Sustainability Report 2019



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1. Highlights

1.1 Corporate profile

Pine Capital Group Limited ('**PCG**' or the '**Company**'), together with its subsidiaries (the '**Group**'), are engaged in the financial services business. The Group's strategy of venturing into the financial services business is approved by our shareholders in December 2017.

The Group comprises the following main subsidiaries:

(i) Advance Capital Partners Asset Management Private Limited (**ACPAM**) is the Company's 51% owned subsidiary and is primarily engaged in the business of providing asset management services. ACPAM is a registered fund and investment management company (**RFMC**) registered under Paragraph 5(1)(i) of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations of Singapore; and

(ii) Pine Ventures Management Pte. Ltd. (formerly known as BSDCN Pte. Ltd.) (**Pine Ventures**) is the Company's wholly-owned subsidiary, and is an investment holding company which has a 9.33% shareholding interest in Pine Asia Asset Management Inc (**Pine Asia**). Pine Asia is a Korean asset management company registered with the Financial Supervisory Commission of the Republic of Korea and manages a variety of both public and private investment funds, which concentrates on investments, primarily in Asia, in equity securities, real estate and fixed income securities.

During Financial Year (**FY**) ended 31 March 2019, the Group announced the proposed acquisition of 51% stake in Silver Tree Hong Kong Limited (**STHK**), a licensed entity registered with the Securities and Futures Commission of Hong Kong providing financial services to professional investors. This acquisition will enhance PCG's service capacity in the asset management industry particularly in Hong Kong and extend our client base to procure new sources of revenue for the group. As of 4 July 2019, PCG is currently liaising with the Vendor on the extension of the long stop date which was expired and/or on the completion of this acquisition, subjected to, inter alia approval of the Singapore Exchange Securities Trading Limited (**SGX-ST**). The Board will continue to make announcement as and when appropriate to update shareholders on this matter.

1.2 Message to stakeholders

On behalf of the Board of Directors of Pine Capital Group Limited., I am pleased to present the Sustainability Report for the year ended 31 March 2019 (**FY2019**).

The Board's strategy is to create value for shareholders by positioning the Group as an Asia-based bespoke financial services specialist serving a diverse group of accredited clientele with differing investment needs. The region's fast-growing economies are underpinned by their large populations, rapid urbanisation, infrastructure construction and domestic consumer demand. Against this backdrop, the Group's business has immense growth potential.

In early FY2019, PCG began its journey of transformation, focusing on strengthening and renewing PCG's leadership positions. Board and management roles, unlike before, have expanded beyond conventional governance and operations to include shareholder relations, development of strategies as well as talent management and development. Such reshaping of the board and management will enable opportunities for the Company to gain new insight and wisdom to meet new challenges. This journey will take effort but will establish clear targets and milestones. This is a major step in promoting and building organisational culture and greater efficiency which in return, creates value for shareholders.

With regards to business expansion, PCG's global journey has only just began. To date, PCG holds subsidiaries for businesses in Shanghai and Hong Kong to engage investors and share information about PCG's financial services and products in Greater China. In addition, we also have subsidiaries in Sri Lanka to explore the Group's growth potential and new business vision in project management in the country. With the wide and expanding platform, the Group welcomes joint ventures and/or strategic alliances with third parties as and when opportunity arises.

For better governance, the Company announced on 15 July 2019 that it has appointed KordaMentha Pte Ltd as the Independent Reviewer to look into the issues that was received since January 2019, and the internal controls, policies and procedures of the Group surrounding the operations of ACPAM, including allegations in respect of potential conflict of interest and possible lapses in internal control. The Independent Reviewer will also identify and make appropriate recommendations on any internal control lapses and potential breaches or non-compliance of rules, laws and regulations (in relation to the scope of work) and the parties responsible for the respective potential breaches or non-compliance.

The Independent Reviewer will provide regular updates of their findings to the Audit Committee of the Company, the SGX-ST and the Sponsor. At the completion of the review/investigation, the Independent Reviewer shall prepare a formal written report to be submitted to the SGX-ST, Sponsor and the Audit Committee of the Company. The Company will release an announcement containing the Independent Reviewer's key findings on SGXNet, when the Independent Reviewer's findings are made available. The Company will make further announcements to update its shareholders as and when there are material developments on this matter.

Shareholders and potential investors are advised to refer to the announcements made by the Company pertaining to the changes to the Board, ACPAM, MAS Directives Letter, suspension of trading, various claims and litigations.

In this sustainability report, we will be reporting on the Group's sustainability efforts based Economic Sustainability, Regulatory Compliance and Environmental Sustainability, and the progress made by us in the past year. In addition, we wish to confirm that the Board 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 the material ESG factors.

On behalf of the Board of Directors

TOMI-JAE WANLUN TJIO
Non-Executive Chairman and Independent Director
26 August 2019

1.3 Scope of sustainability report

The scope of the report covers information on material sustainability aspects of PCG, covering the following entities, from 1 April 2018 to 31 March 2019 unless otherwise specified:

- Advance Capital Partners Asset Management Private Limited (**ACPAM**) ..... Singapore
- Pine Ventures Management Pte. Ltd (formerly known as BSDCN Pte. Ltd.) (**Pine Ventures**)..... Singapore

This should sufficiently address stakeholders' concerns in relation to sustainability issues arising from the major business operations of the Group.

This report is prepared in accordance with the Global Reporting Initiative (**GRI**) Standards: Core Option as it provides a set of an extensive framework that is widely accepted as a global standard for sustainability reporting. It also considers the Sustainability Reporting Guide in Practice Note 7F of the SGX-ST Listing Manual Section B: Rules of Catalist (**Catalist Rules**). In preparing our report, we applied the GRI's principles for defining report content and report quality by considering the Group's activities, impacts and substantive expectations and interests of its stakeholders.

The data and information provided within the report have not been verified by an independent third party. We have relied on internal data monitoring and verification to ensure accuracy.

