



HIAP TONG CORPORATION LTD.

SUSTAINABILITY REPORT 2020

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This sustainability report has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("Sponsor") in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst. This sustainability report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this sustainability report, including the correctness of any of the statements or opinions made or reports contained in this sustainability report.

The contact persons for the Sponsor are Mr Yee Chia Hsing, Head, Catalyst, Investment Banking and Mr Ken Lee, Associate Director, Investment Banking, CIMB Bank Berhad, Singapore Branch, at 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone: +65 6337 5115

## ABOUT THE REPORT

### **Reporting Boundary**

As a guide, this report covers operations and all subsidiaries for which the Group has management control, unless otherwise stated. It seeks to provide an overview of our approach, practices, commitment, and performance of the Group's material Environmental, Social and Governance ("ESG") topics.

### **Reporting Period & Standard**

The reporting period is the same as that of the financial year of the Group (1 April 2019 to 31 March 2020). This report was prepared in accordance with the Global Reporting Initiative ("GRI") Standards – "Core" reporting requirements. The GRI Standards is the most widely used and internationally accepted sustainability reporting framework. A GRI Index at the end of the report specifies the location of the relevant disclosures.

### **Independent Assurance**

The ESG performance data presented in the report have mainly been extracted from internal information systems and original records to ensure accuracy. The Group has not sought external assurance for this sustainability report but have relied on internal verification to ensure the accuracy of data.

## FEEDBACK

We are fully committed to our stakeholders and we welcome feedback on any aspect of our sustainability policies, processes and performance. Kindly address all feedback to [sr@hiaptong.com.sg](mailto:sr@hiaptong.com.sg). Your feedback is vital to us in achieving our goals to build a sustainable and thriving business. As an attempt to promote environmental conservation, there will be no hard copies of this report.



HIAP TONG CORPORATION LTD.

## BOARD STATEMENT ON SUSTAINABILITY

Hiap Tong Corporation Ltd. and its subsidiaries (“Hiap Tong” or the “Group”) is pleased to issue its third sustainability report prepared in accordance with the GRI Standards and in compliance with the SGX-ST guidelines on sustainability reporting.

The Group endeavour and is committed to continually consider material environmental, social and governance topics as part of our core business strategy. The report seeks to present an accurate and even account of our practices and performance in our quest to be a sustainable, responsible corporate citizen.

The Board of Directors (“Board”) and senior management (“Management”) remains committed to establish and maintain an effective Sustainability Management framework, which is supported by underlying internal controls, risk management practices, clear accountability and reporting process. The Board evaluates and considers ESG risks and opportunities relevant to the Group during the formulation of overall business strategy, objectives and performance measurements.

The Sustainability Reporting (“SR”) Committee supports the Management in identifying the type of relevant ESG topics caused by its day-to-day operations. Management then determines the materiality of the ESG topics based on the level of significance of impact, and influence on stakeholder values, and the achievement of the Group’s strategic objectives. The Board supports and approves the identification and assessment parameters of material ESG topics.

The ESG topics in this report reviewed by the Board and Management is assessed to be material and relevant. The Board and Management shall continue to dedicate leadership and maintain a high standard of sustainability governance to drive continuous and long-term growth for all its stakeholders. The Group will continue to work towards a balanced disclosure on the management and monitoring of material ESG topics for continual improvement.

## ABOUT THE GROUP

### Corporate Profile

Established since 1978, Hiap Tong is a leading provider of hydraulic lifting and haulage services to the marine, petrochemical and construction industries in Singapore. From a single 10 tonne mobile crane in 1980, the Group has expanded its combining lifting and haulage fleet size to an aggregate of about 346 vehicles as at 31 March 2020, consisting of 128 cranes (with lifting capacities ranging from 10 to 1200 tonnes) and 218 units of haulage equipment. Since 2009, Hiap Tong remains listed on the Catalist Board of the SGX-ST.

Today, Hiap Tong offers the largest range of lifting capabilities in the hydraulic mobile crane category and we believe is the only Singapore company with the ability to provide mobile lifting services with lifting capacities of up to 1200 tonnes. Our current lifting capabilities of up to 1200 tonnes allow us to undertake specialised lifting jobs.

We pride ourselves as an integrated one-stop service provider, offering a complete solution to customers from lifting services, with our extensive fleet of mobile cranes, to transportation services, with our haulage fleet.



With an established customer base of more than 300 customers, some of our notable customers include business units and affiliates of SembCorp Industries Ltd and Keppel Corporation Limited in the marine industry; ExxonMobil Asia Pacific Pte Ltd, and Sankyu (S) Pte Ltd. in the petrochemical industry; as well as Yong Nam Engineering and Construction Pte Ltd and GS Engineering & Construction Corp. in the construction industry. With our strong track record, business reputation and superior quality services, many of our major customers are repeat customers who have been doing business with us for more than 10 years.

