



TIONG WOON CORPORATION HOLDING LTD

Powering Forward Sustainably

Sustainability Report 2019



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BOARD STATEMENT

The Board of Directors (the “Board”) is pleased to present the second Sustainability Report of Tiong Woon Corporation Holding Ltd and its Singapore subsidiaries (“Tiong Woon” or “the Group”) for the financial year ended 30 June 2019. The report seeks to reaffirm the Group’s commitment towards sustainable development and discloses the management approach towards its material economic, environmental, social and governance matters, as well as its performance for the reporting year.

The Board governs the long-term sustainability of the Group and remains steadfast in ensuring that its material sustainability matters are monitored, managed and taken into account when formulating its business strategy. The Board works closely with management and has oversight over the Group’s sustainability practices, performance and disclosures.

The Group is of the firm belief that sustainability is a journey and continuously strives to integrate sustainability within its operations and deliver sustainable value to its key stakeholders.



COMPANY PROFILE

OUR VISION

To be a world-class organisation in providing high quality and safe services to our clients anywhere in the world.

OUR MISSION

To maximise shareholders' value and exceed customers' expectations as an integrated services specialist and provider of infrastructure businesses in heavy lift and haulage and marine transportation through our focus on high safety standards and reliable services.

OUR BUSINESS

Listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") Mainboard since 1999, Tiong Woon is a leading integrated heavy lift specialist and service provider, supporting mainly the oil and gas, petrochemical, infrastructure and construction sectors.

Focusing its business in the heavy lifting and haulage segment, the Group possesses its own heavy lifting and haulage equipment, tugboats and barges to broaden its integrated services to its clients. Headquartered in Singapore, the Group has a strong regional presence with establishments in twelve other countries. It is ranked the 17th largest crane-owning company worldwide by the reputable magazine International Cranes and Specialised Transport in its IC50 2019 survey.

Under the strong leadership and far-sighted vision of the Group's management team, Tiong Woon is committed to providing timely, high quality, and safe services to its clients anywhere in the world while operating within clients' budgets.

Figure 1. Tiong Woon's International Presence



COMPANY PROFILE

BUSINESS OVERVIEW

Heavy Lift and Haulage

Tiong Woon provides one-stop solutions in the oil and gas, petrochemical, infrastructure and construction sectors. Specialising in Heavy Lift and Haulage; and Inland Transportation, it offers a wide range of services ranging from the planning and design of heavy lifting and haulage requirements to supporting the execution stage for engineering, procurement and construction (“EPC”) contractors as well as project owners.

Marine Transportation

Tiong Woon provides its tug and barge services for a wide variety of sea transportation projects. Fleets of tugs and barges are available for external charters and to support the Group’s projects in other business segments.

Trading

Tiong Woon is a distributor for KATO crawler cranes in ASEAN countries (except Indonesia) and the exclusive distributor for Zoomlion tower cranes in Singapore.

Besides the sale of new and used equipment, the Group also sells its own Data Logger Brands: model TWDL/6800 for crawler cranes and model Hirschmann DLG/02-01 for mobile cranes. These approved data loggers are able to record key operational parameters and allow crane owners to retrieve and monitor lifting operations.

It also extends its services to undertake storage, parts distribution and after sales services of the equipment.

ABOUT THE REPORT

REPORTING FRAMEWORK

This report has been prepared in accordance with the Global Reporting Initiatives (“GRI”) Standards (2016) – ‘Core’ option. The standard has been selected as a framework for reporting because it offers a standardised approach in disclosing material sustainability matters. We have applied the GRI Reporting Principles for Defining Report Content and Quality throughout the report. Reference has also been drawn from the SGX-ST Practice Note 7.6 in meeting the primary components as set out in the SGX-ST Mainboard Listing Rule 711(B).

REPORTING PERIOD AND SCOPE

Tiong Woon has adopted a phased approach in our sustainability reporting journey. For our second report, we have considered the Group Companies listed in Figure 2 in our scope of reporting unless otherwise stated. The report covers the entities of our business segments in Singapore - heavy lift and haulage, trading and marine transportation segments. As Tiong Woon continues our reporting practices, we will consider expanding our scope to include our overseas operations.

Figure 2. Entities Covered in the Reporting Scope

Country	Group Companies
Singapore 	Tiong Woon Corporation Holding Ltd Tiong Woon Crane & Transport (Pte) Ltd Tiong Woon Crane Pte Ltd Tiong Woon Project & Contracting Pte. Ltd. Tiong Woon Enterprise Pte Ltd Tiong Woon International Pte. Ltd. Tiong Woon Tower Crane Pte. Ltd. Tiong Woon Marine Pte. Ltd. Tiong Woon Offshore Pte. Ltd. TW (Sabah) Pte Ltd Tiong Woon Logistics Pte. Ltd. Tiong Woon China Consortium Pte. Ltd. Tower Crane Services Pte. Ltd. Tiong Woon Crane & Equipment Pte. Ltd.

Unless otherwise stated, the report covers Tiong Woon’s sustainability performance for the period from 1 July 2018 to 30 June 2019 (“FY2019”), with prior year performance (“FY2018”) included for comparative purposes where applicable.

INDEPENDENT ASSURANCE

External assurance has not been sought for this report. We will consider seeking independent assurance as our reporting matures over time.

FEEDBACK

Tiong Woon welcomes feedbacks from all our stakeholders as they are integral to Tiong Woon’s sustainability reporting process. Please address your queries to enquiry@tiongwoon.com as we strive to continually improve our sustainability measures and performances.

