

2017

**SUSTAINABILITY
REPORT**

Hoe Leong Corporation Ltd



SUSTAINABILITY REPORT 2017

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1 MESSAGE FROM THE EXECUTIVE CHAIRMAN AND GROUP CHIEF EXECUTIVE OFFICER

It gives me great pleasure to introduce our FY2017 Sustainability Report, which highlights the progress and achievements of our organisation over the previous 12 months, with the particular focus on our commitment to working alongside our valued stakeholders to build a sustainable business based on our resilience, adaptability and innovation.

In this, our first sustainability report, we firmly 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 its financial performance.

The delivery of sustainable results is a critical aspect of our ability to remain strong and financially stable. Acknowledging this helps to put into focus our commitment to the principles laid out in our Corporate Sustainability Policy. Our responsibility to society is to ensure that sustainable practices are incorporated into every link 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.

This report provides detail about how we have met our responsibilities with our key stakeholders during the FY2017 and beyond.

2 ABOUT THE REPORT

This sustainability report articulates our commitment to sustainability and transparency. This is our First sustainability report. The report is designed to provide a transparent and balanced view of Hoe Leong Corporation Ltd (the “Company”) and its subsidiaries (the “Group”), to reflect the interests of our key stakeholders, and to address those interests pragmatically. This report aims to include comprehensive and accessible information on the company’s strategy towards sustainability, key issues as well as data according to recognized standards.

2.1 Report Scope

The report covers the performance of our consolidated entities in the financial year 2017 (“FY2017”) from 1 January 2017 to 31 December 2017. The content of this report will focus on the sustainability performance, activities and initiatives that are under our direct control, including our Singapore offices and operations and our local supply chain. Material issues and topics described in this report have been selected according to their level of significance within the company boundaries, the sustainability context and the expectations of the stakeholders which are reflective of our core business in a consistent manner for comparability of our performance indicators across time. In this respect, this report covers our business in the Equipment segment and Vessel Chartering segment as our material operational boundary in Singapore. All material aspects disclosed in this report are relevant to the activities in Singapore only. The scope of this report covers operations and initiatives within Singapore, where the Group is based. Nevertheless, our corporate governance and sustainability approaches are drawn from the policies and practices set at the Group level.

This sustainability report focuses on the Group’s sustainability strategies and practices whilst highlighting the economic, environmental, and social and governance aspects of our activities and developments. The report aims to provide an overview of our approach, priorities and targets, as well as a performance review for our key sustainability areas.

2.2 Report Methodology

We have prepared our report based on the requirements of the “In Accordance” - Core option of the Global Reporting Initiative (GRI) Standards Sustainability Reporting Guidelines. We have chosen the GRI Standards as the reporting guidelines for its robust guidance which offers an international reference for the disclosure of governance approach and of the environmental, social and economic performance and impacts of organizations. This report also takes into consideration the primary components of the report content as set out by the Singapore Exchange’s (SGX’s) “Comply or Explain” requirements for sustainability reporting. Our data are reported in good faith and to the best of our knowledge. We will continue to improve our data collection processes.

We did not seek external assurance for this report.

2.3 Report Structure

This Sustainability Report is structured to reflect the interests of our key stakeholders. We have identified four key stakeholder groups, namely, the environment and future generations, employees, customers and suppliers. For each stakeholder group, we lay out our management approaches that govern how our material issues are identified as well as how the issues are prioritized and managed. Further, we will present our initiatives relating to sustainability in the areas of environmental, social and economic issues relevant to our topics and boundaries. Finally, we will provide the information on our key performance indicators, performance targets and outcomes.

The information regarding the basis for report boundaries and our materiality assessment is provided in section 4.

Altogether, this report provides the basis for our responses and disclosures to the GRI-Standards “In-Accordance” - Core requirements. Relevant sections in the report are referenced in the GRI Content Index provided in section 7.

2.4 Report Contact and Feedback

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:
Hoe Leong Corporation Ltd.
No. 6, Clementi Loop,
Singapore 129814

This report is provided in PDF format only and is available for download on the following page of our website: www.hoeleong.com.

3 CORPORATE PROFILE

3.1 Vision and Mission

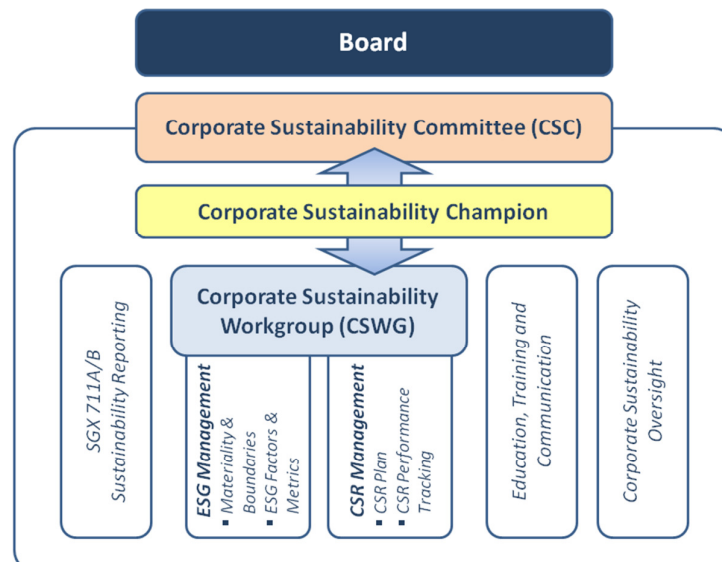
Our vision is to be a globally regarded name in the manufacturing and supply of engine & undercarriage parts for heavy machinery and equipment in our involved industries.

Our mission and goals are:

- ❖ To accomplish our vision through a firm dedication to quality products and customer service.
- ❖ To achieve sustainable financial growth through excellent financial management and strong corporate governance.
- ❖ To enhance shareholder value through diversification of our businesses, with a secondary focus on supporting activities in the Oil & Gas industry.
- ❖ To enhance customer satisfaction through a distinctive value proposition by providing customer experience with a strong focus on product quality, excellent service and integrated one-stop solutions.
- ❖ To attract, develop and retain motivated and competent staff focused on achieving our goals.

3.2 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 Executive Chairman and Group Chief Executive Officer (CEO) and other designated senior executives. The CSC provides leadership and approval over corporate sustainability matters such as Corporate Social Responsibility (CSR) plan, community investment and environmental initiatives. Supported by the CSC, our Corporate Sustainability Champion (the Champion) is our Subject Matter Expert (SME) in the area of corporate sustainability, and pro-actively raises awareness through education and training across the organization. Through the Corporate Sustainability Work Group (CSWG), our Champion engages businesses and functions in collectively executing the CSR plan, identifying and managing the Environment, Social and Governance (ESG) Factors as well as engaging the sustainability stakeholders. Our businesses and functions provide back-to-back assurance over the quality of information for sustainability reporting.





