

IAG Holdings Limited 迎宏控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code : 8513

ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE REPORT

2017

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION AND APPROACH TO ESG AND REPORTING

IAG Holdings Limited (the “Company”, together with its subsidiaries the “Group”) is a Singapore’s leading plastic injection molding contract manufacturer. With specialising in disposable medical and healthcare devices, we aim to be the healthcare sector’s preferred manufacturer in both Singapore and abroad. We also aim to create business value for customers through our commitment to quality, service and innovation.

This is our pleasure to present the first Environmental, Social and Governance (“ESG”) Report (the “ESG Report”) prepared by us. This ESG Report for the financial year ended 31 December 2017 summarises the initiatives, programmes and performance of the Group as well as demonstrates its commitment to sustainability.

As one of the leading injection molded plastic parts producers and sellers, we believe sustainability is a key to achieve continuous success and we have integrated this key into our business strategy. In order to pursue a successful and sustainable business model, the Group recognises the importance of integrating ESG aspects into its risk management system and has taken corresponding measures in its daily operation and governance perspective.

ESG Governance Structure

The Group has set up an ESG working taskforce (the “Taskforce”), composed of staff from relevant departments, in which, full-time staff has been assigned to collect the data relevant to ESG and compile an ESG report. The Taskforce would periodically report to the Board of Directors, assisting in the assessment and identification the risk management of the Group on ESG aspects and whether its internal control system is appropriate and effective. The Taskforce reviews the ESG performance of the Group, including environmental, safe production, labour practices, and other ESG aspects. The Board of Directors sets the tone at the top for its ESG strategy, and is responsible for ensuring effective risk management and internal controls.

REPORTING SCOPE

The ESG Report generally covers the Group’s key business and operational activities in Singapore and Indonesia, unless specified otherwise. They represent the Group’s major source of revenue.

In specific, the General Disclosure and the compliance matters of the Aspect A and Aspect B cover the Group’s subsidiaries in both Singapore and Indonesia.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The ESG Key Performance Indicator (“KPI”) data of Aspect A – Environmental is only gathered and included under the Group’s subsidiaries in Singapore considering its materiality. It represented approximately 99% of the Group’s non-current asset and had 114 employees as at 31 December 2017 (this number of employees will be used for calculating the intensity data of the ESG Report).

The Group will continue to assess the major ESG aspects of different businesses to determine whether it needs to be included in the future ESG reporting.

REPORTING FRAMEWORK

This ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide as set out in the Appendix 20 of the Rules Governing the Listing of Securities on Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the “ESG Reporting Guide”).

Information relating to the corporate governance practices of the Group has been set out in the Corporate Governance Report on pages 18 to 30 of Annual Report 2017.

REPORTING PERIOD

The ESG Report specifics the ESG activities, challenges and measures being taken during the financial year ended 31 December 2017 (the “Reporting Period”).

STAKEHOLDER ENGAGEMENT

We value our stakeholders and their feedback regarding our businesses and ESG aspects. In order to understand and address their key concerns, we have maintained close communication with our key stakeholders, including but not limited to shareholders and investors, customers and business partners, employees, suppliers, regulatory bodies and government authorities, as well as media, non-governmental organization (“NGO”) and public, since our listing.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In formulating operational strategies and environmental, social and governance measures, we take into account the stakeholders' expectations and strive to improve our performance through mutual cooperation with the stakeholders, resulting in creating greater value for the community by utilising diversified engagement methods and communication channels, shown as below.

Stakeholders	Communication Channel
Shareholders and investors	<ul style="list-style-type: none">• General meeting and Other Shareholder Meetings• Annual Reports and Interim Reports• Announcements and Circulars• Website
Customers and business partners	<ul style="list-style-type: none">• Customer Satisfaction Survey• Customer Service Team• Customer Support Hotline & Email
Employees	<ul style="list-style-type: none">• Trainings, Seminars and Briefing Sessions• Regular Performance Reviews• Staff Appraisals
Suppliers	<ul style="list-style-type: none">• Supplier Management Meetings and Events• Purchaser and Material Executive• Supplier Audit
Regulatory bodies and government authorities	<ul style="list-style-type: none">• Compliance Manager• On-site Inspections
Media, NGO and Public	<ul style="list-style-type: none">• Community Activities and Partner Programs

We aim to collaborate with our stakeholders to improve our ESG performance and create greater value for the wider community on a continuous basis.

MATERIALITY ASSESSMENT

The management and employees who are responsible for the key functions of the Group have participated in preparing this report, assisted the Group in reviewing its operation, identifying key ESG issues and assessing the importance of these issues to our businesses and stakeholders. We compiled a questionnaire in reference to the identified material ESG issues to collect the information from relevant departments and business units of the Group.