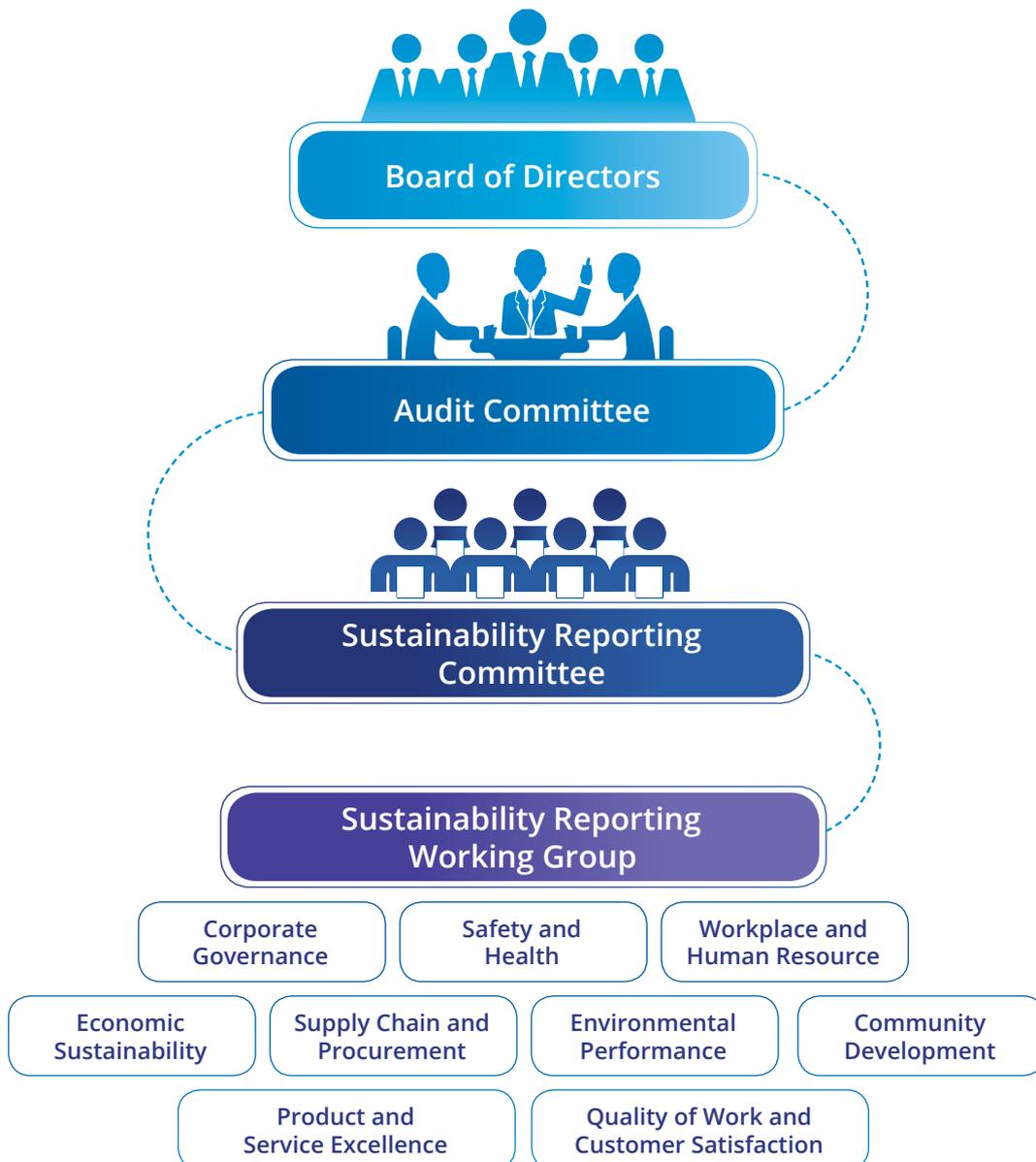
SUSTAINABILITY APPROACH

Tiong Woon believes in expanding our businesses in a sustainable manner. We are committed to conducting business with integrity and to respond effectively to the ever-changing economic, environmental, social and governance (“EESG”) conditions.

SUSTAINABILITY GOVERNANCE

In Tiong Woon, sustainability is integrated in our business and embedded across various roles and functions. The Sustainability Reporting Committee comprising of specific working groups with representatives from across our different businesses executes and reports on the material EESG aspects. The Board and the Audit Committee review and oversee the management, and monitor the material EESG factors of the Group to ensure that sustainability matters are considered as part of its business strategy.

Figure 3. Tiong Woon’s Sustainability Governance Structure



SUSTAINABILITY APPROACH

STAKEHOLDER ENGAGEMENT

At Tiong Woon, we value all our stakeholders and believe that establishing strong and lasting relationships with them is critical for the long-term viability of the Group. Through regular engagements, we are able to identify their key concerns and respond timely to their evolving needs. Our approach towards stakeholder engagements is presented in Figure 4 below:

Figure 4. Stakeholder Engagement

Key Stakeholder Groups	Key Interests	Our Response	Key Engagement Methods	Frequency of Engagement
 Investors	<ul style="list-style-type: none"> Financial and operational performance Good corporate governance Transparency 	<ul style="list-style-type: none"> Provide reliable and relevant information to our investors Cultivate a culture of transparent and timely communication with our investors 	Annual report Annual stakeholders meeting Announcement and circulars Quarterly reports	Annual Annual Regular Quarterly
 Employees	<ul style="list-style-type: none"> Equal opportunities in Tiong Woon Employment benefits Training and development activities Remuneration 	<ul style="list-style-type: none"> Establish a fair and diverse working environment, where all our employees have the same opportunity to grow and achieve their career aspirations Provide competitive remuneration and employment benefits 	Performance appraisal Employee engagement survey Volunteering activities Training and development programs	Annual Annual Bi-annual Regular
 Customers	<ul style="list-style-type: none"> Product and service quality Business ethics Good corporate governance Product and service innovation 	<ul style="list-style-type: none"> Sustain our reputation as a reliable partner for our customers Deliver quality service and meet their expectations 	Customer satisfaction survey Regular meeting and direct communications Company marketing events	Annual Regular Ad-hoc
 Suppliers	<ul style="list-style-type: none"> Business ethics Long term relationship with Tiong Woon Financial and operational performance 	<ul style="list-style-type: none"> Close collaboration with our suppliers to achieve a long, sustainable relationship 	Direct communication and meetings Supplier audit	Regular Annual
 Communities	<ul style="list-style-type: none"> Contribution to local communities Local employment 	<ul style="list-style-type: none"> Contribute to local communities through corporate sustainability programmes 	Corporate sustainability programmes	Ad-hoc
 Regulators	<ul style="list-style-type: none"> Compliance to relevant laws and regulations Environmental impacts of our operations Tiong Woon's economic contribution 	<ul style="list-style-type: none"> Fully compliant with all applicable environmental and socio-economic regulation Contribute to the local economy through local employment and tax payments to the government 	Site visit and audit checks Direct communication and meetings	As and when required As and when required

SUSTAINABILITY APPROACH

MATERIALITY ASSESSMENT

Tiong Woon identifies material sustainability matters as matters that have significant impacts on the Group, our key stakeholders and our external environment. In prioritising the sustainability matters, we conducted a formal materiality assessment workshop in December 2018 with the assistance of an independent sustainability consultant. We adopt a four-step materiality assessment process in Figure 5 below. A total of four material sustainability matters and three other sustainability matters are identified through this assessment. We will continue to review the material sustainability matters on an annual basis to ensure relevance to our business.

Figure 5. Materiality Assessment Process

1. IDENTIFICATION

A comprehensive list of EESG matters was generated through high level peer reviews, media review and series of interviews with key management personnel across departments.

