customers to follow NEA's requirement. The Group also organizes and conducts regular technical trainings for our contractor customers supported by the air-conditioner suppliers.

We are also seeing more retail customers opting for air-conditioner models with more energy savings. Our air-conditioner suppliers are enhancing the awareness by promoting 5-tick air-conditioner models in various marketing platforms such as on bus and taxi advertisements, large LED billboards, POSB outlets, free-to-air television channels and etc.

For FY2017, air-conditioner models with an energy efficiency rating of 5 ticks accounted for nearly half of the Group's total sales. With the Group's environmental initiatives and efforts, we can expect the ratio will further go up gradually over the years.







[1]R-22 is a hydro-chlorofluorocarbon ("HCFC") which contributes to ozone depletion.
[2]R-410A is a hydro-fluorocarbon ("HFC") which does not contribute to ozone depletion. However, its global warming potential ("GWP") still remains an issue. R-410 releases approximately the same amount of greenhouse gas ("GHG") as R-22.
[3]R-32 is a HFC which does not contribute to ozone depletion and releases much lesser GHG compared to R-22 and R-410A.

9 SOCIAL

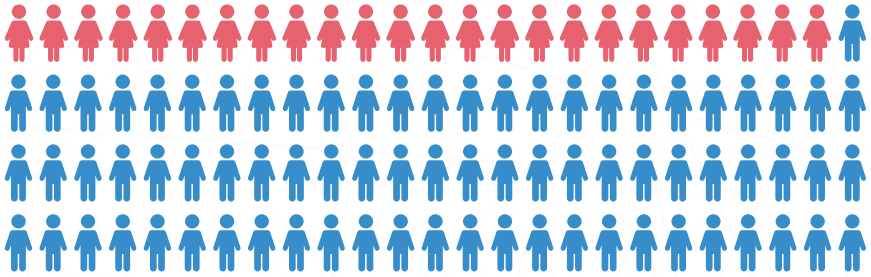
Our People, Our Community

At Natural Cool, we recognise that our success lies in our people. We are committed to developing our people through skills-building and leadership opportunities to unleash the potential in our future leaders.

As part of our dedication to developing our people, we strive to create an inclusive working environment where every employee is valued and individual performance recognized. We value the key role of diversity in developing a competent and efficient workforce adaptable to the changing business environment, and we have numerous programs, training courses and workshops aiming to strengthen our people's appreciation for diversity. Furthermore, we provide equal opportunities for all employees without discrimination.

As of 31 December 2017, Natural Cool has a total number of 298 employees. Embracing diversity as crucial to developing a 21st century competent and resilient workforce, we recruit from all age groups and genders. Male employees are more than female ones as the construction and servicing teams are mainly formed by male staff due to the work nature while other functions have a balance of male and female staff.

Workforce by Gender



Gender

- 24% Female
- 76% Male

Workforce by Age Group



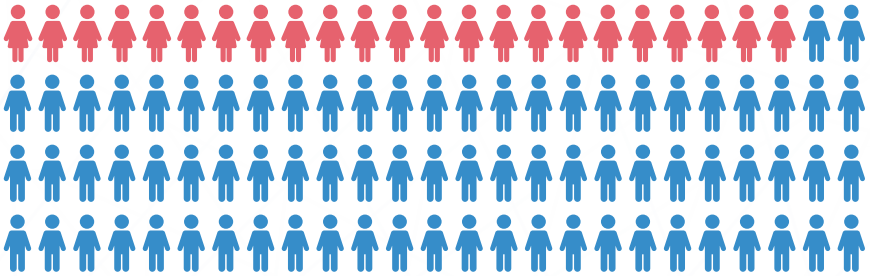
Age

- 11% Under 30s
- 33% 30s - 50s
- 56% Over 50s

New Hires

Natural Cool made 122 new hires in 2017, at a hiring rate of 41%. The new hires come from various age groups, whom 35% were below 30 years old, 16% were above 50 years old, and the majority of the 49% were aged 30-50 years old.

New Hire by Gender



Gender

- 23% Female
- 77% Male

New Hire by Age Group



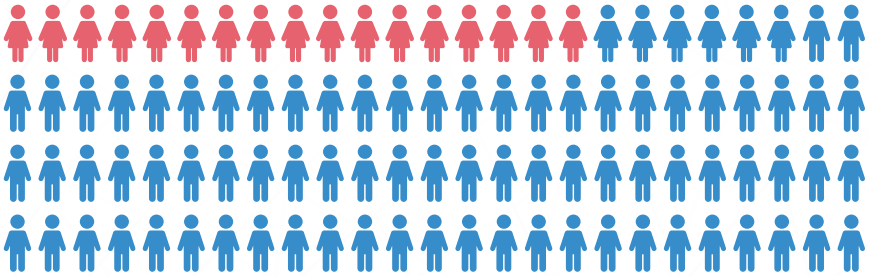
Age

- 16% Under 30s
- 35% 30s - 50s
- 49% Over 50s

Resignations

Of the 92 employees that left our organisation in 2017, 50% were between 30-50 years old and 33% were under 30 years old, with the remaining 17% being above 50 years old. Turnover by gender was geared at 83% for men and 17% for women respectively.