1.4 Restatements

No restatements were made from the previous report.

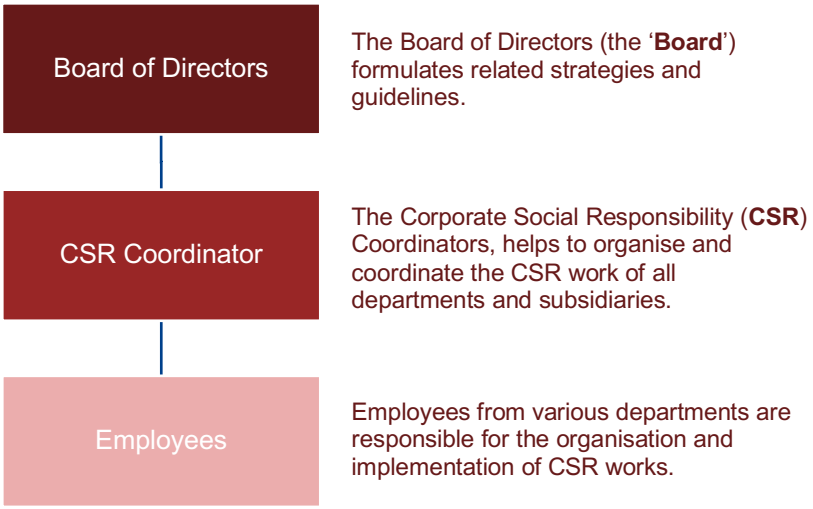
1.5 Sustainability contact

This sustainability report will be available via SGXNET and the company website. We welcome your views and feedback on our sustainability practices and reporting at investor@pinecap.sg.

2. Our approach to sustainability

2.1 Sustainability organisational structure

Sustainability is a vital part of our corporate strategy for achieving long-term growth. The values we create for our people, the environment and society at large very much determine our financial performance. We developed a sustainability organisational structure to move things forward:



2.2 Sustainability strategy

At the Group, our sustainability strategy aims to create integrated values. Together with disciplined execution of our strategy and a commitment to doing business responsibly, we commit to deliver value to all our stakeholders through the following:



The sustainable strategy is underpinned by our comprehensive internal policies on the following:

- Compliance Manual, which covers requirements in the Guidelines on Licensing, Registration and Conduct of Business for Fund Management Companies (Guideline No. SFA 04-G05) issued by the Monetary Authority of Singapore.
- Risk Management Policy, which covers procedures to implement effective risk management practices, covering both the operational risk associated with the firm and the risks (market, liquidity, credit and counterparty risks) inherent in the management of investment portfolios.
- Operations Manual, which covers all other aspects in our business operations, specifically on investment procedures, dealing with counterparties, valuation, cash management, business continuity and disaster recovery plan.

The strategy is also guided by external sources, including Global Reporting Initiative Standards, Sustainability Reporting Guide in Practice Note 7F of the SGX-ST Listing Manual Catalist Rules.

2.3 Consulting our stakeholders

We listen to our stakeholders and engage with them on an ongoing and ad hoc basis. We recognise the need to continuously develop our responsible business approach in order to address growing stakeholder expectations around our impact on the economy, environment and society. As such, we periodically consult with our stakeholders to determine the issues that are most relevant to them and PCG.

An overview of our approach and rationale is set out below (with stakeholders listed in alphabetical order), together with the feedback we have received.