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#### Vision

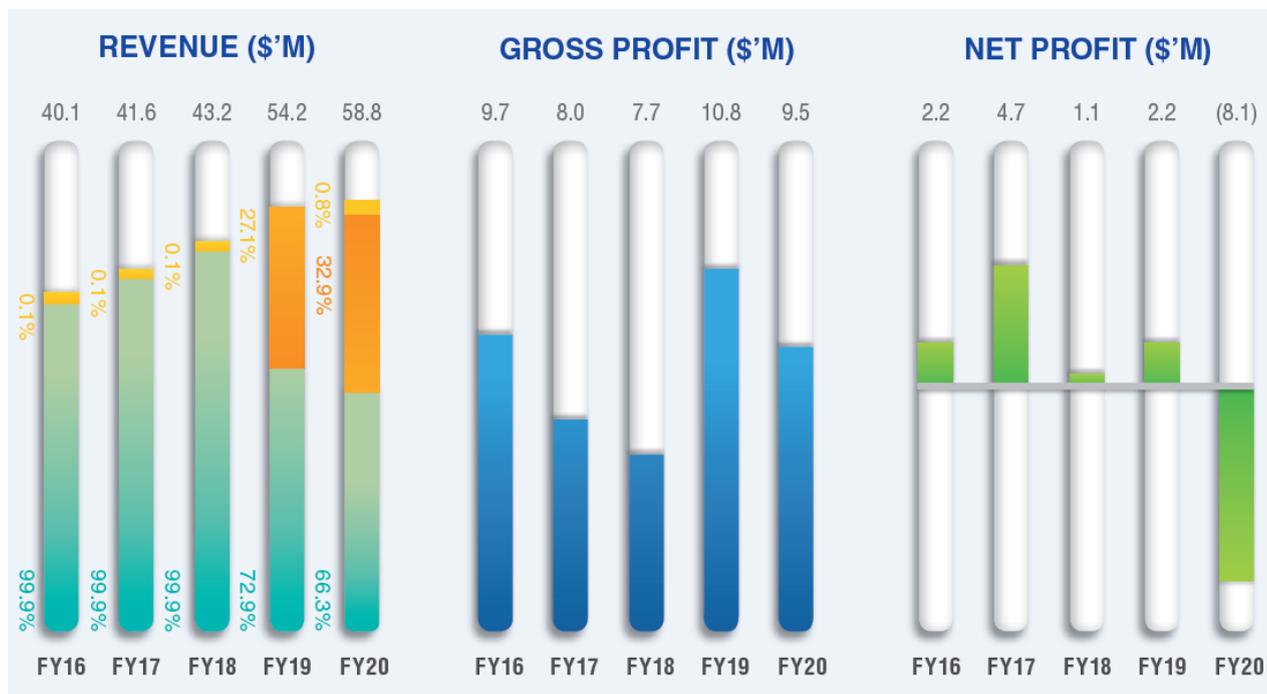
To be the preferred choice in offering a complete solution to customers from lifting services, with our extensive fleet of mobile cranes to transportation services with our haulage fleet.

#### Mission

Enhance the strength and trust in our brand name through:

- Commanding diversified range of products and customers;
- Ensure continuity of businesses and preserve shareholder investment; and
- Explore opportunities and growth prospects

## Financial Highlights



Please refer to the Group’s annual report (“**Annual Report**”) for the financial year ended 31 March 2020 (“**FY2020**”) for detailed analysis and commentary of financial performance.

### Awards & Certification

- Certification for ISO 9001 Quality Management System
- BizSAFE Star Certification
- Certification for ISO 45001 Occupational Health and Safety

## GOVERNANCE STRUCTURE

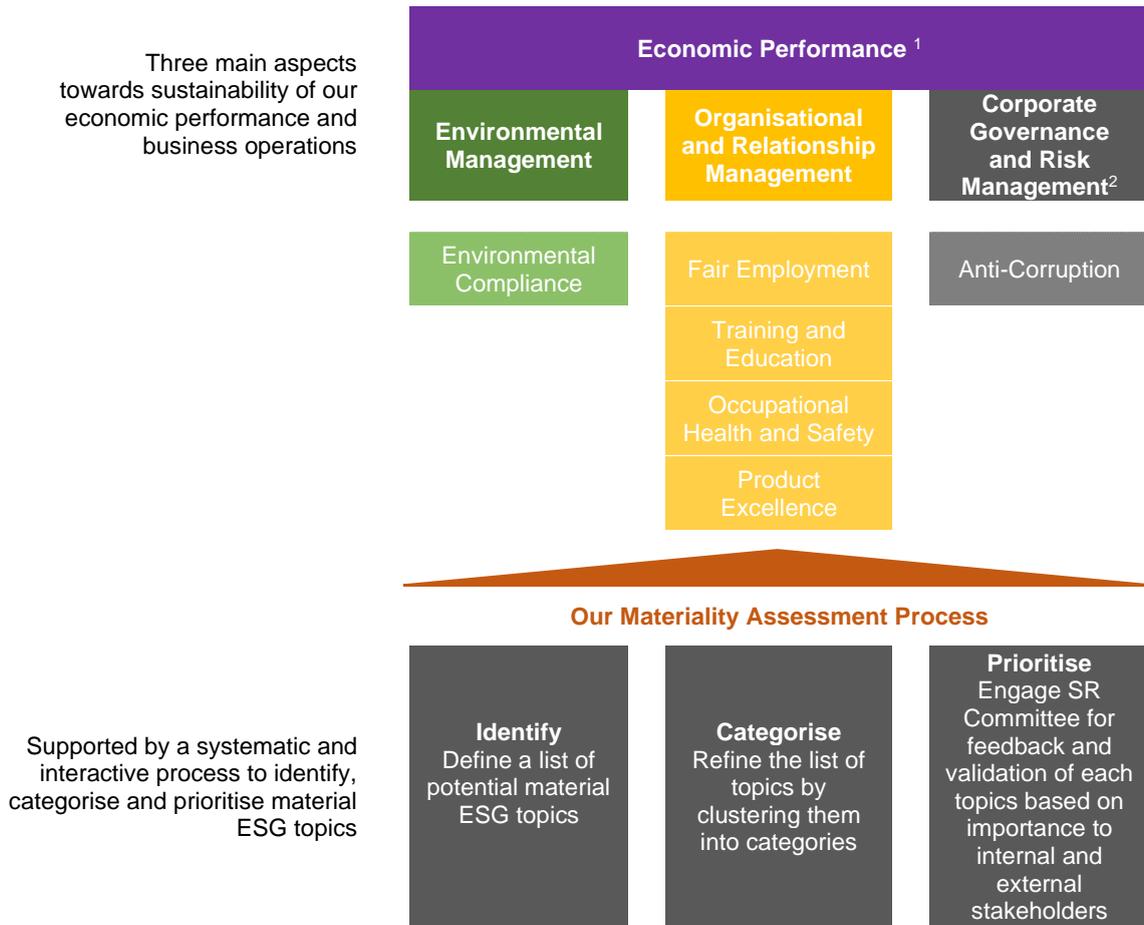
Sustainability is integrated into our business and embedded across various roles and functions. The SR Committee comprising of specific working groups with senior management and board level representatives from across our different businesses executes and reports on the material ESG aspects. The Board and the Audit Committee review and oversee the management and monitoring of the material ESG factors of the Group to ensure that sustainability matters are considered as part of its business strategy.