Resignee by Gender



Gender

- 17% Female
- 83% Male

Resignee by Age Group



Age

- 17% Under 30s
- 33% 30s - 50s
- 50% Over 50s

In general, Natural Cool was able to maintain a strong and healthy workforce, with a balance between the turnover and retention rate. The change in employee numbers were mainly due to new hires to replace existing low-skilled positions. Employment for high-skilled positions remains stable, with organisational operations consistent and key management personnel unchanged.

Going forward, Natural Cool aims to strengthen our employee retention numbers by 5-10% on an annual basis, with the commitment to develop our talent pool and to ensure sustainable operations management. We aim to enhance the following measures in phases:

- To empower employees through skills-based training and career development opportunities;
- To engage employees by conducting regular dialogue cum feedback sessions between employees and management
- To review employee remuneration and benefits every year by benchmarking with industry average; and
- To further enhance employee welfare, such as introducing and promoting flexible work arrangements by utilizing Work-Life Grant by Singapore government.

Benefits and Welfare

At Natural Cool, we value and recognise our people's contributions through rewards and benefits. In addition to the competitive remuneration offered, we extend our employees a set of attractive benefits including but not limited to:

ITEM	EMPLOYMENT BENEFITS	DESCRIPTIONS
1	Medical Benefits	Employees are reimbursed for medical consultations up to the claim amount.
2	Insurance	Under the Workplace Injury Compensation Act (WICA), all our employees are able to claim compensation for work-related injury. This accords them with some financial protection.
3	Performance and Variable Bonus	Employees are entitled to performance bonuses depending on the performance of the group. A variable bonus is also rewarded depending on individual performance.
4	Salary Increment	Salary increment amount determined based on bi-annual appraisals in January and July.
5	Annual Appreciation Events and Festival Celebrations	We organise a dinner-and-dance annually to celebrate and recognise the efforts of our employees. Embracing diversity and culture, we also celebrate important festivals as a company.

Being in an industry that is largely labour-intensive, we are dedicated to ensuring the health and safety of our people as one of our top priorities. We are in full compliance with the WICA introduced by the Ministry of Manpower and covers all employees with work injury compensation, and also extending the worker medical insurance to our group of foreign workers.

In addition, we are constantly reviewing our employment policies and renumeration practices to ensure compliance with the updated employment laws, in order to keep up with the best industry practices to provide the optimal working conditions for our people.

Central Provident Fund (CPF) Scheme and Contributions

The CPF is a comprehensive social security scheme co-funded by both the employers and employees which aim to provide working Singaporeans and Permanent Residents with a degree of financial confidence and security through their old age.

Natural Cool assists employees in making monthly contributions which are deducted from their gross monthly salaries and deposited into their CPF accounts, as a statutory requirement from the Singapore government. For employees below 55 years old, Natural Cool makes a contribution of 17% as an employer on top of the employee's 20% contribution.

Parental Leave

Natural Cool supports the Singapore government's pro-family legislation and adopts welfare practices to enhance this pro-family environment at the workplace. Eligible working mothers and fathers whose new-born child is a Singapore citizen are entitled to 16 weeks of maternity leave and 2 weeks of paternity leave respectively. Eligible working parents of at least one Singapore citizen child of under the age of seven years old are entitled to 6 days of paid childcare leave annually.

In 2017, Natural Cool has a 100% return to work rate. We have 4 female employees and 3 male employees who utilised their parental leave and resumed work thereafter.

The 2 female employees and 2 male employees who utilised their parental leave during 2016 remained as employees of Natural Cool during FY2017 (more than one year since their return to work). Natural Cool will continually enhance these pro-family practices and work towards building a conducive workplace for our working parents.

Creating a Healthy, Safe and Conducive Workplace

We believe that our people are our key assets, and we are dedicated to creating a safe and conducive workplace for our employees; workplace safety is a top priority for us. We take pride in ensuring that all our employees and contractors are competent and equipped to work safely and we also recognise and strive to fulfil our duty of care to provide a safe workplace for those who step into our premises.

To complement our commitment to work-health safety, we strive to build a workplace culture that promotes work-life balance and a healthy well-being. By placing importance in ensuring the safety and well-being of our employees, this will increase employee satisfaction and engagement, and lead to increased productivity and greater organisational performance.