We have considered feedback from the relevant stakeholders in determining the Group's material ESG aspects to be covered in this Report. These are shown in the table below, together with the aspects of the ESG Reporting Guide to which they relate:

The ESG Reporting Guide	Material ESG aspects of the Group	
A. Environment		
A1. Emissions	Greenhouse Gas Emission	P. 6
	Sewage Management	P. 8
	Waste Management	P. 8
A2. Use of Resources	Energy Efficiency Management	P. 10
	Water Efficiency Management	P. 11
	Packaging Materials Management	P. 11
A3. The Environmental and Natural Resources	Noise Control	P. 11
B. Society		
B1. Employment	Recruitment and Remuneration	P. 12
	Promotion and Career Development	P. 13
	Communication Channels	P. 13
	Gender Equality and Anti-discrimination	P. 13
B2. Health and Safety	Safety Management	P. 14
	Safety Training	P. 15
	Employee Health Management	P. 15
B3. Development and Training	Training and Development Policies	P. 15
	Training Programmes	P. 16
B4. Labour Standards	Prevention of Child Labour and Forced Labour	P. 16
B5. Supply Chain Management	Supplier Audit and Management	P. 17
	Fair and Open Procurement	P. 17
B6. Product Responsibility	Quality Assurance	P. 18
	Research, Technology and Innovation	P. 19
	Customer Service and Privacy	P. 20
B7. Anti-Corruption	Anti-Corruption and Fraud	P. 20
B8. Community Investment	Community Participation	P. 21

The recognition of sustainable development and environmental protection are the most fundamental elements to the operation of the Group; as well as the relationship and satisfaction of all our employees have become the top priorities in the Group's operation.

During the Reporting Period, the Group confirmed that appropriate and effective management policies and internal control systems for environmental, social and governance issues are in place and confirmed the information disclosed in the Report meets the ESG Reporting Guide.

CONTACT US

We welcome comments and suggestions from our stakeholders. You may provide your comments on the ESG Report or towards our performance in respect of sustainability via email to enquiry@inzn.com.

A. ENVIRONMENT

A1. Emissions

General Disclosure and Key Performance Indicators ("KPIs")

In order to govern the environmental management and minimize the impact caused by our operations, the Group has formulated relevant policies relating to environmental management, as a part of our Environment, Health and Safety ("EHS") policy. Under the framework, the Group has established an Environment, Health and Safety management system to define the procedures for an eco-friendly and safe production process. The Group is strictly committed to complying with requirements stipulated in the relevant environmental laws and regulations in Singapore and Indonesia.

The Group has a dedicated department to coordinate and implement environmental protection measures and objectives, and to address environmental issues. We carry out a series of environmental management measures at production bases, covering planning, materials procurement and various production procedures. The Group has also adopted measures concerning noise, exhaust gas, waste, energy and carbon emissions to ensure that all business activities are strictly in compliance with relevant local laws and regulations.

In specific, the Group has also adopted the relevant procedures and guidelines relating to waste management, in order to govern the management and disposal process of wastes and maximize the reuse and recycling.

We strive to constantly improve our environmental management system to minimize negative impacts on the environment.

The Group has not identified any material non-compliance cases of environmental laws and regulations during the Reporting Period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Exhaust Gas Emission

Due to our business nature, the Group considers the relevant air emission generated is not significant. However, we still strive to mitigate the exhaust gas generated from our production process as much as possible.

Volatile Organic Compounds ("VOCs") Emission

During the plastic injection process of the Group, limited VOCs are produced. VOCs come from temperature control settings on the molding process. Although only limited VOCs are generated during the production process, the Group strives to mitigate and treats with the VOCs emissions to provide a healthier and comfortable working environment by adoption of following measures:

- Setting of optimum molding temperatures strictly based on physical and chemical characteristics of various types of materials which prevents gaseous emissions from decomposition of plastic materials due to temperature setting;
- Installation of ventilation control systems, especially at the points of highest processing temperatures along the production line; and
- Installation of local exhaust extraction systems and activated carbon absorbers.

Dust and Particulate Matter ("PM")

During the process of plastic injection, limited dust and PM may be released during handling of dry additives and granulation process of polymers. In addition, heating of thermoplastics during compounding and forming may result in formation and release of fine aerosols.

The Group has implemented the following pollution prevention and control techniques for emission of dust and PM:

- Optimizes processing conditions for handling and mixing of dry additives, temperature, and polymer granulation;
- Adequate exhaust system and particles collection bags to minimize dust particulates generated during production; and
- Filters air exhaust from material handling and granulation areas by using a cyclone and baghouse.

