



JCG INVESTMENT HOLDINGS LTD

## SUSTAINABILITY REPORT 2018

# CONTENTS

- ORGANIZATIONAL PROFILE..... 2**
- BOARD’S STATEMENT ..... 3**
- APPROACH TO SUSTAINABILITY ..... 4**
- ECONOMIC..... 7**
- ENVIRONMENT ..... 10**
- SOCIAL..... 11**
- GOVERNANCE ..... 13**
- GRI STANDARDS CONTENT INDEX ..... 14**

## ORGANIZATIONAL PROFILE

JCG Investment Holdings Ltd is an investment holding company listed on the Catalist Board of the Singapore Stock Exchange in April 2006. We are primarily focused in the 2 main business areas of providing Health and Wealth services.

In the Health area, the Group currently offers medical aesthetics services in Taiwan and intends to extend our services to Singapore, Malaysia and China. In the Wealth area, JCG Investment looks to build a second business pillar to provide, among others, business consultancy and real estate related services and investments.

Health and Wealth – the 2 essential pillars in our lives. Delivering on this state of balance between one's Health and Wealth is the corporate motivation for JCG Investment as we journey ahead to create and enhance value for our loyal shareholders.

## BOARD'S STATEMENT

We are pleased to present the annual Sustainability Report of JCG Investment Holdings Ltd (f.k.a. "China Medical (International) Group Limited") ("**JCG**" or "**the Group**") for our financial year ended 31 December 2018 ("**FY2018**"). This report is prepared in compliance with the requirements of Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist 711A and 711B, and references the Global Reporting Initiative ("**GRI**") Standards: Core Option. We have chosen to report using the GRI Standards because it is an internationally recognised reporting framework that covers a comprehensive range of sustainability disclosures. Moreover, the structured framework promotes reporting a full and balanced picture of JCG's material matters and the management of its impact. This report highlights the key economic, environmental, social and governance ("**EESG**") related initiatives carried throughout a 12-month period, from 1 January to 31 December 2018.

Sustainability is a part of the Group's wider strategy to create long-term value for all its stakeholders. As such, the key material EESG factors for the Group have been identified and cautiously reviewed by the management. The data and information provided have not been verified by an independent third party. We have relied on internal data monitoring and verification to ensure accuracy of data and information. The board of directors of the Group (the "Board") oversees the management and monitoring of these factors and takes them into consideration in the determination of the Group's strategic direction and policies.

This report is focused on the Group's steel trading business but we intend to expand our scope of this report to include the Group's other businesses in the future.

We welcome feedback from our stakeholders with regards to our sustainability efforts as this enables us to improve our policies, systems and results. Please send your comments and suggestions to [report@jcg-investment.com](mailto:report@jcg-investment.com).