3.3 Ethics and Compliance

Being a listed company in the Singapore Exchange (SGX), we are managed to the standards of corporate governance as required in the listing rules. We conform to local and international best practices. Our corporate governance framework covers ethics and compliance through a Code of Conduct as well as action guidelines which are to be adhered by the officers and employees across the organization. Every new employee is introduced to our Code of Conduct and our policies on ethics and compliances which includes areas such as anti-corruption. Communication channels, such as Whistle-Blower and Board escalation process, are in place to enable all employees and individuals engaged in business activities to report complaints of unethical behaviour. We have a dedicated officer who maintains a register of incidences regarding ethics and compliance issues and escalates to the management where appropriate.



4 INTEGRATING SUSTAINABILITY INTO OUR BUSINESS

We believe corporate social responsibility is a key driver towards long-term sustainability. Such responsibility is pragmatically integrated into our business practices as one of the core values in our corporate culture. Embedding such responsibility into our management processes across the value chain allows us to establish credibility among our stakeholders. Through our action today, we play a part in influencing the environment for our future generations. Through integrating the notion of sustainability in our business, we guide our business strategy and operations towards a conducive and sustainable future.

4.1 Sustainability Management Framework

In 2018, 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.

4.2 Key Stakeholders and Material Issues

We have a regular review, assessment and feedback process in relation to Environmental, Social and Governance (ESG) topics. The key to this is an annual management review which entails the identification, assessment and documentation of material risks and corresponding internal controls. Such material risks include fraud and corruption, environmental, health and safety, and human capital risks which are ESG-relevant. We are continuously improving the adequacy and effectiveness of our management review processes in response to changing business and operation environment.

Through regular stakeholder engagement, we identify and review material issues that are most relevant and significant to us and our stakeholders. For external stakeholders, priority is given to issues important to the society and those applicable to us. Then, we prioritize our sustainability efforts and report issues that are most material to its business and stakeholders. Considering that specific stakeholders and material issues are specific in countries and locations, we are reporting the stakeholder engagement and material issues for our Singapore operations in this report.

Stakeholders	Material Issues	Significance
Future Generation	❖ Materials, recycling of product material and packaging ❖ Environmental education of our employees and customers ❖ Reduction of carbon emissions ❖ Energy consumption	Our sustainability agenda for the environment and future generation is embedded into the day-to-day business activities among our staff. We continue to strive to improve from a holistic perspective through the company culture and practices. Within the big picture of sustainability, we take steps to focus on key goals such as curbing global warming, conserving and recycling resources. Such areas are crucial to a sustainability economic ecosystem for our customers which are keys to our business sustainability.
Employee	❖ Employee well-being through workplace health & safety and work-life balance ❖ 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 and empowers our employees to meet their full potential both professionally and personally.



	❖ Competitive compensation scheme to retain talents ❖ Non-discrimination, diversity and equality ❖ Senior management engagement with employees	
Customer	❖ Safety of our customers in our services delivery ❖ Customer data privacy ❖ Customer satisfaction and customer-centric approach	The quality and safety of our services and products to our customers are the core focuses of our commitments. Through our quality and safety commitments to our customer, we will, in turn, be contributing to their own successful sustainable development.
Supplier	❖ Environmental, labour and human rights impact in the supply chain	To effectively and meaningfully implement our sustainability agenda, it is important that our suppliers and partners share our values in their business practices in the areas such as the environment, human rights, labour practices and corporate ethics. Such alignment of values is a crucial part of building mutually beneficial relations with supplier and channel partners to enhance both their own competitiveness and that of ours.
Common to All Stakeholder Groups	❖ Compliance with prevailing laws and regulations ❖ Good corporate governance & ethics, transparency and non-financial reporting ❖ Ethical business practices such as anti-corruption ❖ Grievance mechanisms	Legal compliance and ethical practices are the core foundation of our business. Our such culture is established and sustained through strong corporate governance, transparent reporting and open communications with all our stakeholder groups.

4.3 Alignment with International Initiatives

4.3.1 Sustainable Development Goals (SDGs)

Established in 1945 under the Charter of the United Nations (UN), the General Assembly occupies a central position as the chief deliberative, policymaking and representative organ of the United Nations. Comprising all 193 Members of the United Nations, it provides a unique forum for multilateral discussion of the full spectrum of international issues covered by the Charter. It also plays a significant role in the process of standard-setting and the codification of international law.

On 25 September 2015, the UN General Assembly adopted the 17 Sustainable Development Goals (SDGs) to end poverty, protect the planet, and ensure prosperity for all as part of a new sustainable development agenda. Each goal has specific targets to be achieved over the next 15 years. Although the SDGs are primarily aimed at governments, they represent an important opportunity for businesses to also act for a more sustainable world. We will use SDGs as one of the guiding principles for our sustainability initiatives.

We acknowledge that our participation in reaching the SDGs has room for improvement. As we advance on our sustainability journey, we will continue to assess our alignment with the SDGs and,

whenever possible, redirect our internal priorities and sustainability strategy to more effectively and comprehensively address the goals.

SDGs Logo Source: <http://www.un.org/sustainabledevelopment/news/communications-material>

SDG Goal	Relevant Targets to Our Businesses (Source: http://sustainabledevelopment.un.org)	Our Participation
	13.3: Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.	We have our own internal processes and environmental policies to reduce electricity and fuel consumption. Our approach to mitigating climate change includes staff training and implementing energy-efficient measures. We monitor and report our GHG emissions and set reduction targets.
	15.1: By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements.	All the paper used in our offices is either Forest Stewardship Council (FSC) certified or made from KHAN-NA. We actively promote the use of such papers across our organisation. Through that, the Company supports efforts in mitigating global warming and the creation of positive rural community engagement, job opportunity, and a better livelihood for the farmers and members of the community.

				The following SDG goals are relevant to our business, operations and value chain. They are addressed in our various policies at the group level. Such goals are also embedded in various initiatives carried out across the organization.
				
				

				We do not believe these goals are relevant to our business or industry. They are not within our boundaries and scope of influence; therefore, we are currently unable to make noticeable contributions to such goals.
				

4.3.2 United Nations Global Compact (UNGC)

The United Nations (UN) Global Compact is a United Nations initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their

implementation. The UN Global Compact is a principle-based framework for businesses, stating ten principles in the areas of human rights, labour, the environment and anti-corruption.

Below are the references of our report to the 10 principles of the UN Global Compact.