Greenhouse Gas Emission ("GHG")

The Group's major sources of GHG emissions are from the diesel consumption for transportation (Scope 1: direct GHG emission) and the electricity supplied by the relevant service providers (Scope 2: indirect GHG emissions). To reduce indirect GHG emissions, measures such as electricity conservation initiatives are adopted and discussed in section A2.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Summary of GHG Emission Performance:

GHG Scope¹	Total emissions in tonnes	Intensity – total GHG emissions per employee (tonnes/employee²)
Direct GHG emission (Scope 1)	11 tonnes	0.10 tonnes
Indirect GHG emission (Scope 2)	<u>1,961 tonnes</u>	<u>17.20 tonnes</u>
Total GHG emission	<u><u>1,972 tonnes</u></u>	<u><u>17.30 tonnes</u></u>

Note:

1. Greenhouse gas emission data are presented in terms of carbon dioxide equivalent, with reference to, including but not limited to, the reporting requirements of the “GHG Protocol Corporate Accounting and Reporting Standard” issued by the World Resources Institute and the World Business Council for Sustainable Development, HKEX – KPIs: Reporting Guidance on Environmental KPIs and the latest published Electricity Grid Emissions Factors and Upstream Fugitive Methane Emission Factor of Energy Market Authority of Singapore.
2. During the reporting period, the number of employees of the subsidiaries in Singapore covered by the ESG Report is 114, which would also be used for calculating other intensity data.

The measures to reduce direct GHG emission are as follows:

- Optimizes the operation process by improving the loading rate and reducing the empty rate of the vehicles;
- Carries out monthly maintenance on affiliated vehicles so as to effectively reduce fuel consumption, thereby reducing carbon emissions and exhaust emissions; and
- Eliminates substandard vehicles and regular the procurement diesel and gasoline for vehicles, and adopts annual inspection to ensure that the vehicles meet the emission standards.

Sewage Management

Industrial wastewater is generated during the plastic molding process and domestic wastewater is also generated during our daily operations. Process wastewater used in the plastic molding and forming processes can be subdivided into three main categories: (1) cooling (or heating) water for plastics production; (2) surface cleaning and wash water used both for plastics product surface cleaning and equipment washing; and (3) finishing operation water to remove waste plastic material or to lubricate the product. The data of sewage discharge during the Reporting Period is considered as the same of the water consumption volume during the Reporting Period and is presented in the Aspect A2 – Use of Resources. We have adopted the following pollution prevention measures for industrial wastewaters generated:

- For contact water and finishing water, installs activated carbon process to remove soluble organics;
- Uses biodegradable plasticizers where possible; and
- For cleaning and finishing water, recycles and reuses the water after sedimentation settling units and the removal of suspended solids, oils and grease.

The Group has centralized all of the wastewater (including industrial wastewater and domestic wastewater) disposal process, which is properly treated to relevant standards before discharge to government's sewage pipe.

Waste Management

The Group classifies wastes in terms of hazardous waste and non-hazardous waste. The non-hazardous waste generated by our production process is mainly plastic waste. The plastic waste includes Polyvinyl Chloride ("PVC") materials, Polycarbonate ("PC") materials, Polyethylene ("PE") materials, Polypropylene ("PP") materials, Acrylonitrile Butadiene Styrene ("ABS") materials and Polyoxymethylene ("POM") materials. Other types of non-hazardous include carton boxes, metal scraps, other types of plastic waste, etc. The Group properly segregates and classifies different types of industrial waste streams. After that, these types of non-hazardous waste are collected and will be disposed by licensed and qualified general waste collectors.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Summary of Non-hazardous Waste Discharge Performance:

Type of Non-hazardous Waste	Total discharge in tonnes	Intensity – Total non-hazardous waste discharged per employee (tonnes per employee)
PVC Materials	70.98	0.62
PE Materials	31.41	0.28
Other Materials	36.40	0.32
Total	138.79	1.22

Hazardous waste such as used oil and oily water/oil sludge from oil interceptor is generated throughout the plastic injection procedures and equipment maintenance process. The Group provides strict instructions on proper waste sorting into storage barrels and they will be regularly collected and disposed by a third-party qualified and licensed toxic industrial waste collectors in Singapore.

Summary of Hazardous Waste Discharge Performance:

Type of Hazardous Waste	Total discharge in litres	Intensity – Total hazardous waste discharged per employee (litres per employee)
Hydraulic Oil (including MOBIL DTE 10 Excel 68, etc.)	1,200	10.53
Disposal Waste Oil	200	1.75
Total	1,400	12.28

The Group also implements the following measures to mitigate waste discharge in our daily operation and in the office area:

- Set up a waste recycling point within the manufacturing area to encourage staff to recycle;
- Promote green information and electronic communication, such as e-mail and electronic workflows, to implement “paperless office” concept;
- Place “Green Message” reminders on office equipment;

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- Utilise used envelopes and double-side printing. Single-side printing would be only adopted when handling official documents and confidential documents when necessary; and
- Recommend the use of recycled paper.