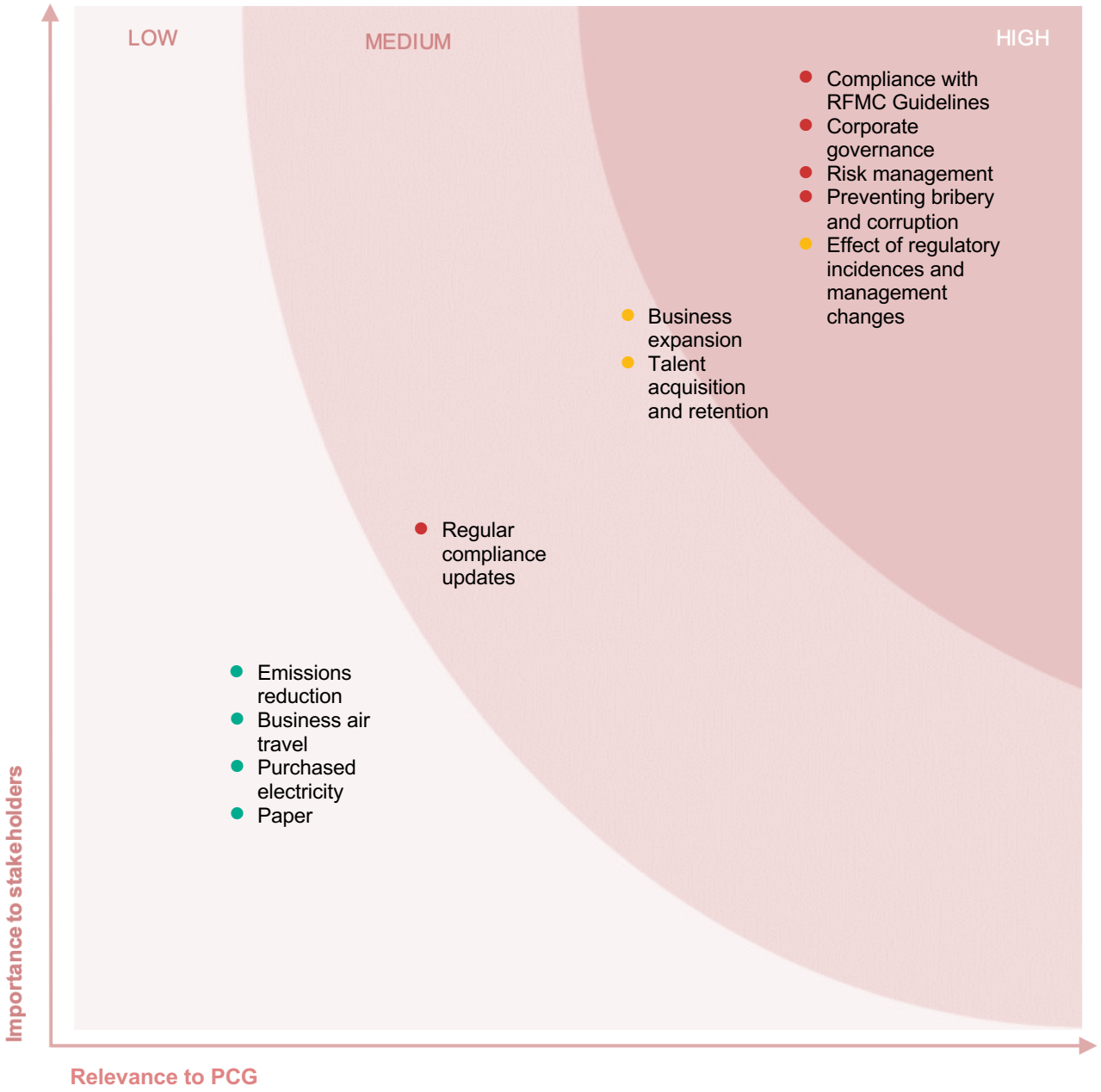
Stakeholders	How we listen	Why we do it	What you've told us
Customers	• Interactions at offices • Face to face meetings • Customer service hotline • Marketing campaigns	• Committed develop financial services business • Committed to data confidentiality • Provide prompt service and resolution of complaints	• Maintain highest standards of professional and ethical attitude towards all our customers • Provide convenient and considerate service experience • Protect the rights and benefits of customers • Manage customers' feedback and complaints promptly and effectively
Employees	• Human resource policy and procedures • Performance appraisals (one-on-one session) • Trainings and recreational activities • Whistleblowing	• Committed to provide fair employment and work-life balance to employees • Increase efficiency and motivations of the employees	• Ensure safe and healthy working environment • Ensure fair and transparent performance appraisal process • Provide training and development • Improve employee welfare and benefits
Regulatory authorities (Governments, SGX, MOM, IRAS)	• Regular updates and communication with local authorities • Annual and quarterly financial reports	• Good relationship between continuing sponsor and Company • Dialogue with SGX • Active participation in SGX events to increase visibility and transparency	• Compliance with relevant laws and regulations • Maintain strong corporate governance
Shareholders and investors	• SGX Announcements • Shareholder's meeting • Annual reports • Company's website • Regular updates and communication	• Committed to delivering economic value to our capital providers through a strong financial performance and our methods of engagement with them.	• Long-term profitability • Sustainability matters • Group's performance against targets • Compliance with all relevant requirements

2.4 Sustainability materiality

Based on the stakeholder engagement, we have developed our sustainability materiality matrix containing material aspects which are aligned with our principal business and operational risks. This forms our sustainability strategy which has shaped our approach to sustainability reporting, as illustrated in the diagram below.

We have also developed metrics to help us measure our progress, as indicated in our sustainability scorecard in **Appendix A**. We will review and adjust the material issues and relevant metrices each year, as the external and business context changes.

The aspect boundaries 'within' the organisation are limited to ACPAM, BSDCN and our employees, whereas the aspect boundaries 'outside' the organisation include our customers, regulatory authorities, shareholders and investors.



3. Our performance

3.1 How we measure our performance

Our **sustainability strategy** is embedded into the appropriate parts of our business, with dedicated teams for each focus area, and coordination by our relevant departmental managers.

Progress will be tracked in two key ways: measuring performance against metrics, and evaluating how well the programs have advanced, through a series of 'commitments'.

Metrics and targets

We have established key performance indicators for each of the four focus areas outlined in our **sustainability strategy**. Periodically, we plan to introduce new metrics and update targets to ensure alignment with our strategy.

Commitments

To ensure we have a robust sustainability program in place, we have included the key commitments for each area of our sustainability strategy. The progress we have made against each key commitment is indicated using the symbols shown in the table below.

We track and review our sustainability programme with the Board of Directors at least once a year.

Symbols used to indicate progress against commitments

Symbol	Meaning
Ⓝ	New commitment this year
◌	Not started
◑	In progress
◉	Complete
⟳	Ongoing commitment: no end date

3.2 Economic sustainability

Overview

We hope to create value for our shareholders by positioning the Group as an Asia-based bespoke financial services specialist serving a diverse group of accredited clientele with differing investment needs.

The region's fast-growing economies are underpinned by their large populations, rapid urbanisation, infrastructure construction and domestic consumer demand. Against this backdrop, the Group's business has immense growth potential.

Effect of regulatory incidents and management changes

In FY2019 and the subsequent months leading to the date of this report, ACPAM has been the subject of various regulatory incidents which have affected their fund management business. Please refer to the relevant write-ups on the below regulatory incidents in the section on **Regulatory Compliance**:

- MAS reprimand of the Chief Executive Officer (**CEO**) and Director of ACPAM, Mr. Tan Choon Wee ("**Mr. Tan**") due to regulatory non-compliance,
- Voluntary trading suspension pending formal report on numerous allegations from various parties, which had led to the termination of management agreement between ACPAM and Advance Opportunities Fund I ('**AOF I**'),
- MAS directive to ACPAM to suspend all fund raising activities and all subscription activities, and not to enter into any new investments or draw down on any commitments on behalf of any fund or segregated mandate that is managed by ACPAM until certain conditions are satisfied.

Despite the above, PCG is of the view that there is no significant impact on the financials of the Company due to the following reasons:

(a) The Asset Under Management (**AUM**) under AOF I is around 8% of total AUM of ACPAM;
(b) The termination of AOF I has already been already announced on 21 March 2019; and
(c) There are no redemption issues save with AOF I.

In addition to these incidents, ACPAM was subject to various leadership changes in the subsequent months leading to the date of this report.

