

# INDIGO STAR HOLDINGS LIMITED 靛藍星控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8373

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019



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# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## OVERVIEW

In accordance with the requirements of The Stock Exchange of Hong Kong Limited (“HKEx”), listed companies are required to provide an Environmental, Social and Governance Report (“ESG Report”). This ESG Report is compiled in accordance with the standards laid down in Appendix 20 Environmental, Social and Governance Reporting Guide (the “Reporting Guide”) of the Rules Governing the Listing of Securities on GEM of HKEx, for the period from 1 January 2019 to 31 December 2019 (the “Reporting Period”).

Indigo Star Holdings Limited (the “Company”) is an investment holding company and mainly engaged in the building construction business in Singapore through two of its wholly owned subsidiaries, Interno Engineering (1996) Pte. Ltd. and Interno Construction Pte. Ltd. (“Internos” and together with the Company, the “Group”). Internos primarily act as subcontractors or main contractors of major renown developers mainly engaged in formwork, steel reinforcement and concreting work of various contract sums and complexities. In addition, Internos undertake various other building construction works of various contract sums within its manpower and technicality permits and contractor registration level. Internos also act as main contractors in subcontracting some of their contract works to various subcontractors where necessary to meet market demands and client needs.

The Group is satisfied with its overall performance and achievements during the Reporting Period. Key ESG policies remain largely the same as before. Modifications and adjustments are made where necessary to cope with changes in operational needs or market requirements. During the Reporting Period, Internos have been able to acquire sufficient contracts in hand and foresee no major problem to sustain its business operation. Key policies relating to concerns covered by this ESG Report are summarized below:

1. Interno Engineering (1996) Pte. Ltd. continues to be a General Building (C1) and Civil Engineering (C1) Contractor registered with the Building and Construction Authority of Singapore. Internos are committed to being successful operators in their business operations, bringing returns to the Group’s investors and supporters, giving a healthy and safe working environment to our employees and helping to provide sustainable development for the communities and the Group.
2. It is the business goal and dedicated commitment of the Group to achieve a higher level of contractor registration with the Building and Construction Authority of Singapore. This higher registration level has a more stringent requirement in areas like contract sum, technical and engineering competency, safety performance, etc. than the present level which Internos hold. The board of directors (the “Board”) and the management team (the “Management Team”) of the Company in Singapore are fully aware of this goal and are committed to achieving this.
3. The Board has approved the latest strategies and policies which have incorporated the related environmental and social issues contained in the Reporting Guide. The Board through the Management Team has assigned the various operational heads to implement its policies and strategies. Through their established and routine work channels, operational heads report directly to the Management Team which has the overall responsibility to ensure that the Board’s approved strategies and policies are implemented.
4. It is incumbent on the Management Team to examine and address all the environmental and social issues spelt out in the aspects and areas in the Reporting Guide. They are duty bound to explore, develop and review Key Performance Indicators (“KPIs”) where appropriate and necessary for future reference and action in line with the operational policies and business goals of the Group.

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## (A) ENVIRONMENTAL ASPECTS

Singapore has a very stringent statutory control regime on the various matters which are covered by the ESG Report. Our Group, in order to develop a sustainable business and strive for a higher level of contractor registration, undertakes initiatives to engage in, promote and undertake environmental protection and social responsibilities.

Of all the topics involved in the ESG Report, only Internos' business operations in the Group are likely to have more related implications arising from the ESG Report.

On the whole, the Group takes on an active role to ensure a sustainable and environmentally-friendly production and operating process by taking all practicable and possible measures to comply with the relevant national laws and regulations. The Group actively assumes social responsibilities to reduce pollution by setting reasonably practicable objectives. Internos translate this policy into achievable goals during the planning, design and production stages of their construction projects. The Group takes all measures to ensure that there is no breach of national legal requirements which are our minimum standard.

### A1: Emissions

#### (a) Policy

Most of the Group operations do not produce air emissions which have a significant impact on the Group and environment. Internos are the only subsidiaries which generate air emissions but by virtue of its relatively clean operating processes in formwork, steel reinforcement and concreting, only insignificant amount of exhaust is produced from diesel generators in the construction sites on a temporary or interim basis when city power supply is not available. Off the construction sites, the fleet of specialized trucks using diesel as fuel during transporting construction materials to and from the construction sites is the only source of direct hazardous and non-hazardous greenhouse gas emissions. As a responsible corporation, our environmental policies stipulate that the Group must abide by all the local environmental laws and regulations and is committed to environmental protection, pollution prevention and minimization. The Group has taken measures to minimize the adverse impacts on and to prevent pollution to the environment and to be energy and other resources usage efficient. The main measures for offices and construction sites are summarized below:

Offices:	Construction sites:
<ul style="list-style-type: none"> <li>switch-off electrical appliances when they are not used or needed;</li> <li>choose electrical appliances and light bulbs with energy saving capabilities;</li> <li>support "Energy charter on Indoor Temperature" by maintaining an appropriate temperature to reduce energy consumption;</li> <li>conduct regular energy consumption check.</li> </ul>	<ul style="list-style-type: none"> <li>turn-off the trucks, cranes and generators when they are not used or needed;</li> <li>use solar energy whenever possible;</li> <li>choose electrical appliances and light bulbs with energy saving capabilities;</li> <li>conduct regular energy consumption check.</li> </ul>

#### (b) Compliance with Relevant Laws that have Significant Impact

There is a stringent national control regime on hazardous and non-hazardous air emission, effluent discharge and disposal of wastes from the construction sites to the environment. The site emissions and discharges are subject to constant and unannounced site inspections and surveillance of various government departments. The efficacy of control measures is subject to constant and virtually real time monitoring on site by using modern sophisticated equipment. Any adverse results or warning alarms will receive immediate attention of the site staff. Consequential reviews by different management levels to cope with areas warranting attention and action are undertaken in progress meetings. The Group's dedication and diligence in compliance results in no breach or offence spotted by the law enforcing departments on pollution control and emissions.

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As a guiding rule and principle, production materials used by Internos are carefully estimated and calculated by competent and experienced professionals during the planning and design stages. Close supervision is exercised in the production stage to minimize unnecessary wastage and achieve cost saving.

All liquid wastes from the construction sites are treated to meet the statutory standard as stipulated by the Environmental Agency before being discharged. Discharge rates and emission amounts are different and vary owing to the difference in site size, fluctuations in technical constraints, variations in progress and completion phases of individual projects. Performance of Internos on pollution control in these areas has not given rise to any serious concern from the Group or government departments. No breach of statutory requirements or penalties have been recorded in the Reporting Period.

(KPI A1.1)

Types of Emissions and Emission Data

The nature of business of the Group and its operations do not create emissions which are considered of significant impact to the Group and the government control regime.

Such emissions are identified, recorded and disclosed below. They will be used as the baseline in formulating the KPIs which will be periodically examined and reviewed in future in further detail in conjunction with our overall operation goals to explore all possible reduction, recycle and reuse measures so as to formulate a practicable approach with achievable goals.

(KPI A1.2)

Greenhouse Gas Emissions ("GHG")

The Group's operations do generate hazardous and non-hazardous greenhouse gases. Consumption of diesel for our fleet of heavy and specialized trucks as the fuel for transporting steel bars, pipes and sheets and cement materials to and from construction sites, mobile cranes and occasionally as an alternative source for producing temporary power supply in construction sites will directly generate hazardous greenhouse gases emissions of sulphur oxides (SOx), nitrogen oxides (NOx) and particulate matter (PM) and non-hazardous gas emission of CO<sub>2</sub>. The use of electricity will also indirectly generate non-hazardous greenhouse gas emission of CO<sub>2</sub>.

Intensity comparison of the direct and indirect greenhouse gas emissions on a site basis may not be meaningful owing to the variations in site sizes, complexity of engineering requirements, site constraints, etc. The number of sites having comparable parameters is too small for meaningful intensity analysis. The Group only prepares, collects, records and estimates, as a KPI, the total direct and indirect hazardous and non-hazardous greenhouse gas emissions from our total consumption of electricity and diesel.

During the Reporting Period and the previous reporting period, the Group emitted directly and indirectly following quantities of hazardous and non-hazardous greenhouse gases:

	Type of GHG	Unit	Quantities		Variations
			2018	2019	-/+%
(A)	Hazardous (Direct)				
	SOX	kg	1.45	<b>0.38</b>	-73.97%
	NOX	tonne	2.80	<b>0.72</b>	-73.77%
	PM	kg	202.38	<b>52.39</b>	-64.02%
(B)	Non-Hazardous				
	CO <sub>2</sub> (Direct)	tonne	236.74	<b>61.28</b>	-74.11%
	CO <sub>2</sub> (Indirect)	tonne	17.50	<b>20.36</b>	+12.30%
	CO <sub>2</sub> (Total)	tonne	254.24	<b>80.94</b>	-68.17%

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The primary reason for a decrease in direct hazardous and non-hazardous greenhouse gases emissions was a decrease in the number of operating projects from 6 in the previous reporting period to 3 in the Reporting Period, which caused a decrease in diesel consumption and consequently directly decreased in both hazardous and non-hazardous greenhouse gases emissions. In the latter paragraph of diesel consumption, the Group explained that the use of diesel per litre was more efficient in term of generating the value of contract revenue during the Reporting Period, which showed that the Group had a successful energy saving measures and practices, and thus reduced the potential direct hazardous and non-hazardous greenhouse gases emissions relatively during the Reporting Period. In summary, the total greenhouse gas of CO<sub>2</sub> emission of the Reporting Period was 68.17% less than the previous reporting period, which was a direct result of less electricity consumption from our successful energy saving measures and practices.