A2. Use of Resources

General Disclosure and KPI

The Group continues with initiatives to introduce resource efficiency and eco-friendly measures to the Group's operations, and is committed to optimising the use of resources in all of its business and production operations.

Through-out the operations, fuel, electricity and water are frequently consumed. The Group has established relevant policies and procedures in governing the efficient use of resources, in reference to the objectives of achieving higher energy efficiency and reducing the unnecessary use of materials.

Energy Efficiency Management

Energy policy has been developed to set energy conservation as one of the Group's fundamental policies. All employees must implement the adopted measures, including the purchase of energy-efficient products and services, and take responsibility for the Group's overall energy efficiency. By building up an energy management system, we develop and regularly review our energy objectives and target to continuously enhance the Group's energy performance.

The energy management system is implemented with annual review to assist in achieving our energy saving objectives and targets. Moreover, monthly monitoring of the usage of electricity, water, diesel and other materials is implemented. Unexpected high consumption of electricity will be investigated to find out the root cause and take preventive measures.

Summary of Energy Consumption Performance:

Type of Energy	Energy Consumption	Intensity – Total energy consumption per employee (units per employee)
Electricity	4,620,025 kWh	40,526.54 kWh
Diesel	4,000 litres	35.09 litres

On the other hand, the Group always reminds its employees to save electricity and avoid wasting, such as switching off the lights and air-conditioning when not in use.

Water Efficiency Management

The water consumption of the Group is principally comprises of office water consumption and industrial water consumption. Apart from measures to handle with industrial water consumption stated in Aspect A1, we encourage all employees and customers to develop the habit of conserving water consciously to reduce office water consumption. The Group has been strengthening its water-saving promotion, posting water-saving slogans, and guiding employees to use water reasonably. During the Reporting Period, 620.82 tonnes of water were consumed by the Group and the water consumption (also being considered as sewage discharged by the Group) per employee was 5.45 tonnes.

Packaging Materials Management

The Group encourages operational staff to prioritize packaging materials reuse. Some of the packaging materials such as cardboard boxes and wooden crates are utilized to the maximum extent. In the effort to operate with maximum efficiency, the data collection scope has been expanded to capture the data of packaging used for the finished products. This helps the Group to efficiently manage its resources and prompts the Group to explore alternative packaging solutions. During the Reporting period, 10.35 tonnes of carton boxes were consumed by the Group.

A3. Environment and Natural Resources

General Disclosure and KPI

Although the Group has minimized impact on the environment and natural resources, as an ongoing commitment to good corporate citizenship, the Group endeavours to minimize negative environmental impact of our business operations, in order to achieve a sustainable development for generating long-term values to our stakeholders and community as a whole.

The Group works tirelessly to mitigate the environmental impact of its activities through adopting industry best practices targeted at reducing natural resources consumption and effective emission management. We regularly assess the environmental risks of our business, and adopt preventive measures as necessary to reduce the risks and ensure the compliance of relevant laws and regulations.

Noise Control

Noises are generated from machines operation. The Group has developed noise control procedure to reduce noise impact to the surrounding environment. Noises are monitored through different monitoring points which are located both within and outside the manufacturing plant. Every year, the Group employs external qualified testing agencies to conduct regular monitoring to ensure noise levels are in line with relevant standards, the manufacturing and toolroom employees who potentially expose to high noise level are selected for adopting the hearing test.

B. SOCIETY

B1. Employment

General disclosure

We believe employees are one of the vital factors for the success of an enterprise. We treasure all employees as the most valuable assets of the Group and also the most intimate and reliable partners of the Group in promoting sustainable development. Through establishing a comprehensive employment management system, we provide employees with competitive, attractive, fair and inclusive working environment. We make every effort to let all employees fully unleash their value, and create a safe and comfortable workplace.

During the Reporting Period, the Group was not aware of any material non-compliance with employment-related laws and regulations in Singapore and Indonesia that would have a significant impact on the Group.

Recruitment and Remuneration

The Group strictly follows relevant employment laws of Singapore and Indonesia, including the “Employment Act (Chapter 91)”, “Employment of Foreign Power Act (Chapter 91A)” and “Central Provident Fund Act (Chapter 36)” of Singapore. Employees of the Group are remunerated at a competitive level and are rewarded according to their performance and experience. We offer a wide range of benefits on top of those required by laws and regulations in Singapore and Indonesia to cater for the personal needs of our employees and care for their physical and psychological development, including but not limited to:

- Minimum wage;
- Holidays;
- Annual leave;
- Medical scheme;
- Dental scheme;
- Group insurance or social security programs;
- Mandatory provident fund;
- Overtime payment;
- Year end double pay; and
- Discretionary bonus.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

We hire employees through open recruitment, fair competition and strict appraisals and recruits workers on a selective basis.