## STRATEGIC APPROACH FOR SUSTAINABILITY

Hiap Tong firmly believes that while our businesses are driven by earnings, what we do must also have a positive impact on environment, employees and all other stakeholders in our value chain.

In FY2020, the Management with the help of an independent external consultant reviewed the Group’s approach to sustainability management. The Board and the Management is committed to operate sustainably by also focusing on environmental management, organisational and relationship management, corporate governance and risk management. The main aspects and non-financial topics that are material to the sustainability of our economic performance and business operations are presented in Exhibit 1.

**Exhibit 1. An Overview Of Our Approach To Sustainability Management**



1. Please refer to Financial Statements contained in the Annual Report.

2. Please refer to the Corporate Governance section of the Annual Report.

## STAKEHOLDER ENGAGEMENT

Hiap Tong recognises that knowing and understanding the demands and concerns of stakeholders is key to sustainable growth and that regular engagement with stakeholders helps us to better determine material areas of focus. The Group operates and maintains diverse communication channels and platforms to listen to stakeholders' requirements and opinions.

Our stakeholders are those who have a considerable influence on our business, and whom our business has a significant impact on. In FY2020, the SR Committee with the support of independent external consultant have reviewed and ascertained that employees, customers, shareholder and investors, business partners remained as our key stakeholder groups (See Exhibit 2).

### Exhibit 2. Our Key Stakeholder Groups

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#### Employees

We recognise that our employees are fundamental to the Group's productivity and continuity. We aim to nurture them well to increase their engagement and contribution to the Group.



#### Customers

We strive to maximise our customer satisfaction, which reflects sales and revenue. We ensure that we understand our customer needs and expectations and we aim to build long lasting relationships with our customers so that they are likely to engage our services again.



#### Shareholders and Investors

We aim to maintain profitability in our Group and maximise shareholders' return. We also strive to maintain corporate governance and improve level of transparency through reporting and communication.



#### Business Partners

We work closely with our business partners / subcontractors to ensure that all our operations that were carried out are in line with our sustainability efforts and industry practices.

### List of Memberships of Association

In addition to engaging our stakeholders, we participate as members of organisations that include:

- Singapore Crane Association
- Association of Process Industry
- Singapore Transport Association

## MATERIALITY ASSESSMENT

Materiality with respect to sustainability reporting, as defined by GRI Standards, includes topics and indicators that reflect the organisation’s significant economic, environmental, and social impacts; and would substantively influence the assessments and decisions of stakeholders. In FY2020, guided by an external independent consultant and having considered the topics of concerns and expectation of identified key stakeholders, the SR Committee together with the Management have assessed and prioritised the material topics to focus on for the Group. These material ESG topics were also reviewed by the Board and determined as being relevant.