3. VALIDATION

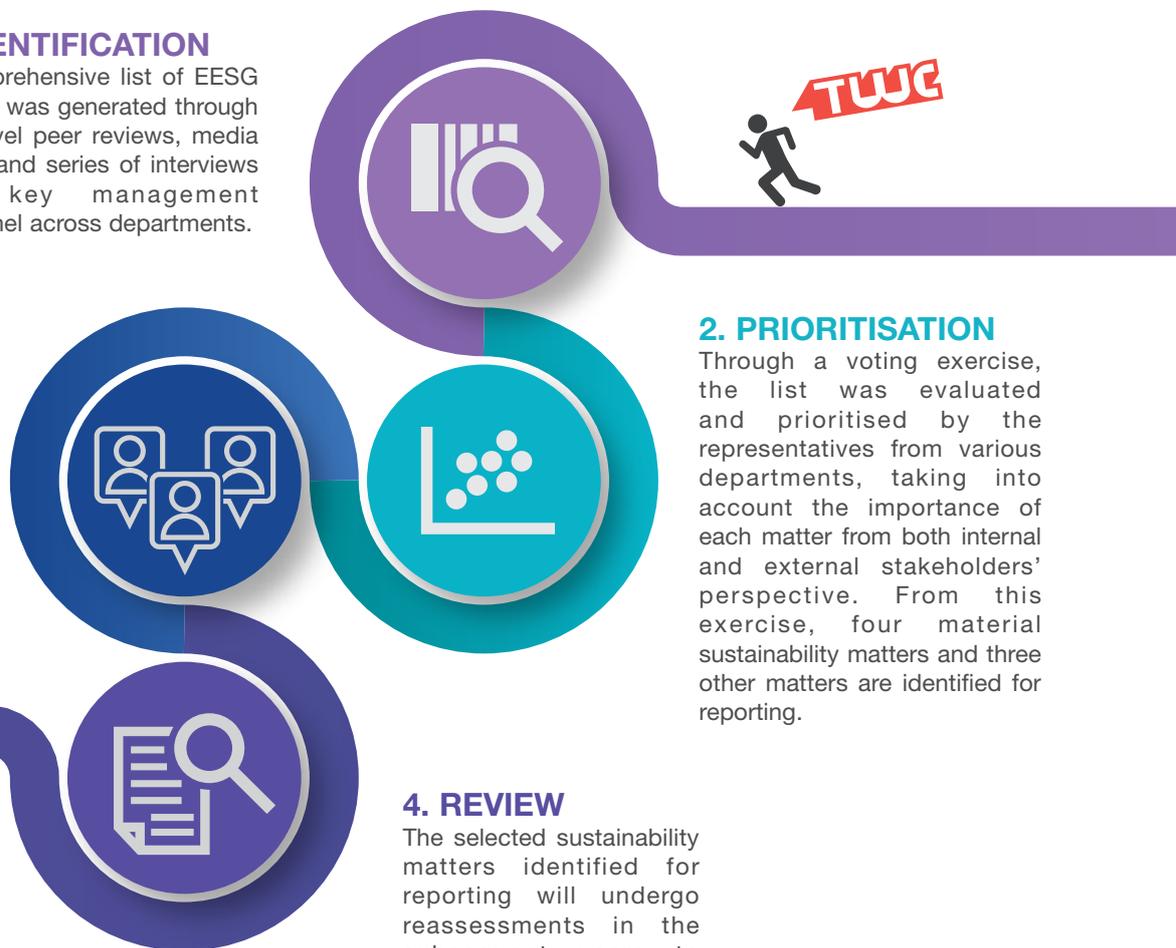
The materiality matrix generated from the voting exercise were validated and approved by the Board.

2. PRIORITISATION

Through a voting exercise, the list was evaluated and prioritised by the representatives from various departments, taking into account the importance of each matter from both internal and external stakeholders' perspective. From this exercise, four material sustainability matters and three other matters are identified for reporting.

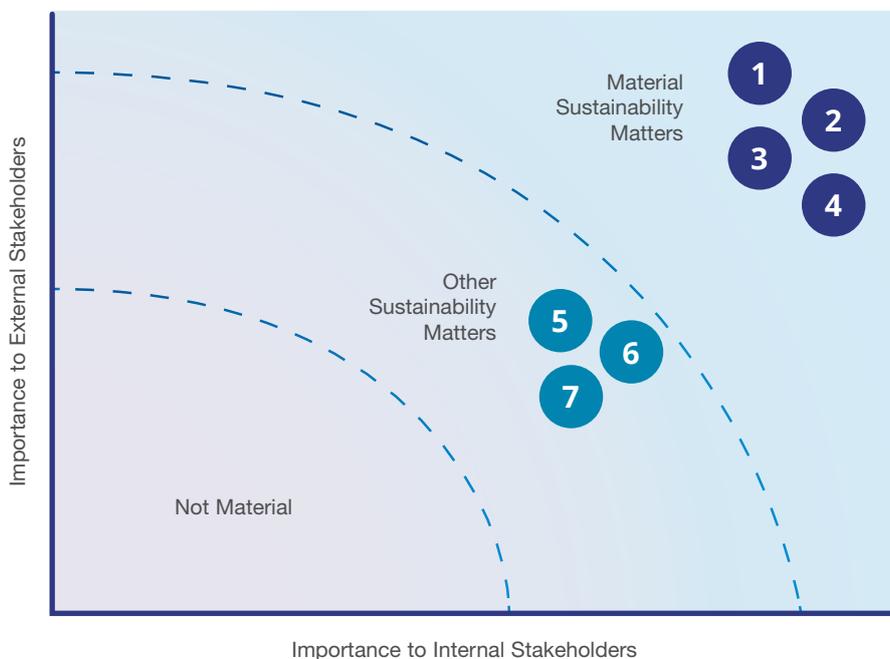
4. REVIEW

The selected sustainability matters identified for reporting will undergo reassessments in the subsequent years to ensure its relevance to Tiong Woon's business operations.



SUSTAINABILITY APPROACH

Figure 6: Tiong Woon’s Materiality Matrix



No.	Matter	Category	GRI Topic Disclosures	Page No.
Material Sustainability Matters				
1	Economic Performance	Economic	GRI 201-1: Direct economic value generated and distributed	10
2	Customer Satisfaction	Social	GRI 102-43: Approach to stakeholder engagement (customer) GRI 102-44: Key concerns of topics raised (customer)	11-12
3	Corporate Governance	Governance	GRI 205-3: Confirmed incidents of corruption and actions taken GRI 307-1: Environmental compliance GRI 419-1: Socioeconomic compliance	9
4	Workplace Health and Safety	Social	GRI 403-2: Types of injury and rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities	13-14
Other Sustainability Matters				
5	Talent Development	Social	GRI 401-1: New employee hires and employee turnover GRI 404-1: Average hours of training per year per employee	15-17
6	Employee Well-Being	Social	GRI 401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees	18
7	Energy Consumption And GHG Emissions	Environment	GRI 302-1: Energy consumption within the organisation GRI 302-3: Energy intensity GRI 305-1: Direct (Scope 1) GHG emission GRI 305-2: Direct (Scope 2) GHG emission GRI 305-4: GHG emissions intensity	19-20

CREATING SUSTAINABLE GROWTH

CORPORATE GOVERNANCE

Apart from being a mandatory requirement for SGX-listed companies, upholding high standards of corporate governance, ensuring the sustainability of our business, and maximising the value of our stakeholders are of great importance to Tiong Woon. We understand that any breaches of business ethics and non-compliance to the laws and regulations can affect the Group's reputation, revocation of our licenses and imposition of penalties. The steadfast commitment towards corporate governance is reflected across Tiong Woon's operations and in our interactions with suppliers and customers.

Corporate Governance Policies and Initiatives

Tiong Woon strives to sustain a business that strictly adheres to the most efficient and compliant of corporate governance practices. Hence, over the years, our Group established specific policies and procedures that help align its business activities.

Figure 7. Corporate Governance Policies and Procedures

Policies/Procedures	Description
Whistleblowing Policy	Outlines the procedures to raise any identified cases of fraud, corruption, or other dishonest practices in the workplace.
Employee Code of Ethics	Provides guidelines for employees to be rightfully committed to the Group's various business dealings, such as safeguarding confidential information, appropriate workplace mannerisms, avoiding or handling conflicts of interests, ethical use of company property and responsible social networking.
Employee Code of Conduct	Sets out the standard of conduct and performance for all employees as well as the appropriate corrective actions for any breaches of the standard.

To facilitate the effective management of the aforementioned policies, the Audit Committee is actively engaged and plays a vital role in ensuring good corporate governance within the Group. Regular sessions are conducted to ensure that new employees keep abreast of these policies. In addition, all employees are briefed on the business code of conduct upon joining the company during the orientation programme.

Our Targets And Performance

In FY2019, we have met our targets of zero confirmed incidents of corruptions and zero confirmed incidents of non-compliance with applicable environmental and socioeconomic laws and regulations.