Promotion and Career Development

We cherish and care for our employees. Therefore, we attract outstanding talents to join our workforce through establishing a comprehensive promotion system.

The Group, by referring to HR's survey & guidelines, adjusts our remuneration level and promotion in a timely manner. We adopt a responsibility system for operational and management objectives, and have developed systematic business indicators as an important basis for annual performance and career development assessment. Supervisor also discusses the performance with employee in facilitating an effective two-way communication for advancement. Employees are rewarded based on the evaluation result so as to encourage them to improve continuously.

Communication Channels

The Group pays great attention to communication between the management and employees at all levels as we believe that good communication will enhance the employees' sense of belonging, boost work morale and create a harmonious workplace. We maintain regular communication with employees through overall progress reporting, seminar for new joiners, and employee satisfaction survey. Survey forms are distributed in understanding employees' opinions on work responsibility, working environment, organization and employee relationship, compensation and benefits, etc.

Gender Equality and Anti-discrimination

Equal opportunities and anti-discrimination are core parts of our corporate culture. We strive to establish and maintain a diversified, inclusive and non-discriminatory work environment as we appreciate the different backgrounds and professional experience of all employees. In our Employees' Handbook, we undertake that all employees, regardless of gender, age, nationality, race and region, are entitled to equal job opportunities and benefits, covering training, promotion, transfer, dismissal, layoff, employment conditions, etc.

We have also formulated the policies to provide clear and specific guidelines on prohibition of any direct or indirect discrimination and harassment concerning gender, marital status, pregnancy, disability, family status, race, etc. Employees are welcome to report any suspected cases through the whistleblowing mechanism to protect the rights and interests of each employee.

B2. Health and Safety

General disclosure

The Group is committed to provide a safe and healthy working environment. Therefore, we have adopted an EHS management system and policies in accordance to relevant occupational health and safety laws, rules and regulation. It is managed by our safety department for the benefit of our employees. We also aim at achieving zero accident by incorporating EHS management system in our operations. In order to recognise the potential risk in our daily operation, the Group conducts regular risk assessment to provide our employees with a healthy and safe working environment. We strictly comply with relevant health and safety related laws and regulations in Singapore and Indonesia, including but not limited to “The Radiation Protection Act (Chapter 262)”, “The Workplace Safety and Health Act (Chapter 354A)” and “The Work Injury Compensation Act (Chapter 354)” of Singapore, and “Government Regulation No. 50 Year 2012 on Application of Occupational Safety and Health Management System” of Indonesia.

During the Reporting Period, the Group was not aware of any material non-compliance with health and safety-related laws and regulations in Singapore and Indonesia that would have a significant impact on the Group.

Safety Management

The Group has developed the policies for safety and health management, and formulated specific work guidelines in accordance to different scopes and procedures of production to ensure the safety and health of all employees and the people affected by any relevant production process.

The Group has established corporate safety management committee which is chaired by our directors to formulate our safety policies and to supervise its implementation. Our senior management and supervisors are also required to attend safety conferences to discuss about related cases, and to suggest and make recommendation Group safety policies.

Our safety officer is responsible to set up safety plans for workers when carrying out their duties in the production bases, to inspect machines and equipment to ensure they are safe to be used, to carry out regular safe walks to maintain safe and tidy working environment and to handle safety incidents and keeping safety records.

The Group also conducts regular internal safety audit. For example, we offer equipment that comply with the safety requirements. We also monitor and supervise our health and safety systems to ensure compliance with statutory and contractual requirements implement appropriate improvements for the existing system when appropriated.

Safety Training

We take appropriate measures to ensure that the person at work has adequate instruction, information, training and supervision as is necessary for that person to perform his work. The Group provides regular safety training to our staff, included but not limited to:

- Providing appropriate safety training and instructions generally and for use of new production methods and equipment;
- Carrying out potential hazard contingency plans, emergency drills, safety advocacy and other related activities on the production bases; and
- Posting EHS information in conspicuous places visible for all employees.

Employee Health Management

The Group offers comprehensive health care coverage for our entire employee such as health benefits. The Group also organizes work-life balancing activities for employees, implemented green projects at our own office and production base, and carried out other activities to promote healthy living practices. Health and safety information are provided to employees to raise their awareness of occupational health and safety issues.

B3. Development and Training

General disclosure

The Group believes that fostering and retaining talent is a core part of ensuring sustainable development and strengthening its competitiveness. Moreover, the Group regards staff as a strategic partner. Therefore, we strive to support employees' career development and personal value enhancement through systematic training programmes.

Training and Development Policies

In order to improve employees' level of skills and knowledge and maximise their potentials, the Group has organized workshops, seminars and training programmes for employees covering various aspects. Employees are also encouraged to enroll in external courses and job-related courses to enrich themselves through acquiring higher professional skills and qualifications.