| Material ESG Topics                   | FY 2021 Targets and Commitments   |
|---------------------------------------|---|
| <b>ECONOMIC</b>                       |   |
| <b>Economic Performance</b>           | Please refer to Financial Statements contained in the Annual Report.  |
| <b>ENVIRONMENTAL</b>                  |   |
| <b>Environmental Compliance</b>       | <ul style="list-style-type: none"> <li>❖ Zero incidents of non-compliance</li> <li>❖ No significant fines or non-monetary sanctions for non-compliance with environmental laws and regulations</li> </ul>   |
| <b>SOCIAL</b>                         |   |
| <b>Fair Employment</b>                | <ul style="list-style-type: none"> <li>❖ Continue to promote diversity and equal opportunity in the workplace</li> <li>❖ Comply with local labour regulations across our operations</li> </ul>  |
| <b>Training and Education</b>         | <ul style="list-style-type: none"> <li>❖ Maintain more than 10 hours of training per employee annually</li> <li>❖ Ensure learning and development roadmap account for future skills required to improve the efficiency of the business</li> </ul> |
| <b>Occupational Health and Safety</b> | <ul style="list-style-type: none"> <li>❖ Zero fatalities and/or workplace injuries.</li> </ul>  |
| <b>Product Excellence</b>             | <ul style="list-style-type: none"> <li>❖ Maintain existing quality and safety accreditation</li> </ul>  |
| <b>GOVERNANCE</b>                     |   |
| <b>Anti-Corruption</b>                | <ul style="list-style-type: none"> <li>❖ Zero tolerance to bribery and corruption, including facilitation payment</li> </ul>  |

Moving forward, to keep abreast of critical issues, the SR Committee, supporting the Board in its oversight, will continue to review annually material ESG topics against the changing business environment, stakeholder opinions, and emerging global and local trends.

## ENVIRONMENTAL MANAGEMENT

### ENVIRONMENTAL COMPLIANCE

Environmental compliance forms an integral part of the Group's sustainability philosophy. With increased pressure on corporations to be accountable for their environmental footprint and rising cost of natural resources, we endeavour to not just comply but also integrate the best sustainability practices across business operations to reduce adverse environmental impact on the ecosystem.

Over the years, the Group's operations continue to conform to local environmental laws and regulations. All employees of Hiap Tong are encouraged to be proactive and forthcoming in managing and reporting environmental related issues and complaints.

The key environmental regulations that the Group is required to comply with are:

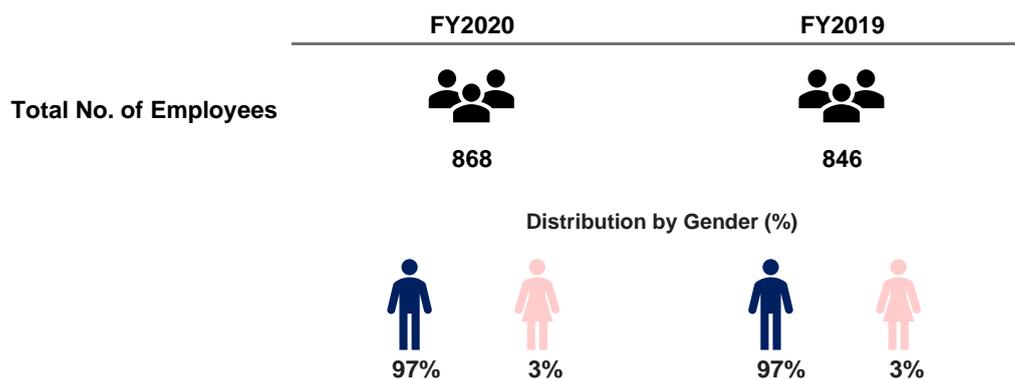
- Environmental Protection and Management Act (Cap. 94A)
- Environmental Public Health Act (Cap. 95)

In FY2020, there were no incidents of non-compliance and penalties pertaining to environmental-related issues. The Board and Management continues to review and improve current environmental management system and practices and ensure that all our activities and operations comply with regulatory and customers' requirements.

## ORGANISATIONAL AND RELATIONSHIP MANAGEMENT

### FAIR EMPLOYMENT

Our employees are one of our most valuable assets and the Group believes in and is committed to fair employment practices, upholding human rights principles and investing in developing and training our people. In FY2020, the total number of employees remained comparable to that of FY2019. The gender distribution of new hires in FY2020, of which 97% were male, remained unchanged due to the nature of the industry. The percentage of new hires below 50 years is approximately 89%.



|           | FY2020    |     | FY2019    |     |
|-----------|-----------|-----|-----------|-----|
| New Hires | Total No. | %   | Total No. | %   |
|           | 321       | 37% | 270       | 32% |

97% of new hires were male due to the nature of industry which is providing lifting capabilities services with hydraulic mobile cranes.

|   |  | FY2020 |         |      | FY2019 |         |      |
|---|--|--------|---------|------|--------|---------|------|
|   |  | < 30   | 30 - 50 | > 50 | < 30   | 30 - 50 | > 50 |
| <b>Total No. of New Hire by Age Group</b> |  | 175    | 109     | 37   | 89     | 162     | 19   |
| <b>% by Age Group</b>                     |  | 55%    | 34%     | 11%  | 33%    | 60%     | 7%   |

|   |  | FY2020 |         |      | FY2019 |         |      |
|---|--|--------|---------|------|--------|---------|------|
|   |  | < 30   | 30 - 50 | > 50 | < 30   | 30 - 50 | > 50 |
| <b>Total No. of Turnover by Age Group</b> |  | 244    | 119     | 38   | 71     | 21      | 10   |
| <b>% by Age Group</b>                     |  | 36%    | 49%     | 15%  | 56%    | 30%     | 14%  |

We strive to foster an inclusive and performance driven work environment to attract, retain and develop our talents. As an equal opportunity employer, the Group has instituted a fair system to ensure equal opportunities and non-preferential treatment for all employees. There is no preference or prejudice towards religion, age, ethnicity, any physical disability or gender. Employees are required to observe and adhere to all relevant policies and practices. The Group remains committed in continuing to embrace diversity, and equal opportunity in the workplace and remained compliant with respective to local regulations across operations.

