



ENVIRONMENTAL,  
SOCIAL AND  
GOVERNANCE REPORT

2018

**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

## INTRODUCTION AND APPROACH TO ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”) AND REPORTING

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

This ESG report for the financial year ended 31 December 2018 summarizes the initiatives, programmes, and performance of the Group while documenting its commitment to sustainability.

The Group is a contract manufacturer based in Singapore that is principally engaged in the manufacturing and selling of injection molded plastic parts for disposable medical devices and the provision of tooling services. We believe sustainability is key to achieving continuous success and we have integrated this into our business strategies. In order to pursue successful and sustainable business model, the Group recognizes the importance of integrating its risk management system into the perspective to sustainability in ESG aspects and has taken corresponding measures in its daily operation and governance.

### ESG Governance Structure

We have assigned full-time staff to collect data relevant to ESG and to compile an ESG report with the guidance from external professional parties. The Taskforce periodically reports to the Board of Directors for assessment and identification of risks of the Group on ESG aspects, and for reviewing whether the internal control system is appropriate and effective. The Taskforce also reviews ESG performance of the Group, including environmental, safety, labour practice, and other aspects. The Board of Directors sets the tone at the top for its ESG strategies, and is responsible for ensuring effective risk management and internal controls.

## REPORTING SCOPE

This ESG Report covers the Group’s key business and operational activities in Singapore and Indonesia from where the Group generates its revenue. In compiling this report, we have considered i) local laws and regulations from Singapore and Indonesian government, and ii) guidance issued by the Hong Kong Stock Exchange.

In particular, the General Disclosure and compliance matters in Subject Area A and Subject Area B covered the Group’s subsidiaries in Singapore and Indonesia.

### The ESG KPI data of Subject Area A – Environmental

We have included the Group’s subsidiaries in Singapore and in Indonesia because they formed the major part of the Group’s business. There were 131 employees as at 31 December 2018.

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

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## REPORTING PERIOD AND FRAMEWORK

The reporting timeframe covers the financial year ended 31 December 2018 (the “Reporting Period”) or (“2018”).

This ESG Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix 20 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “ESG Reporting Guide”).

Information related to corporate governance practices of the Group is presented in the Corporate Governance Report on pages 17 to 26 of Annual Report 2018.

## STAKEHOLDER ENGAGEMENT

Opinions and feedback from stakeholders keep us encouraged in maintaining effective system for sustainable development. In order to understand and address stakeholders’ concerns, we have established active communication channels with our stakeholders, such as shareholders and investors, customers and business partners, employees, suppliers, regulatory bodies and government authorities, as well as media, non-governmental organization (“NGO”) and the public.

For operational strategies and environmental, social and governance measures, we have considered stakeholders’ expectations and will continue to improve our performance through mutual co-operation with stakeholders in creating greater value for community by utilizing diversified engagement methods and communication channels as shown below.

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

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

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## MATERIALITY ASSESSMENT

The management and employees who are responsible for the key functions of the Group have participated in preparing this report and assisted the Group in reviewing its operation and in identifying key ESG issues to emphasize the importance of ESG compliance to the Group's businesses and its stakeholders. We completed a questionnaire with 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 relevant stakeholders in determining the Group's material ESG aspects to be covered in this ESG 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	
<b>A. Environment</b>		
A1. Emissions	Exhaust Gas Emission	P.5
	Greenhouse Gas Emissions	P.5
	Sewage Management	P.7
	Waste Management	P.7
A2. Use of Resources	Energy Efficiency Management	P.10
	Water Efficiency Management	P.11
	Packaging Materials Management	P.11
A3. The Environment and Natural Resources	Noise Control	P.12
<b>B. Society</b>		
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
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B3. Development and Training	Training and Development Policies	P.16
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B5. Supply Chain Management	Supplier Audit and Management	P.17
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B6. Product Responsibility	Quality Assurance	P.18
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	Customer Service and Privacy	P.21
B7. Anti-corruption	Internal Control	P.22
B8. Community Investment	Community Participation	P.23

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Sustainable development and environmental protection are the most fundamental elements to the operation of the Group. Meanwhile, the health condition and satisfaction of all employees have become the top priorities in the Group's operation.