Principle		Report Section
Human Rights		
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights.	5.2.2.1, 5.2.6
Principle 2	Make sure that they are not complicit in human rights abuses.	5.2.2.1, 5.2.6
Labour		
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	5.2.2.1, 5.2.6
Principle 4	Elimination of all forms of forced and compulsory labour.	5.2.2.1, 5.2.4.1
Principle 5	Effective abolition of child labour.	5.2.1, 5.2.2.1
Principle 6	Elimination of discrimination in respect of employment and occupation.	5.2.2.1, 5.2.6
Environment		
Principle 7	Businesses should support a precautionary approach to environmental challenges.	5.1.1
Principle 8	Undertake initiatives to promote greater environmental responsibility.	5.1.2, 5.1.3
Principle 9	Encourage the development and diffusion of environmentally friendly technologies.	5.1.2, 5.1.3
Anti-Corruption		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	3.3

4.4 Awards and Achievements

Year	Description
2000	One of the Top 50 Enterprise company in Singapore



5 STAKEHOLDER ENGAGEMENT

We believe that good Corporate Social Responsibility (CSR) practice goes hand-in-hand with good corporate management practice. We also recognize that our management approaches should be adaptable to the dynamics of business and operation environment in such a way that we can continuously assess our impacts, develop sustainability objectives and respond in a proper manner to meet our stakeholders' expectations. Our CSR framework is based on our approach to sustainability and includes policies and measurement mechanisms to monitor the impacts made by our businesses and operations.

Key to the success of our sustainability programme is through regular and up-to-date communication about our CSR policies and activities to all our stakeholders, and the provision of appropriate feedback mechanisms so that we can monitor and evaluate how we are doing and explore new possibilities stimulated by stakeholder responses. We see our sustainability reports as being a component of this continuous cycle of communication and evaluation. The overall sustainability context of the stakeholder engagements is managed through our CSR plan for our sustainability governance oversight.

Stakeholder	Management Approach	Engagement Initiatives	Outcomes and Responses	Boundaries
Future Generation	Environmental Management System (EMS), Environmental policy, EMS guidelines, Waste Recycling	Internal Awareness and Education	Energy Efficient Lighting (e.g. LED), Digital Filing and Document to Reduce Paper Consumption.	Singapore Operations
Employee	Code of Conduct, Fair Employment Practices, Training and Career Development, Central Provident Fund (CPF)	Staff Communication Sessions, Staff Feedback Process, Staff Exit Interviews	Work-Life Balance Programmes, Training Programmes, Employee Benefits, Re-engagement	Singapore Operations
Customer	Customer Relationship Management System, Policies on Quality Assurance, Data Security for Customer Information, Privacy policy	Customer Feedback Process, Competitive Benchmarking survey, Customer Data Protection Awareness and Education Program	Customer Complaints and Compliments Statistics / Trending	Singapore Operations
Supplier	Supplier Selection and Regular Review Process	Feedback and Communication with Suppliers through Supplier Performance Review	Incident Register, Supplier Engagement	Singapore Operations

5.1 Protecting Our Environment for the Future Generations

5.1.1 Our Approach

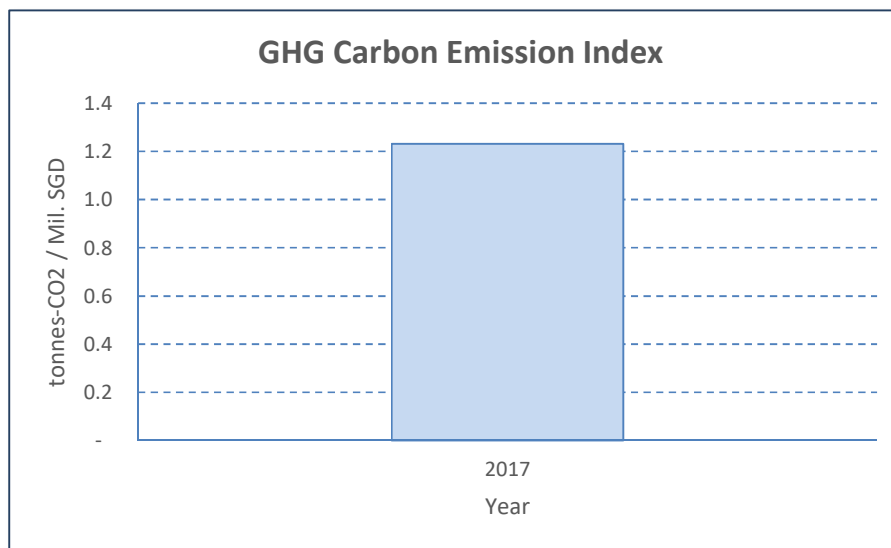
We are committed to maintaining and building on the same environmental policies and standards. We continually seek new and innovative ways to reduce the environmental impact of our products and services while maintaining the highest levels of quality. We recognise our responsibility to protect the environment for the health and wellbeing of future generations.

5.1.2 Reduction of Carbon Footprint

We recognize that the effective management and monitoring of its carbon footprint can reduce operating costs, raise the brand profile, create a competitive edge and increase stakeholder value. 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 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 10% from our 2017 level by 2030. Our target for GHG emission improvement is 0.8% per year. Although various business lines and operations account for a different percentage of GHG emissions across the organization, they all support this target and have aligned our environmental objectives accordingly.

FY2017 is our first year of sustainability reporting. FY2017 will be used as a reference against which the performance will be measured in subsequent years.



5.1.3 Reduction of Paper Consumption

All our employees are urged to minimize paper wastage at work by adhering to our Internal Paper Usage Reduction Guidelines. For example, double-sided printing is set as a default, lower grammage paper is used for daily printing, and blank sides of unneeded single-sided copies are used for printing drafts. Paper re-use and recycling habits are also cultivated through initiatives such as our in-house reminders posted near the copy machines.

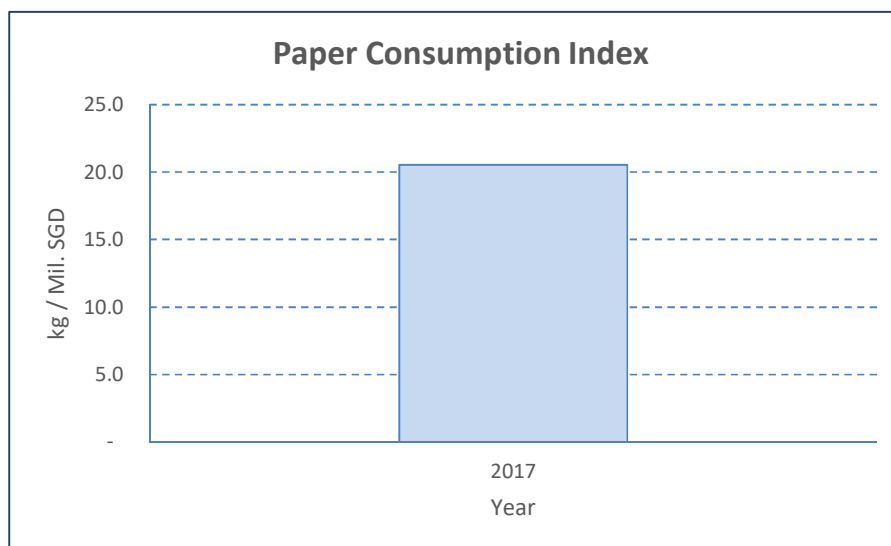


All waste paper from our own offices is collected for recycling. Further, we encourage all employees to adopt digital documents instead of paper documents with an aim to further reduce paper consumption.