On 25 April 2019, ACPAM's shareholders held an Extraordinary General Meeting (**EGM**) and approved resolutions, amongst other matters, to remove Mr. Tan and Mr. Lin Kuan Liang Nicolas as a director of ACPAM with immediate effect, replacing them with Mr. Wang Meng, Mr. Pan Ri Ko and Ms. Trina Ann Savage. Mr. Wang Meng was also appointed as the CEO of ACPAM.

On 12 August 2019, another EGM was convened where Mr. Wang Meng, Mr. Pan Ri Ko and Ms. Trina Ann Savage were removed as directors of ACPAM, replacing them with Mr. Tan and Mr. Chan Wai Leung. ACPAM's shareholders is of the view that, in light of Mr. Wang Meng's letter of demand to the Company sent on 22 July 2019, it is not in ACPAM's interests for him to remain as the CEO and director of ACPAM. Mr. Tan and Mr. Chan Wai Leung are to take over the management and duties of ACPAM, subject to ACPAM obtaining the relevant approvals from MAS.

PCG will provide shareholders with further updates regarding the change of ACPAM's Board composition, ACPAM's licensing and business operations as and when material developments occur.

Business expansion

With regards to business expansion, PCG's global journey has only just began. To date, PCG holds subsidiaries for businesses in Shanghai, Hong Kong and Sri Lanka:

- Pine Capital Group Shanghai (**PCS**) and Pine Ventures Management Pte Ltd (formerly known as BSDCN Pte. Ltd.) (**Pine Ventures**) are incorporated to engage investors and share information about PCG's financial services and products in Greater China
- Beacon (East Ceylon) Pte. Ltd. (**BEC**) and East Ceylon Management and Development Pte. Ltd. (**ECMD**) are incorporated to explore the Group's growth potential and new business vision in project management in Sri Lanka.

In addition, the Group announced the proposed acquisition of 51% stake in Silver Tree Hong Kong Limited (**STHK**), a licensed entity registered with the Securities and Futures Commission of Hong Kong providing financial services to professional investors. This acquisition will enhance PCG's service capacity in the asset management industry particularly in Hong Kong and extend our client base to procure new sources of revenue for the group. As of 4 July 2019, PCG is currently liaising with the Vendor on the extension of the long stop date which was expired and/or on the completion of this acquisition, subjected to, inter alia approval of the Singapore Exchange Securities Trading Limited (**SGX-ST**). The Board will continue to make announcement as and when appropriate to update shareholders on this matter.

In preparation for the acquisition, we have raised an aggregate of S$2.7 million from a renounceable non-underwritten rights and warrants issue exercise, placement of shares, and securing a non-convertible loan.

With the wide and expanding platform, the Group welcomes joint ventures and/or strategic alliances with third parties as and when opportunity arises. We will continue to report on our business expansion in our subsequent reports.

Integrated development in eastern Sri Lanka

On 19 December 2018, the Group signed a memorandum of understanding (**MOU**) with the Provincial Council of the Eastern Province of Sri Lanka (**Council**), setting out their intention to invest in and develop an extent of land in the Eastern Province, Sri Lanka (the '**Sri Lanka Project**').

The plan envisions an integrated hospitality and lifestyle township comprising, inter alia, luxury resorts, hotels, serviced apartments, international fashion design institute and convention centre to cater for fashion/ lifestyle events. This township project called "Project Beacon" is expected to contribute exponentially to the economy of the Eastern Province of Sri Lanka, with significant spill-over effects to the wider Sri Lankan economy. The economic multipliers will come through new economic drivers in the hospitality, tourism, fashion and garment sectors. The employment that these create will increase tourism receipts and contribute to heighten Sri Lanka's prominence as an international address of the global citizenry etc. The total investment amount in Project Beacon is conservatively expected to be at least US$3 billion.

Updates on the Sri Lanka Project: Since the signing of the MOU with the Council, PCG have followed up with the formal submission for Government approval. However, given the recent terrorist events happening across Sri Lanka, PCG is monitoring the situation and will make suitable decisions in due course. The MOU has since been extended to 18 June 2020.

Talent acquisition and retention

A key component of economic sustainability is having a pool of competent and reliable employees.

The Group attracts talent through fair, and flexible recruitment strategy. Recruitment process is required to include application for recruitment, description of position, collection of job applications, interview, selection, approval, and job offering. Promotion is required to be based on performance and suitability.

The Group offers competitive remuneration to attract and retain talented staff members. Remuneration packages are reviewed periodically to ensure consistency with employment market. Laws and regulations on statutory social benefits are required to be followed. Dismissal is required to comply with employment laws and regulations, and to follow the internal policies and procedures, including policy on prevention of dismissal purely on employees' gender, marital status, pregnancy, disability, age or family status.

The Group is an equal opportunity employer. We endeavour to provide a fair workplace for employees and follow the principles of equality and non-discrimination. Recruitment, remuneration, promotion, and benefits are required to be handled based on objective assessment, equal opportunity and non-discrimination regardless of gender, race, age, or other measures of diversity.

Commitments: Economic sustainability

	Achievements	FY2019 progress
Track and report on business expansion plans	• Expanded business footprint into Hong Kong and Sri Lanka	• Announced the proposed acquisition of 51% stake in STHK, a licensed entity registered with the Securities and Futures Commission of Hong Kong providing financial services to professional investors. PCG is currently liaising with the Vendor on the extension of the long stop date which was expired and/or on the completion of this acquisition, subjected to, inter alia approval of the SGX-ST. • Signed a MOU with the Provincial Council of the Eastern Province of Sri Lanka, setting out their intention to invest in and develop an extent of land in the Eastern Province, Sri Lanka. The MOU has since been extended to 18 June 2020.

3.3 Regulatory compliance

Overview

To maintain a fair, ethical and efficient business and working environment, PCG strictly adheres to the local laws and industry regulations relating to corporate governance, risk management, and code of conduct (including anti-money laundering, anti-corruption, fraud, and confidentiality). We will not hesitate to take corrective actions if any non-compliance comes to our attention.

