明 光 集 團
BENG KUANG GROUP









Beng Kuang Marine Limited

Sustainability Report 2020

Table of Contents

Statement by the Board	**1**
About this Report	**2**
Organisation Profile	**3**
Supply Chain Management	**5**
Membership of Associations	**6**
Stakeholder Engagement	**7**
Materiality Assessment	**8**
Corporate Governance	**9**
- **Anti-Corruption**	**9**
Environment	**10**
- **Energy**	**10**
- **Water**	**11**
- **Effluent and Waste**	**11**
Employment	**12**
Occupational Health and Safety	**13**
Global Reporting Initiative (GRI) content index	**15**

Statement by the Board

Dear Stakeholders,

The Board of Directors (the "Board") is pleased to present the annual Sustainability Report (the "Report") of Beng Kuang Marine Limited (together with its subsidiaries, collectively the "Group", "We", "Our" or "Beng Kuang Group"). This Report is prepared in accordance with the Global Reporting Initiative ("GRI") guidelines on Environmental, Social and Governance ("ESG") topics, in relation to the Financial Year ended 31 December 2020 ("FY2020").

The Board has provided guidance and support to ensure that sustainable practices are embedded in our business operations while aligned with our Group's business strategies.

Our Group strongly believes that sustainability is a crucial factor to remain competitive in today's market. Being socially responsible, we are determined to reduce our carbon footprint and preserve scarce natural resources through our sustainability efforts such as adopting energy and water saving techniques and instilling sustainability awareness in all our employees. Beng Kuang Group also emphasises on occupational safety of our employees and aims to achieve zero case of work-related serious injuries or death during our daily operations.

Amid the global COVID -19 pandemic, , our Group strictly follows the instructions given by our government and professional bodies to safeguard the well-being of all our employees. Safety measures such as enforcing social distancing, mask wearing and implementing Safe Entry were taken whilst continuing normal business operations. Global markets have been hit hard by COVID-19 since 2020 and the market may take a while to recover from the adverse impact caused. We are expecting a significant decrease in our revenue in the short term due to both the pandemic and depressed marine, offshore oil and gas markets. However, we are confident that we will recover over time.

Overall, the Group would like to take this opportunity to thank our stakeholders who have been supporting us through our journey to sustainable development.

About this Report

Reporting Standards

This Report was prepared in accordance with Rule 711A and 711B of the Singapore Exchange Securities Trading Limited ("SGX-ST") Mainboard Listing Manual and made references to the guidelines set out in SGX-ST's Practice Note 7.6 Sustainability Reporting Guide. The Report was also prepared with reference to the guidelines of the Global Reporting Initiative ("GRI") Standards – Core Option and its reporting principles.

Risk management procedures are in place to identify major business risks and management regularly reviews our Group's strategic position, operational, financial and compliance risk through careful checks. Our Group has also designed processes, whenever possible, to collect and/or estimate, assess and report on the data in this Report.

Scope

This Report covers the operations of Beng Kuang Marine Limited in Singapore and Indonesia for FY2020 (1 January 2020 to 31 December 2020).

Reporting Principle

The Report is also prepared in accordance with GRI Principles for defining report content, including:

- **Materiality**: focusing on issues that impact business growth and are of utmost importance to stakeholders;
- **Stakeholder Inclusiveness**: responding to stakeholder expectations and interests;
- **Sustainability Context**: presenting performance in the wider context of sustainability; and
- **Completeness**: including all information that is of significant economic, environmental and social impact to enable stakeholders to assess the Company's performance.

Assurance

We did not seek external assurance for this sustainability report. We have relied on internal verification to ensure data accuracy.