Due to the inherent nature of labour-intensive work and physically challenging working conditions, the majority of our employees are male. Our female employees are mostly working in the Finance, Human Resource and Project Management departments. Hiap Tong makes a conscious effort to maintain diversity in the middle management, to generate creativity and innovation and improve the organization's culture. There were no reported incidences of discrimination raised by our employees in FY2020.

The Group also has an open-door policy where employees are encouraged to speak-up or report grievances directly to their superior, head of department, human resource department, chief executive officer and/or independent directors. This is to reinforce our commitment to our employees to provide them with a workplace that is healthy, safe and secure. Across our business segments, there were no workplace grievance cases reported in FY2020.

### Employee Remuneration and Benefit

The Group recognises the valuable contribution of all employees. We strongly believe in fair remuneration and sets packages which are competitive and sufficient to attract, retain and motivate personnel with adequate experience and expertise to manage the business and operations of the Group. In setting remuneration packages, the Group takes into account the regulatory requirements, salary, and employment conditions within the same industry and in comparable companies. In FY2020, in addition to the competitive remuneration offered, we extended our employees a set of benefits including but not limited to:

| Item | Employment Benefits                | Descriptions  |
|------|------------------------------------|---|
| 1    | Foreign worker medical             | Covering foreign worker medical claims.   |
| 2    | Work Injury Compensation Insurance | Covering worker work injury.  |
| 3    | Flexible Work Arrangement          | Creating work-life harmony at the workplace.  |
| 4    | Various Allowances benefits        | Company has various allowances for entitled staffs such as housing allowance, attendance incentive, Sunday allowance, performance allowances, safety allowances and etc.                  |
| 5    | Annual Variable Bonus              | Annual variable bonus will be issued before each Chinese New Year. This bonus will be based on current market conditions, Group's overall performance, as well as employee's performance. |
| 6    | Salary increment                   | Salary increment amount determined based on annual appraisals after year end.   |
| 7    | Annual festival celebrations       | Embracing diversity and culture, we also celebrate important festivals as a company.  |

In FY2020, the Group remained in full compliance with local labour regulations across our operations, as well as minimum wage laws, where such laws exist. The Group endorses Singapore's Tripartite Guidelines on Fair Employment Practices and the Employers' Pledge of Fair Employment Practices and makes contributions to the Central Provident Fund scheme in Singapore, a defined pension scheme. For employees below 55 years old, Hiap Tong makes an additional contribution of 17% as an employer on top of the employee's 20% contribution.

In support of the Singapore government's pro-family legislation, eligible working mothers and fathers who are legally married and whose new-born child is a Singapore citizen are entitled to 16 weeks of maternity leave and 2 weeks of paternity leave respectively. Eligible working parents of at least one Singapore citizen child who is less than seven years old; or between ages of 7 to 12

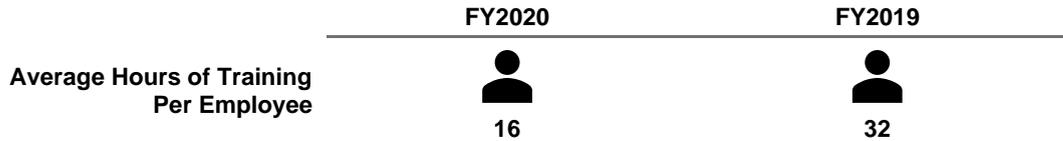
(by extension); and employed by Hiap Tong at least for 3 continuous months are entitled to 6 days of paid childcare leave annually.

Being in an industry that is largely labour-intensive, we are dedicated to constantly reviewing our employment policies, benefits and remuneration practices to ensure compliance with the updated employment laws, to keep up with the best industry practices to provide the optimal working conditions for our people.

The Group continually cultivates a transparent and inclusive environment for all employees, as well as ensures a top-down approach to promote fair and ethical business dealings. Hiap Tong maintains zero tolerance towards unethical labour practices such as child labour, forced labour, slavery and human trafficking across all our operations.

**TRAINING & EDUCATION**

The Group regularly review its training needs and requirements by keeping abreast of government regulatory requirements, as well as technological changes in the industry. We try our best to incorporate best practices from clients with the highest standards such as ExxonMobil and constantly encourage employees to be pro-active and continue upgrading to develop their fullest potential and have a fulfilling career. To achieve that, both on-the-job and ad-hoc trainings are made available to our employees. All employees are encouraged to attend courses which are relevant to their work nature.



It is understandable that all training provided were to male employees due to the nature of industry which is providing lifting capabilities services with hydraulic mobile cranes. In FY2020, the Group continues to achieve its target of more than 10 hours of training per employee in a calendar year.