28 May 2019

# APPROACH TO SUSTAINABILITY

## SUSTAINABILITY METHODOLOGY



## STAKEHOLDER ENGAGEMENT

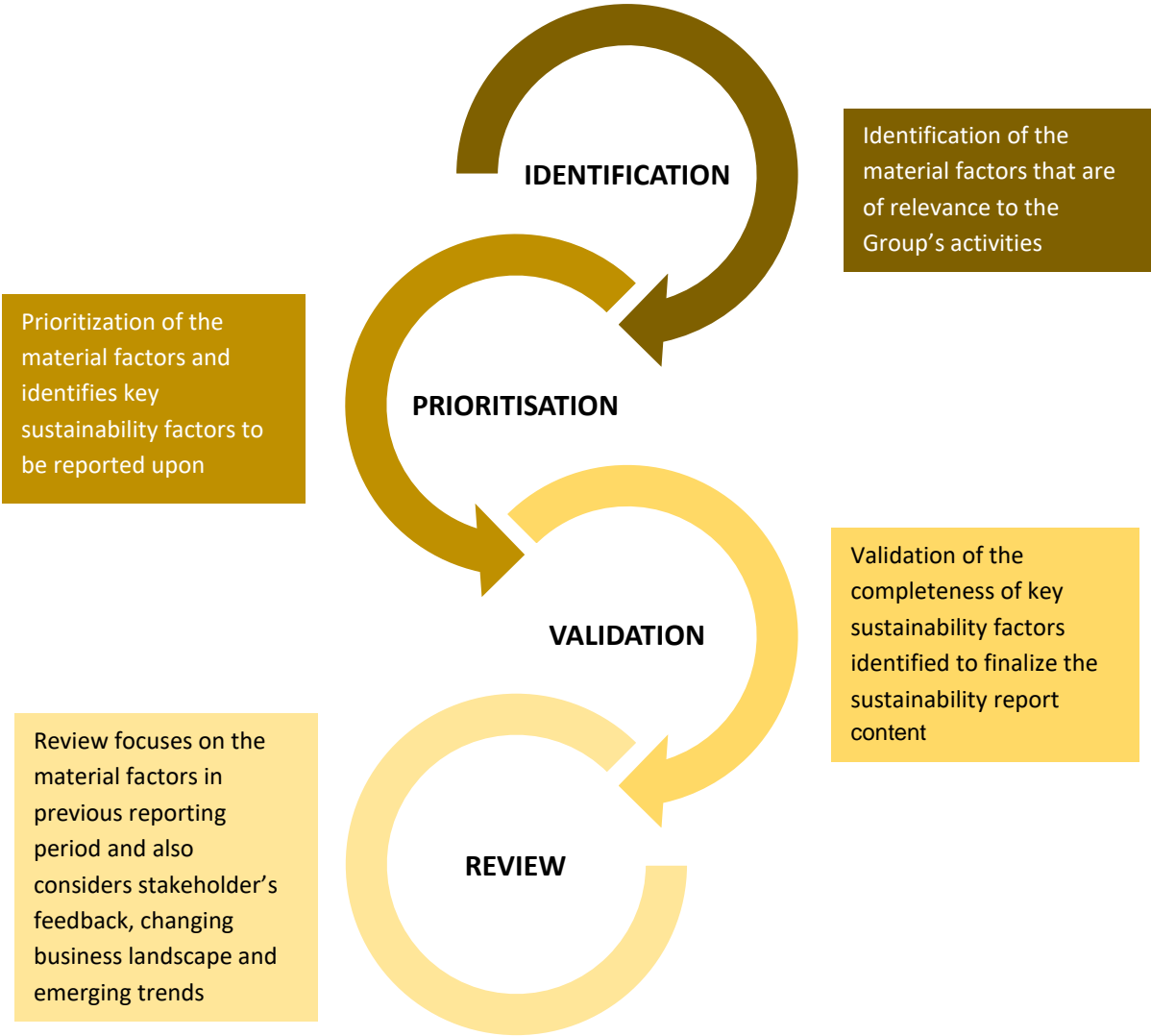
An important starting point in our sustainability journey is to identify our stakeholders and material aspects relevant to our business. The interests and requirements of key stakeholders are also taken into account when formulating corporate strategies. These key stakeholders include, but are not limited to, customers, suppliers, employees, investors, and regulators. We adopt both formal and informal channels of communication to understand the needs of key stakeholders, and incorporate these into our corporate strategies to achieve mutually beneficial relationships.

The following sets out our engagement platforms with our stakeholders:

Key Stakeholders	Engagement Platforms	Frequency of Engagement	Key Concerns Raised
<b>Employees</b>	Open dialogue	Ongoing	Fair remuneration, compensation and benefits Workplace safety
<b>Suppliers and service providers</b>	Face to face meetings Review and feedback sessions	Annually	Receipts of timely payments and quality of products
<b>Government and regulators</b>	Regular reports Regular courtesy visits to SGX	As appropriate	Regulatory compliance
<b>Investors / Shareholders</b>	Results announcements Annual report Annual general meeting Investor engagement roadshow	Quarterly Annually Annually Quarterly	Growth strategy and future plan
<b>Customers</b>	E-mail queries Face to face business transactional engagements	Ongoing	Receipts of timely payments and quality of products

**MATERIAL ASPECTS ASSESSMENT**

Our sustainability process begins with the identification of relevant aspects. Relevant aspects are then prioritised as material factors which are then validated. The end result of this process is a list of material factors disclosed in the sustainability report. Inter-relations of which are as shown below:



We conducted a materiality assessment internally during the year. Going forward, materiality review will be conducted every year, incorporating inputs from the stakeholder engagements.

To determine if an aspect is material, we assessed its potential impact on the economy, environment and society and the influence on the stakeholders. Senior management took part along with our consultant. Aspects were identified and prioritised through internal workshops, peer reviews and social impact assessments at site level. Applying the guidance from GRI, we have identified the following material aspects:



# ECONOMIC

## ECONOMIC PERFORMANCE

JCG firmly believes that focus on financial sustainability is critical and we are fully committed to the highest standards of corporate governance. The company's basic principle is that long-term profitability and shareholder value is ensured by taking into account the interests of stakeholders, such as shareholders, employees, suppliers and society as a whole.

For detailed financial results, please refer to the following sections in our Annual Report 2018:

- Operating and Financial Review, pages 3 to 4
- Financial Statements, pages 43 to 125.