2

Regulatory incidences that have a significant impact on the Group

100%

Employee's declaration on adherence to the Compliance Manual as well as any other applicable laws

Compliance with RFMC Guidelines

As ACPAM is a registered fund and investment management company (**RFMC**) registered under Paragraph 5(1)(i) of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations of Singapore, we are expected to comply with the Guidelines on Licensing, Registration and Conduct of Business for Fund Management Companies (Guideline No. SFA 04-G05) (**RFMC Guidelines**) issued by the Monetary Authority of Singapore (**MAS**).

ACPAM have in place a Compliance Manual that applies to all our directors and employees (collectively known as "**employees**") and sets out the minimum standards expected of them in their conduct of business in ACPAM. All employees are required to acknowledge in writing, on an annual basis, that they have read, understand and will adhere to the provision of the Compliance Manual as well as any other applicable laws.

Some topics covered by our Compliance Manual include the following:

- Code of conduct (including confidentiality, conflicts of interest, data protection and segregation of duties)
- Registration and licensing requirements
- Dealings with listed securities and OTC derivatives
- Dealings with clients (including customer due diligence procedures for countering financing of terrorism and prevent money laundering)
- Financial and operational requirements
- Communications
- Outsourcing
- Reporting of suspicious activities and incidents of fraud
- Technology risk management
- Business continuity management

Regulatory non-compliance

In July 2018, ACPAM had been reprimanded by MAS, amongst other matters, for being repeatedly late in its regulatory submissions. Despite the reprimand, ACPAM continued to be late in its submissions to MAS. As the Chief Executive Officer (**CEO**) and Director of ACPAM, Mr. Tan was primarily responsible for ensuring that ACPAM complied with the regulatory requirements. MAS had also engaged Mr. Tan directly for ACPAM's earlier breaches and conveyed their expectations with respect to the need to strengthen ACPAM's compliance record. However, ACPAM had failed to institute processes to prevent a recurrence.

Subsequently, Mr. Tan had reviewed and signed off on ACPAM's application to MAS for a Capital Markets Services (**CMS**) license, which contained various omissions. These omissions, which related to ACPAM's assessment of the fitness and propriety of its directors and shareholders, made the application misleading in a material respect.

As a result of the above, on 12 April 2019, MAS formally reprimanded Mr. Tan, under Section 334 of the Securities and Futures Act (**SFA**), for the following misconduct:

(a) omitting information in a capital markets services (**CMS**) license application to MAS, which made the application misleading in a material respect; and/or
(b) failing to discharge his duty and function as CEO and director.

Voluntary trading suspension

Concurrently, since January 2019, the Board of PCG received numerous allegations from various parties concerning ACPAM and its operations; including allegations in respect of potential conflict of interest and possible lapses in internal control. Subsequently, on 19 March 2019, ACPAM has received a notice of termination of management agreement between ACPAM and AOF I.

As a result of the above, PCG issued a trading suspension on 21 March 2019 to obtain some clarity on the matter. For better governance, the Company announced on 15 July 2019 that it has appointed KordaMentha Pte Ltd as the Independent Reviewer to look into the issues that was received since January 2019, and the internal controls, policies and procedures of the Group surrounding the operations of ACPAM, including allegations in respect of potential conflict of interest and possible lapses in internal control. The Independent Reviewer will also identify and make appropriate recommendations on any internal control lapses and potential breaches or non-compliance of rules, laws and regulations (in relation to the scope of work) and the parties responsible for the respective potential breaches or non-compliance.

The Independent Reviewer will provide regular updates of their findings to the Audit Committee of the Company, the SGX-ST and the Sponsor. At the completion of the review/investigation, the Independent Reviewer shall prepare a formal written report to be submitted to the SGX-ST, Sponsor and the Audit Committee of the Company. The Company will release an announcement containing the Independent Reviewer's key findings on SGXNet, when the Independent Reviewer's findings are made available. The Company will make further announcements to update its shareholders as and when there are material developments on this matter.

MAS directive

On 13 May 2019, ACPAM had received a direction letter from the MAS (the '**MAS Direction Letter**'), and subsequently notified PCG on 17 May 2019.

Under the MAS Direction Letter, the MAS has directed that ACPAM shall suspend all fund raising activities and all subscription activities, and shall not enter into any new investments or draw down on any commitments on behalf of any fund or segregated mandate that is managed by ACPAM until certain conditions are satisfied (the '**MAS Directive**').

Based on the information available to us at this juncture, PCG wishes to clarify that it understands from ACPAM that the MAS Directive came about because ACPAM was unable to carry out its fund management functions effectively with regards to AOF I due to certain restrictions placed by the directors of AOF I on ACPAM to prevent ACPAM from being involved in matters of AOF I. ACPAM is working closely with the MAS in resolving the issues. ACPAM believes that the concerns set out in the MAS Directive have been addressed and has conveyed the same to the MAS.

Despite the above, PCG is of the view that there is no significant impact on the financials of the Company due to the following reasons:

(a) The Asset Under Management (**AUM**) under AOF I is around 8% of total AUM of ACPAM;
(b) The termination of AOF I has already been already announced on 21 March 2019; and
(c) There are no redemption issues save with AOF I.

The MAS Directive also directed that ACPAM shall disclose, by 17 May 2019, the necessary information, including the changes to the board of directors and management of ACPAM and the temporary suspension of fund raising and subscription, in writing, to every existing investor of all the funds and segregated mandates that are managed by ACPAM as of the date of the MAS Direction Letter. ACPAM has done so accordingly. ACPAM has also submitted ACPAM's existing business plan which MAS has duly received. The Company will continue to make announcements as and when appropriate to update shareholders on this matter.

PCG takes a serious view of the above lapses and incidents and aims to seek clarity on them, so that appropriate action can be instituted to prevent reoccurrence. Shareholders and potential investors are advised to refer to the announcements made by the Company pertaining to the changes to the Board, ACPAM and the suspension of trading.

