

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
2021

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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 (“ESG”) 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 (the “GEM Listing Rules”) of HKEx for the period from 1 January 2021 to 31 December 2021 (the “Reporting Period”).

Indigo Star Holdings Limited (the “Company”) is an investment holding company and 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”) principally engaged in the provision of structural reinforced and concrete works in buildings and civil engineering works in the Republic of Singapore (“Singapore”). Internos primarily acts 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 technical permits and contractor registration level. Internos also act as main contractors and subcontract some of their contract works to various subcontractors where necessary to meet market demands and client needs.

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

1. The Group continues to be a General Building (B2) and Civil Engineering (C1) Contractor registered with the Building and Construction Authority of Singapore. The Group is committed to being a successful operator in its 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 the Group holds. The board of directors (the “Board”) and the management team (the “Management Team”) of the Group 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 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 policy and business goals of the Group.

(I) Purpose

The purpose of this ESG report is to disclose the Group’s vision, policies and measures by establishing KPIs, and reports its performances regarding environmental and social issues for internal assessment and management control, and for communication to the internal and external stakeholders.

(II) Scope of Report

This ESG report covers the operations and activities of our offices, our project construction sites and our employee dormitory during the Reporting Period.

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(III) Basis of Preparation

This ESG Report is compiled in accordance with the Reporting Guide outlined in Appendix 20 of the GEM Listing Rules and Guidance Governing the Listing of Securities on HKEx. The content of this report includes two main subject areas as outlined and required by the Reporting Guide, being Area A — Environmental and Area B — Social and includes disclosure of climate change related issues which have or may impact the Group.

This ESG Report, which has been reviewed and approved by the Board reports the core business operations and activities of the Group and follows the principles of materiality, quantification, balance and consistency to disclose relevant statistics and information. The ESG Report was compiled in compliance with the “comply or explain” provisions in the Reporting Guide.

(IV) Corporate Goals and Visions

The Group strives to be an environmentally friendly and socially responsible corporation. We operates in strict compliance to the principles of minimising the risks associated with the listed ESG areas and aspects stipulated in the Reporting Guide, including but not limited to the compliance with legal and regulatory requirements, adherence to high ethical standards, minimizing negative impacts on the environment, improving the well-being of the employees, enhancing the relationship with the business parties, offering highest possible level of services to our clients, creating value to the stakeholders, and supporting the disadvantaged and growth of the community. It is also our view that environmental and social issues listed in the Reporting Guide are significant considerations for our business planning and operations. As far as possible, we have integrated these environmental and social considerations into our business objectives, strategies and operational practices with the purpose of maximizing the interests of all stakeholders, economy, environment, society and corporate governance on a fine and fair balance.

STAKEHOLDERS COMMUNICATION AND MATERIALITY

Stakeholders’ Communication

In managing the priorities, the Group continues to ensure its operations are in compliance with its environmental and social responsibilities and obligations as required by the ESG Reporting Guide and the laws and related regulations of Singapore, and the specific guides of the buildings and civil engineering industry. The Group also continues to take into account of the opinions and views, and strive to address their concerns with the various stakeholders through the stated communication channels as listed below:

Stakeholders	Communication Channels
Shareholders/Investors	<ul style="list-style-type: none">• General meetings• Information published on websites of the Company and the HKEx• Direct emails or phone enquiries• Dispatched documents
Employees	<ul style="list-style-type: none">• Direct meetings with the management executives• Emails• Annual and regular appraisal• Organized functions and activities for the employees
Customers	<ul style="list-style-type: none">• Day-to-day communication through front line staff• Direct emails or phone enquiries• Official websites
Suppliers/Service providers/ Professional advisors	<ul style="list-style-type: none">• Day-to-day communication through front line staff• Regular review of the signed arrangements by the management
Industry associations	<ul style="list-style-type: none">• Participation in annual and regular meetings, conferences, events, etc.