*(KPI A1.3)*

Total Hazardous Waste Produced

Other than construction waste from the construction projects, which should be regarded as a low hazardous waste, the other Group operations do not generate any hazardous waste.

Work practice and production systems are in place for all construction waste produced to be collected and disposed of by licensed contractors. During the Reporting Period, no adverse comments or irregularities have been reported from the internal and external control sources.

Intensity comparison for this KPI on a site basis may not be meaningful owing to the variations in site sizes, complexity of engineering requirements, site constraints, etc. The number of sites having comparable parameters is too minimal for meaningful intensity analysis.

*(KPI A1.4)*

Total Non-Hazardous Waste

With the exception of Internos, non-hazardous waste typical of general office nature is produced in all other Group operations. Internos produce construction waste common to its industry peers which are dealt with and disposed of in the normal trade practice manner.

All non-hazardous wastes are taken care of by the local waste collectors. Contemplations could be given to enhance recycling and reuse in the various processes and stages of production.

*(KPI A1.5) (KPI A1.6)*

Mitigation Measures on Emission and Results

There is no air emission from the construction sites which could be considered to have a significant impact on our operations. The only source is air emission from the diesel generators which are sometimes required to provide temporary or interim power supply to the sites. These generators are rented from and maintained by reputable quality suppliers. Only generators complying with the very stringent statutory emission standards are used. It is therefore pertinent to source a reliable diesel generator supplier and raise site staff's alertness on emissions from the generators. The other source of direct exhaust gas emissions is generated from our fleet of specialized trucks using diesel during transportation of the construction materials. All our specialized trucks have been checked regularly on safety and air emissions from fuel combustion and have passed all the tests with valid warranties obtained.

As a responsible corporation and also for cost-saving purpose, we are conscious of the effects of our operations and activities may have on the environment and our overall costs of operations at all times and constantly work on maximizing energy efficiency and minimizing waste generation, disposal and discharges. We fully comply with all the national and local environmental laws, rules and regulations and industrial standards. Furthermore, we have incorporated environmental friendly measures into our daily operations to reduce and prevent adverse impacts on our environment. We encourage economical and recycling use of resources to prevent resource wastage. We have implemented the following measures to prevent and to reduce the generation of air emissions, polluted water discharge and solid wastes disposal, as well as to save energy and resources and costs in our daily operations.

We educated our staff and frequently carried out checks to ensure that (i) fresh water is not wasted and used reasonably, and (ii) power is turned off when work is not being carried out.

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There have been no complaints or breaches recorded by law enforcing departments.

## Handling and Reduction of Hazardous and Non-Hazardous Waste

Internos generate mainly low hazardous construction waste, while all other Group operations produce non-hazardous waste typical of general office operations.

Non-hazardous and low hazardous wastes are taken care and disposed of by external waste collectors. All levels of the Group are reminded of and educated on the importance of the 3-R guiding principle of reduce, reuse and recycle. The Group is satisfied with its accomplishment in general and recognizes the effort and achievement of the staff though no annual target has been set.

## A2: Use of Resources

### Policy on Efficient Use of Energy

The Group has yet to consolidate an overall policy on the efficient use of resources (energy, water and other raw materials) though the Group has good experience in achieving this objective. The Group adopts and implements the 3-R principle to reduce, reuse and recycle as far as possible in promoting and achieving efficient use of energy, water and other raw materials. Full measures are in force with recognizable results and industry awards.

All levels of the Group are mindful of the importance of energy saving and its implications to the society and the planet. Measures are in force to reduce, reuse and recycle all energy and materials. Such measures are integrated into our production needs and goals. Educational programs and instructions are at present the main driving force in this aspect in the whole Group.

#### *(KPI A2.1)*

#### Direct and Indirect Energy Consumption

The Group relies on city electricity supply which is the only and direct source of energy for general use in all our operations including construction sites of Internos. The Group enjoys its constant and reliable supply. In situations where city electricity supply is not readily available to some construction sites, Internos will rely on diesel generators for power supply to meet operational needs on a temporary or interim nature. This operation mode is in line with common industry practice in Singapore.