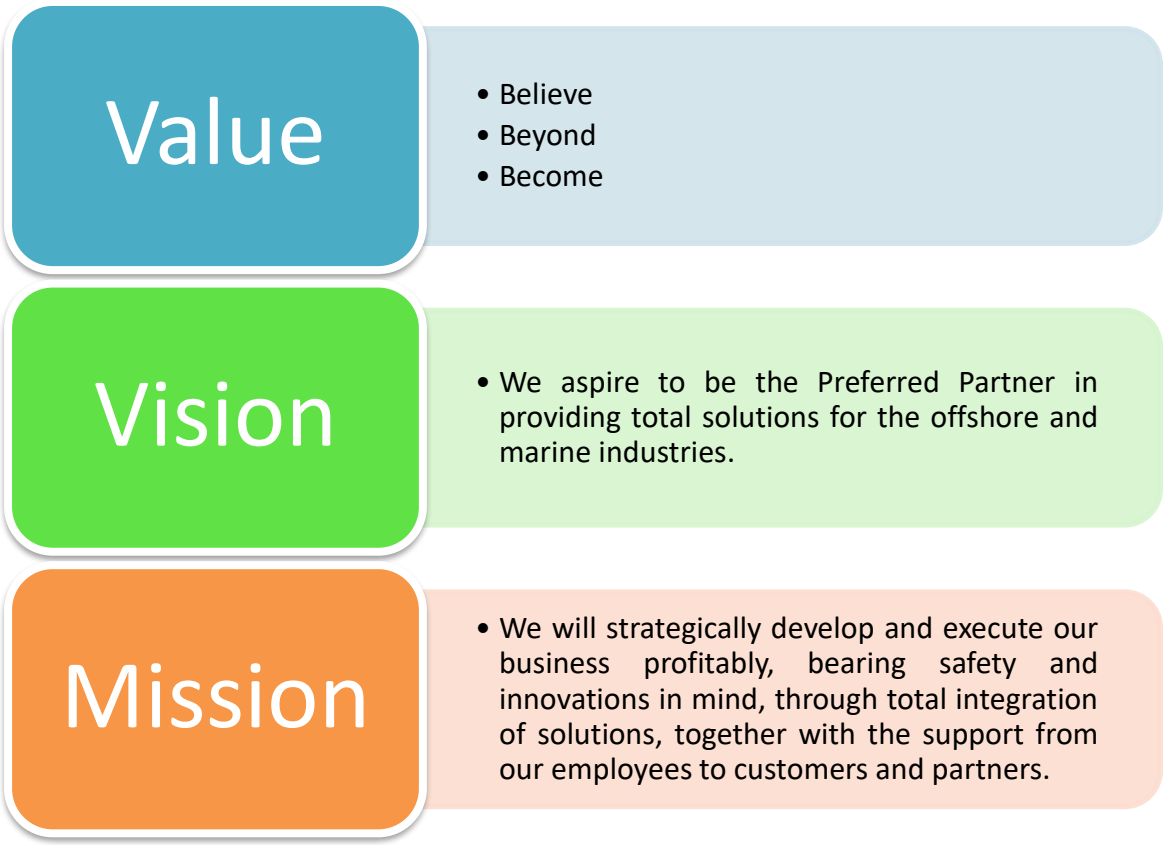
Accessibility

Soft copy of this Report is available on our official website at www.bkmgroup.com.sg as well as on Singapore Exchange Network ("SGXNET"). Hard copy will not be published as part of our efforts for environmental conservation.

Feedback

Your feedback and suggestions are valued and welcomed on the contents of the Report. We can be reached through email at bkm@bkmgroup.com.sg.

Organisational Profile



Beng Kuang Marine was first established by our founder, Mr Chua Beng Kuang, as a sole proprietorship and was converted into Beng Kuang Marine Pte Ltd in 1994 as a private limited company. In 2004, Beng Kuang Marine Pte Ltd was renamed as Beng Kuang Marine Limited and was successfully listed on the SGX-SESDAQ. The Group was successfully transferred onto the SGX Mainboard later in 2007.

Our Group is principally engaged in:

Infrastructure Engineering Division



- Shipbuilding / Conversion
- Offshore Construction
- Turnkey Projects
- Sandwich Plate System (SPS) License
- Offshore Asset Integrity Management
- Project Management Services
- Supply of Cranes & Deck Equipment
- Rental of Industrial Equipment & Machinery



Corrosion Prevention Division

- Abrasive & Non-Abrasive Blasting
- Plant Application
- Processing & Distributing of Copper Slag
- Rental of Machineries and Equipment
- Shop Blasting & Painting
- Thermal Spray Coating

Supply And Distribution Division



- **Personal Protection Equipment**
- **Blasting Equipment & Accessories**
- **Welding Equipment & Accessories**
- **Painting Equipment & Accessories**
- **Other General Hardware Products**



Shipping Division

- **Livestock**
- **Tugs & Barges**
- **Ship Management**

Supply Chain Management



Raw material suppliers, equipment manufacturers, water distributors and suppliers of marine and industrial hardware remain as the main suppliers of our Group. Regular and necessary screenings and assessments have been performed on our suppliers based on our procurement guidelines and policies. Factors such as industry track record and quality of goods and services delivered, were reviewed to ensure the compliance with local, health and safety rules and regulations.

In 2020, our supply chains were significantly disrupted by COVID-19. Our suppliers were unable to meet the expected delivery dates, and we could not at times deliver our goods and services to customers in a timely manner. Nonetheless, with effective preventive measures against COVID-19 and vaccination programs rolling out in various nations such as Singapore and Indonesia, our supply chains are gradually recovering from the disruptions.