We confirmed that, during the Reporting Period, appropriate and effective management policies and internal control systems for ESG issues are in place, and confirmed that the information disclosed in this 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 on our performance in respect of sustainability via email: [enquiry@inzign.com](mailto:enquiry@inzign.com).

## A. ENVIRONMENT

### A1. Emissions

#### ***General Disclosure and Key Performance Indicators ("KPI")***

In order to govern the environmental management and minimize the impact caused by our operations, the Group has implemented relevant policies related to environmental management, as a part of our Environment, Health and Safety ("EHS") requirement. Under the framework, the Group has established an EHS 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 relevant environmental laws and regulations in Singapore and Indonesia.

The Group has a dedicated department to co-ordinate and implement environmental protection measures and objectives, and to address environmental issues. We carried out a series of environmental management at production bases, covering planning, materials procurement, and various production procedures. The Group has also adopted measures controlling noise, exhaust gas, waste, and carbon emissions to ensure that all business activities are strictly complied with relevant laws and regulations.

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

We have been constantly improving our environmental management system to minimize undesirable impacts on the environment.

The Group has not identified any material non-compliance cases of environmental laws and regulations in Singapore and Indonesia that would have a significant impact on the Group during the Reporting Period.

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## *Exhaust Gas Emission*

The Group's business does not have significant exhaust gas emission and we consider the disclosure on this aspect to be minimal. Meanwhile, we mitigate whenever possible any exhaust gas that may exist in our production process.

## *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 works to reduce the VOCs emissions in providing a healthier and comfortable working environment by the following measures:

- Setting optimal molding temperatures strictly based on physical and chemical characteristics of various types of materials. This prevents gaseous emissions from decomposition of plastic materials due to temperature increase;
- Installing ventilation control systems along the production line, especially at the parts of highest processing temperatures; and
- Installing 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 controlling techniques for emission of dust and PM:

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

## *Greenhouse Gas ("GHG") Emissions*

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

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The total GHG emissions decreased by approximately 26.5% from approximately 1,972 tCO<sub>2</sub>e in 2017 to approximately 1,449.33 tCO<sub>2</sub>e in 2018. This was mainly due to the reduction in electricity and diesel consumption. The summary of GHG emissions performance during the Reporting Period is as follows:

<b>Indicator<sup>1</sup></b>	<b>Total emissions (tCO<sub>2</sub>e)</b>	<b>Intensity<sup>2</sup> – total GHG emissions per employee (tCO<sub>2</sub>e per employee)</b>
Direct GHG emissions (Scope 1)	10.55	0.08
Indirect GHG emissions (Scope 2)	<u>1,438.78</u>	<u>10.98</u>
Total GHG emissions	<u><u>1,449.33</u></u>	<u><u>11.06</u></u>

*Note:*

1. GHG emission data is presented in terms of carbon dioxide equivalent and are based on, but not limited to, “The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards” issued by the World Resources Institute and the World Business Council for Sustainable Development; “How to prepare an ESG Report? — Appendix II: Reporting Guidance on Environmental KPIs” issued by The Stock Exchange of Hong Kong Limited; the latest released Singapore’s Grid Emission Factor; 2016 Emission Factor issued by the Directorate General of Electricity, Ministry of Energy and Mineral Resources, Indonesia.
2. As at 31 December 2018, the Group had 131 full-time employees in total. The data is also used for calculating other intensity data.