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Materiality

For 2021 Reporting Period, the Group has identified the following material ESG areas and aspects:

Subject Areas	Subject Aspects	Materiality
Environmental	Emissions	✓
	Use of Resources	✓
	Environment and Natural Resources	✓
	Climate Change	✓
Social	Employment	✓
	Health and Safety	✓
	Development and Training	✓
	Labour Standards	✓
Operating Practices	Supply Chain Management	✓
	Product Responsibility	✓
	Anti Corruption	✓
Community	Community Investment	✓

The above ESG material areas and aspects have and will continue to be strictly managed and monitored through the Group's established management structure, process, policies and guidelines as described in this ESG Report.

ENVIRONMENTAL, SOCIAL AREAS AND ASPECTS

(A) ENVIRONMENTAL AREAS AND ASPECTS

Singapore has a 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.

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. The Group translates this policy into achievable goals during the planning, design and production stages of its construction projects. The Group takes all measures to ensure that there is no breach of national legal requirements which are our minimum standard.

A1. Air Emissions, Waste Discharges and Polluted Water Aspects

(i) Hazardous and Non-Hazardous Air Emissions

The Group's insignificant amount of operational activities generate greenhouse gases ("GHG"), noise, waste and effluents. To minimise these impacts, the Group implements industry standard measures and continues to seek practical means of mitigation in our operations. The Group continues to use relatively clean operating processes, steel reinforcement and concreting. However, insignificant amounts of emissions are inevitably generated from diesel fuel 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.

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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"> Switch off electrical appliances when they are not used or needed 	<ul style="list-style-type: none"> Turn off the trucks, cranes and generators when they are not used or needed
<ul style="list-style-type: none"> Use electrical appliances and light bulbs with energy saving capabilities 	<ul style="list-style-type: none"> Use electrical appliances and light bulbs with energy saving capabilities
<ul style="list-style-type: none"> Promote “Energy charter on Indoor Temperature” by maintaining an appropriate temperature to reduce energy consumption 	<ul style="list-style-type: none"> Use solar energy whenever possible
<ul style="list-style-type: none"> Conduct regular energy consumption check 	<ul style="list-style-type: none"> Conduct regular energy consumption check.

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.

During the Reporting Period, the Group has generated hazardous and non-hazardous GHG directly from vehicles and gaseous fuel consumption, for example, consumption of fuels by lorries transporting of workers to and for work, use of specialized trucks for lifting, shifting and transporting galvanize pipes and machinery and building construction materials between construction sites, mobile cranes and generator to supply power supply in construction sites. Direct hazardous GHG emissions includes sulphur oxides (“SO_x”), nitrogen oxides (“NO_x”) and particulate matter (“PM”) and non-hazardous GHG emission includes carbo dioxide (“CO₂”). The use of electricity will also indirectly generate non-hazardous GHG emission of CO₂.

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 insufficient for meaningful intensity analysis.

Furthermore, the Group has enhanced its data collection and analysis, we have considered the consumptions and air emissions of the employee dormitory during the Reporting Period, while it was excluded during the last reporting period given that the consumption was expected to be immaterial in the last reporting period given that lockdown policy was implemented by the local government and the Group had a lower level of business activities. The following table summarises the quantities of hazardous and non-hazardous air emissions during the Reporting Period with comparison with the last reporting period:

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	Type of GHG	Unit	2021 Quantities	2020 Quantities	Variation
(A)	Hazardous (Direct)				
	SO _x	kg	0.45	0.41	8.8%
	NO _x	tonnes	0.87	0.80	8.9%
	PM	kg	62.69	57.68	8.7%
(B)	Non-Hazardous				
	CO ₂ (Direct) ⁽ⁱ⁾	tonnes	78.28	69.21	13.1%
	CO ₂ (Indirect) ⁽ⁱ⁾	tonnes	58.90	34.47	70.9%
	CO ₂ (Total)	tonnes	137.18	103.68	32.3%

⁽ⁱ⁾ Data included consumption in dormitory

The emissions have increased due to the increase in operational activities after the local government has eased the COVID-19 measures so that more employees have returned to office and resume work in construction sites, leading to the increase in consumption of fuels and electricity.