JCG was incorporated in 2005 and its main business activity was to provide management services for operation of clinics and research and development in the field of aesthetics medicine and plastic surgery. The Company continues to operate the steel trading business that has been in existence since incorporation. The Directors and the management of the Company have embarked on a strategic review of the Group's existing businesses to determine the feasibility of growing and expanding these businesses, as well as to consider the feasibility of adding business consultancy, real estate related services, investment management and advisory services, subject to compliance with licensing and other regulatory requirements.

As part of the strategic review following the recent corporate exercises, the Company has entered into a sale and purchase agreement with Brand X Lab Pte. Ltd. on 11 March 2019 and has completed the 100% acquisition of Brand X Lab Pte Ltd on 15 April 2019. Brand X Lab is a private limited company incorporated in Singapore and it provides event organisation and promotion services as well as business and management consultancy services. The Company views the business of Brand X Lab as synergistic with and complementary to the Company's existing medical aesthetics and healthcare business and will similarly augment other businesses that the Company would be expanding into in future. This maiden acquisition is in line with our commitment to rebuild and nurse the Company back to sustained profitability as the additional commercial activities brought in through the acquisition would increase the revenue and income of the Group as a whole.



The Group has entered into sale and purchase agreements (the “Agreements”) with the shareholders of a group of companies constituting the Beverly Wilshire Medical Centre Group on 16 May 2019 to acquire 51% of the issued and paid up ordinary shares in the capital of such companies (the “Target Entities” and collectively, the “Target Group”). Beverly Wilshire Medical Centre Group is constituted by a group of Malaysia-incorporated companies specialising in medical aesthetic treatments, healthy ageing wellness and regenerative therapies, cosmetic surgery, dental aesthetics and hair restoration. It is a multi-award-winning integrated beauty care and medical aesthetics group established in 2012. Beverly Wilshire Group manages and operates two (2) fully-licensed Malaysia Ministry of Health medical centres and two (2) licenced clinics. The Target recently incorporated the Beverly Wilshire Medical Academy and Research Centre (BWARC) with a focus on medical research and anti-aging therapy. The Proposed Acquisition will allow the Group to expand its medical aesthetics line into the Malaysian markets where it currently does not have a presence in, and is expected to provide the Group with new revenue streams to strengthen its financial performance and improve profitability. The Group will be able to tap on the established medical aesthetics branding of the Target Entities to build on the Group’s current business, as well as expand its business into Malaysia and China by leveraging on the significant marketing and business network of the Group. In addition, the demand for high-end medical services and medical aesthetics in general is expected to continue to grow with the increasing affluence in Malaysia and the South East Asia region. The combination of the Group and the Target Entities will bring together an established medical aesthetic brand and an enterprising group with significant marketing and business network that will allow the Group to expand beyond the shores of Singapore and Malaysia.

The Group is currently inclined to retain and expand the steel trading business and management will continue to explore options with other principals for the steel trading business.

For our existing and new businesses, we will:

- comply with all local and national legislation in each country of operation,
- continuously improve our contributions to social, environmental and economic factors,
- analyze risks, formulate objectives and to have adequate processes to manage, monitor and control risks,
- encourage and promote diversity in our organizations, and
- have an active dialog with all our stakeholders.

### **ANTI-CORRUPTION**

JCG does not tolerate corruption in any form, such as extortion and bribery. This has been made clear to our employees, our suppliers and our business partners. There have also been no reported incidents of corruption during the reporting period.

### **WHISTLEBLOWING POLICY**

Our whistle blowing policy provides a mechanism for employees and external parties to report concerns over alleged wrongful acts. There were no whistleblowing cases in 2018. We aim to have no instance of whistleblowing cases throughout the year.

# ENVIRONMENT

JCG's direct environmental impact is limited as we do not have any manufacturing operations, but we will always strive to avoid unnecessary impact on the environment and to further reduce environmental impact.

The Group sources and buys end products from companies which are environmentally friendly. If there are any new product launches, we will perform rigorous checks on the upstream suppliers to ensure that they meet our requirements and they are aligned to our Group's environmental objectives.