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 10% from our 2017 level by 2030. Our target for paper consumption improvement is 0.8% per year. Although various business lines and operations account for a different percentage of paper consumption across the organization, they all support this target and have aligned our environmental objectives accordingly.

In FY2017, we consumed a total of 549kg of paper, 100% of which are either Forest Stewardship Council (FSC) certified or made from KHAN-NA. Our paper consumption index stands at 20.55.

FY2017 is our first year of sustainability reporting. FY2017 will be used as a reference against which the performance will be measured in subsequent years.



5.2 Caring for Our Employees

5.2.1 Our Approach

Our people are our most valuable resource and investing in their professional and personal well-being is important 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.

We recognise that a motivated workforce will convey a positive and powerful message to all our key stakeholders, such as our customers, suppliers and the members of the community. By attracting, nurturing, empowering and rewarding our employees, we create an environment conducive for innovation and inspiration flourish to further boost our competitiveness. Such commitment to our employees promotes a corporate culture of passion, quality, excellence and trust within the organization which reflect in our ability to create values for our stakeholders.

Our Human Resource (HR) management principles and policies have been developed and established based on fair employment practices with the goal of attracting, supporting and maintaining a motivated workforce. Our HR policies cover key areas such as remuneration, benefits, health and safety, career development and training. Such policies are communicated to all employees through our comprehensive Employee Handbook which is regularly reviewed by our management and we constantly seek feedback from our staff to ensure that our decisions are aligned as much as possible with their needs.

Our business operates in an environment which comprises diverse races, cultures and geographic locations. With this in mind, our HR policies are implemented across the organization within the principles with pragmatism, taking into consideration the prevailing laws and regulations as well as local culture, norms and racial sensitivity.

5.2.2 Employment Practices

Our employment practices focus on maximizing the strength of our employees by providing opportunities based on merits, and help our employees to develop strength through our comprehensive training and development programme. We regularly review the performance and development of our employees to effectively match their strength to their job specifications. Our performance-based reward scheme provides guidance and motivation to our employee to perform to their potentials in alignment with the objectives of the company.

5.2.2.1 *The Tripartite Guidelines on Fair Employment Practices*

We proactively pursue and 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. The Tripartite Alliance has formulated guidelines on fair employment practice for adoption by Singapore employers, embracing the recruitment, training, treatment and reward of employees.

5.2.2.2 *Communications*

As our Company grows, effective communications across the organization are crucial to ensure continuous alignment of objectives of the employees and the organizational objectives. We achieve this through our various communication sessions customized based on target employees. Communication sessions for our managers are held on a regular basis. Agendas covered at these



sessions are customized inappropriate to the target functional scope of the managers. For example, in monthly managers' meeting, operational agendas such as leadership and operation issues may be discussed while at the quarterly sessions high-level topics include strategic business directions, new service launches, ongoing developments and key project reviews.

5.2.2.3 Employee Feedback

We value our employee's expertise in their areas of responsibilities. Therefore, their feedbacks are important in the improvement of overall management and operation of the organization. Through various established processes of employee engagement, such as employee objective setting, performance review as well as exit interview in the case of resignations, we gather such valuable feedback for the continuous improvement of our organization.

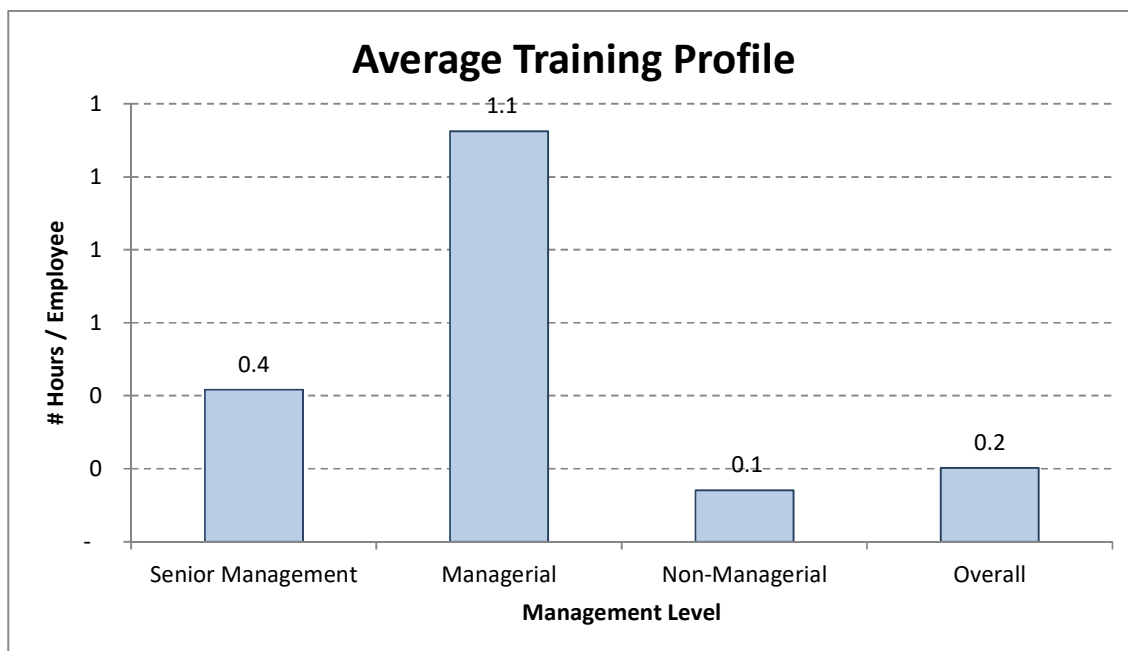
In addition, there are other feedback channels for areas specific to business and function, such as health and safety issues and compliance issues. Such feedbacks are managed by the leaders and managers of their specific business and function domain. We have also established reporting and escalation channel should the feedback requirements the attention of higher management.