We have developed relevant policies in controlling the training related procedures to ensure the effectiveness of the training program. A training plan is developed by management based on the requirements from various departments and employees. Special technical employees are granted the necessary training for acquiring the related technical licences. Management examines the effectiveness of training programs, and provides improvement plans. The facilitators should acquire the required qualifications in delivering the training. For example, they should understand the knowledge and procedures of the operating sectors, and related laws, regulations and standards.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Training Programmes

The Group provides sufficient trainings to our employees on quality assurance, environmental protection, and occupational safety to enhance employees' awareness, skills, and knowledge.

New employees shall undergo an orientation by the various department heads to ensure that they are familiar with the management system for quality, environmental, health, and safety issues:

- Consequences of their work activities on workplace safety and health including identifiable hazards, possible accidents/incidents;
- Importance of conforming to the site staff manual to prevent potential consequences including accidents or incidents due to deviation from specific procedures such as safe work procedures;

On-the-job training under the guidance of senior staff will be provided for the new employees for a period decided by the respective department heads. Professional and technical information is also made available to employees through knowledge sharing sessions.

Furthermore, we provide different forms of training, not only internal training, but also external special courses to equip staff with professional skills and abilities to cater for the actual needs of different departments and individuals. External courses includes occupational first aid, safety and health management and equipment operation courses etc. Course contents include ISO 13485, ISO 9001 trainings, construction laws and good industry practices, etc.

B4. Labour Standards

General disclosure

Prevention of Child Labour and Forced Labour

Child and forced labour are strictly prohibited during the recruitment process. The Group strictly complies with and conducts recruitment based on the relevant laws and regulations of Singapore and Indonesia.

A set of procedures has been established to prevent employment of child labour or forced labour through carefully reviewing the personal information of job candidates and clearly explaining the employment conditions to them.

Personal data are collected during the process to assist in the selection of suitable candidates and the verification of candidates' personal data. The Human Resources Department also ensures identity documents are carefully checked. If violation is involved, it will be dealt with in the light of the circumstances as clearly stated in the Group's Staff Handbook.

During the Reporting Period, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations in Singapore and Indonesia that would have a significant impact on the Group.

B5. Supply Chain Management

General disclosure

We understand the importance of supply chain management in mitigating the indirect environmental and social risks. We are aware of the environmental and social practices of the suppliers, and try to engage suppliers with responsible acts to the society in view of green supply chain management. A supply chain management system has been developed by the Group's purchasing department, and it is in place to choose suppliers according to their social responsibility performance, which in turn helps monitor their quality.

Supplier Audit and Management

Annual supplier audit checklist and annual supplier audit report are formulated by the procurement department for the Group's major suppliers. Site audit is also carried out annually for our main suppliers to evaluate their social responsibility performance. The Group will immediately cease the cooperation once child labour, forced labor or other serious violations of labor laws and regulations are discovered. If suppliers are discovered to be in violation of any circumstances after the site audit procedure, the Group will establish and propose remedial actions and measures to ensure that the problem is handled properly.

Fair and Open Procurement

We have also formed rules to ensure that the suppliers could participate in competitions in an open and fair way. The Group should not have differentiated or discriminated treatment on certain suppliers; it would strictly monitor and prevent all kinds of business bribery; and employees or personnel having any interest relationship with the supplier should not be involved in the related business activity.

B6. Product Responsibility

General disclosure

We believe the Group's success has been a result of our quality assurance standards, our in-depth industry experience and our specialised and efficient production capability. The Group adopts the tagline "Quality, Service and Innovation" as we continuously focus on providing high quality services and manufacturing innovation to the medical technology companies while complying with the relevant requirements regulating the medical industry. In order to ensure that we deliver high quality and sustainable products and services to our customers, we continuously focus on the improvements on production facilities, quality assurance, research, technology and innovation, and customer service and privacy. The Group has been in strict compliance with related laws and regulation in Singapore and Indonesia.

During the Reporting Period, we were not aware of any incidents of non-compliance with laws and regulations in Singapore and Indonesia that have a significant impact on the Group, concerning health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Quality Assurance

Quality Assurance Department

Our quality assurance team is primarily responsible for formulating and implementing procedures under our quality management system in accordance with the adopted requirements and standards to ensure that our product supply chain and production processes are in compliance with the stipulated standards and procedures. They are required to receive training before performing the relevant quality assurance tasks. The quality control team is primarily responsible for (i) inspection of incoming raw materials, semi-finished products and final products; (ii) perform audits and checks on the quality assurance system; and (iii) process validation.

Our quality control and assurance department has established the procedures in respect of each of our production and operation processes set out in the paragraphs below, and monitors the implementation of and compliance with these procedures.