Perpetual Targets	Performance For FY2019
Zero confirmed incidents of corruption	 Achieved
Zero confirmed incidents of non-compliance with applicable environmental and socioeconomic laws and regulations	 Achieved

CREATING SUSTAINABLE GROWTH

ECONOMIC PERFORMANCE

Economic performance is imperative for the Group. Ensuring continued sustainable growth remains a key focus by the Group. In Tiong Woon, we constantly look for new opportunities to grow our business and provide positive financial returns to all our shareholders. We also recognise our role as a key player in developing the local economy. Our economic footprint has direct and indirect impacts to the countries where we operate in.

Economic Performance Policies and Initiatives

We recognise the importance to stay ahead of the competition by responding effectively to the challenging business environment. By focusing more on its core business, the Group is able to consolidate its resources and streamline its businesses to stay competitive in the industry.

To explore new business opportunities, the Group strives to venture its business into new markets. This provides avenues to gain market share and increase revenues. With the Group's global network and business presence, Tiong Woon remains focused to drive growth, improve profitability and enhance stakeholders' value.

Economic Targets and Performance

In FY2019, the Group's economic value generated¹ amounted to \$117.2 million as compared to \$97.7 million in the previous year. The growth was due to improved market conditions and our efforts taken to focus on our core business. Despite challenging and competitive business environment, the Group will continue to upgrade its fleets' capacity and explore ways to be more efficient by providing integrated solutions for its clients. Tiong Woon is committed to create and distribute economic value across our operations. A total of \$113.7 million of economic value was distributed² through various forms including taxes to the government, purchases from suppliers, compensations to employees and investments to communities. This represents a 15% increase in economic value distributed between FY2018 and FY2019.

Full details of the Group's financial information can be found in Annual Report FY2019.

Case Study: Tiong Woon Corporate Social Responsibility

Tiong Woon believes that through our actions, we can raise the overall awareness of social responsibility and good corporate citizenship. In FY2019, Tiong Woon conducted our long-standing corporate responsibility programmes through several key initiatives. We expanded our 'TWC Green Initiatives' programme by carrying out tree planting activities within our company premises. In addition, we organised performances and games for the older folks and made contributions to Ren Ci Nursing Home. We also ran Food Donation Drives and delivered food bundles to needy families. We will continue working with more local communities on various welfare programmes in the future.



¹ Economic value generated is the revenue of the the Group's operations in Singapore and overseas subsidiaries during the reporting period. The full list of our operations can be found on page 3 of Annual Report FY2019.

² Economic value distributed as defined by GRI is the sum of operating costs, employee wages and benefits, payments to providers of capital, payments to government by country and community investments.

HIGH QUALITY AND SAFE SERVICES

Our Core Values summarise the essential elements of our commitment to excellent customer service. To deliver high quality and safe services, we recognise the importance of implementing effective quality control system, adhering to rigorous workplace health and safety standards and developing well-trained, capable workforce.

Figure 8. Tiong Woon's Core Values



EFFECTIVE QUALITY CONTROL SYSTEM

Quality Control Policies and Procedures

The Group has put in place a Quality Policy, which encompasses a thorough Quality Manual to manage and support our operations in meeting the needs and expectations of our customers. This policy covers all operations in Singapore and is overseen by the Quality Committee, headed by the Deputy Chief Executive Officer. This committee holds monthly meetings to review quality performance to ensure any issues will be addressed timely.

At every step of a typical engagement, the Group takes extra care to fulfil our commitment to quality. Upon receipt of an engagement request, our sales staff ensure that the customers are matched to the right service. A formal project proposal is provided after a throughout site visit and assessment by our technical sales staff. During this process, sales staff can leverage on the integrated nature of our service offerings to deliver a comprehensive solution to the project for our clients.

During the execution of a project, we take great care to avoid equipment breakdown as it results in costly project delay. We ensure that the operators and technicians working on site are competent for the job. Besides compulsory equipment familiarity training, the operators have direct communication channel for ongoing technical support from head office.

In the unfortunate case of equipment malfunction, Tiong Woon is committed that the technical team will be mobilised immediately for operation recovery. Subsequently, a root cause analysis is conducted to ensure that the same issue does not occur again.

As a reflection of our commitment to deliver quality service for our customer, the Group's Quality Management System is ISO 9001:2015 certified.

HIGH QUALITY AND SAFE SERVICES

Our Targets and Performance

To monitor service excellence, we conducted a customer satisfaction survey which was sent out to 29 randomly selected clients. The survey covered five services offered by the Group and several assessment criterias such as equipment reliability, response time and punctuality. The feedback was consolidated and reviewed, with appropriate actions taken to further improve our service. The survey results pertaining to the Group's business services are presented in Figure 9.

Figure 9. Results from Customer Survey Analysis

Services	Average Satisfaction Level - Scale from 1 (poor) to 5 (excellent)	
	FY2018	FY2019
Crane Services	3.5	3.7
Transport Services	3.3	3.6
Support Services (Marking and Technical)	3.8	3.7
Support Services (Field Operation)	3.5	3.7
Customer Service	3.7	3.6

Overall, the Group achieved a customer satisfaction rating of 69.6% in FY2019. This was a slight decrease from the customer satisfaction rating of 71.1% in FY2018. Despite the decrease in the overall customer satisfaction rating, 96% of our customers indicated that they would recommend our services to others. This demonstrates the high confidence that our customers have on our services. Moving forward, the Group will continue to monitor and improve our customer service standards to ensure continued business with our valued customers. Figure 10 outlines the improvement plan that we identified from the customers satisfaction surveys.

Figure 10. Improvement Plan

Aspect	Improvement plan
Equipment reliability	We intend to increase our equipment reliability by: <ul style="list-style-type: none"> • focusing on preventive maintenance • ensuring the right operators are handling the equipment • providing alternative solutions for our customers in case of crane breakdown
Service outsourcing	When working with external subcontractors, we will ensure: <ul style="list-style-type: none"> • a more stringent selection process to maintain high level service quality for our clients • contingency plans are in place in the case that subcontractors are unable to fulfil their services
Customer expectations	We will take steps towards managing our customer satisfaction by: <ul style="list-style-type: none"> • ensuring that all parties are able to fulfil their contractual obligations • working on a mutually beneficial schedule

Perpetual Target	Performance For FY2019
48-hour response time for equipment breakdown	 Achieved

HIGH QUALITY AND SAFE SERVICES

RIGOROUS HEALTH AND SAFETY STANDARDS

Health and Safety Policies and Procedures

It is important to provide a safe and healthy environment for our employees. A conducive working environment will not only boost employees' morale but also increase the overall workforce's productivity and efficiency. Additionally, breaches in safety can result in a diminished ability for the Group to provide high quality of services to our client which have a material value on our economic performance.

Tiong Woon establishes a group level Health, Safety and Environment ("HSE") Policy which undergoes an annual review. We have also attained an Occupational Health and Safety Assessment System 18001:2007 and bizSAFE Level Star certifications, reflecting our strong commitment in providing a safe working environment for all employees.

For our marine operation, we have a separate Quality, Health, Safety and Environment ("QHSE") Policy and QHSE Management System to address safety hazards at sea. Our employees are required to obtain all necessary certifications such as ship firefighting and piracy mitigation prior to work assignment to ensure they are well equipped to work in risky maritime operations. Our system is compliant with local and international maritime law.

To monitor and track HSE performance as well as to oversee the implementation of HSE programmes, a dedicated HSE committee has been set up at the group-level. This committee consists of representatives from the Group's subsidiaries and projects.

Regular safety programmes such as regular toolbox meetings, campaigns, and emergency fire drills are conducted throughout the year. A safety training matrix has been maintained to ensure that relevant employees are equipped with essential safety skills and knowledge. Tiong Woon also organises bi-monthly management walkabouts to monitor and assess any safety-related hazards.