The measures to reduce direct GHG emissions are as follows:

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

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## *Sewage Management*

In the plastic moulding process there is industrial wastewater, which is discharged together with domestic wastewater during our daily operations. Processed water used in plastic moulding and forming processes can be subdivided into three main categories: (1) cooling (or heating) water for plastics production; (2) wash water used for plastics product surface cleaning and equipment washing; and (3) finishing water to remove excessive plastic scraps and for polishing the products. During the Reporting Period, the data of sewage discharge is considered to be the same as water consumption volume and is going to be presented in Aspect A2 – Use of Resources. We have adopted the following pollution prevention measures for industrial wastewaters generated:

- For water used in production, we have installed activated carbon process to remove soluble organics;
- For materials and accessories, we have used bio-degradable plasticizers where possible; and
- For cleaning and finishing water, we have recycled and reused the water after sedimentation or settling units and after removal of suspended solids, oils and grease.

The Group centralized all waste-water (including industrial waste-water and domestic waste-water) disposal process, which is properly treated according to relevant standards before discharge to government's sewage pipe.

## *Waste Management*

The Group classifies wastes into i) hazardous waste, and ii) non-hazardous waste. Non-hazardous waste generated during our production process mainly comprises plastic. Plastic waste includes Polyvinyl Chloride ("PVC") materials, Poly-carbonate materials, Poly-ethylene ("PE") materials, Poly-propylene materials, Acrylonitrile Butadiene Styrene materials and Poly-oxy-methylene materials, etc. Other types of non-hazardous waste include carton boxes, metal scraps, etc. The Group properly segregates and classifies different types of industrial waste streams. Each type of non-hazardous waste are separately collected and disposed by licensed and qualified general waste collectors.



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The total non-hazardous waste discharged increased from approximately 138.79 tonnes in 2017 to approximately 151.96 tonnes in 2018 mainly due to the expansion of reporting scope. When only comparing the non-hazardous waste produced in Singapore operation (same as the reporting scope in 2017), the amount of non-hazardous waste decreased by 28% in 2018. The summary of non-hazardous waste discharge performance during the Reporting Period is as follows:

<b>Type of Non-hazardous Waste</b>	<b>Total disposal (tonnes)</b>	<b>Intensity – Total non-hazardous waste disposed per employee (tonnes per employee)</b>
PVC Materials	90.57	0.69
PE Materials	15.38	0.12
Other Materials	46.01	0.35
<b>Total</b>	<b>151.96</b>	<b>1.16</b>

Hazardous waste such as used oil and oily water or oil sludge from oil interceptor is widely 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 licensed toxic industrial waste collector permitted to carry out such activities.

Due to the expansion of reporting scope and increase in demand for equipment maintenance, the total hazardous waste discharged increased from approximately 1,700 litres in 2017 to approximately 2,200 litres in 2018, which is about 57%. The summary of hazardous waste discharge performance during the Reporting Period is as follows:

<b>Type of Hazardous Waste</b>	<b>Total disposal (litres)</b>	<b>Intensity – Total non-hazardous waste disposed per employee (litres per employee)</b>
Hydraulic Oil (including MOBIL DTE 10 Excel 68, etc.)	1,600.00	12.21
Disposal Waste Oil	600.00	4.58
<b>Total</b>	<b>2,200.00</b>	<b>16.79</b>

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The Group also implements the following measures to reduce waste discharge during our daily operation and within our office area:

- Setting up waste recycling points within the manufacturing area to encourage waste recycling;
- Promoting green information via electronic communication, such as e-mail and electronic workflows, to implement “paperless” concept;
- Placing “Green Message” reminders on office equipment;
- Utilizing used envelopes and promoting double-sided printing. Paper for single side printing would be used only when handling contractual and confidential documents; and
- Encouraging the use of recycled paper.

Through these waste management measures, the employees’ awareness on waste management has been enhanced. Moreover, the target of zero incident of spillage was achieved during the Reporting Period.

## **A2. Use of Resources**

### ***General Disclosure and KPI***

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

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

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## *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 assume responsibility for the Group's overall energy efficiency. By building up an energy management system, we develop and regularly review our energy objectives and targets 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 in place. Unexpectedly high consumption of electricity will be monitored so as to find out the root cause and thereby reduce the use.