**Programmes for Upgrading Employee Skills and Transition Assistance**

Programmes for upgrading employee skills allow Hiap Tong to plan skills upgrading and equip employees to meet strategic targets of the Group. More skilled employees enhance Hiap Tong’s human capital and contribute to employees’ satisfaction, which will then enhance overall performance.

With this, Hiap Tong adopts various skill upgrading programmes with the objective of assisting to provide the upgrading of employees’ skills and to facilitate continued employability. These internal and external programmes include the following:

| Item | Name of Programme                      | Description  |
|------|--|--|
| 1    | Tower crane apprenticeship programme   | Training programme for tower crane licence with on job training & on-site assessment   |
| 2    | Crawler crane apprenticeship programme | Training programme for crawler crane licence with on job training & on-site assessment |
| 3    | Mobile crane apprenticeship programme  | Training programme for mobile crane licence with on job training & on-site assessment  |

|   |   |   |
|---|---|---|
| 4 | Perform signal rigger task                      | Training to be a certified signal and rigger man                                    |
| 5 | Workplace safety & health in construction sites | Safety regulations in construction sites, as well as occupational first aid courses |
| 6 | Supervise safe lifting operations               | Safe lifting procedures   |
| 7 | Supervise construction work                     | Safety regulations in construction sites  |
| 8 | Shipyards safety instruction course             | Shipyards safety  |

**Performance and Career Development Review**

Performance and career development review of employees are performed during the performance appraisal process. This process is conducted on an annual basis whereby there will be two-way communication and engagement between supervisors and subordinates to assess the performance of the employee. Upon completion of the appraisal process, consideration of career advancement such as promotion; quantum of salary increments and annual variable bonus (disbursed yearly before Chinese New Year) will be determined based on the performance appraisal results. In FY2020, all employees are assessed and remunerated fairly based on their experience, qualifications and performance. The Group shall continue to provide training and education opportunities through development programmes wherever applicable and promote a conducive corporate environment where everyone could achieve their potential.

**OCCUPATIONAL HEALTH & SAFETY**

Safety is an integral part of our business, and a key focus area for our board of directors and senior management. Hiap Tong recognises that it is the company’s responsibility to ensure that everyone gets home safe every day. We firmly believe that all our employees deserve to work in a safe and healthy environment and that a conducive working environment will not only boost employees’ morale, but also increase the overall workforce’s productivity and efficiency.

**Occupational Health & Safety Management Framework**

The Group pledges for zero accidents throughout all work activities to safe guard the environment and safety and health of all employees, subcontractors, supplier and public. Processes are in place to identify, mitigate and report risks and communicate best practices across the Group, and we work with our employees and stakeholders to ensure that they understand our requirements and expectations.

Hiap Tong strives to continually achieve safety certifications in line with global best practices. The Group continues to maintain its Occupational Health and Safety and bizSAFE Level Star certifications, reflecting our strong commitment in providing a safe working environment for all employees. The Board and Management maintains oversight and monitors the health and safety performance of the Group.



Safety programmes such as toolbox meetings, campaigns, and emergency fire drills are conducted throughout the year. To maintain and ensure effectiveness of our policies and management system, an external audit conducted by an independent organisation are conducted annually.

The Group seeks to learn from past mistakes and strive to prevent similar incidents from reoccurring. As part of our skills-training programme, we consistently schedule workplace health and safety briefings to review our safety practices with workers. For near-miss incidents, we will promptly have a review briefing dedicated to analysing the situation and to remind our workers of the relevant safety measures and precautions, as well as the safety protocols in the event of incidents.

We also ensure each worker is well protected before the start of each assignment, through documenting on the personal protective equipment record to ensure that each worker is sufficiently equipped with protective gears for their related job-scope. We have also developed a list of protocols and precautions for workers, to ensure that their safety is fully covered in all areas of work.

### Workplace Health & Safety Performance

| Category                           | FY2020 | FY2019   |
|------------------------------------|--------|----------|
|                                    | Total  | Total    |
| Number of Injuries                 | 8      | 7        |
| Injury Rate ("IR") <sup>3</sup>    | 2.05   | 1.56     |
| Lost Day Rate ("LDR") <sup>4</sup> | 29.71  | 35.82    |
| Absentee Rate ("AR") <sup>5</sup>  | 0.0082 | 0.0066 * |

\* Restated to include HT Port Services

In FY2020, there were no incidents of fatalities across Hiap Tong's business operations. The Group have and strives to continue to maintain its health & safety standards, as well as continuous improvement in its Operational Health and Safety processes and performance.

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

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

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

## PRODUCT EXCELLENCE

The Group is committed to adding value to its clients and delivering product and service excellence. Recognising that the health and safety of our customers in the provision and use of our products and services are of utmost importance to us. Hiap Tong operates Quality, Environmental, Health, Safety Management System to the ISO 9001 and ISO 45001 standards to support a systematic approach to address quality, health and safety-related concerns across lift cycle of our product and services.