Setting the Standards

As an industry leader, we take responsibility in setting "industry" best practices, and have been consistently enhancing and refining our health and work safety measures. Since 2012, we have achieved and maintained our OHSAS 18001 certification. We have also completed and attained the highest level in the bizSAFE, a five-step programme offered by the Workplace Safety and Health (WSH) Council that assists companies in building their WSH capacity and capabilities.



In addition, Natural Cool Airconditioning & Engineering Pte Ltd ("NCAE") has obtained Building and Construction Authority ("BCA") certificate of registration for workhead (ME01 – L6 and ME15 – L6) and ISO 9001:2015.

Total Workplace Safety and Health (Total WSH) at Construction Sites

As a result of having consistent and comprehensive safety infrastructures in placed as well as programmes to empower and engage our workers, we have kept our total number of fatalities and dangerous occurrences in 2017 to zero. We also maintained a clean zero percent in Accident Frequency Rate (AFR). There was no reportable incident to MOM in 2017.

On 7 December 2016 we had a case of an employee who suffered a fall from an A-frame industrial ladder at his worksite. The said employee was duly compensated and thereafter, due measures were implemented to avoid the recurrence of such incident. The measures introduced were duly complied with by work staff and we had no similar incidents in 2017.

Holistic Skills Development Training

In-line with equipping our workers with safety knowledge and skills, we have developed a rigorous skills-training programme to ensure that each worker is capable of performing safely and optimally at the sites. Our workers at construction sites attended at least one skills and safety training in 2017, summing to 285 attendees in total for the skills and safety training programme in 2017.

We keep ample documentation of training courses attended by each employee to track their skills-development progress and level of competency. Being a service provider providing a wide array of services, we have developed a comprehensive syllabus for each department, ensuring that each worker is extensively equipped with the safety awareness and skills.

Post-Incident Review and Enhancing Safety Precautions

We learn from past mistakes and strive to prevent similar incidents from repeating itself again. As part of our skills-training programme, we consistently schedule workplace health and safety briefings to review our safety practices with workers. For near-miss incidents, we promptly have a review briefing dedicated to analysing the situation and to remind our workers of the relevant safety measures and precautions, as well as the safety protocols in the event of incidents.

We also ensure each worker is well protected before the start of each assignment, through documenting on the Personal Protective Equipment (PPE) record to ensure that each worker is sufficiently equipped with protective gears for their related job-scope. We have also developed a list of protocols and precautions for workers dealing with toxic chemicals, to ensure that their safety is fully covered in all areas of work.

Safety Drill Exercises and Site Inspections

Beyond safety at the sites, we also place paramount importance on educating our employees on having the required safety knowledge and practical skills. This extends to employees at our corporate office as well, to ensure that all employees are properly equipped to handle emergency situations. We have conducted fire safety briefings to educate our office staff and workers on handling fire accidents as well as the necessary protocols and measures to mitigate the situation. We also periodically inspect our sites and workers' dormitory to ensure that safety precautions are strictly adhered to.

As we place value in our workplace health and safety programme to develop our people to be responsive and vigilant in times of emergency situations, we conduct fire drills at our corporate offices and also emergency evacuation exercises at our workers' dormitory and sites to ensure our people are prepared at all times in case of emergency.



10 GOVERNANCE

Strengthening our Anti-corruption Policy

In line with our commitment to business integrity, we promote a fair and safe workplace through adopting industry leading practices to prevent corruption of any form, including bribery and extortion. All new employees of the Group are required to read through and acknowledge the staff handbook, which consists of code of conduct and business ethics during the conduct of business. The Group has zero tolerance towards corruption in any form.

Amongst these practices to uphold business integrity, the Group has established a whistle blowing policy which has been reviewed and endorsed by the Audit Committee and approved by the Board. To raise awareness and affirm our Group's strong stance and actions against corruption, Group's Whistle Blowing Policy and related procedures are published on the Group's website at *http://www.natcool.com/about/wblower.html* and apply to any employees, vendors, contractors, sub-contractors, customers, and any other parties whom the Group has a business relationship with.

Under the whistle blowing policy, employees and external parties are able to, in confidence, raise concerns about issues and misconduct requiring special investigation. A dedicated and secured e-mail address (*report.nch@natcool.com*) provides individuals anonymity in raising issues of contention to the Audit Committee directly.

There was no reported incident pertaining to corruption in FY2017. We are periodically reviewing and enhancing our anti-corruption practices to uphold the best business environment in line with our values.