(ii) *Hazardous and Non-hazardous Wastes Discharge and Disposal*

Other than construction wastes from the construction projects, which are generally low hazardous wastes, the Group operations do not generate any other 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. 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 industry practice manner.

All non-hazardous wastes are taken care of by the local waste collector. Contemplations could be given to enhance recycling and reuse in the various processes and stages of production. As a guiding rule and principle, raw 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.

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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.

Apart from the construction sites, other operational activity of the Group only generate non-hazardous general wastes, such as used papers, stationery and packaging materials, office residuals, general rubbish and hygiene and living wastes by its employees. All these wastes are disposed to rubbish bins and stored in rubbish depots and are collected by the city urban waste services on a daily basis.

Same as the previous two years, the Group did not receive any complaints or warnings on its wastes disposal for the Reporting Period, and targets to achieve the same performance in the coming year.

(iii) *Noise Emission*

The operations of our construction work do generate noises; however, they are all within national and local environmental acceptable limits. The emitted noises do not cause significant noise pollution to local residents. The Group has complied with all the national and local laws, rules and regulations to ensure noise emission is under strict control.

Same as the previous two years, the Group did not receive any complaints related to noise emission for the Reporting Period, and targets to achieve the same performance in the coming year.

(iv) *Light Emission*

The operations and activities of the Group do not generate and emit light pollution.

As in the previous two years, the Group did not receive any complaints related to light emissions for the Reporting Period, and targets to achieve the same performance in the coming year.

(v) *Mitigation Measures on Emission and Results*

As a responsible corporation, we are conscious of the effects our operations may have on the environment at all times and constantly strive to maximise energy efficiency and minimise waste. The main sources are emissions from vehicles and diesel generators. The equipment is rented from and maintained by reputable quality suppliers. Only equipment complying with the very stringent statutory emission standards is used. It is therefore pertinent to source a reliable equipment and site staff is vigilant on emissions from the generators. Furthermore, all our vehicles have been checked regularly on safety and air emissions from fuel combustion and have passed all the tests with valid warranties obtained.

Furthermore, we have incorporated environmentally 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 and solid wastes disposal, as well as to save energy and resources and costs in our daily operations.

- Appoint responsible officers to regularly inspect our offices and operations to ensure power is turned off when works are not being carried out, and the use of natural ventilation to replace air-conditioning in allowable conditions;
- All levels of the Group are reminded of and educated on the importance of the 3-R guiding principle of reduce, reuse and recycle; and
- Implement a waste-classification system and the practice of recycling use of resources especially on printing papers.

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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 without breach or offence spotted by the law enforcing departments on pollution control and emissions. During the Reporting Period, we fully comply with all the national and environmental laws, rules and regulations and instructed standards and there have been no complaints or breaches recorded by law enforcing departments.

A2. Use of Resources

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 integrated into our production needs and goals. Educational programs and instructions are at present the main driving force in this aspect in the Group.

Same as the last two years, the Group did not find any abnormal or excessive uses of resources which were all within our internal control targets. The Group is confident that we continue to have maintain this level of standard in the coming years.

(i) Direct and Indirect Energy Consumption

The Group relies on city electricity supply which is the only and direct source for general use in office and dormitory. The Group enjoys its constant source and reliable supply. In situations where city electricity supply is not readily available to construction sites, Internos will rely on diesel generators for power supply to meet operational needs. This operation mode is in line with common industry practice in Singapore.

Consumption	Unit	2021 Quantities	2020 Quantities	Variation
Electricity	kWh	144,355	84,379	71.1%
Diesel fuel	litres	27,847	25,812	7.9%
Gaseous fuel	cubic metre	993	315	215.2%

As Singapore government has eased COVID-19 measures, employees are backed to work, leading to the increase of business activities and use of vehicle. Given the increased number of employees, the consumption of electricity for their daily usages and operational usages has increased. The diesel fuel consumption has increased at a reasonable level. In addition, the Group has built a kitchen and some cooking facilities for its employees since August 2020 and thus the gaseous fuel consumption has increased significantly. Given that the Group have increased its project activities across the construction sites and has added new cooking facilities, diesel and gaseous fuel consumptions have increased.