The implementation of our quality control system depends on our production and operation employees, and in this respect, we conduct regular trainings to our employees to enhance their understanding on the quality control requirements applicable to our production and operation.

Quality Control System

Ensuring the quality of our products and maintaining our reputation is critical to our operations and therefore we have established an effective quality management system throughout our operations. Since 2002, we had been certified under the ISO9001 standard for quality management system and the ISO13485 standard for comprehensive quality management system for the design and manufacture of medical devices. We believe that our Group's strong emphasis on stringent quality assurance processes has been an important factor to our Group's past success and one which we consider as a necessity in ensuring our Group's success in the future.

We manufacture molded plastic parts for disposable medical devices in accordance with internationally accepted quality standards and the specifications provided by our customers. Our quality management system standardizes all documents as well as ensures all of the Group's operations are well-documented. To achieve this, we have implemented extensive quality control measures throughout our operations, including but not limited to (i) design and fabrication of molds; (ii) procurement of raw materials; (iii) injection molding and assembly process; and (iv) documentary control. These measures are reviewed on an annual basis. We believe this promotes good communication between departments with its policies, processes and procedures, and help improving quality consciousness in the Group and our ability to meet customer requirements. In every production process, staff from our quality assurance department are assigned to inspect each process according to the pre-determined standards and inspection conditions and to maintain a record of the inspection results.

External Audit

As many of our customers are large multi-national companies, our operations are required to undergo annual audits so that our customers can be satisfied that we have put in place sufficient systems to ensure quality and proper manufacture of injection molded parts for them in accordance with their specifications and requirements.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Moreover, our production facility and processes are subject to regular audit by relevant certification bodies for us to maintain the certificates and approvals for manufacturing and sales of medical device parts to ensure compliance with the requirements.

Production Facilities

The Group has two production bases which are in Singapore and Batam, Indonesia. The Singapore production base is well-equipped with specialised production facilities for medical devices, including Class 10,000 and Class 100,000 clean rooms installed with equipment for injection molding and assembling of plastic parts. Our Batam production base has a Class 100,000 clean room facility. As a part of our Group's continued development, we are also in the process of building one more Class 100,000 clean room in Singapore to cater to the pipeline products being developed for our customers.

To cater for the stringent requirements of our customers who are in the medical device industry, our injection molding and assembly processes take place in our production facilities stated above. The clean room environment allows us to maintain and meet high manufacturing standards required by multi-national companies as the clean room environment provides a consistent environment in which our Group's process can operate and attain consistent validation.

Research, Technology and Innovation

As a med-tech products manufacturer, we continuously focus on the research, technology and innovation. During the Reporting period, we have set up a technical department consisting of one technical manager, one engineer and one microbiologist, to enhance and diversify our injection molding business. The technical department will be responsible for the implementation of the technical operations and the new production processes, which will form as a part of our Group's standard operating process. The scope of responsibilities of the additional staff is summarised as follows:

Technical manager	Evaluate and plan our Group's future technical roadmap to increase business opportunities
	Provide design and manufacturing related technical consultation advice to our Group's customers
	Lead members of our Group to ensure timely completion of projects
Engineer	Finalise and implement the protocol of any new process before the new process is used in mass production
Microbiologist	Establish sterilisation process after the machinery has been purchased
	Assist in evaluating different assay methodologies proposed by microfluidic customers and propose an alternative assay protocol, if required, which will be incorporated into the injection molded microfluidic chip

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Customer Service and Privacy

The Group strives to (i) understand our customer needs; (ii) meet our customer expectations; and (iii) develop a long term partnership with our customers. Thus, we have established clear procedural guidelines for handling of any issues raised by our customers.

Maintaining good communication with our customers has been our Group's underlying principle for effective customer management. As part of our quality management system, we have established procedures and measures for (i) gathering feedback from our customers on our products and services to provide us with necessary information to appropriately adjust and improve our level of service quality; (ii) dealing with complaints of non-conforming products; and (iii) correcting non-conformities and prevent potential non-conformities.

The products manufactured by us are in accordance to the specifications determined by our customers. If the parts do not meet our customer's specifications, our customers have the right to return the manufactured parts. After the receipt of the affected batch of products, members of our production team will sort out the items that may have issues from those that meet customer specifications. Quality Department will verify the effectiveness of the sort out action.

The Group is also committed to ensure that all confidential or special information provided by customers, employees and business associates remains strictly confidential. We have entered into confidential agreements with clients and suppliers. Without their authorization, such information will not be disclosed to any third party or made available to public. We strictly comply with the The Personal Data Protection Act, No. 26 of 2012 of Singapore and have established a personal privacy protection system based on that and other relevant laws and regulations in Singapore and Indonesia.

B7. Anti-Corruption

General disclosure

The Group does not tolerate any corruptions, frauds and all other behaviours violating business ethics. The Group values and upholds integrity, honesty and fairness in how we conduct business.