Independent audit is performed on regular basis to evaluate the effectiveness of our policies and management system. We have also undertaken several internal audits at our operations in Singapore during this reporting period.

Health and Safety Targets and Performance

Our health and safety performance report is prepared annually and in accordance with calendar year to align with the reporting requirement to the Ministry of Manpower Singapore. For sustainability reporting purpose, we have also provided an interim health and safety performance data from January to June 2019 to provide insight on the most recent health and safety performance.

Despite our efforts in maintaining a safe working environment for our workers, we encountered 3 cases of injuries between January to June 2019. This was a reduction compared to the 9 cases which occurred between January to June 2018. Based on incident investigation, it was due to the improper use of tools that resulted in injuries. Upon receipt of information about these injuries, a work time-out was ordered to investigate the cause of the injuries. To prevent the re-occurrence of injuries resulting from improper use of tools, a safe work procedure and risk assessment briefing was conducted for the employees working with the said tools.

We recorded an overall injury rate of 9.2 in 2018 and 2.5 in the first half of 2019. The detail of our HSE performance is presented in Figure 11 below.

HIGH QUALITY AND SAFE SERVICES

Figure 11. Workplace Health and Safety Performance

Category	2017			2018			2019 ³		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Number of Injuries	14	1	15	15	0.0	15	3	0.0	3
Injury Rate ⁴	10.3	6.8	9.9	10.2	0.0	9.2	2.8	0.0	2.5
Lost day rate ⁵	284	205	276	199	0.0	180	6	0.0	5
Absentee Rate ⁶	0.44%	1.32%	0.52%	0.46%	1.09%	0.52%	0.39%	0.65%	0.41%

Perpetual Target

Zero cases of work-related fatalities

Performance For FY2019

 Achieved

Case Study: Promoting Safe Work Culture

Through regular safety events and training, we strengthen the safety culture in the Group by reinforcing the importance of workers' compliance with our HSE policies and safe work procedures and equipping them with the right skills and expertise to perform their jobs safely.



Crane Safety Campaigns

In collaboration with Shell, we conducted Crane Safety Campaign at Pulau Bukom facility in June 2019. The campaign raised workers' awareness on the safety risks associated with the lifting of crane counterweights onto the trailer. It was supplemented with a live demonstration on safe work procedures to prevent potential incidents and injuries from the activity.

In-house Mobile Crane Simulator Training

In FY2019, we conducted in-house simulator training for our mobile crane operators. The training included simulations on handling different cargoes and lifting gears, assessing safety hazards, as well as handling multiple emergency scenarios. The training enables us to develop our operators' technical capabilities while at the same time prevent incidents and injuries that may occur from training on the real crane.



³ The HSE data in 2019 covers Tiong Woon's HSE performance from 1 January 2019 to 30 June 2019.

⁴ Injury rate refers to the number of work-related incidents per million manhours worked.

⁵ Lost day rate refers to the number of days lost for every million hours worked.

⁶ Absentee rate refers to number of days lost due to incapacity of any kind, not just as the result of work-related injury or disease, which expressed with the proportion to the total days scheduled to be worked.

HIGH QUALITY AND SAFE SERVICES

WELL-TRAINED AND CAPABLE WORKFORCE

Talent Development Policies and Procedures

Our people are our greatest assets. A well-trained workforce plays a key role in distinguishing our services from the competition. Tiong Woon is committed to investing the professional development of our employees to ensure they can contribute to the long-term success of the Group.

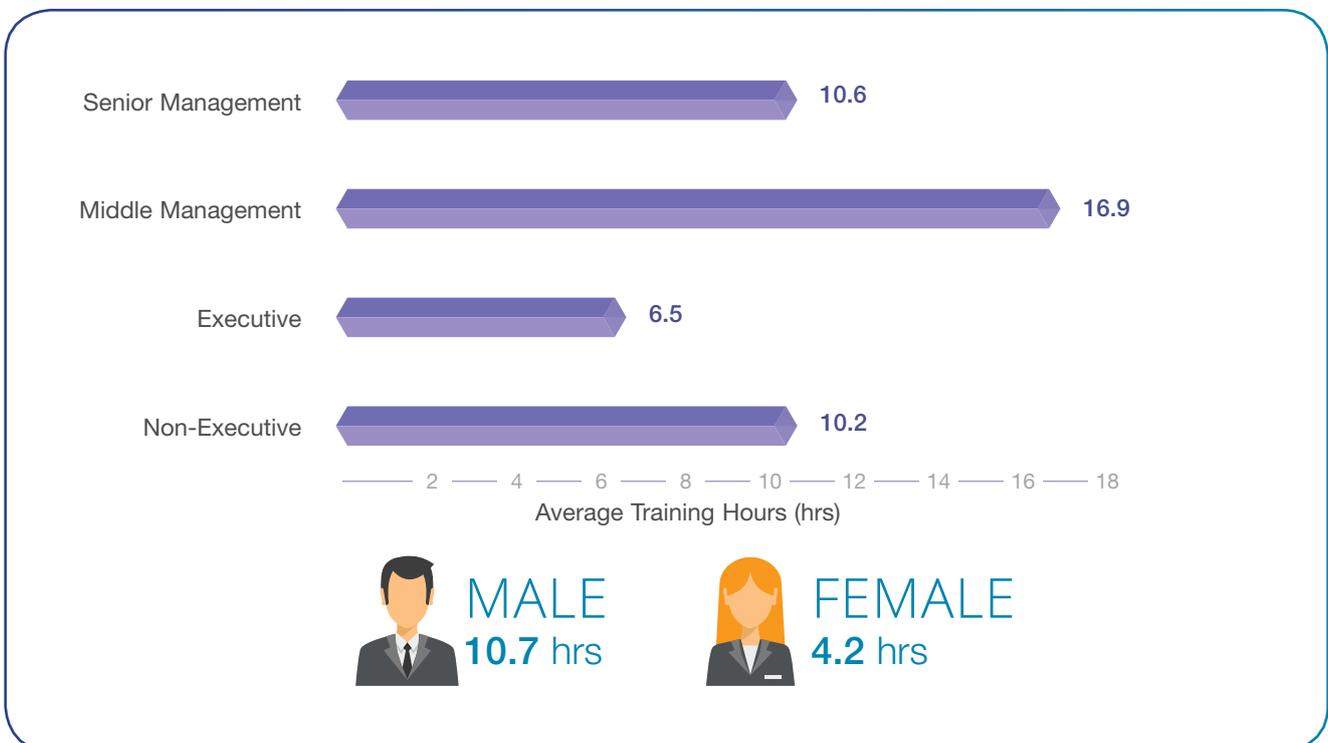
The Group has established several in-house and external training programmes. In addition to the focus on safety procedures, these training programmes cover soft skills such as customer service training and technical training on our products. For new joiners or less experienced workers, Tiong Woon also provides mentorship programmes to help them accelerate their learning process.

Annual performance appraisals are conducted to assess employees' performance. A face-to-face meeting will be held between employees and their respective head of departments to discuss their job performance, including the areas of responsibilities and improvements. This process is guided by the performance management procedure adopted by the Group.

Training Target and Performance

In FY2019, the Group recorded a total of 6,926 training hours, averaging 10.1 training hours per employee. The breakdown of average training hours by employee category⁷ is presented in Figure 12 below.