5.2.2.4 Career Development and Training

We recognise that consistent and ongoing education is critical to maintaining a competitive, skilled, productive and motivated workforce. Employee career development and performance management established based on merits and contributing skill sets towards the organization objectives through objective settings and regular performance reviews. We continue to review and improve our career development and performance review process in light of the changing business and operating environment.

Our training programme covers a variety of areas catering for employees with different job scopes and skills set requirements. Our core training curriculum and contends are developed guided by well-established industry and international standards. In addition, specific training curriculums are developed based on the specific requirements of the specific businesses and functions. Training topics range from soft skills development in areas such as communications and leadership, to technical programmes covering project management and office productivity tools.

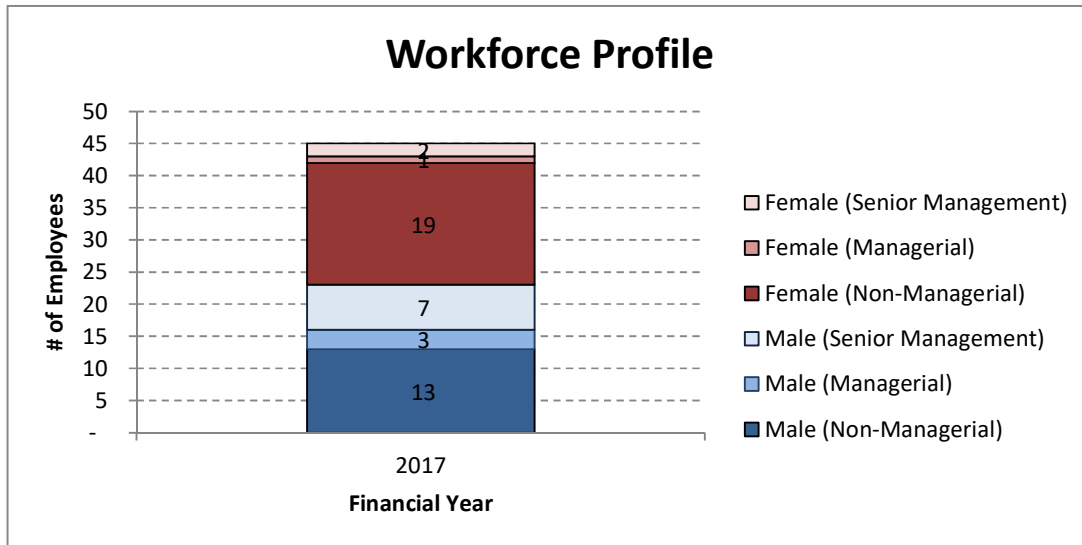
In FY2017, employees each received an average of 0.2 hours of training. We recognized that the training requirements vary depending on the levels of management responsibilities. Each senior manager registers an average of 0.4 hours of training while managerial and non-managerial staffs receive an average of 1.1 hours and 0.1 hours of training respectively. In light of changing business requirements and opportunities in a variety of training methodologies, we continue to revise our training curriculum and programme to align with organization objectives and to strive for effectiveness and efficiency in our training approach.



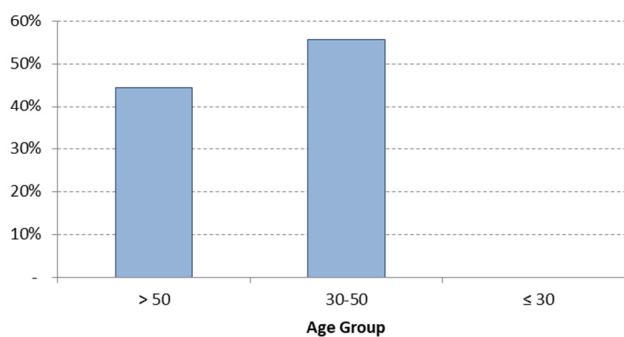
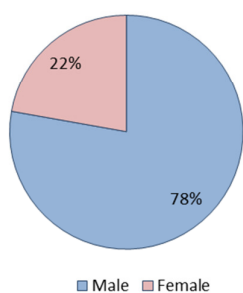
5.2.3 Workforce Diversity

Our business thrives on diversity. As such, we leverage on a host of strengths and skills that can only come from a diverse workforce embracing employees from various ethnic groups, religion, age and gender.

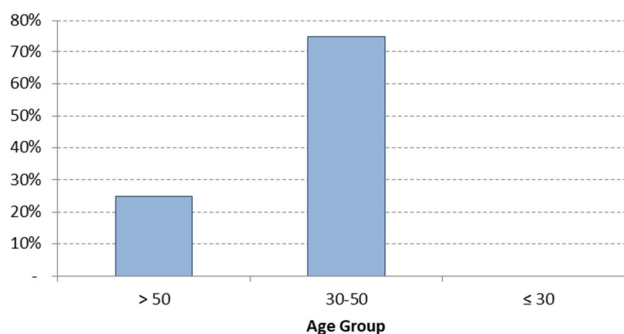
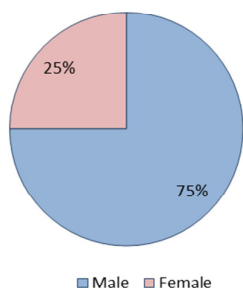
In FY2017, 22 of our employees were female, comprising 49% of our workforce, while 23 (51%) employees were male. In terms of the management function, 3 females (23%) held managerial positions compared to 10 males (77%), while 19 females (59%) and 13 males (41%) held non-managerial positions. The male to female ratio of managerial and non-managerial positions were 10:3 and 13:19 respectively. From the age profile perspective, there were 3 employees below 30 years old. The number of employees between 30 and 50 years old was 33 as compared 9 employees above 50 years old. All members of our senior management team, including general managers, directors and unit heads, are Singaporeans and Singapore Permanent Residents.