## SUPPLIER ENVIRONMENTAL ASSESSMENT

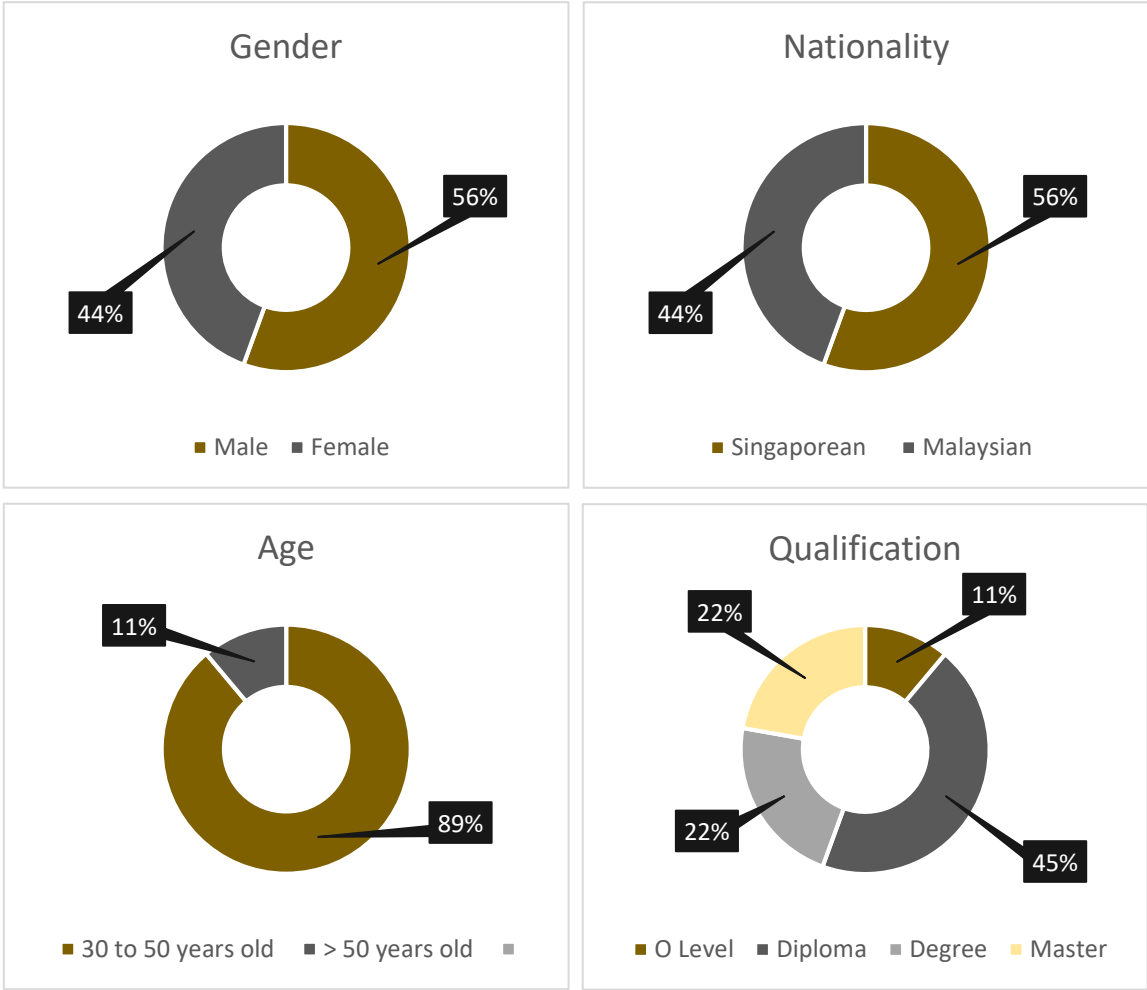
JCG will continue to reduce its environmental impact and to encourage its stakeholders, such as suppliers and trading partners, to meet the same expectations. The Group also performs periodic supplier assessment on their vendors to check that they are providing high quality and green products. Currently, the main supplier of the steel trading business is a Germany based Technology Company that is a market leader since the 1950s in the field of measurement technology in molten metals. The company is ISO9001 and ISO14001 certified. The products do not possess any materials which may qualify them as hazardous waste and no environmental hazards have been reported or known to exist.

We will ensure that all our suppliers will be periodically assessed to ensure that they are providing high quality and green products.

# SOCIAL

## DIVERSITY AND FAIR EMPLOYMENT

We embrace diversity, and at the same time expect employees to be aligned with group’s vision and strategic initiatives. In FY2018, the age of our staff ranged from 30s to 60s. The ratio of male to female staff was almost 1:1. Our staff consists of people coming from different nationalities and academic qualification and we strive for fair treatment of all our staff members.



We are committed to providing competitive remuneration and benefits to our employees. We are also committed to safeguarding our employees’ health and safety against any potential workplace hazards. There were no work place incidents for FY2018. We target to have zero incident of discrimination.