Risk management

As an investment management business, we view risk management as one of its most important responsibilities to our clients, employees, regulators and counterparties. Every business and investment decision involves a consideration of the balance for risk versus reward.

We are committed to developing the appropriate systems, policies, procedures, arrangements and controls to ensure effective risk management is exercised and promoted within our Group culture. We believe in appropriate training of our staff and communication with our clients as requisite to fulfilling our risk management goals.

Our risk management practices cover both the operational risk associated with the firm and the risks (market, liquidity, credit and counterparty risks) inherent in the management of investment portfolios.

We view our risk management policies and procedures as dynamic in response to the evolution of our investment strategies, the development of our business and the innovation within financial markets and risk management tools. We will strive to improve our risk management capabilities and processes to stay abreast of market best practices. We believe effective risk management is crucial to the long-term success of our business.

Our four cornerstones of effective risk management and sound internal controls are –

- The role of the Board in its oversight of risk management policies and their implementation;
- The role of Senior Management in ensuring that sound policies, effective procedures and robust systems are in place;
- The presence of sound risk management processes and operating procedures that integrate prudent risk limits with appropriate risk measurement, monitoring and reporting; and
- The presence of competent personnel in the firm's compliance, controls, risk management, and audit functions.

Corporate governance

We have enhanced our accountability and transparency by upholding high standards in business ethics and corporate governance in all areas of our operations, thus building stronger trust with our stakeholders.

The Board has overall responsibility for ensuring effective corporate governance across the Group, including ensuring that effective risk management and internal controls are in place to address any identified risks and ensure business continuity.

We have in place the relevant Standard Operating Procedures (**SOP**) which establishes its principles and practices with regard to matters which may have ethical implications. The SOP provides communicable and understandable guidelines for staff to observe in their dealings with customers, suppliers and amongst fellow colleagues.

Some topics covered by our Operations Manual include the following:

- Staffing and segregation of duties
- Information technology controls
- Investment procedures
- Dealing with counterparties
- Valuation policy
- Cash management
- Business continuity and disaster recovery plan

Preventing bribery and corruption

The Group prohibits all forms of bribery and corruption. The Group requires all employees to strictly abide by professional ethics and eliminate any corruption and bribery. All employees are expected to discharge their duties with integrity, to act fairly and professionally, and to abstain from engaging in bribery activities or any activities, which might exploit their positions against the Group's interests.

Whistle-blowers can report verbally or in writing to the senior management of the Group for any suspected misconduct with full details and supporting evidence. The management will conduct investigations against any suspicious or illegal behaviour to protect the Group's interests. The Group advocates a confidentiality mechanism to protect the whistleblowers against unfair dismissal or victimisation. Where criminality is suspected, a report is made to the relevant regulators or law enforcement authorities when the management considers necessary.

Regular compliance updates

In FY2019, the Group, through its Company Secretary, has updated the Board on relevant new laws and regulations affecting the Company. From time to time, and through Board meetings and other meetings, both formal and informal, our then Interim Chief Executive Officer (**CEO**) and Non-Executive Chairman and Independent Director has been advising our Directors of the changing commercial and business risks faced by our Company.

The Directors are also updated regularly with changes to the SGX-ST Listing Rules, risk management, corporate governance, insider trading and the key changes in the relevant regulatory requirements and financial reporting standards and the relevant laws and regulations to facilitate effective discharge of their fiduciary duties as Board or Board Committees members. New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority (**ACRA**) which are relevant to the Directors are circulated to the Board by the Company Secretary.

The Directors are encouraged to attend seminars and receive training to improve themselves in the discharge of Directors' duties and responsibilities. Changes to regulations and accounting standards are monitored closely by the Management. To keep pace with such regulatory changes, the Company provides opportunities for ongoing education and training on Board processes and best practices as well as updates on changes in legislation and financial reporting standards, regulations and guidelines from the SGX-ST Listing Rules that affect the Company and/or the Directors in discharging their duties. Such training costs are borne by the Company.

Commitments: Economic sustainability

Achieve zero regulatory incidences that have a significant impact on the Group

Regulatory incidences that have a significant impact on the Group (Number)

2019	2

FY2019 progress

- Refer to above section on "Compliance with RFMC Guidelines"

3.4 Environmental sustainability

Overview

24.8 tCO_2e
Total carbon emission

The Group recognises the importance of environmental protection as the starting point for sustainability. We continue to work to reduce the environmental impact of our operations and to promote environmental protection within the Group and our community.