Figure 12. Average Training Hours per Employee in FY2019, by Gender and Employment Category



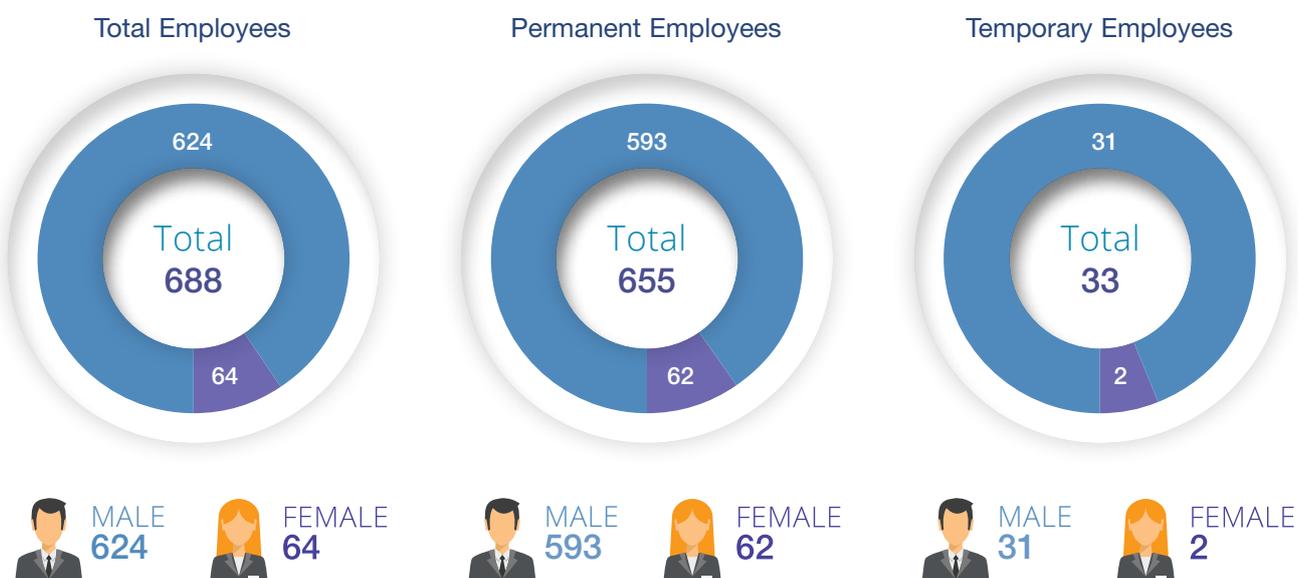
⁷ For employee categories, senior management refers to C-Suite, middle management refers to managers, executive refers to professionals such as engineers and accountants; and non-executive refers to the rest of the permanent staff.

CULTIVATING RELATIONSHIP WITH OUR PEOPLE

EMPLOYEES PROFILE

In FY2019, we have a total of 688 employees across our operations in Singapore. All our workers were hired on a full-time basis and more than 95% of the workers were hired on permanent contract. Tiong Woon has a notably higher proportion of male employees (90%) as compared to the female employees (10%) due to the nature of our business. The detailed profile of our employees is shown in Figure 13 below.

Figure 13. Employees Profile in FY2019



Tiong Woon embraces an inclusive working environment where employees from different age groups, educational backgrounds and ethnicities have equal opportunities to grow. We believe that workforce diversity is vital to foster creative thinking, which will help the Group embrace a challenging business climate. The employees’ demographics are presented in Figures 14 and 15 below.

Figure 14. Racial Diversity

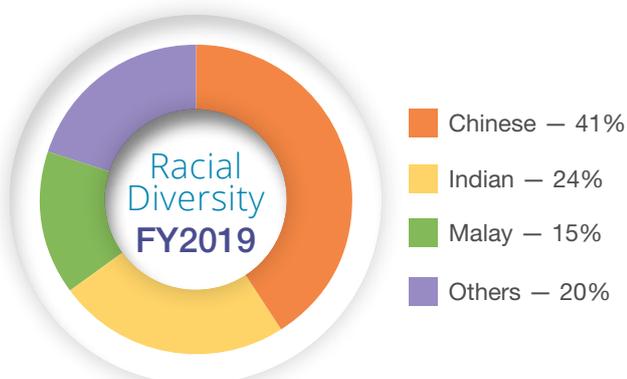
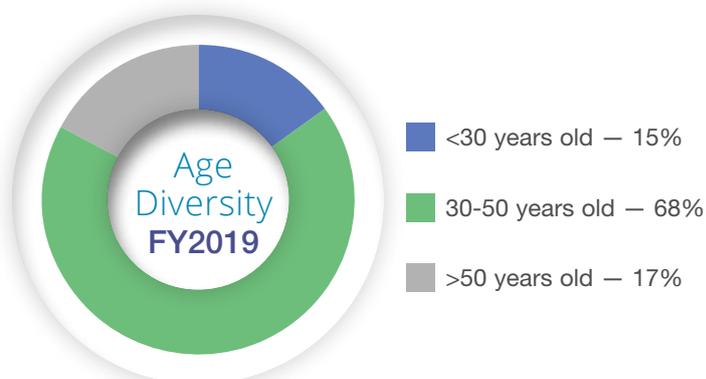


Figure 15. Age Diversity



CULTIVATING RELATIONSHIP WITH OUR PEOPLE

In this reporting period, we recorded 182 new hires⁸ in Singapore, reflecting a 27.79% overall new hires rate. The Group also recorded a 15.88% turnover rate this reporting period. Most of our turnovers came from non-executive staffs in our organisation. The breakdown of Tiong Woon's new hire rate and turnover rate are presented in Figures 16 and 17 below.