Electricity consumption during the Reporting Period decreased from approximately 4,620,025 kWh in 2017 to approximately 2,698,895 kWh in 2018, which is around 42%. When comparing only the electricity consumption in Singapore operation (same as the reporting scope in 2017), the electricity consumption has decreased by approximately 55%. Apart from implementing the energy management system and various energy efficiency measures, the reduction in production during the Reporting Period has also resulted to the decrease in electricity consumption. At the same time, the total diesel consumption decreased by approximately 0.25%, from 4,000 litres in 2017 to 3,990 litres in 2018, which was also resulted from the reduction in production.

<b>Type of Energy</b>	<b>Energy consumption (kWh)</b>	<b>Intensity – Total energy consumption per employee (kWh per employee)</b>
Electricity	2,698,895.60	20,602.26
Diesel <sup>1</sup>	42,439.74	323.97

*Note:*

1. Conversion is in reference to the conversion provided on U.S. Energy Information Administration Energy Conversion Calculators, actual diesel consumption was approximately 3,990.00 litres.

In addition, the Group always educates its employees to have efficient use of electricity and to avoid wastage by teaching and training, such as switching off the lights and air-conditioning when not in use.

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## *Water Efficiency Management*

The water consumption of the Group principally comprised of office water and industrial water consumption. Apart from measures to handle with industrial water consumption stated in Aspect A1 — Emissions, we encourage all employees and customers to develop the habit of conserving water consciously in order 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, approximately 1,261 tonnes of water were consumed by the Group and the water consumption (also being considered as sewage discharged by the Group) per employee was approximately 9.63 tonnes. The water consumption reduced by approximately 21% from 2017 since there was a reduction in production during the Reporting Period.

Due to our business nature, we do not have issues in sourcing water that is fit for purpose.

## *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, approximately 36.05 tonnes of carton boxes were consumed by the Group.

## **A3. The 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 achieving effective emission management. We regularly assess the environmental risks of our business, and adopt preventive measures to reduce risks and to ensure compliance with relevant laws and regulations.

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## *Noise Control*

Noises are generated from machines operation. The Group has developed noise control procedure to reduce impact of noise to the surrounding areas. Noises are monitored through different monitoring points which are located both within and outside of the manufacturing plant boundary. Every year, the Group employs external qualified testing agencies to conduct regular monitoring measures to ensure noise levels are kept within boundary with reference to relevant standards. The manufacturing and tools room employees who are potentially exposed to high noise influence are selected for hearing test regularly.

## **B. SOCIETY**

### **B1. Employment**

#### ***General Disclosure***

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

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 Manpower Act (Chapter 91A)" and "Central Provident Fund Act (Chapter 36)" of Singapore, and "Labour Law (No. 13 of 2003 on Manpower) of Indonesia. 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 what is required by laws in Singapore and Indonesia to cater for the personal needs of our employees and care for their physical and psychological development, including:

- Minimum wage;
- Holidays;
- Annual leave;
- Medical scheme;
- Dental scheme;

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- Group insurance or social security programs;
- Mandatory provident fund;
- Overtime payment;
- Incentive; and
- Discretionary bonus.

We hire employees on a selective basis through open recruitment and fair competition. We have strict appraisals in place to ensure employees keep updating their skills and knowledge related to their work position.

### *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 so that our workforce can thrive and grow from time to time.

The Group refers to Singapore's Ministry of Manpower and Indonesia's Minister of Manpower salary surveys and guidelines for adjusting our remuneration level and decisions on 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. Supervisors also discuss the performance with employee in facilitating an effective two-way communication for advancement. Based on the evaluation result, we offer rewards to employees in encouraging continuous improvement.

### *Communication Channels*

The Group pays great attention to communication between the management and employees at all levels as we believe that good communication will help 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.

### *Gender Equality and Anti-discrimination*

Equal opportunities and anti-discrimination are one of the 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 specified 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.

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We have also formulated 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 with relevant occupational health and safety laws, rules and regulation. It is managed by our Safety Department for the benefits of our employees. We also aim at achieving zero accident by incorporating EHS management system in our operations. In order to recognize the potential risks in our daily operation, the Group conducts regular risk assessment to provide our employees with a healthy and safe working environment. Moreover, in accordance with our EHS policy, we set objectives aiming at zero reportable accident which were achieved during the Reporting Period.