During the Reporting Period, the Group did not notify any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering in Singapore and Indonesia.

Internal Control

We have established a formal Code of Conduct to help to define appropriate methods in handling conflict of interests, accepting advantages, leakage of confidential information, etc. to comply with the relevant laws and regulations in Singapore and Indonesia. All employees should decline an offer of advantage if acceptance of it could affect their objectivity in conducting the Group's business. Employees will be subjected to disciplinary actions if they are found violating the Code of Conduct after investigation. Disciplinary actions include verbal or written warnings, demotion and dismissal, and the case may be reported to law-enforcement authorities for possible prosecution, depending on the situation.

To further mitigate business frauds, Internal Audit function is also established for continuous evaluation of the Group's internal control effectiveness, detection of potential deficiency, and identification of areas of improvement. Audit report is distributed to the responsible department for the timely remediation.

Whistleblowing Mechanism

In order to further achieve and maintain the highest standards of openness, probity and accountability, the Group has also implemented a whistleblowing policy. This policy allows all employees of the Group as well as independent third parties (e.g. customers, suppliers, creditors and debtors) who deal with any employees to report any possible improprieties, misconducts, malpractices or irregularities in matters of financial reporting, internal control or other matters to the Audit Committee anonymously. Reports and complaints received will be handled in a prompt and fair manner. Such policy also aims at protecting whistle-blowers from unfair dismissal, victimisation and unwarranted disciplinary actions. Any person who is found to have victimised or retaliated against those who have raised concerns under this policy will be subjected to disciplinary sanctions.

B8. Community Investment

General disclosure

The Group is committed to embolden and support the public by the means of social participation and contribution as part of its strategic development, and to nurture the corporate culture and practices of corporate citizen in the daily work life throughout the Group. We focus to inspire our employees towards social welfare concerns. We would also embrace the human capital into the social responsibility management strategies to sustain our corporate social responsibility as a part of the strategic development of the Group.

Community Participation

We participate in community activities, including, donations, volunteering services, sponsorships, etc. We help the needy through active participation in community events. We also communicate with local charities on a regular basis to understand community's needs. We believe it helps to connect us with the local community, and maintain a mutually beneficial relationship to the society as a whole.

Our employees are also encouraged to donate to recognized charitable institutions in order to help grass-roots community or those in need, so that they can gain education and care.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

An index Table of ESG Reporting Guide of the Stock Exchange of Hong Kong Limited is shown as follow:

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Statement	Page
Aspect A1: Emissions General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions	P. 5
KPI A1.1 ("Comply or explain")	The types of emissions and respective emissions data.	Emissions – Exhaust Gas Emission, Greenhouse Gas Emission, Sewage Management	P. 6-8
KPI A1.2 ("Comply or explain")	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity.	Emissions – Greenhouse Gas Emission	P. 7
KPI A1.3 ("Comply or explain")	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	Emissions – Waste Management	P. 9
KPI A1.4 ("Comply or explain")	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	Emissions – Waste Management	P. 9
KPI A1.5 ("Comply or explain")	Description of measures to mitigate emissions and results achieved.	Emissions – Exhaust Gas Emission, Greenhouse Gas Emission, Sewage Management	P. 6-8
KPI A1.6 ("Comply or explain")	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Emissions – Waste Management	P. 8-10

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Statement	Page
Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources	P. 10
KPI A2.1 ("Comply or explain")	Direct and/or indirect consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity.	Use of Resources – Energy Efficiency Management	P. 10
KPI A2.2 ("Comply or explain")	Water consumption in total and intensity.	Use of Resources – Water Efficiency Management	P. 11
KPI A2.3 ("Comply or explain")	Description of energy use efficiency initiatives and results achieved.	Use of Resources – Energy Efficiency Management	P. 10
KPI A2.4 ("Comply or explain")	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Use of Resources – Water Efficiency Management	P. 11
KPI A2.5 ("Comply or explain")	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources – Packaging Materials Management	P. 11
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources	P. 11
KPI A3.1 ("Comply or explain")	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources – Noise Control	P. 11
Aspect B1: Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment	P. 12-13

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs		Description	Section/Statement	Page
Aspect B2: Health and Safety				
General Disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety	P. 14-15
Aspect B3: Development and Training				
General Disclosure		Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training	P. 15-16
Aspect B4: Labour Standards				
General Disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards	P. 16
Aspect B5: Supply Chain Management				
General Disclosure		Policies on managing environmental and social risks of the supply chain.	Supply Chain Management	P. 17
Aspect B6: Product Responsibility				
General Disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility	P. 17-20
Aspect B7: Anti-corruption				
General Disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption	P. 20-21
Aspect B8: Community Investment				
General Disclosure		Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community	P. 21