During the Reporting Period, the Group consumed a total of 29,283 kWh of electricity and 23,445 litres of diesel. For electricity consumption, the total amount was 1,503 kWh or 5.41%, slightly higher than the previous reporting period. For diesel consumption, the total amount was 67,122 litres or 74.1% less than the previous reporting period, which was mainly due to the decrease in the number of operating projects from 6 in the previous reporting period to 3 in the Reporting Period. In terms of the value of contract revenue for every litre of diesel used, the amount of S\$817 for the Reporting Period was 73.9% higher than the amount of S\$470 for the previous reporting period, which again demonstrates the effectiveness of our conservation measures and practices.

#### *(KPI A2.2)*

#### Water Consumption in Total and Intensity

We encourage our staff and workers to efficiently use fresh water as it is one of the most important scarce resources of today's world. We have requested our staff and workers to regularly inspect the facilities to ensure they are in good conditions and that all the water taps have been turned off when they are not in use, and to check and to immediately remediate any water leakage.

Intensity comparison for this KPI of different sites on water consumption is not achievable or meaningful owing to too many variables. Site parameters may vary from one to another and overall site engineering requirements and technical complexities are not always the same.

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During the Reporting Period, the total water consumption increased by approximately 1.5 cubic meter to a total of 16.1 cubic meter which was 10.27% more than the previous reporting year.

*(KPI A2.3)*

## Energy Use Efficiency Initiatives and Results Achieved

Like all other similar setups in Singapore, the Group's operations and activities do not allow many choices and options in finding alternative or substitute sources for better energy efficiency purpose. Education and promotional activities are the main driver and approach of the Group in tackling energy use efficiency. All levels of the Group are concerned about and mindful of the importance of energy conservation and energy use efficiency. Such topics are brought up from time to time in Group meetings and participation in community events. When renewing or purchasing new plants, tools and equipment, energy use efficiency is one of the Group's concerns and considerations.

*(KPI A2.4)*

## Issues in Sourcing Water

The Group relies totally on city water for production and general use. It is also the only source for both production and general use in construction sites of Internos. The Group enjoys its constant and reliable supply and incoming quality which meets our production requirements. Alternative sources are not practical. This operation mode is in line with the industry practice in Singapore. In Internos' operations, there are times and opportunities where wastewater is recycled for other secondary use (for example, the recycled water will be reused for watering plants) after proper treatment.

*(KPI A2.5)*

## Packaging Material for Finished Products and Use of Other Resources

For obvious reasons, there are minimal packaging materials involved in the construction sites of Internos, whereby finished products are building construction items. In other operations of the Group, packaging materials for finished products do not pose a significant impact on our operation. In sourcing our packaging materials in our other operations, the Group adopts the view that it must be fit for purpose in the first place and meet with our specification. Non-toxicity and environmental friendliness are in fact our keen concern. These issues are under the constant attention and review of the various end users of the Group.

Plywood is identified as the most common natural resource used by our construction operation for formwork. For cost and environmental resource saving purposes, we recycle and reuse plywood for different projects until they are not suitable for further use. We will then dispose of them as waste to specialized waste collectors. During the Reporting Period, we used a total of 6,040 pieces of plywood, which included:

12 mm plywood	: 3,380 pieces
18 mm plywood	: 2,300 pieces
3 mm plywood	: 10 pieces
6 mm plywood	: 350 pieces

Comparing with the previous reporting period of 14,569 pieces of plywood, there was a decrease in the number of plywood of 8,529 pieces or 58.5%, which was mainly due to a decrease in the number of projects that actually used plywood during the Reporting Period.

In today's complex construction industry context, it is inevitable to use paper due to the nature of works, whereby we need to print drawings, details, etc. for site supervision purposes. In addition, daily hardcopies of documents need to be kept on site, such as daily tool box meeting records, inspection forms, progress reports and claims, etc. The Company keeps a record of reams of papers used. For cost saving and environmental protection purposes, the Company has encouraged the employees to replace and reduce the use of paper by electronic means. During the Reporting Period, the Group used a total of 279 reams of paper, 525 reams or 65.30% less than the previous reporting period, which was mainly due to a decrease in the number of projects on operation. If we considered the value of contract revenue by 1 ream of paper used S\$68,656 achieved during the Reporting Period was 64.19% higher than S\$41,816 of the previous reporting period, which again showed a success on our paper saving measures and practices.

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## A3. Environment and Natural Resources

(KPI A3.1)

Policy on Minimizing Significant Impact on the Environment and Resources

Electricity and diesel, fresh water, paper and plywood are considered to be the key elements affecting natural resources. The Group and each construction project site manager have a clear recognition of this. In conjunction with the measures to reduce, reuse and recycle, the Group and each construction site managers are constantly on the alert to look for ways and means to accomplish the 3-R achievable goals. In addition, the Group and each construction project manager are clearly driven by the cost-saving incentive to reduce resource consumption.