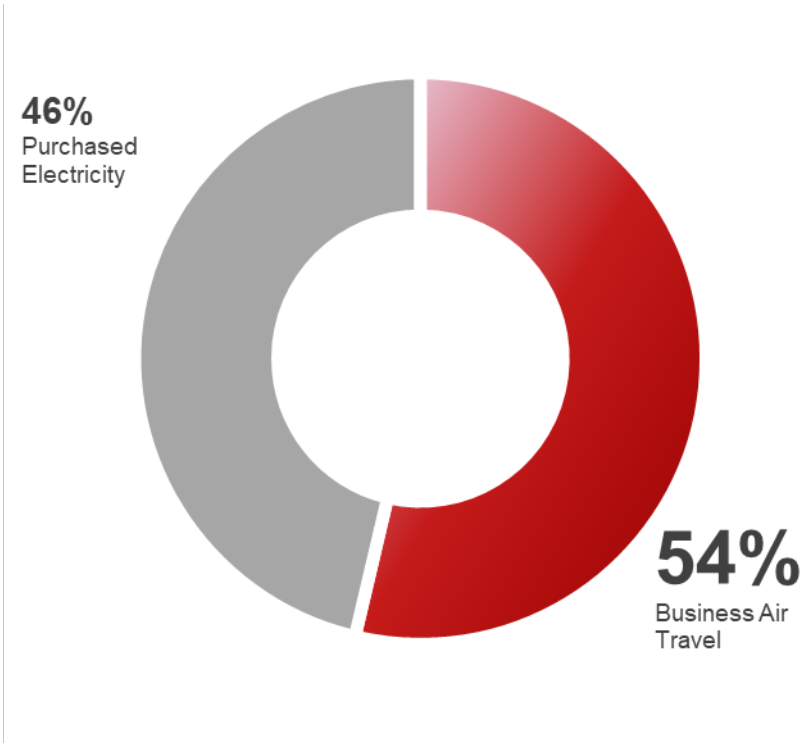
Emissions reduction

To determine the carbon footprint, we collect energy usage data from each our businesses and then calculate our total annual greenhouse gas emissions. We follow the Greenhouse Gas Protocol established by the World Resources Institute and the World Business Council for Sustainable Development, the standard manual for measuring corporate greenhouse gas emissions. Using the "control method", we include 100% of the emissions associated with businesses which we directly control. Our carbon footprint includes:

- All purchased electricity used in our offices (Scope 2 emissions)
- Impact of business air travel (optional Scope 3 emissions)

In FY2019, PCG generated a total carbon footprint of 24.8 tonnes of carbon dioxide emission (**tCO_2e**), representing a decrease of 16% from the previous year. The decrease in total carbon emission is mainly due to the decrease in business air travel in ACPAM.

The total carbon emission mainly arises from business air travel which accounted for close to 54% of the total carbon emission of Pine Capital.



We recognise that reducing carbon emissions in our daily operations has a positive effect on climate change. We are committed to reduce our carbon emission in our daily operations activities. Employees are also reminded to minimise air travel and save electricity through regular internal communications.

As part of our strategy, we have committed to maintain our total carbon footprint from a FY2019 baseline.

Business air travel

We recognise that travel is a core part of doing business and face-to-face meetings are often the best way to build relationships with clients and business partners. However, this also gives rise to carbon emissions that contribute to deteriorating air quality and climate change.

To manage our carbon emissions, we will strive to reduce non-essential business air travel by leveraging on other modes of client communication (including emails, telephone or video conferencing) calls) where possible.

Purchased electricity

The Group's electricity consumption came from regular operations of the office. All employees stringently complied with the Group's policy of saving energy. The Group utilised electricity-saving light bulbs at its offices as well as educated its employees about energy conservation and emission reductions. To ensure the effective use of electricity, the Group adopted the following practices:

- Turn off lights, computers and air conditioning system before clocking out
- Place energy saving reminder labels next to switches
- Clean office equipment (such as refrigerator, air-conditioner) regularly to maintain high efficiency
- Use energy saving equipment
- Set temperature of air conditioners to 25˚C

Paper

Paper was mainly consumed by our offices. We strive to reduce paper waste at source by adopting the following practices:

- Think before print
- Set duplex printing as the default mode for most network printers
- Use email to reduce fax paper consumption
- Separate single-sided paper and double-sided paper for better recycling
- Use the back of old single-sided documents for printing or as draft paper

Commitments: Environmental sustainability

Maintain total carbon footprint (from FY2019 baseline)

Total carbon footprint (tCO_2e)



FY2019 progress (N)

- We generated a total carbon footprint of 24.8 tCO2e, representing a decrease of 16% from the previous year.
- The decrease in total carbon emission is mainly due to the decrease in business air travel in ACPAM.
- The total carbon emission mainly arises from business air travel which accounted for close to 54% of the total carbon emission of Pine Capital.

Appendix A: Sustainability scorecard

Financial performance

Performance indicators	Units	2018	2019
Revenue	$'m	0.9	2.4

Regulatory compliance

Performance indicators	Units	2018	2019
Regulatory incidences that have a significant impact on the Group	Number	0	1
Employee's declaration on adherence to the Compliance Manual as well as any other applicable laws	Percentage	100%	100%

Environmental sustainability

Performance indicators	Units	2018	2019
Total carbon footprint	tCO_2e	29.6	24.8
Carbon emission intensity	tCO_2e/$'m	0.3	9.4

Appendix B: GRI content index

GRI Standards Content Index

The GRI Content Index references the Pine Capital Group Ltd Sustainability Report 2019 (SR), and the Annual Report 2019 (AR).

Disclosure number		Disclosure title	Page reference and remarks
GRI 102: General disclosures			
Organisational profile	102-1	Name of organisation	• AR: Corporate Information (Page 24)
	102-2	Activities, brands, products, and services	• AR: Chairman's Statement and Operations Review (Page 1-4)
	102-3	Location of headquarters	• AR: Corporate Information (Page 24)
	102-4	Location of operations	• AR: AR: Chairman's Statement and Operations Review (Page 1-4) • AR: Investment in Subsidiary Corporations – Note 13 to the Financial Statements (Pages 80-83)
	102-5	Ownership and legal form	• AR: Corporate Information – Note 1 to the Financial Statements (Page 58)
	102-6	Markets served	• AR: Chairman's Statement and Operations Review (Page 1-4) • AR: Segment Information – Note 27 to the Financial Statements (Page 94)
	102-7	Scale of organisation	• AR: Corporate Information (Page 24) • AR: Segment Information – Note 27 to the Financial Statements (Page 94)
	102-8	Information on employees and other workers	• AR: Employee Compensation – Note 7 to the Financial Statements (Page 75) • SR: Economic Sustainability (Pages 9-11)
	102-9	Supply chain	• Not applicable
	102-10	Significant changes to the organisation and its supply chain	• Not applicable
	102-11	Precautionary Principle or approach	• AR: Corporate Governance Report (Pages 25-44)
	102-12	External initiatives	• Not applicable
	102-13	Membership of associations	• Not applicable
Strategy	102-14	Statement from senior decision-maker	• AR: Chairman's Statement and Operations Review (Page 1-4)
	102-15	Key impacts, risks, and opportunities	• AR: Chairman's Statement and Operations Review (Page 1-4) • AR: Independent Auditor's Report (Pages 50-51)
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	• SR: Sustainability Strategy (Page 5)
	102-17	Mechanisms for advice and concerns about ethics	• AR: Corporate Governance Report (Pages 25-44)
Governance	102-18	Governance structure	• AR: Corporate Governance Report (Pages 25-44)
	102-19	Delegating authority	• AR: Corporate Governance Report (Pages 25-44)
	102-20	Executive-level responsibility for economic, environmental, and social topics	• SR: Sustainability Organisational Structure (Page 4)
	102-21	Consulting stakeholders on economic, environmental, and social topics	• SR: Consulting Our Stakeholders (Page 6)