We strictly comply with relevant health and safety laws and regulations in Singapore and Indonesia, including “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 with varying scopes and procedures of production to guarantee the safety and health of all employees and the people affected by any relevant production process.

The Group has established a Corporate Safety Management Committee which is chaired by our Directors to formulate our safety policies and to supervise its implementation. Our top and senior management are also required to attend safety conferences to discuss safety policies and safety cases, and to suggest and formulate safety policies.

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Our safety officer is responsible to establish safety plans for workers carrying out duties in production bases. When inspecting machines and equipment, we ensure workers are safe and we carry out regular safe inspections to maintain safe working environment and site tidiness.

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

### *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 safety hazard clearance, 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, implements green projects at our offices and production bases, and carries out other activities to promote healthy living practices. Health and safety communications are provided to employees in order to present relevant information and to raise 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. We treat staff as strategic partners who contribute to the needs of the Group; therefore, we provide training and support for employees' career development and personal value enhancement through regular and systematic training programmes.



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### *Training and Development Policies*

In order to improve employees' level of skills and knowledge and to unleash their potentials, the Group has organized workshops, seminars and training programmes for employees covering various aspects. Employees are also encouraged to enroll in external study opportunities 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 effectiveness of the training program. A training plan is developed by management based on requirements from various departments, employees, and special technicians necessary for licences. Management examines the effectiveness of training programs, and provides improvement plans. The facilitators should acquire required qualifications in delivering the training; for example, understanding the knowledge and procedures of the operating sectors, and complying with related laws, regulations and standards.

### *Training Programmes*

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

New employees shall undergo an orientation by 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 or incidents, and
- 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.

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

Furthermore, we provide different forms of training including internal training and external special courses to train staff with professional skills and abilities to cater for the actual needs of different departments and individuals. External courses include occupational first aids, safety and health management and equipment operation courses etc. Course contents include ISO 13485, ISO 9001 trainings, construction laws and good industry practices.

## **B4. Labour Standards**

### ***General Disclosure***

#### *Prevention of Child Labour and Forced Labour*

Child and forced labour are strictly prohibited during the recruitment process as defined by laws and regulations. The Group strictly complies with and conducts recruitment based on relevant laws and regulations in Singapore and Indonesia, including the “Employment Act (Chapter 91)” of Singapore and “Labour Law (No. 13 of 2003 on Manpower)” of Indonesia.

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

Personal data are collected during the process to assist in the selection of suitable candidates and to verify candidates’ personal data. The Human Resources Department also ensures identity documents are carefully checked. For any violation, it will be dealt with as clearly stated in the Group’s Employee 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 suppliers, and usually engage suppliers with responsible acts to society with regards to green supply chain management. A supply chain management system has been developed by the Group’s Procurement Department established for choosing suppliers according to their social responsibility performance, which in turn helps monitor supplier quality.

#### *Supplier Audit and Management*

An annual supplier audit checklist and report is compiled by the Group’s Procurement Department for reviewing the Group’s major suppliers. Site audit is also carried out annually for its main suppliers to evaluate their social responsibility performance. The Group will immediately cease the co-operation once child labour, forced labor or other serious violations of labor laws and regulations are discovered. If suppliers are discovered to be in serious violation of any rules, the Group will propose remedial actions and measures to ensure the problem is handled properly.

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### *Fair and Open Procurement*

We have also formed rules to ensure 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 in supply chain sourcing or relationship with supplier should not be involved in related business activities.

## **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 specialized 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 medical technology companies while complying with 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 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.

### *Quality Assurance*

#### Quality Assurance Department

Our quality assurance team is supported by approximately 20 staff members. They are primarily responsible for formulating and implementing procedures under our quality management system in accordance with adopted requirements and standards and ensuring that our product supply chain and production processes are in compliance with standards and procedures. They are required to have training before performing the relevant quality assurance tasks. The quality control team should perform: (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 establishes the procedures to be followed 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.