All waste water from the construction sites is considered to have a negative impact (though the amount and nature are insignificant) on the environment. It is the policies and site requirements of Internos to ensure that all waste water is treated to meet the required discharge standard before discharge. The stringent government control and heavy penalty are another driving force for diligence in compliance by the Group and Internos. Other business of the Group does not produce waste water of significant impact to the environment in their operations. Waste water from offices is discharged into the building plumbing system and government drainage system. Indirect greenhouse gas of CO<sub>2</sub> and direct gases of CO<sub>2</sub>, SO<sub>x</sub>, NO<sub>x</sub> and PM emissions from diesel generators and trucks during operation are also considered to have an impact on the environment as far as all the Group operations are concerned. Reduction (especially for efficient and smart uses), reuse and recycling measures, where appropriate and practicable, are the main approaches which our Group would consider to implement in all companies' operations and integrate with our production goals and policies.

## (B) SOCIAL ASPECTS

### B1. Employment

#### (a) Policy

The Group has established and implemented policies, standards and guidelines that emphasize the protection of labour welfare and compliance with national laws and standards. They cover, but are not limited to, appointment and termination, working hour and rest day, paid leave and statutory holiday, compensation and dismissal, health and general safety and other benefits and welfare. They are clearly stated in the Group's employee handbook (the "Employee Handbook") and can be summarised as follows:

- (i) The Employee Handbook contains the whole range of various national labour laws, guidelines, codes of practice and safety standards applicable to the Group's operations and business, all of which are considered to have a significant impact on the Group.
- (ii) Compliance with statutory requirements is the minimum standard of the Group and to be observed at all levels.
- (iii) The Group ensures that policies and regulations covering a comprehensive employment protection and benefits are in place and being observed at all levels.
- (iv) The Group recognises that staff are an important asset for its success and sustainability and commits to providing fairness to all staff on recruitment, promotion, compensation and benefits; promoting a harmonious and respectful workplace.
- (v) All employments are entered into with proper and standardized contracts in writing between the respective staff and the Group. The human resources department is responsible for this prime responsibility and duty to ensure that statutory obligations of the Group are fulfilled and complied with in a timely manner.

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- (vi) To ensure a fair and rational human resources structure, the Group has established job qualifications and requirements specific to each job position in the construction site projects or within the Group. They are taken as criteria for recruitment, promotion and transfer. The recruitment and decision-making process involve both the relevant operational levels and the human resources department.
- (vii) In accordance with the requirements of the national laws of Singapore, the Group provides and maintains statutory benefits to all qualified staff, no matter whether they are introduced or otherwise, including but not limited to Central Provident Fund, medical and work injury insurance and compensation and statutory holidays.
- (viii) Employee remunerations are determined with reference to the prevailing market level and in line with their competency, qualification, skills and experience. Salary is paid to the employees bank accounts within the prescribed agreed period at the end of the wage period. In exceptional cases, salary will only be paid in cash to employees themselves.
- (ix) The Group opens up opportunities for employees to move on in their vertical and horizontal career path. The composition of the Group's employees is normal and no anomalies in gender and age are found.

## **(b) Compliance with Relevant Laws that have Significant Impact**

The Group does not see any relevant employment laws which have significant impacts on the Group. However, the Group, being a reputable and honourable employer with full integrity, maintains a policy in strict compliance with all employment laws and requirements. The human resources department is responsible for this compliance through its recruitment process and ensures that all existing benefits, welfare and employment terms are carried out correctly and fairly. No breach of labour laws or labour disputes were recorded both internally and externally during the Reporting Period.

*(KPI B1.1 and B1.2)*

As at 31 December 2019, the Company had 443 employees from 7 different countries in Asia (Singapore, China, India, Bangladesh, Malaysia, Myanmar and Thailand). There were 14 management grade employees (including directors, INED, company secretary, senior management and managers), and all the remaining employees were office staff and contracted operational and technical workers. Comparing with the previous reporting period, the headcount of the Company's management and office staff declined by 7 or 33.3%, while the headcount of contracted operational and technical workers declined by 73 or 14.5%, which was mainly due to the completion of several projects during the Reporting Period. Owing to the laborious nature of our works, 96.39% of our employees were males whereas 3.61% were females, and majority of our male workers were between 20 to 40 years of ages, which were in line with the market practice of our business. Given our policy of equal opportunity and treatment and anti-discriminatory to sex, origin, religion and races, our employees from different countries, cultures and religions worked together amicably and pleasantly without any record of complaints or disputes.