(ii) Water Consumption

The Group relies totally on city water supply for production and general use for all its operations and activities. City water supply is also the only source for both office and dormitory.

We encourage our staff and workers to efficiently use fresh water as it is one of the most important scarce resources. 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.

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For the Reporting Period, the Group has consumed 9,443 cubic metre (2020: 13,846 cubic metre) decreased 4,403 cubic metre or approximately 31.80% when compared to the last reporting period. It is noted that there was a higher level of water consumption in 2020 due to a water pipe burst and increased the water charges in 2020 of the dormitory. The incident was immediately taken care of and the pipe was replaced in 2020. 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.

The Group will continue to monitor this KPI closely and target to reduce our water consumption overall by 2% in the next operating year.

(iii) Paper and Packaging Materials and Use of Other Resources

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 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 12,223 pieces of plywood (2020: 9,748 pieces) due to increased business activities.

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 toolbox 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 692 reams of paper (2020: 489 pieces) due to increased business activities.

A3. Environment and Natural 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 CO₂ and direct gases of CO₂, SO_x, NO_x 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. The Group has complied with all the national and local environmental laws, rules and regulations, and industry standards during the Reporting Period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A4. Climate Change

The Group understands that stakeholders expect us to be managing and mitigating climate change risks in line with local and global commitments and recommendations. After communication with the stakeholders and reviewing of the Group's operations and activities in light with the current global environmental conditions, the Board identifies that global warming and reduction on the use paper and paper related packaging materials will be the most significant climatic issues that may impact the Group.

It is generally agreed that global warming is mainly caused by the excessive release of CO₂ into the atmosphere, which is directly and indirectly the result of uses of fossil fuels for transportation and electricity generation.

Faced with the global climate change risks and the international trend and challenge of reducing greenhouse gas emissions, the Group deeply understands the needs to cooperate with the overall industry and its upstream and downstream supply chain, to align with the national policies of each region, and to discuss with customers and supply chain about the new construction process technology for sustainable production, as well as new opportunities for energy conservation and carbon reduction. We have implemented policies and measures to use electricity efficiently to reduce CO₂ emission, which is a main contributor of global warming. Through reduction on usage of paper and packaging materials, we wish to indirectly reduce the cutting of trees, which will directly assist on curbing global warming as well.

For the Reporting Period, the Group's business operations and activities did not lead to any events or issues that might impact the climate or result in the change of the climate significantly. The Group has already taken measures to lower air emissions, and to reduce paper and paper-related packaging materials usage with a wish to curb global warming. The Group will continue with such measures for the coming year.

(B) SOCIAL AREAS AND 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 which are considered to have significant impact to the Group.
- (ii) Compliance of the 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 range of employment protection and benefits are in place and being observed at all levels.
- (iv) The Group recognises that staff are an important asset to 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 ensuring 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 employee bank account within the prescribed agreed period at the end of the wage period. In exceptional cases, salary will only be paid in cash to employees.
- (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 the relevant laws and regulations that have a significant impact on the Group

The Group being a reputable and honest employer with full integrity maintains a policy of strict compliance with all employment laws and requirements. The human resources department is responsible for this compliance through its recruitment process at the source and ensure that all established 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.

(i) Employment Mix

During the Reporting Period, the Group employed a total of 394 employees from various countries in Asia including Singapore, China, India, Malaysia, Philippines, Thailand, etc.