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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 of 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 manufacturing of medical devices. We believe our strong emphasis on stringent quality assurance processes is an important factor to the Group's success at any time.

We manufacture molded plastic parts for disposable medical devices in accordance with internationally accepted quality standards and specifications. Our quality management system standardizes all documents as well as ensuring 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 annually. We believe this promotes good communication between departments with its policies, processes and procedures, and help improve 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 by some of our customers to undergo annual audits so that our customers can be satisfied that we have put in place sufficient systems to ensure quality and proper manufacturing of injection molded parts in accordance with customers' specifications and requirements.

Our production facility and processes are also 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.

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## Production Facilities

The Group has two production bases which are in Singapore and Batam, Indonesia. The Singapore production base is well-equipped with specialized 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 an additional Class 100,000 clean room in Singapore to cater the pipeline products being developed for our customers.

To cater for requirements from our customers 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 of a multi-national company, providing support to our Group’s process in attaining consistent validation.

## *Research, Technology and Innovation*

As a medical technological products manufacturer, we continuously focus on the research for technology and innovation. During the Reporting Period, we intend to set up a Technical Department consisting of technical manager, engineer, and microbiologist, to enhance and diversify our injection molding business. The Technical Department will be responsible for the implementation of the technical operations and new production processes, which will form part of our Group’s standard operating process. The scope of responsibilities of the Technical Department is summarized as follows:

- Technical manager      Evaluate and plan the Group’s future technical roadmap to increase business opportunities;  
  
   Provide design and manufacturing related technical consultation advice to the Group’s customers; and  
  
   Lead members of the Group to ensure timely completion of projects.
- Engineer                      Finalize and implement the protocol of any new process before the new process is used in mass production.
- Microbiologist              Establish sterilization process after the machinery has been purchased; and  
  
   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.

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### *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 the 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 which can provide us with necessary information to appropriately adjust and improve our level of service quality and is a key performance indicator for the Group's corporate health; (ii) dealing with complaints of non-conforming products; and (iii) procedures to correct non-conformities and prevent potential non-conformities.

The products manufactured by us are 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. When customers have an issue with a product, they will typically return the affected batch of products to us and we will issue a credit note for the affected batch of products. According to Euromonitor International, it is the industry practice that the whole batch of products would be returned as customers do not want to incur time and costs sorting through a batch of products which may have issues. Once the products are returned to us, members of our production team will sort out the items that may have issues from those that meet customer specifications. The 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 enter into confidential agreements with clients and suppliers. Without their authorization, such information will not be disclosed to any third party or made available to the public. We strictly comply with the "Personal Data Protection Act (No. 26 of 2012)" of Singapore as well as "Personal Data Protection on Electronic System (No. 20 of 2016)" of Indonesia, and have constructed a personal privacy protection system based on that and other relevant laws and regulations in Singapore and Indonesia.

### Advertising and Labelling

As the Group's operational process does not involve advertising and labelling practices, the information relating to advertising and labelling is considered as non-material to the Group.

## **B7. Anti-corruption**

### ***General Disclosure***

The Group does not tolerate any corruptions, frauds and all other behaviours violating work 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, detecting potential deficiency, and identifying areas of improvement. Audit report is distributed to the responsible department for the timely remediation.

### **Whistleblowing System**

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, sub-contractors, 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, victimization and unwarranted disciplinary actions. Any person who is found to have victimized or retaliated against those who have raised concerns under this policy will be subjected to disciplinary sanctions.

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## B8. Community Investment

### *General Disclosure*

The Group is committed to emboldening and supporting 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 aim to promote the stability of the society, and support underprivileged on rehabilitation to improve the quality of life. We also focus to inspire our employees towards social welfare concerns. We would embrace the human capital into the social 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, for example, donations, volunteering services, sponsorships, etc. With the active participation in community events to help the needy, we also regularly communicate with local charities 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.

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