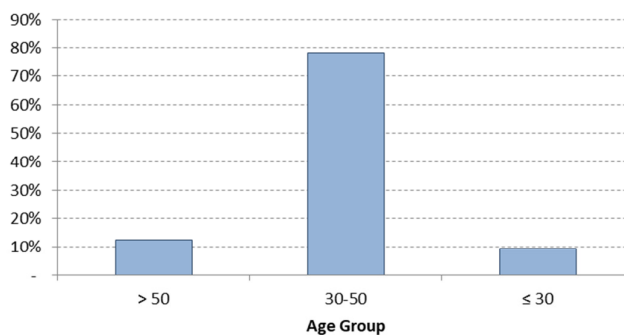
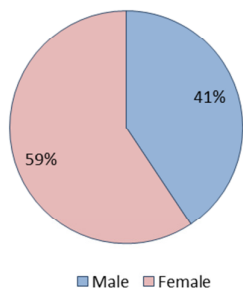
Senior Management



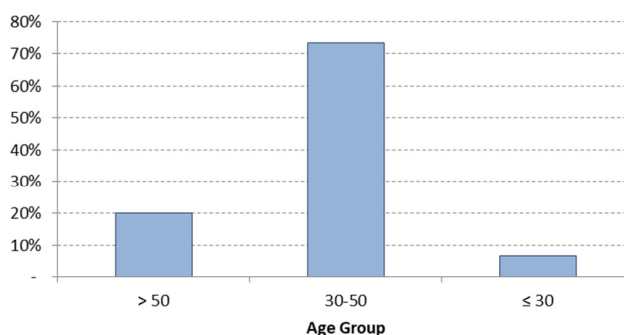
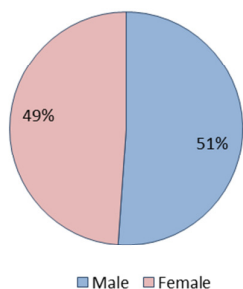
Managerial Staff



Non-Managerial Staff



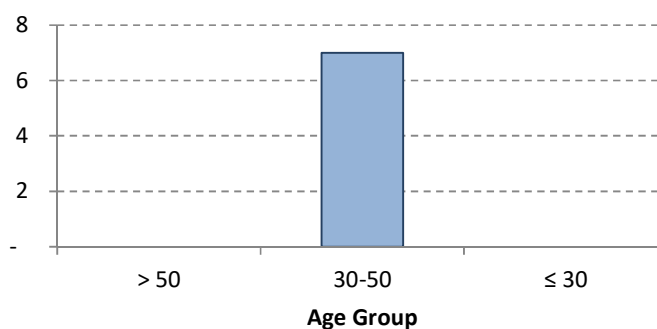
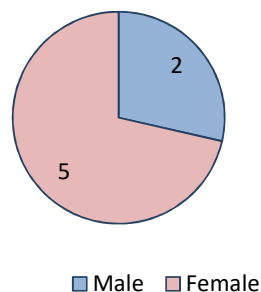
Overall



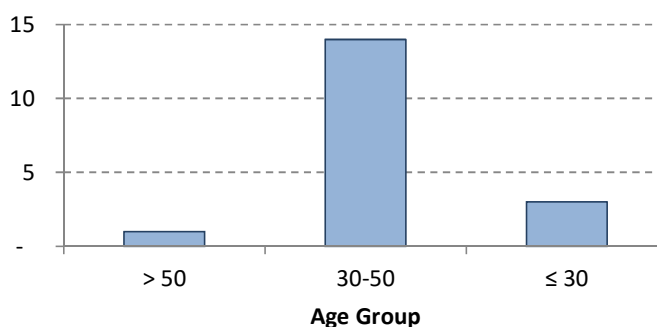
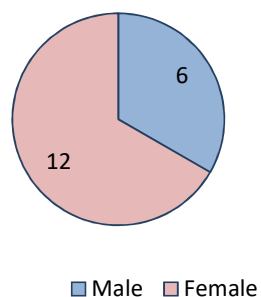


In FY2017, we hired a total of 7 new employees, while 18 employees resigned during the same period. As a result, we have a net decrease of 11 employees in our workforce. Out of the new hires, 100% were between 30 and 50 years old. The gender ratio of new hires was 2 males to 5 females. For the resignees, 7% of the resignees were below the age of 30; 77% were between 30 and 50 years old while 17% were above 50 years old. The gender ratio of resignees was 6 males to 12 females.

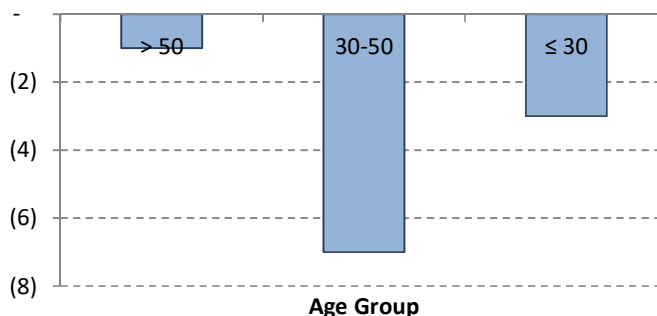
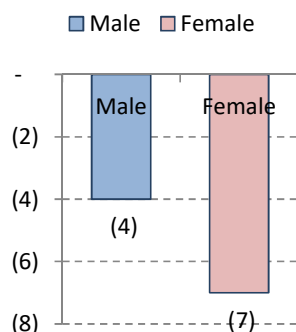
New Hire



Resignee



Net Employee





In addition to the human resources we managed under our payroll internally, we also engage external contracted companies as our outsourced vendors which provide outsourced personnel, such as cleaners and security guards who might work within our premises. Although we supervise these people, they are employed by contracted companies and are not included in our headcount. We do not employ other types of un-contracted workers.

We expect that all the contracted companies we work with will share our core principles of HR management practices. In our vendor selection process, we take into consideration their HR management practices as one of the key selection and performance criteria. We regularly review the performance of our vendors based on these criteria as a key basis to determine whether to continue to engage the vendors with their services.

5.2.4 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.

In addition to the statutory benefits outlined in the Employment Act, we provide beyond compliance level benefits to our full-time employees. Examples of these benefits include paternity leave and compassionate leave.

5.2.4.1 Work-Life Balance

While developing the talents of our employees and providing equal opportunities for them to excel are the key drivers for our company, we also recognize that well-being and contentment of our employees pivotal to the success and sustainability of our business and performance. Our employees are our most valuable asset, and we appreciate that their overall well-being needs to be well looked after in order for them to sustain their performance and realize their full potential.

To support our employees to strike a work-life balance, we aim to create an environment that allows our employees to achieve harmony in their personal and professional life. We achieve this through the adoption of a flexible approach to work arrangements and offering programmes to support health and wellness.

We understand that workplace could be at times stressful due to the competitiveness of our workforce and our business. To support our employees in their effort of pursuing excellence, we have various programmes and initiatives to balance their work with fun, and to develop an environment and culture of mutual support.

5.2.4.2 Retirement and Healthcare

Our company has a 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 such laws and regulations. In Singapore, we participate in the Central Provident Fund (CPF) personal savings scheme, which helps employees fund their retirement, home ownership, healthcare and education. Under this scheme, monthly deductions from employees' gross salaries are paid into their CPF savings accounts. We, the company, make employer contributions to these accounts, according to the rates stipulated in the CPF Act. In addition to CPF contributions, we provide comprehensive medical coverage for all employees. For more information on the CPF scheme and contribution rates, please go to www.cpf.gov.sg.