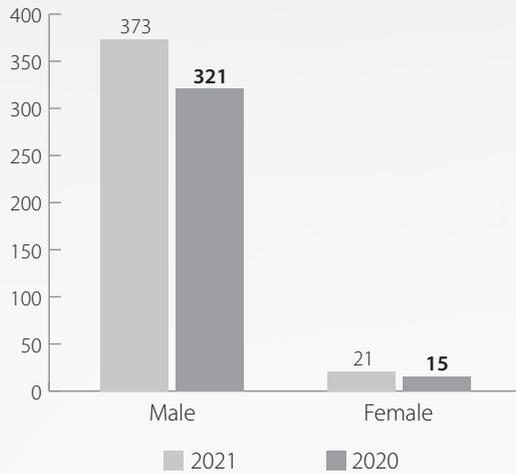
The Group recognizes its success and depends highly on the skills, passion and commitment of its employees. We consider that our employees and their intrinsic talent are important resources and assets. Given our policy of equal opportunity and treatment and anti-discriminatory to sex, origin, religion and races, our employees from different countries, cultures and religions worked together amicably and pleasantly without any record of complaints or disputes.

As at 31 December 2021, the Group employed a total of 394 employees, among which 394 full-time staff and no part-time staff. Comparing to the last reporting period, the total headcount of the Group increased by 58 or 17.3% due to the increase in operational activities in 2021.

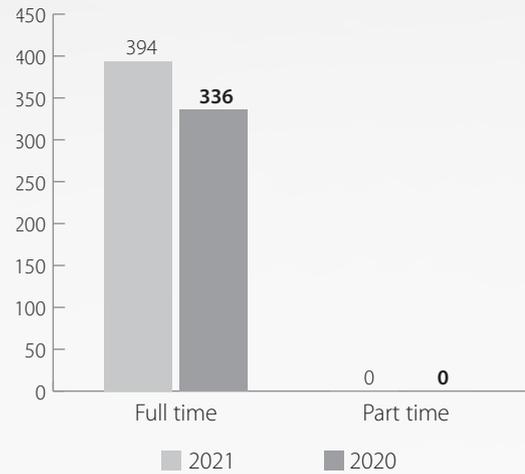
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Further analysis of the Group's employment situations for the Reporting Period and comparison with the last reporting period are summarised below:

Number of Employee by Gender



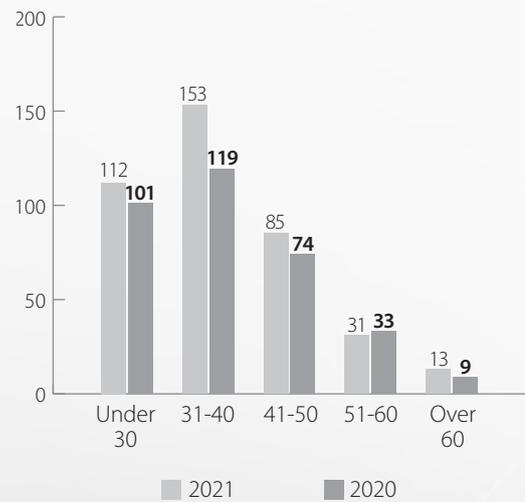
Number of Employee by Employment Type



Number of Employee by Employment Role



Number of Employee by Age



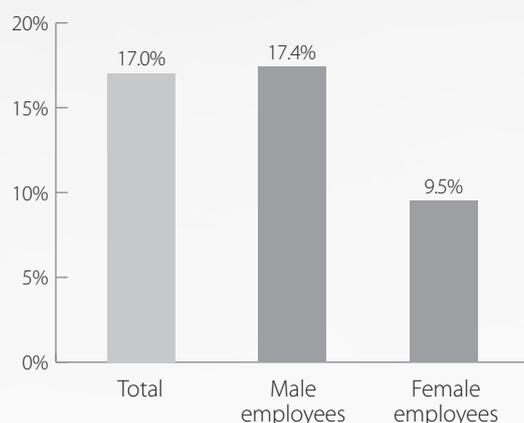
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The Group honoured all obligations to our employees including but not limited to the payment of salaries and wages, holidays and leave, compensation, and insurance for the Reporting Period.