## **CODE OF CONDUCT**

The Group sets out the expected code of conduct in its employee handbook. JCG ensures compliance with labor and employment laws, including working hours and stipulated annual, medical, compassionate and child care leave. Furthermore, the Group does not discriminate against anyone because of age, gender, national origin, disability, religion, sexual orientation, marital or maternity status, union membership or political opinion, among others. Non-compliance in relation to discrimination must be reported to our CFO who is responsible for the HR function of the Group or through our whistleblowing system.

## **TRAINING AND EDUCATION**

JCG understands that there is a continuous need to upgrade staff skills and knowledge. This is beneficial to the staff development and also to the Company. Thus, staff are encouraged to go for courses and seminars to upgrade themselves and improve their skills. We will monitor the trainings provided to our staff and will ensure that each employee will attend at least 1 training per year.

# GOVERNANCE

## CORPORATE GOVERNANCE

The Company adheres closely to the principles and guidelines of the Code of Corporate Governance 2012 (the “Code”) and other applicable laws, rules and regulations, including the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “Catalist Rules”). Please refer to the Annual report pages 8 to 30 on the details of the SGX Code of Corporate Governance.

In our dealings with our customers, we have our employees to strictly uphold the Company’s policy on anti-corruption/bribery clauses. We may also ask our suppliers through a supplier questionnaire on whether they have anti-corruption/bribery clause with their upstream suppliers.

We will continue to comply with the Code of Corporate Governance and meet all requirements that are expected of us by our stakeholders.

## RISK MANAGEMENT

Enterprise Risk Management (“ERM”) is an integral part of good corporate governance as well as resource management. A thorough and comprehensive ERM framework enables JCG to identify, communicate and manage its risks and exposures in an integrated, systematic and consistent manner. For detailed disclosure on ERM, please refer to our Annual Report, pages 23 to 24.

We aim to review the ERM policies regularly to ensure all relevant risks are identified, communicated and addressed timely.

# GRI STANDARDS CONTENT INDEX

GRI Standard	Disclosure	Reference / Description	
<b>GRI 101: Foundation 2016</b>			
<b>GENERAL DISCLOSURE</b>			
<b>GRI 102: General Disclosures</b>	102-1	Name of organisation	JCG Investment Holdings Ltd
	102-2	Activities, brands, products and services	Page 2
	102-3	Location of headquarters	Annual Report (AR) page 121
	102-4	Location of operations	AR page 121
	102-5	Ownership and legal form	AR page 76 to 83
	102-6	Markets served	AR page 121
	102-7	Scale of the organisation	Page 11
	102-8	Information on employees and other workers	Page 11
	102-9	Supply chain	Page 10
	102-10	Significant changes to the organisation and its supply chain	None
	102-11	Precautionary Principle or approach	None
	102-12	External initiatives	None
	102-13	Membership of associations	None
	102-14	Statement from senior decision maker	Page 3
	102-16	Values, principles, standards and norms of behaviour	Page 11 to 12
	102-18	Governance structure	Page 13
	102-40	List of stakeholder groups	Page 4
	102-41	Collective bargaining agreements	None
	102-42	Identifying and selecting stakeholders	Page 4
	102-43	Approach to stakeholder engagement	Page 4
	102-44	Key topics and concerns raised	Page 4
	102-45	Entities included in the consolidated financial statements	AR Page 76 to 83
	102-46	Defining report content and topic boundaries	Page 3
	102-47	List of material topics	Page 6
	102-48	Restatement of information	None
	102-49	Changes in reporting	None
	102-50	Reporting period	1 January to 31 December 2018
	102-51	Date of most recent previous report	17 May 2018
	102-52	Reporting cycle	Annually
	102-53	Contact point for questions about the report	Page 3
	102-54	Claims if reporting in accordance with the GRI Standards	Page 3
	102-55	GRI content index	Page 14 to 15
102-56	External Assurance	We may seek external assurance in the future.	
<b>MATERIAL TOPICS</b>			

## GRI STANDARDS CONTENT INDEX

GRI Standard	Disclosure	Reference / Description
<b>GRI 201: Economic performance</b>	201-1	Direct economic value generated and distributed Page 7
<b>205: Anti-corruption</b>	205-2	Communication and training about anti-corruption policies and procedures Page 9
<b>GRI 308: Supplier Environmental Assessment</b>	308-1	New suppliers that were screened using environmental criteria Page 10
<b>GRI 404: Training and Education</b>	404-1	Average hours of training per year per employee Page 12
<b>GRI 405: Diversity and equal opportunity</b>	405-1	Diversity of governance bodies and employees Page 11