## **B2: Health and Safety**

### **(a) Policy**

The Group at all times provides a safe working environment to prevent staff and workers from injuries and accidents, and adopts an "employee-oriented" human resources policies which aim to provide a happy, harmonious, safe and healthy working environment to minimise the risk of any occupational hazards. Work safety rules and policies have been implemented, which are in all material aspects in compliance with all the relevant laws, rules and regulations relating to safety and health requirements of Singapore and Hong Kong including the Work Safety and Health Act ("WSHA") and Work Injury Compensation Act ("WICA") (Cap 354) of Singapore, and Occupational Safety And Health Ordinance ("OSHO") (Cap 509) and Employees Compensation Ordinance ("ECO") (Chapter 282 of the Laws of Hong Kong) of Hong Kong. The Group has assigned safety officers to regularly inspect and to alert employees to take precautionary measures to ensure that the workplace is safe.

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In accordance and in compliance with the statutory requirements of Singapore, the Group has maintained group hospitalisation, surgical and dental policies for all the internal employees and outsourced employees employed by the Group in Singapore as stipulated by the Ministry of Manpower of Singapore. In Hong Kong, the Group maintains employee compensation insurance that includes work injury for our employees in Hong Kong under regulatory requirements. These policies and insurance compensation cover all qualified employees to protect their safety and health against occupational hazards, accidents and sickness.

The Employee Handbook sets out general safety policies and procedures. Operation manuals for the respective plants and production operations contain safety rules and regulations for safe operations. All employees are required to strictly observe the health and safety policies, instructions and guidance and to follow the same at work and to place safety as their priority over production. Managers and supervisors are responsible for enforcing the safety policies, rules and practices.

The Group has also equipped the offices and sites with adequate equipment and facilities to ensure safety and convenience to our staff and workers.

## **(b) Compliance with Relevant Laws that have Significant Impact**

Compliance with the relevant statutory provision of the law is the topmost priority in our business goals. The Group has provided necessary insurance for all qualified employees, foreign or local staff in accordance with the statutory requirements.

*(KPI B2.1 and B2.2)*

As at 31 December 2019, the Group had three common law claims in relation to work-related injury, which had been brought before the relevant courts in Singapore. The claim amount of these work-related common law claims has not been finalised. It is expected that the claim amount will be fully covered by insurance. Apart from the above cases, the Group reported no serious work related injuries or death incidents, and there were only a few minor work injuries which were unavoidable based on the nature and circumstances of our works. The Group is proud of its no death and low number of accidental work-related injuries which is the result of our strict on-site safety and health measures, practices and management.

*(KPI B2.3)*

The Group provides the construction sites with all the required safety equipment and facilities, and has passed all the governmental safety inspections. In case of accidents, regardless of its nature of being minor or serious, employees are required to notify their superiors immediately in accordance with internal rules, who will take appropriate measures to ensure safety is not being compromised.

Internal rules require all injuries or accidents to be promptly reported and properly dealt with in accordance with the national laws. Parallel remedial or compensatory actions arising from safety and health issues or work injuries are required to be taken immediately where necessary as stipulated by the internal rules.

The Group did not have any record on any claim disputes regarding compensation or work related injury investigation by the government officials in the Reporting Period.

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## B3: Development and Training

(a) & (b) Policy and Compliance on Improving Employee Knowledge and Skills.

It is the policy of the Group to provide necessary training in terms of skills and job knowledge, plant operation and production know-hows to employees, local or foreign staff, at various levels so that they are able to perform their job duties in a competent and capable manner without risk to their health and safety or damage to plants and operations.

Policies are in place for on the job training to ensure that knowledge and skills are provided in a timely and appropriate manner to meet production and staff needs. Employees are encouraged to engage in self-development by taking external training programs and seminars. The Group may sponsor the cost, in part or whole, of such training programs.

For foreign workers, it is the policy of the Group to comply with the stipulated training requirements by attending recognized external training providers before employment and internal induction training and tool-box talks are mandatory for all site workers.

*(KPI B3.1 and B3.2)*

During the Reporting Period, both of our operating subsidiaries, Interno Engineering (1996) Pte. Ltd. and Interno Construction Pte. Ltd., provided training courses to our existing and new employees across all levels for the purposes of improving their working skills and most importantly, their safety knowledge. The training courses, number of attendants and costs are summarized below:

(a) Interno Engineering (1996) Pte. Ltd.