5.2.5 Safety and Health in the Workplace

We are committed to Workplace Safety and Health (WSH) and we take every precaution to prevent occupational injuries among our employees. We believe that optimum work conditions not only make our employees safer, but also boost morale. As an essential requirement, we are in compliance with the Ministry of Manpower's Workplace Safety & Health Act.

5.2.6 Individual Rights

Respecting and protecting basic human rights is fundamental to all our operations and this is deeply ingrained in our Code of Conduct, which applies to all employees. Labour rights, the prohibition of discrimination and harassment, protection of privacy, prohibition of forced and child labour, and workplace health and safety are all strictly observed within the work environment and discrimination and harassment of any kind is not tolerated at our company.

We also respect our employees' rights to freedom of association as well as their membership of trade unions and other professional bodies.

In FY2017, none of our workforces 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.



5.3 Focusing on Our Customers' Needs

5.3.1 Our Approach

Customer service, quality products and the highest level of product safety have always been our priorities, with customer satisfaction being the goal of all our corporate activities. Customer retention begins with trust, and we place the utmost importance on training our employees in customer service excellence as well as in continuously striving to improve the quality and safety of our products and services.

Open and frequent communication and responsive feedback are ingrained into our daily activities with customer interaction. In addition to striving for excellence in product service and support, we attach enormous importance to data privacy. We have process and controls in place over confidential and sensitive data related to our customers such as contracts.

5.3.2 Customer Feedback and Satisfaction

We listen to our customers and take their opinions very seriously. We consolidate customer feedback through a range of communication channels including our website, regular customer survey, and our customer service personnel. Through our customer feedback system, we capture our customers' comments for analysis and action. Customer compliments are also tracked so that we can monitor where we are getting things right and cascade positive feedback to our employees, to their superiors and to our CEO.

5.3.3 Service Quality and Safety

Reliability and quality of our products are of paramount importance to us. Health and safety of our customers is always our priority. To ensure product safety to our customers, we have in place a set of key quality assurance processes and standards to ensure compliance with regulations and international standards. Ultimately, we aim to totally eliminate product safety incidents so as to foster a 'Safety First' culture through employee training and quality control.

5.3.4 Data Safety and Privacy

Ensuring safety and privacy of our customers' data is of great priority to us. We have processes and controls in place for handling and communicating sensitive and confidential information of our customers such as contracts, customer orders and service delivery orders. Our information security policies ensure our customers' data are managed in accordance with the level of confidentiality. We strictly observe all local laws and internal regulations applicable to personal information protection.

For the collection and disposal of wastepaper, we work with our office cleaning personnel for handling and reselling of wastepaper to recovery companies for pragmatic reasons. Every individual is responsible for the shredding all papers, including confidential documents. Such practice established within our office provides us with the confidence that sensitive information is protected during the whole life cycle of our documents.



5.4 Partnering Our Suppliers

5.4.1 Our Approach

As a part of our ambition to realize sustainability throughout our value chain, we extend the application of responsible business practices to our local partners and suppliers. We recognise that we are only at the beginning of our journey to integrate sustainable business practice throughout our supply chain, and we commit in our pragmatic approach to continuous improvement. We aim to identify new opportunities for collaboration with our suppliers, gradually increase transparency and continue to build shared capacity to minimise our indirect environmental and social impacts.

5.4.2 Supplier Selection

Our key suppliers are carefully selected through our supplier selection process. When selecting our key suppliers, we examine criteria such as financial health, quality of products and services, as well as the competitiveness of pricing. In addition, we also take into consideration the overall sustainability policies adopted by our suppliers. Our final decision on supplier selection is based on the overall assessment which takes a balanced view across all selection criteria.

5.4.3 Supplier Review

We regularly review the performance of our key suppliers to determine whether to extend our partnership with them. During the key supplier review process, we engage with our key suppliers to communicate our expectations and mutual feedbacks. Such review process ensures alignment of our key suppliers' services and products to our business requirements and sustainability objectives through pragmatic and continuous improvement in our partnership with our key suppliers.

6 PERFORMANCE TABLE

6.1 Energy Usage and CO₂ Emissions

GHG emissions are measured in tonnes (t-CO₂); the underlying measures for direct and indirect CO₂ emissions calculation are electricity consumption in Kilowatt Hours (kWh) 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 normalize the amount of GHG emissions and electricity consumption by the number 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			Target	
	FY2015	FY2016	FY2017	FY2017	FY2018
GHG Emission Index (kg-CO ₂ / SGD million)	--	--	1.23	-- [--%]	1.22 [10%]
Electricity Consumption Index (kWh / SGD million)	--	--	111,185	-- [--%]	110,330 [10%]

FY2017 Performance

This year is 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.

As of FY2017, the GHG emission index stands at 1.23 and electricity consumption index stands at 111,185. In the subsequent year, we will track our performance with reference to this base year.

6.2 Paper Consumption

We capture the data for paper consumption by how many 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 number of weights of paper consumed by the number of our revenues which we use as a proxy of the size of our activities. The paper consumption index is measured in kilograms per million SGD.

	Performance			Target	
	FY2015	FY2016	FY2017	FY2017	FY2018
Paper Used for Office Printing					
Weight of Paper Consumption (kg) [% of paper with FSC certification]	-- [--%]	-- [--%]	549 100%]	--	10%
Paper Consumption Index (kg / SGD million)	--	--	20.55	-- [--%]	20.39 [93.1%]

FY2017 Performance

This year is 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.

As of FY2017, we consumed 549kg paper which is 100% made from Forest Stewardship Council (FSC) Certification. As of FY2017, the paper consumption index stands at 20.55.

In the subsequent year, we will track our performance with reference to this base year.

6.3 Employment Profile

	Performance			Target	
	FY2015	FY2016	FY2017	FY2017	FY2018
Male : Female ratio in non-manual positions	--	--	10 : 3 (Total = 13)	-- (Total = --)	--
Male : Female ratio in manual positions	--	--	13 : 19 (Total = 32)	-- (Total = --)	--

FY2017 Performance

This year is 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.

As of FY2017, the Gender Ratio (Male: Female) in non-manual and manual positions are 10:3 and 13:19 respectively.

In the subsequent year, we will track our performance with reference to this base year.

6.4 Employees Engagement and Training

	Performance			Target	
	FY2015	FY2016	FY2017	FY2017	FY2018
Average Training Hours per Employee	--	--	0.2	--	--

FY2017 Performance

This year is 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.

As of FY2017, the average training hours per employee stands at 0.2 hours. In the subsequent year, we will track our performance with reference to this base year.

6.5 Customer Feedback

	Performance			Target	
	FY2015	FY2016	FY2017	FY2017	FY2018
Customer Satisfaction Index	--	--	99.8%	--	--

FY2017 Performance

This year is 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.