### **Quality & Customer Health and Safety**

The Group has established a Quality, Environment, Health, and Safety Management System (“QEHS”) policy which includes the following criteria:

1. Consistently meeting client’s satisfaction through providing quality product and service excellence;
2. Ensuring that all our projects are delivered on time, as specified by our clients;
3. Providing training on QEHS awareness for all employees;
4. Preventing / Eliminating / Minimizing and controlling the risk due to occupational health and safety hazards, including those arising from terror threats;
5. Eliminating / Minimizing and controlling the pollution and environmental impacts associated with our activities;
6. Complying with all applicable legal and other requirements;
7. Continual improvement of Quality, Environmental & Occupational Health and Safety performance through monitoring and review of set objectives and targets;
8. Communicating and making available this policy to all employees, subcontractors and suppliers; and
9. Establishing measurable objective, targets, programmes and procedures for continual improvement in Quality, Environmental & Occupational Health and Safety performance and top management who is accountable for it shall review periodically to ensure its effectiveness & for continual improvement.

The Group actively seeks out customers’ feedback and suggestions to better understand their needs, so that it can translate such feedback to improvements of our products and services. This is achieved through channels such as customer complaints, enquires and rating. The Management is actively involved in monitoring quality, environmental, health and safety performance and assessing areas for improvement on an on-going basis. The Group’s QEHS policy is reviewed minimally once every year to ensure its continuing suitability. In FY2020, the Group continues to maintain its Quality, Environmental, Health, Safety Management System to the ISO 9001 and ISO 45001 standards.

### **On-Going Review & Assessment**

Our fleets are inspected and maintained regularly to ensure safety load test requirements are met and are always operating at optimal performance. Visual tests are conducted annually by a professional engineer, who will issue a certificate of test and examination for our lifting machinery.

Our crane operators are professionally certified and licensed by the Singapore Building and Construction Authority as well as experienced to operate the lifting equipment safely. Our

operations fully comply with the Workplace Safety and Health (WSH) Act and its subsidiary regulations giving our customers an extra peace of mind when it comes to risk management for high risk activities.

The significant product categories for which health and safety impacts are assessed for improvement are as follows:

- Mobile cranes/ crawler cranes;
- Prime Movers; and
- Lifting gears

The criteria used for assessment for the significant products and services stated above are assessed in accordance with lifting machine certificate, lifting gear certificate, and an annual checklist that is prepared internally.

### **Supply Chain**

As a sustainable company offering a complete solution to customers from lifting services with our extensive fleet of mobile cranes and transportation services with our haulage fleet, we source our mobile cranes from mainly Germany, Japan and China.

In selecting the supply of the hydraulic mobile cranes, suppliers are assessed under stringent criteria. These include track records, financial strength as well as commitments towards high quality, health and safety standards.

### **Compliance**

In FY2020, there were no incidents of non-compliance with regulations concerning the health and safety impacts of products and services

## CORPORATE GOVERNANCE

### ANTI BRIBERY AND CORRUPTION

Hiap Tong is committed to uphold the highest standards of corporate governance and business integrity across its business activities, which are essential for the long-term viability of the Group's businesses and the enhancement of shareholder value. The Management maintain strict disciplinary standards and requirements on its employees right from the beginning of its recruitment process. During work, zero tolerance is applied to any employee involved in corruption or bribery.

The Board is responsible to investigate complaints of suspected fraud in an objective manner and has put in place a whistle-blowing policy and procedures which provide employees with well-defined and accessible channels within the Group, including a direct channel to the Audit Committee, for reporting suspected bribery, corruption, dishonest practices or other similar matters.

The whistle-blowing policy and procedures aims to encourage the reporting of such matters in good faith, with the confidence that employees making such reports will be treated fairly and, to the extent possible, be protected from reprisal. The policy and its effectiveness will be reviewed by the Audit Committee periodically, with recommendations regarding updates or amendments, if any, to be made to the Board as required.

In FY2020, there were no incidents of regulatory non-compliance across Hiap Tong's group of businesses. There were also no reported incidents pertaining to whistle-blowing for this reporting period under review. The Group continues to work towards reinforcing a full compliance culture.

#### **Moving Forward**

The Audit Committee continues to support the Board in its oversight of anti-bribery and corruption and is responsible for driving Hiap Tong's focus on implementing effective compliance and governance systems. At an operational level, the respective department within the Group continues to be responsible to identify, self-assess the adequacy and effectiveness of mitigating measures, and manage their financial, operational, information technology, compliance and reputational related risks.

Please refer to the Corporate Governance section of the Annual Report for more information.

## GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

This report has been prepared in accordance with the GRI Standards: Core option

| Category                            | Disclosure | Description  | Page Reference and Remarks  |
|-------------------------------------|------------|--|---|
| GRI 102:<br>General<br>Disclosures  | 102-1 *    | Name of the organization                                     | Cover Page of SR  |
|                                     | 102-2 *    | Activities, brands, products, and services                   | Page 4 of SR<br>Refer to AR FY2020– Notes to The Finance Statement – Note 1 |
|                                     | 102-3 *    | Location of headquarters                                     | Back Cover of SR  |
|                                     | 102-4 *    | Location of operations                                       | Refer to AR FY2020 – Group Structure  |
|                                     | 102-5 *    | Ownership and legal form                                     | Refer to AR FY2020<br>Notes to The Finance Statement – Notes 1, 14 to 16    |
|                                     | 102-6 *    | Markets served   | Page 4 of SR<br>Refer to AR FY2020 – Chairman’s Message                     |
|                                     | 102-7 *    | Scale of the organization                                    | Total of 868 employees  |
|                                     | 102-8 *    | Information on employees and other workers                   | Page 10 of SR   |
|                                     | 102-9 *    | Supply chain   | Page 16 of SR   |
|                                     | 102-10 *   | Significant changes to the organization and its supply chain | No significant changes  |
|                                     | 102-11 *   | Precautionary principle or approach                          | Page 6 of SR  |
|                                     | 102-12 *   | External initiatives   | Page 5 of SR  |
|                                     | 102-13 *   | Membership of associations                                   | Page 7 of SR  |
| GRI 102:<br>Strategy                | 102-14 *   | Statement from senior decision-maker                         | Refer to AR FY2020<br>Chairman’s Message                                    |
| GRI 102:<br>Ethics and<br>Integrity | 102-16 *   | Values, principles, standards, and norms of behaviour        | Page 4 of SR  |
| GRI 102:<br>Governance              | 102-18 *   | Governance structure   | Page 6 of SR<br>Refer to AR FY2020<br>Corporate Governance                  |

| Category                          | Disclosure | Description  | Page Reference and Remarks  |
|-----------------------------------|------------|--|---|
| GRI 102: Stakeholder Engagement   | 102-40 *   | List of stakeholder groups                                 | Page 7 of SR  |
|                                   | 102-41 *   | Collective bargaining agreements                           | None  |
|                                   | 102-42 *   | Identifying and selecting stakeholders                     | Page 7 of SR  |
|                                   | 102-43 *   | Approach to stakeholder engagement                         | Page 7 of SR  |
|                                   | 102-44 *   | Key topics and concerns raised                             | Page 8 of SR  |
| GRI 102: Reporting Practice       | 102-45 *   | Entities included in the consolidated financial statements | Refer to AR FY2020 – Notes to The Finance Statement – Note 3.1 and Note 6                                   |
|                                   | 102-46 *   | Defining report content and topic Boundaries               | Page 3 of SR  |
|                                   | 102-47 *   | List of material topics                                    | Page 8 of SR  |
|                                   | 102-48 *   | Restatements of information                                | FY 2019 Absentee Rate on Page 14 of SR was restated to include HT Port Services                             |
|                                   | 102-49 *   | Changes in reporting                                       | No significant changes from previous reporting periods in the list of material topics and topic boundaries. |
|                                   | 102-50 *   | Reporting period   | Page 3 of SR  |
|                                   | 102-51 *   | Date of most recent report                                 | FY2018 Inaugural Sustainability Report  |
|                                   | 102-52 *   | Reporting cycle  | 1 April 2019 to 31 March 2020   |
|                                   | 102-53 *   | Contact point for questions regarding the report           | Page 3 of SR  |
|                                   | 102-54 *   | Claims of reporting in accordance with the GRI Standards   | Core option   |
|                                   | 102-55 *   | GRI content index  | Page 18 - 20 of SR  |
|                                   | 102-56 *   | External Assurance   | The Group has not sought external assurance for this sustainability report.                                 |
| GRI 307: Environmental Compliance | DMA        | Disclosure of Management Approach                          | Page 9 of SR  |
|                                   | 307-1      | Non-compliance with environmental laws and regulations     | Page 9 of SR  |

| Category                                   | Disclosure | Description  | Page Reference and Remarks   |
|--|------------|--|--|
| GRI 401:<br>Fair Employment                | DMA        | Disclosure of Management Approach  | Page 10 – 11 of SR   |
|  | 401-1      | New employee hires and employee turnover   | Page 10 of SR  |
|  | 401-2      | Benefits provided to full-time employees that are not provided to temporary or part-time employees | Page 11 of SR  |
|  | 401-3      | Parental leave   | Page 11 of SR  |
| GRI 403:<br>Occupational Health and Safety | DMA        | Disclosure of Management Approach  | Page 13 of SR  |
|  | 403-1      | Occupational Health and Safety Management System   | Page 13 - 14 of SR   |
|  | 403-2      | Types of injury and rate of injury   | Page 14 of SR  |
| GRI 404<br>Training & Education            | DMA        | Disclosure of Management Approach  | Page 12 of SR  |
|  | 404-1      | Average hours of training per year per employee  | Page 12 of SR  |
|  | 404-2      | Programmes for upgrading employee skills and transition assistance programmes                      | Page 12 of SR  |
|  | 404-3      | Percentage of employees receiving regular performance and career development reviews               | Page 13 of SR<br>All employees are assessed regularly and remunerated fairly based on their experience, qualifications, and performance. |
| GRI 416:<br>Customer Health and Safety     | DMA        | Disclosure of Management Approach  | Page 15 – 16 of SR   |
|  | 416-1      | Assessment of the health and safety impacts of product and service categories                      | Page 15-16 of SR   |
|  | 416-2      | Incidents of non-compliance concerning the health and safety impacts of products and services      | Page 16 of SR  |
| GRI 205<br>Anti-Corruption                 | DMA        | Disclosure of Management Approach  | Page 17 of SR,<br>Refer to AR FY2020 – Corporate Governance  |
|  | GRI 205-3  | Confirmed incidents of corruption and actions taken  | Page 17 of SR,<br>Refer to AR FY2020 – Corporate Governance  |



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