Training courses:

- (i) Supervisor of Structural Works Tradesman
- (ii) Reinforced Concrete Works
- (iii) Drainage and Pipeline Works Tradesman
- (iv) Working in Confined Space
- (v) Apply Work Safety and Health on Construction Sites
- (vi) Operational First Aid

Total Number of Attendants: 114

Total Costs: S \$10,804.15

(b) Interno Construction Pte. Ltd.

Training courses:

- (i) Reinforced Concrete Works
- (ii) Plumbing and Piping Works Tradesman
- (iii) Electrical Works
- (iv) Apply Work Safety and Health on Construction Sites
- (v) Managing Works At Height
- (vi) Perform Works in Confined Space Operation
- (vii) Competency Test
- (viii) Operational First Aid

Total Number of Attendants: 98

Total Costs: S \$9,255.50

In summary, a total of 212 out of 443 employees (i.e. 47.9% or about 1 out of 2.1 employees) attended training courses during the Reporting Period.

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## **B4: Labour Standards**

### **(a) Policy**

The Group adopts the national statutory standard as its minimum labour standard on labour protection and welfare. The Group is committed to ensuring its full compliance. In addition, the Group adopts a serious view and attaches great importance to the compliance with statutory duties and obligations as an employer.

*(KPI B4.1 and KPI B4.2)*

The employment of child labour, illegal workers and forced labour is prohibited through the recruitment and employment process at source by human resources department or through the recruitment agents. The human resources department has been solely authorised to perform this statutory duty and is being oversighted by the senior management with constant reviews regularly.

All job applicants are required to submit their credentials such as academic qualifications, professional skill certificates, references and identity card for verification and record purpose during recruitment.

### **(b) Compliance with Relevant Laws that have Significant Impact**

The Group strictly adheres to the national laws on labour protection to ensure employee health, safety and welfare during their employment. The Group also pays wages and salaries, benefits, compensation payments and insurance on time within the prescribed period.

The Group has fulfilled all of its obligations towards staff and no disputes or litigations on labour matters were reported for the Reporting Period.

## **B5: Supply Chain Management**

### **(a) Policy**

The Group has implemented its purchase policies on its ISO system and opens its purchase matters to all suppliers on a fair and equitable manner. All purchase transactions are open and transparent. They are subject to the scrutiny of internal supervisions at different levels depending on its contract value and significance and to the overall scrutiny of external independent audit.

### **(b) Management**

*(KPI B5.1)*

Our purchases in the usual course of business are made with reputable and reliable local suppliers in Singapore as much as possible so as to reduce our carbon footprint.

*(KPI B5.2)*

All purchases of the construction projects in principle follow the prevailing trade practices and industry norms by inviting a number of tenderers depending on the contract value, time and amount involved and other technical or time constraints. They are executed and documented in accordance with the internal rules which predominantly attach importance to its fit for purpose, safety and reliability. Many contract specifications ask for green materials or environmental friendly provisions which our Group are obliged to comply. Other considerations are price competitiveness, availability and reputation of the suppliers. Suppliers are chosen based on their continuous ability to guarantee satisfactory product quantity and quality, reasonable price and timely delivery, and new suppliers are required to provide relevant certifications/documents and track records.

The Group is well aware that quality and standard of the incoming construction materials are crucial and instrumental to our end product quality and our performance rating. The Group ensures that specification stipulation policy and verification procedures as stipulated by the contracts are closely followed and where necessary complemented by prevailing trade practices or third party consultant advice. This policy and approach have been strictly applied where applicable in the procurement or tender process.

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Incoming key construction materials include but not limited to plywood, timber, steel products (pipe, rod, wire, etc.), cement, machines, electric and hand tools, polythene sheet and poly foam, etc. They are delivered on site and subject to our own quality assurance supervisory checks in addition to normal project management quality assurance. As far as the warranty and permit terms in project contracts allow, the Group may impose a condition in the procurement documents to reserve the right to inspect and examine raw materials before purchase or delivery.

During the Reporting Period, the Group purchased materials significant and crucial to its construction project from reputable suppliers with existing sources as far as practicable.

The Group does not foresee its source of supplies to be a potential threat to our construction project operations.

## **B6: Product Responsibility**

### **(i) Product Quality**

#### *(a) Policy*

The Group's end products are finished building or construction parts which are subject to stringent government control and independent consultant supervision and inspection during the planning, design and construction stages. Most of the risks regarding defaulted end products (whether on health and safety issues or deviation from specifications) are detected in a timely manner. Such risks are reasonably minimized by the existing industry checking practices and our internal supervision plans.

#### *(b) Compliance with Relevant Laws that have Significant Impact*

(KPI B6.1, B6.2 and B6.4)

The Group is committed to providing high quality end products as we realize that the quality and consistency of our products are critical to our ability to maintain our professionalism and to expand market shares. Great importance is attached to the safety standard of our products. Internos maintain close contact with our business peers in the trade to keep abreast of the latest building construction technology and knowledge.