Figure 16. New Hire Rate, by Employment Category and Age Group

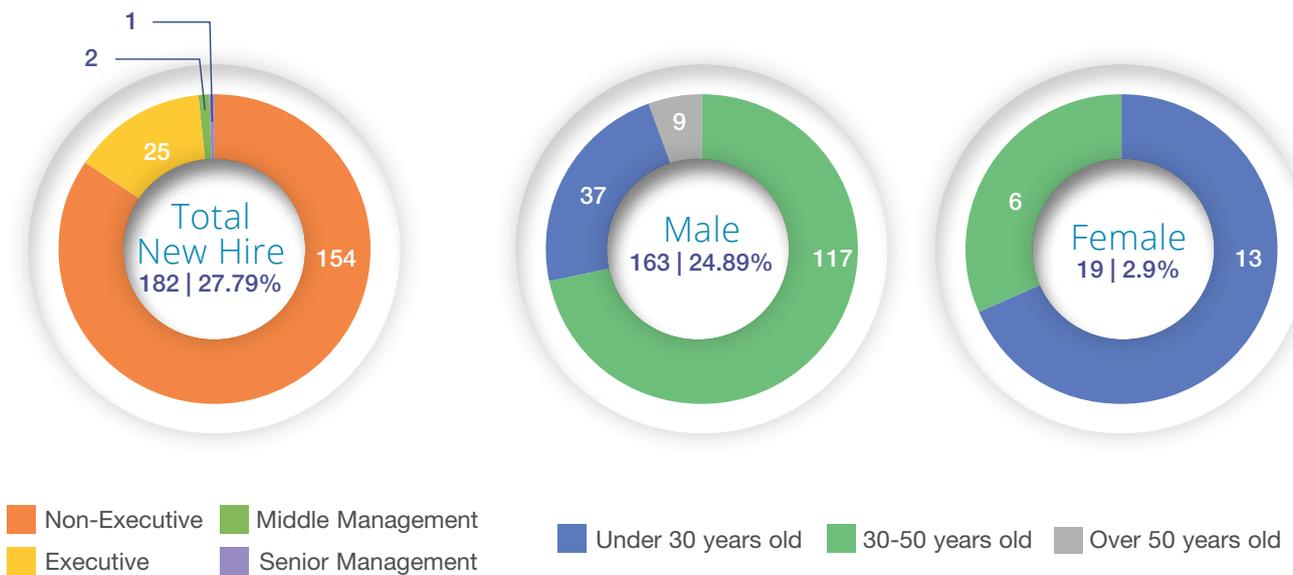
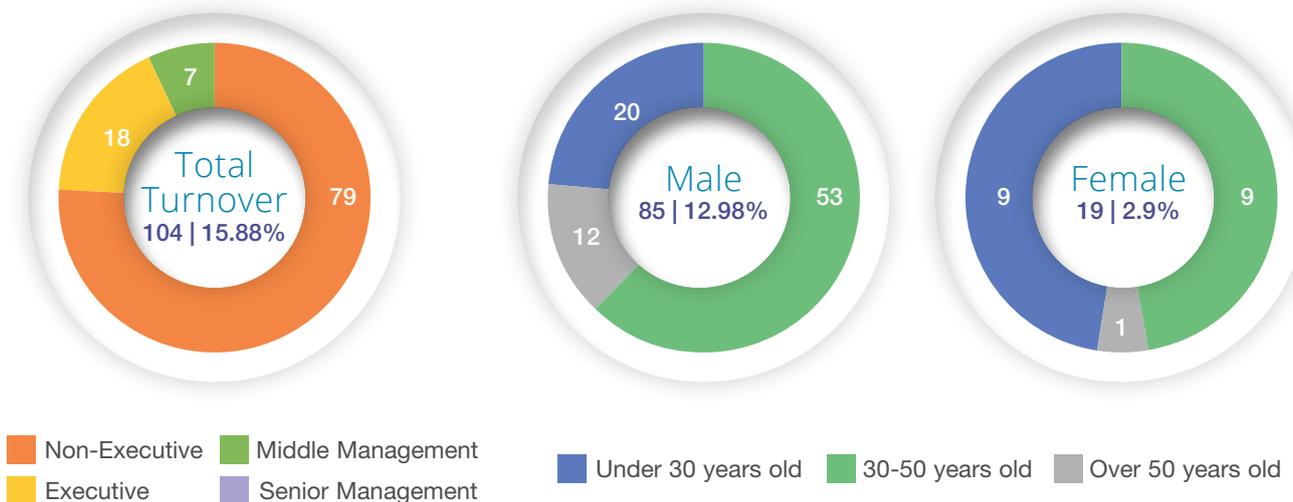


Figure 17. Turnover Rate, by Employment Category and by Gender and Age Group



⁸ The number of new hires and turnover presented in this section only covers our permanent employees.

CULTIVATING RELATIONSHIP WITH OUR PEOPLE

EMPLOYEE WELL-BEING

We believe that there is a direct correlation between employee retention and enhanced productivity. As such, the Group takes extensive steps towards ensuring the overall health and well-being of our workforce and providing competitive employment benefits.

Employee Well-Being Policies and Initiatives

Our employment benefits and welfare are outlined in the Group's Human Resources manual. All employees are covered with health care benefits such as hospitalisation and surgical insurance plan, critical illness insurance plan, medical care and dental care. Personal Accident Insurance Policy and Workmen Compensation Policies with disability/invalidity coverage are also provided. All our staffs are entitled to various leaves such as annual, childcare, compassionate, marriage and examination leaves.

To promote the overall well-being of our employees and raise awareness on the topic, Tiong Woon has set up a fitness and wellness club which organises various recreation activities. Employees can exercise regularly at our gym facilities and class studios. In addition, a recreation lounge with karaoke system is created for employees to relax and promote team bonding.

Employee Engagement

The continuous and direct engagement is our key strategy towards improving the employees' satisfaction. In 2019, the Group conducted employee surveys that covered a wide range of area of concerns, including team work, information sharing, relationship with superior, work and life balance, job passion and fairness at work. The Group also conducts town hall biannually to share with employees on the result of these surveys and progress on management action plan to address the feedbacks.

The Group organised a separate employee engagement session for our employees working at Pulau Bukom due to the remote location. The session focused on understanding any issues that have a direct impact of their well-being while working on the island. One of the initiatives resulted from this discussion was the replacement of water filters to improve the quality of drinking water for our employees at the island. Besides collecting timely feedback on quality of working environment, the engagement encouraged open communication where all concerns would be heard and acted upon.

Figure 18. Pictures from Tiong Woon's Biannual Employee Town Hall (Left) and Pulau Bukom Employee Engagement (Right)



CARING FOR THE ENVIRONMENT

ENERGY EFFICIENCY AND GREENHOUSE GAS (“GHG”) EMISSIONS

Energy efficiency plays a key role in our effort in reducing our environmental footprint. It also contributes to the profitability of the Group by lowering our operating costs. Tiong Woon embarks on a phased approach to manage our energy consumption and environmental impacts.

Energy Efficiency Policies and Initiatives

The Group’s energy consumption includes the usage of diesel and Marine Gas Oil (“MGO”) for fuel as well as electricity from the grid.

The fuel consumption is for heavy lift and haulage equipment, tugboats, barges, and other supporting vehicles. The electricity consumption covers usage at our Singapore properties including our tenants’ activities, workshop and offices, workers’ dormitory and jetty.

The Group has implemented several initiatives to improve our fuel efficiency such as gradually replacing our equipment with Euro 6 diesel engines⁹, performing regular maintenance to optimise vehicles’ fuel efficiency, switching to more environmentally friendly fuels and educating operators on fuel efficiency behaviors.

To reduce electricity consumption, several meters are installed to give better insight into the consumption patterns at the compounds. The input allows our Estate Management Team to track the energy consumption regularly for any irregularities.

Energy Targets and Performance

The Group consumed a total of 61,756 GJ¹⁰ of fuel and 1,494 MWh of electricity (5,378 GJ of electrical energy). We saw significant reductions on the Group’s direct energy intensity from fuel¹¹ (Figure 19) by 19% from 1.15 MJ per SGD to 0.7 MJ per SGD. In addition, we saw the direct electrical energy (Figure 20) intensity¹² reduced by 11% from 0.0242 kWh per SGD to 0.017 kWh per SGD.

Tiong Woon’s fuel consumption and direct (Scope 1) GHG emissions are presented in Figure 19 below. The decrease in fuel consumption was the result of a significant decrease in consumption of MGO between FY2018 and FY2019. This can be attributed to a greater proportion of time charter jobs for our fleet where the purchase of MGO is carried out by our clients. As such, fuel use for these jobs are not within our scope. Tiong Woon’s electricity consumption and indirect (Scope 2) GHG emissions are presented in Figure 20. The electricity consumption remained steady during this period despite the increase in the operational activity of the Group. This is because the Group’s activities are typically conducted away from our properties.

⁹ Euro 6 refers to engines that have been certified as meeting an emissions standard as defined by the European Union (EU). Euro 6 engines are 5% more fuel efficient compared to Euro 5 engines.

¹⁰ The total energy consumption is expressed in Gigajoules (“GJ”), a unit of energy. The energy is derived from the quantity of fuel, density and the net calorific value of the specific fuel. Net calorific value of diesel is 43 Gigajoules/Tonnes (IPCC 2006). Net calorific value of MGO is 42.65 Gigajoules/Tonnes (EU 2005).