Disclosure number		Disclosure title	Page reference and remarks
	102-22	Composition of the highest governance body and its committees	• AR: Corporate Governance Report (Pages 25-44)
	102-23	Chair of the highest governance body	• AR: Corporate Governance Report (Pages 25-44)
	102-24	Nominating and selecting the highest governance body	• AR: Corporate Governance Report (Pages 25-44)
	102-25	Conflicts of interest	• AR: Corporate Governance Report (Pages 25-44) • AR: Directors' Statement (Pages 45-49) • SR: Sustainability Strategy (Page 5)
	102-26	Role of highest governance body in setting purpose, values, and strategy	• AR: Corporate Governance Report (Pages 25-44)
	102-27	Collective knowledge of highest governance body	• AR: Corporate Governance Report (Pages 25-44)
	102-28	Evaluating the highest governance body's performance	• AR: Corporate Governance Report (Pages 25-44)
	102-29	Identifying and managing economic, environmental, and social impacts	• SR: Sustainability Materiality (Page 7)
	102-30	Effectiveness of risk management processes	• AR: Corporate Governance Report (Pages 25-44)
	102-31	Review of economic, environmental, and social topics	• SR: Sustainability Report (Pages 1-22)
	102-32	Highest governance body's role in sustainability reporting	• SR: Sustainability Organisational Structure (Page 4)
	102-33	Communicating critical concerns	• SR: Sustainability Materiality (Page 7)
	102-34	Nature and total number of critical concerns	• SR: Sustainability Materiality (Page 7)
	102-35	Remuneration policies	• AR: Corporate Governance Report (Pages 25-44)
	102-36	Process for determining remuneration	• AR: Corporate Governance Report (Pages 25-44)
	102-37	Stakeholders' involvement in remuneration	• AR: Corporate Governance Report (Pages 25-44)
	102-38	Annual total compensation ratio	• AR: Corporate Governance Report (Pages 25-44)
	102-39	Percentage increase in annual total compensation ratio	• AR: Corporate Governance Report (Pages 25-44)
Stakeholder engagement	102-40	List of stakeholder groups	• SR: Consulting Our Stakeholders (Page 6)
	102-41	Collective bargaining agreements	• Not applicable
	102-42	Identifying and selecting stakeholders	• SR: Consulting Our Stakeholders (Page 6)
	102-43	Approach to stakeholder engagement	• SR: Sustainability Strategy (Page 5)
	102-44	Key topics and concerns raised	• SR: Consulting Our Stakeholders (Page 6)
Reporting practice	102-45	Entities included in the consolidated financial statements	• AR: Investment in Subsidiary Corporations – Note 13 to the Financial Statements (Pages 80-83)

Disclosure number		Disclosure title	Page reference and remarks
	102-46	Defining report content and topic Boundaries	• SR: Sustainability Materiality (Page 7)
	102-47	List of material topics	• SR: Sustainability Materiality (Page 7)
	102-48	Restatements of information	• SR: Restatements (Page 3)
	102-49	Changes in reporting	• Not applicable
	102-50	Reporting period	• SR: Scope of Sustainability Report (Page 3)
	102-51	Date of most recent report	• SR: Scope of Sustainability Report (Page 3)
	102-52	Reporting cycle	• Annual
	102-53	Contact point for questions regarding the report	• SR: Sustainability Contact (Page 3)
	102-54	Claims of reporting in accordance with the GRI Standards	• SR: Scope of Sustainability Report (Page 3)
	102-55	GRI content index	• SR: GRI Content Index (Pages 18-21)
	102-56	External assurance	• No external assurance
GRI 200: Economic disclosures (applicable sections only)			
Anti-corruption	205-1	Operations assessed for risks related to corruption	• Not applicable
	205-2	Communication and training about anti-corruption policies and procedures	• Not applicable
	205-3	Confirmed incidents of corruption and actions taken	• There is no incidences of corruption.
Anti-competitive behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	• There is no legal actions for anti-competition.
GRI 300: Environment disclosures (applicable sections only)			
Emissions	305-1	Direct (Scope 1) GHG emissions	• Not applicable
	305-2	Energy indirect (Scope 2) GHG emissions	• SR: Environmental Sustainability (Pages 16-17) • SR: Sustainability Scorecard (Page 18)
	305-3	Other indirect (Scope 3) GHG emissions	• SR: Environmental Sustainability (Pages 16-17) • SR: Sustainability Scorecard (Page 18)
	305-4	GHG emissions intensity	• SR: Environmental Sustainability (Pages 16-17) • SR: Sustainability Scorecard (Page 18)
Laws and regulations	307-1	Non-compliance with environmental laws and regulations	• There is no non-compliance with environmental laws and regulations.
GRI 400: Social disclosures (applicable sections only)			
Page 16	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	• AR: Summary of Significant Accounting Policies: Employee Compensation – Note 2.16 to the Financial Statements (Page 71)
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	• There is no incidents of discrimination.
Child labor	408-1	Operations and suppliers at significant risk for incidents of child labor	• Child labour is strictly prohibited.
Forced or compulsory labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	• Forced and compulsory labour is strictly prohibited.

Disclosure number		Disclosure title	Page reference and remarks
Socioeconomic compliance	419-1	Non-compliance with laws and regulations in the social and economic area	• There is no non-compliance with socioeconomic laws and regulations.