As of FY2017, the customer satisfaction index stands at 99.8%.

In the subsequent year, we will track our performance with reference to this base year.

6.6 Supplier Screening for Sustainability Criteria

	Performance			Target	
	FY2015	FY2016	FY2017	FY2017	FY2018
Key Suppliers Screened for Sustainability Criteria (%)	--	--	8%	--	--

FY2017 Performance

This year is 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.

As of FY2017, the key suppliers screened for sustainability criteria stands at 8%.

In the subsequent year, we will track our performance with reference to this base year.

7 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

GRI Reference		Disclosure	Response
General Standard Disclosure			
Organization Profile	102-1	Name of the organization	SR Cover Page & Page 6
	102-2	Activities, brands, products, and services	AR Page 2 (Corporate Profile)
	102-3	Location of headquarters	SR Page 6 & Inside back cover page, AR Inside back cover page
	102-4	Location of operations	AR Page 10 & 88 (Note 22 Operating Segment)
	102-5	Ownership and legal form	AR Page 2 (Corporate Profile)
	102-6	Markets served	AR Page 87-89 (Note 22 Operating Segment)
	102-7	Scale of the organization	AR Page 10
	102-8	Information on employees and other workers	SR Section 5.2.3
	102-9	Supply chain	SR Section 5.4, 5.4.1, 5.4.2, 5.4.3
	102-10	Significant changes to the organization and its supply chain	No significant changes
	102-11	Precautionary Principle or approach	SR Section 3.2, 3.3, 4, 4.1, 5, 5.1.1, 5.2.1, 5.3.1, 5.4.1
	102-12	External initiatives	SR Section 4.4
	102-13	Membership of associations	SR Section 4.4
Strategy	102-14	Statement from senior decision-maker	SR Section 1
Ethics and Integrity	102-16	Values, principles, standards, and norms of behaviour	AR Page 11 (Corporate Governance Report), SR Section 3.1, 3.3
Governance	102-18	Governance structure	AR Page 11-26 (Corporate Governance Report), SR Section 3.2
Stakeholder Engagement	102-40	List of stakeholder groups	SR Section 5, 5.1, 5.2, 5.3, 5.4
	102-41	Collective bargaining agreements	The management has not adopted any collective bargaining agreement
	102-42	Identifying and selecting stakeholders	SR Section 5
	102-43	Approach to stakeholder engagement	SR Section 5
	102-44	Key topics and concerns raised	SR Section 4.2, 5
Reporting Practice	102-45	Entities included in the consolidated financial statements	AR Page 69-70 (Investments in subsidiaries)
	102-46	Defining report content and topic boundaries	SR Section 2.1, 2.2, 2.3
	102-47	List of material topics	SR Section 4.2
	102-48	Restatements of information	No. This is our first year of reporting



GRI Reference		Disclosure	Response
	102-49	Changes in reporting	<i>No. This is our first year of reporting</i>
	102-50	Reporting period	<i>SR Section 2.1</i>
	102-51	Date of most recent report	<i>SR Section 2.1</i>
	102-52	Reporting cycle	<i>SR Section 2.1</i>
	102-53	Contact point for questions regarding the report	<i>SR Section 2.4</i>
	102-54	Claims of reporting in accordance with the GRI Standards	<i>SR Section 2.2</i>
	102-55	GRI content index	<i>SR Section 7</i>
	102-56	External assurance	<i>SR Section 2.2</i>
Economic			
Economic Performance	201-1	Direct economic value generated and distributed	<i>AR Page 40-45 (Statements of Financial Position)</i>
	201-3	Defined benefit plan obligations and other retirement plans	<i>SR Section 5.2.4.2</i>
	201-4	Financial assistance received from the government	<i>Yes</i>
Anti-corruption	205-1	Operations assessed for risks related to corruption	<i>SR Section 4.2</i>
	205-2	Communication and training about anti-corruption policies and procedures	<i>SR Section 3.3</i>
	205-3	Confirmed incidents of corruption and actions taken	<i>No incident has been reported</i>
Anti-competitive Behaviour	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	<i>No legal action has been reported</i>
Environment			
Energy	302-1	Energy consumption within the organization	<i>SR Section 5.1.2</i>
	302-4	Reduction of energy consumption	<i>SR Section 5.1.2, 6.1</i>
	302-5	Reductions in energy requirements of products and services	<i>SR Section 6.1</i>
Emissions	305-1	Direct (Scope 1) GHG emissions	<i>SR Section 5.1.2, 6.1</i>
	305-2	Energy indirect (Scope 2) GHG emissions	<i>SR Section 5.1.2, 6.1</i>
	305-3	Other indirect (Scope 3) GHG emissions	<i>SR Section 5.1.2, 6.1</i>
	305-5	Reduction of GHG emissions	<i>SR Section 5.1.2, 6.1</i>
Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	<i>No non-compliance has been reported</i>
Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	<i>SR Section 5.4.3, 6.6</i>
Social			
Employment	401-1	New employee hires and employee turnover	<i>SR Section 5.2.43</i>
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<i>SR Section 5.2.4</i>
	401-3	Parental leave	<i>SR Section 5.2.1, 5.2.2.1, 5.2.4</i>



GRI Reference		Disclosure	Response
Labor/Management Relations	402-1	Minimum notice periods regarding operational changes	<i>SR Section 5.2.2</i>
Occupational Health and Safety	403-1	Workers representation in formal joint management-worker health and safety committees	<i>SR Section 5.2.5</i>
Training and Education	404-1	Average hours of training per year per employee	<i>SR Section 5.2.2.4, 6.4</i>
	404-2	Programs for upgrading employee skills and transition assistance programs	<i>SR Section 5.2.2.4, 6.4</i>
	404-3	Percentage of employees receiving regular performance and career development reviews	<i>SR Section 5.2.2.1, 5.2.2.4, 6.4</i>
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	<i>SR Section 5.2.3</i>
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	<i>No incident has been reported</i>
Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	<i>No incident has been reported</i>
	412-2	Employee training on human rights policies or procedures	<i>SR Section 5.2.2.1, 5.2.6</i>
Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	<i>SR Section 5.4.1, 5.4.2, 5.4.3, 6.6</i>
Public Policy	415-1	Political contributions	<i>No contribution has been made</i>
Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	<i>SR Section 5.3.1, 5.3.3</i>
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	<i>No incident has been reported</i>
	417-2	Incidents of non-compliance concerning product and service information and labelling	<i>No incident has been reported</i>
	417-3	Incidents of non-compliance concerning marketing communications	<i>No incident has been reported</i>
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	<i>No non-compliance has been reported</i>
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	<i>No non-compliance has been reported</i>



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