¹¹ The direct energy from fuel intensity is calculated by dividing the total direct energy consumption from fuels over the revenue of operations in Singapore. The energy intensity is expressed in Megajoules (“MJ”) per SGD.

¹² The direct electrical energy intensity is calculated by dividing the total electricity consumption over the revenue of operations in Singapore. The direct electrical intensity is expressed in kilowatt hour (“kWh”) per SGD.

CARING FOR THE ENVIRONMENT

Figure 19. Direct Energy Consumption and Intensity from Fuels, and Direct (Scope 1) GHG Emissions and Intensity

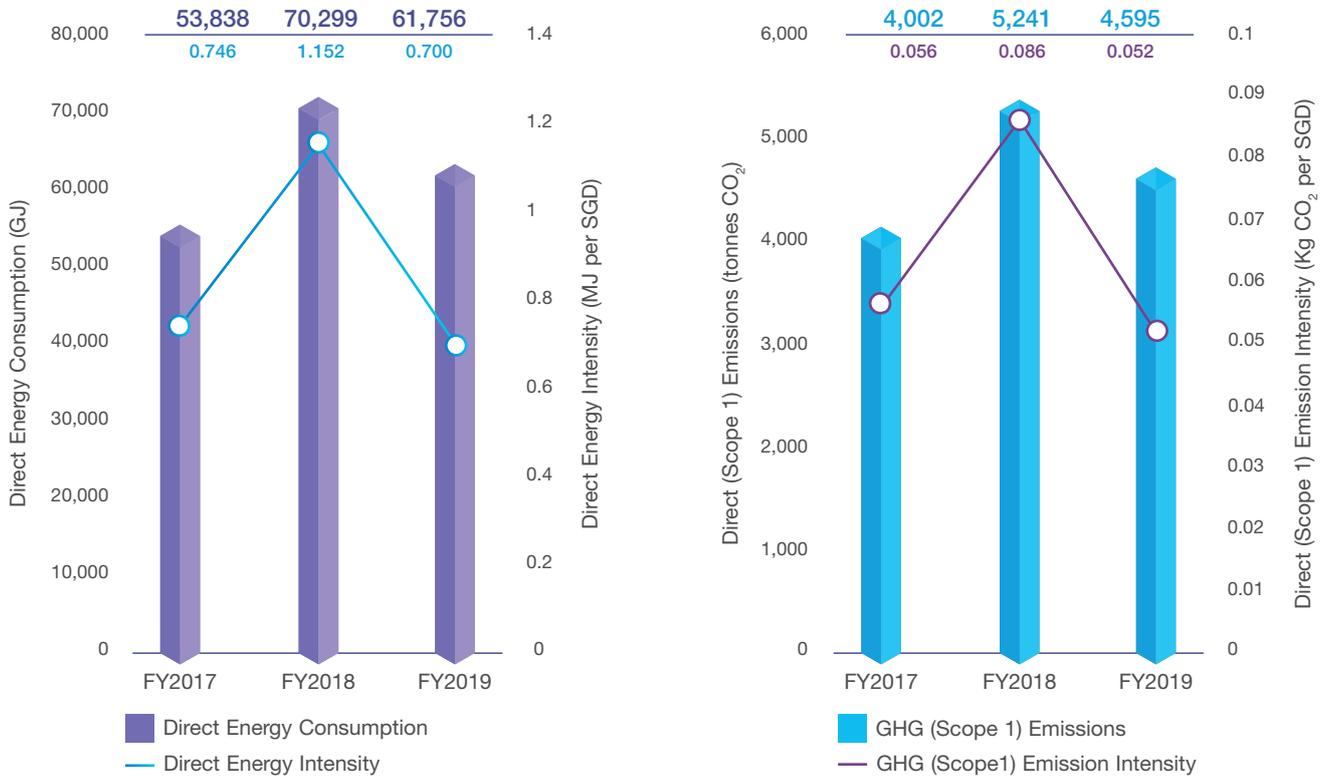
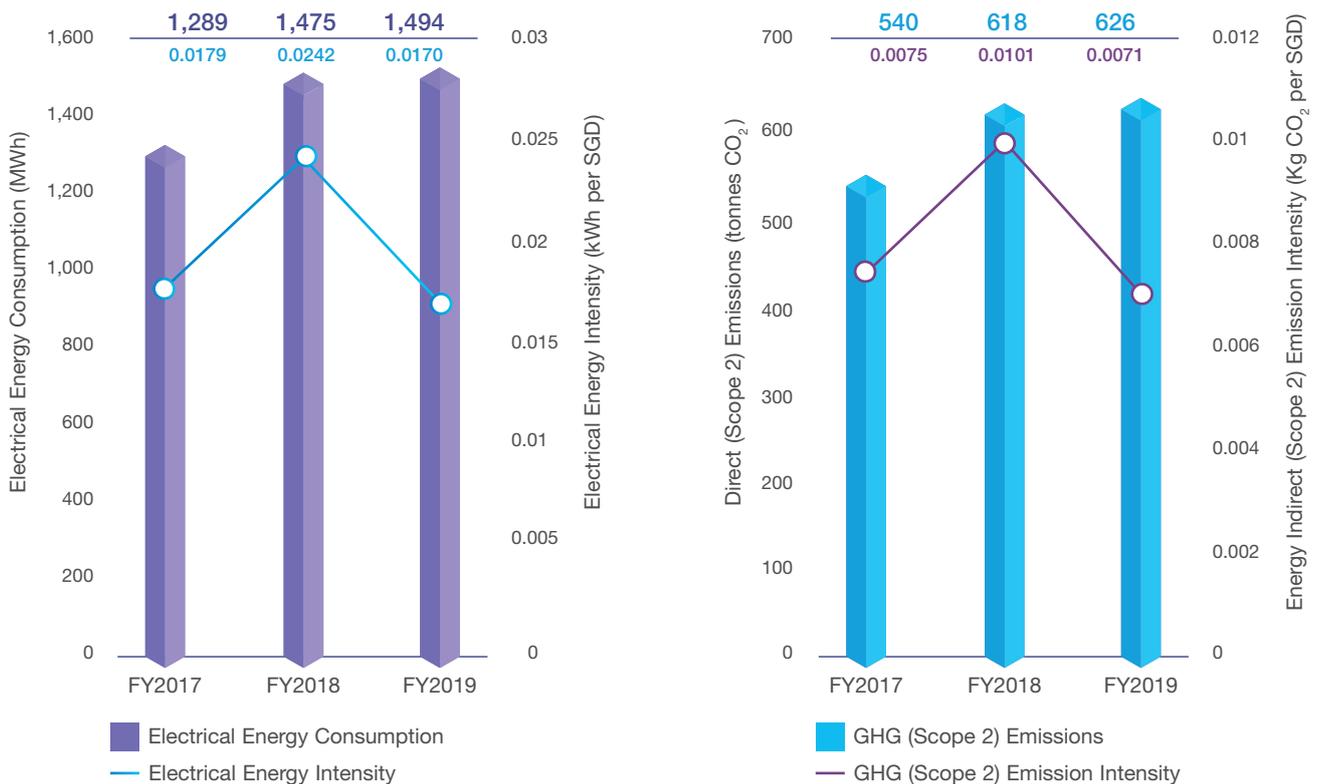


Figure 20. Direct Electrical Energy Consumption and Intensity, and Indirect (Scope 2) GHG Emissions and Intensity



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