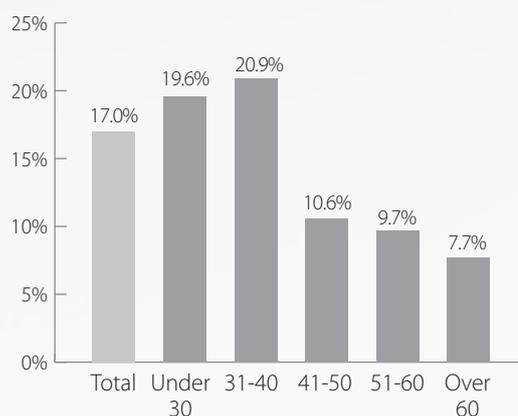
(ii) *Employee Turnover Rate*

For the 2021 Reporting Period, 67 of the Group's employees left voluntarily for career development. A breakdown of the turnover rates by sex and age is stipulated below:

Employee Turnover Rate by Gender



Employee Turnover rate by Age



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.

In accordance and in compliance with the statutory requirements of Singapore, the Group has maintained group hospitalisation, surgical and outpatient 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.

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(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.

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.

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

B3. Development and Training

The Group recognizes the value and contribution of our employees and is committed to investing in staff training and development.

It is the policy of the Group to provide the required level of training in terms of skills and job knowledge, plant operation and production know-hows to employees, local or foreign, 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 tacit 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 as a whole, of such training programs.

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

A training record detailing the types of programs offered and sponsored has been established and kept as a KPIs for the management to review regularly in response to improving the performance and efficiency of employees.

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During the Reporting Period, Internos 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:

Training courses:

- (i) Supervisor of Structural Works Tradesman
- (ii) Reinforced Concrete Works
- (iii) Drainage and Pipeline Works Tradesman
- (iv) Plumbing and Piping Works Tradesman
- (v) Working in Confined Space
- (vi) Apply Work Safety and Health on Construction Sites
- (vii) Operational First Aid
- (viii) Electrical Works
- (ix) Managing Works At Height
- (x) Competency Test

Total Number of Attendants: 192

Total Costs: S\$35,500

In summary, a total of 192 out of 394 employees (i.e. 33.9%) (2020: 31.0%) attended external training courses during the Reporting Period.

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 of statutory duties and obligations as an employer.

The employment of child labour, illegal workers and forced labour is strictly prohibited through the recruitment and employment process. The Human Resources department has been solely authorized 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.

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B5. Supply Chain Management

(a) Policy

The Group has its purchase policies implemented 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

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

All purchases of the construction projects in principle follow the established 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 environmentally 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.

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., 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.

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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

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, and environmental management including ISO 9001:2015 Quality Management System, ISO 14001:2015 Environmental Management System and ISO 45001:2018 Occupational Health and Safety Management System. BizSAFE STAR Certificate recognizes that Group's Workplace Safety and Health Management System (WSHMS) identifies, manages and controls workplace risks or hazards in compliance with the Workplace Safety and Health (WSH) Act and international standards such as ISO 45001. Also, manuals, 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.

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

Penta Ocean/Bachy Soletance JV:

- 1 Million Safe Man Hour Celebration
- 2 Million Hours LTI Free Celebration Award
- 3 Million Hours LTI Free Celebration Award
- 5 Million Hours LTI Free Celebration Award
- 9 Million Hours LTI Free Celebration Award in the Reporting Period
- Subcontractor Safety Recognition by Land Transport Authority of Singapore

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In order to ensure quality outcomes 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 to 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 an adverse impact to our business.

(ii) *Intellectual Property Rights*

Given the nature of our works, intellectual property rights are not a significant issue to the Group, nevertheless, the Group observes and respects all intellectual property rights by purchasing original computer software for usage in offices and work sites.

(iii) *Privacy*

(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 law, we have to cautiously keep and safeguard them.

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

The Group is fully aware of our obligation, 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 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 during the Reporting Period.

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 Employee Handbook, on corruption, conflict of interest and giving and taking of interests.

(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 and approval of the appropriate levels 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

The Company fully understands our social obligations and the need for giving back 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.