GRI CONTENT INDEX

CATEGORY	DISCLOSURE	DESCRIPTION	PAGE REFERENCE AND REMARKS
GRI 102: **General Disclosures**	102-1 *	Name of the Organization	Cover Page of Annual Report FY2017
	102-2 *	Activities, Brands, Products, and Services	Pages 10 to 12 and 81 of Annual Report FY2017
	102-3 *	Location of Headquarters	Page 20 of Annual Report FY2017
	102-4 *	Location of Operations	Page 83 of Annual Report FY2017
	102-5 *	Ownership and Legal Form	Page 3 of Annual Report FY2017
	102-6 *	Markets Served	Pages 10 to 12 and 81 of Annual Report FY2017
	102-7 *	Scale of the Organization	Our People, Our Community (Page 11)
	102-8 *	Information on Employees and Other Workers	Our People, Our Community (Page 11 to Page 13)
	102-9 *	Supply Chain	Supply Chain Management (Page 9)
	102-10 *	Significant changes to the Organization and its Supply Chain	None
	102-11 *	Precautionary Principle or Approach	Approach to Sustainability (Page 6)
	102-12 *	External Initiatives	Engaging the Community and our Employees (Page 4) Engaging our Investors and the Business Community (Page 5) Engaging our Customers and Contractors (Page 5)
	102-13 *	Membership of Associations	None
GRI 102: **Strategy**	102-14 *	Statement from Senior Decision-Maker	Statement from Board (Page 2)
GRI 102: **Ethics and Integrity**	102-16 *	Values, Principles, Standards, and norms of Behaviour	Business Philosophy and Values (Page 4)

CATEGORY	DISCLOSURE	DESCRIPTION	PAGE REFERENCE AND REMARKS
GRI 102: **Governance**	102-18 *	Governance Structure	Our Approach (Page 6)
GRI 102: **Stakeholder Engagement**	102-40 *	List of Stakeholder Groups	Stakeholder Engagement (Page 8)
	102-41 *	Collective Bargaining Agreements	None
	102-42 *	Identifying and Selecting Stakeholders	Stakeholder Engagement (Page 8)
	102-43 *	Approach to Stakeholder Engagement	Stakeholder Engagement (Page 8)
	102-44 *	Key Topics and Concerns Raised	Stakeholder Engagement (Page 8)
GRI 102: **Reporting Practice**	102-45 *	Entities included in the Consolidated Financial Statements	Page 3 of Annual Report
	102-46 *	Defining Report Content and Topic Boundaries	About this Report (Page 1)
	102-47 *	List of Material Topics	Material ESG Factors (Page 7)
	102-48 *	Restatements of Information	Not Applicable as this is the First Year of SR Reporting
	102-49 *	Changes in Reporting	Not Applicable as this is the First Year of SR Reporting
	102-50 *	Reporting Period	FY2017 (1 January 2017 – 31 December 2017)
	102-51 *	Date of most Recent Report	Not Applicable as this is the First Year of SR Reporting
	102-52 *	Reporting Cycle	Annual
	102-53 *	Contact point for Questions regarding the Report	Feedback (Page 1)
	102-54 *	Claims of reporting in accordance with the GRI Standards	Core options (33 items)
	102-55 *	GRI Content Index	GRI Content Index (Page 19 to 21)
	102-56 *	External Assurance	None

CATEGORY	DISCLOSURE	DESCRIPTION	PAGE REFERENCE AND REMARKS
GRI 205: **Anti-Corruption**	DMA	Disclosure of Management Approach	Strengthening our Anti-Corruption Policy (Page 18)
	205-1	Operations Assessed for Risks related to Corruption	Strengthening our Anti-Corruption Policy (Page 18)
	205-2	Communication and Training about Anti-Corruption Policies and Procedures	Strengthening our Anti-Corruption Policy (Page 18)
	205-3	Confirmed Incidents of Corruption and Actions taken	Strengthening our Anti-Corruption Policy (Page 18)
GRI 307: **Environmental Compliance**	DMA	Disclosure of Management Approach	Environmental (Page 10)
	307-1	Non-compliance with environmental laws and regulations	Environmental (Page 10)
GRI 401: **Employment**	DMA	Disclosure of Management Approach	Our People, Our Community (Page 11)
	401-1	New Employee Hires and Employee Turnover	New Hires (Page 12) Resignations (Page 13)
	401-2	Benefits provided to Full-Time Employees that are not provided to Temporary or Part-Time Employees	Benefits and Welfare (Page 14)
	401-3	Parental Leave	Parental Leave (Page 15)
GRI 301: **Occupational Health and Safety**	DMA	Disclosure of Management Approach	Creating a Healthy, Safe and Conducive Workplace (Page 16 to 17)
	403-2	Types of injury and rate of injury	Total Workplace Safety and Health (Total WSH) at Construction Sites (Page 16)