To enhance safety and quality of our products and staff safety, the Group has acquired and obtained various certifications and recognitions in various areas like safety, quality management, including ISO 9001–2008 Quality Management System, ISO 14001:2004 Environmental Management System and ISO 45001:2018 Occupational Health and Safety Management System. Also, policies and procedures are in place to ensure that all customer complaints or concerns are addressed at the appropriate levels and in a timely manner. During the Reporting Period, the Company received the "5 Million Hours LTI Free Celebration Award" from Penta Ocean/Bachy Soletance JV. Over the last 5 years the Group continuously received the following awards especially in relation to safety and quality from both private and public sector clients:

Samsung C & T Corporation:

- Most Behavior based Safety (BBS) Observation Contractor
- Appreciation For Excellent Performance
- Best Safety Conscious Contractor
- Safest WHSO
- Best HSE Conscious Subcontractor Award

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Penta Ocean/Bachy Soletance JV

- 1 Million Safe Man Hour Celebration
- 2 Million Hours LTI Free Celebration

Land Transport Authority of Singapore

- Subcontractor Safety Recognition

In order to ensure quality and to reduce any undesirable effect of any contract signed, and to achieve continual improvement, the managing director/general manager and department heads have to consider the external and internal issues and understand the needs and expectation of interest parties, and determine the risks and opportunities to evaluate the potential impact on the conformity and quality of the products/services and design of the environmental system actively. During the Reporting Period, the Group did not have quality claims on our products and services which had adverse impact on our business.

## (ii) Intellectual Property Rights

*(a) and (b) Policy and Compliance with Relevant Laws that have Significant Impact*

(KPI B6.3)

Given the nature of our works, intellectual property rights are not an issue to the Group, the Group still observes and respects all intellectual property rights such as the purchase of licensed computer software for usage in offices and work sites.

## (iii) Privacy

*(KPI B6.5)*

### (a) Policy

The Group's construction contracting business does generate private, confidential and sensitive information of the principals and their projects such as design, costs and commercial terms of contracts. We also have confidential information on our business partners, sub-contractors and employees. These types of information are extremely sensitive and important, and pursuant to laws, we have to cautiously keep and safeguard them.

### (b) Compliance with Relevant Laws that have Significant Impact

The Group is fully aware of our obligations, and has taken measures to ensure safe keeping of the information. The leakage and loss of the information to outsiders come mainly from two sources — internal negligence and theft, and external theft through hacking of the information system. For the former, the Group has cautioned our employees not to access information without approvals and/or to leak and to handle confidential information carefully. Legal actions will be taken on any violation. For the latter, to act against external theft, the Group has authorized the IT Department to continuously monitor, maintain and update hardware, software and security systems to prevent hacking attacks at any times. No privacy information leakage was reported in 2019.

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## **B7: Anti-corruption**

### **(a) Policy**

The Group is well aware of the importance of honesty, integrity and fairness in its operations and has in place an anti-corruption policy. Employees at all levels are constantly reminded in meetings and documents, such as the staff handbooks, on corruption, conflict of interest and giving and taking of interests.

*(KPI B7.1 and B7.2)*

### **(b) Compliance with Relevant Laws that have Significant Impact**

Staff are required to declare any conflicts of interest in the execution of their roles. Through formulating these rules and guidance, the Group encourages all employees to discharge their duties with integrity and comply with the relevant national anti-bribery laws and regulations.

Transactions in large monetary sums are processed through bank transactions which require authorized signatories of the appropriate levels in charge depending on the amount involved.

Check and balance systems are in place in the Group for money transaction activities and are considered effective and adequate. The report of the independent external auditor has no adverse comment on this aspect. Money laundering should not be our concern and there were no enquiries or concerns from the government or banking officials.

During the Reporting Period, the Group recorded no bribery, corruption charges or laundering enquiries.

## **B8: Community Investment**

### **(a) and (b) Policy and Compliance**

*(KPI B8.1 and B8.2)*

The Company fully understands our social obligations and the need for rewarding to the society. The Company has and will continue to provide a large number of employment opportunities to the unskilled and semi-skilled workers of the Asian developing countries and provide training to them so that they can build a decent life thereafter. The Company has organized birthday parties, lunches and dinners frequently in appreciation and honour of our employees. Through the day-to-day contact with various government officials and industry leaders, the Company will continue to explore and examine what and how the Company can contribute more to the local community and society. The Company is committed to developing more community and society investment opportunities in our development plans.