Membership of Associations

Beng Kuang Marine Limited is a member of The Association of Singapore Marine Industries ("ASMI").

ASMI is a non-profit trade association formed in 1968 to promote the interests and advancement of the marine industries in Singapore. ASMI represents the different sectors of the marine and offshore industry. Its members include big and small shipyards, local and foreign manufacturers and suppliers of marine equipment and components, marine engineering and consultancy companies as well as many others whose business activities are directly related to the industry.

Beng Kuang Marine Limited is a member of The Singapore Business Federation ("SBF").

The Singapore Business Federation (SBF) is the apex business chamber championing the interests of the Singapore business community in the areas of trade, investment and industrial relations. It represents 27,200 companies, as well as key local and foreign business chambers.

MTM Engineering Pte Ltd is a member of The Association of Process Industry ("ASPRI").

Established in 1997, ASPRI is a membership-based trade association that represents the interest of companies in Singapore's Process Industry. This includes the petroleum, petrochemical, specialty chemicals and pharmaceutical sectors. Our membership comprises mainly Engineering Service Providers (ESPs) that support the Process Industry in the areas of plant maintenance and plant construction.

Stakeholder Engagement

Our Group actively reached out to our key stakeholders through various channels. Through such engagements, we aim to understand the expectations of our stakeholders better and help to identify any ESG issues in terms of their significance to our business operations. The table below shows the stakeholders identified and our current methods used to engage the respective stakeholders.

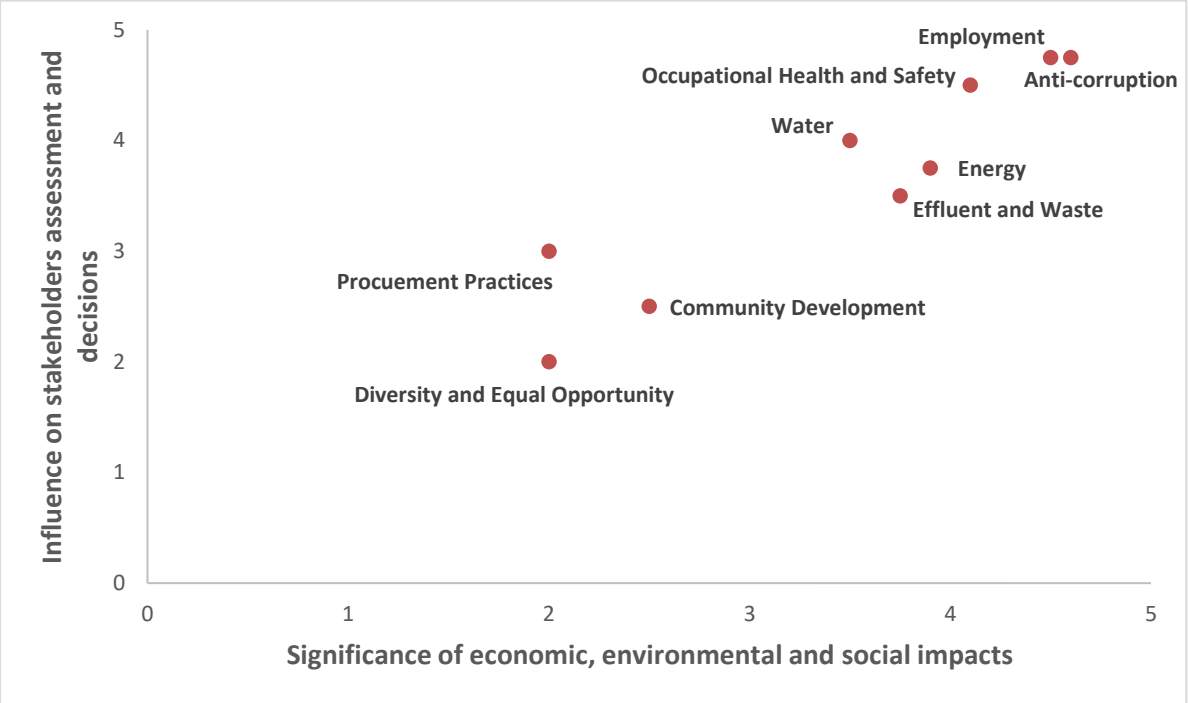
Stakeholder Group	Engagement Methods	Stakeholder Expectations
Customers	- Feedback through emails - Customer satisfaction survey	- Good product and service quality
Employees	- Periodic townhall meetings - Periodic staff performance appraisals - Trainings for skills and career development - Company events	- Staff performance and skills - Staff morale - Safe and conducive working environment
Suppliers	- Regular supplier meetings - Emails and telecommunications	- Long-term and good business relationship - Feedback on suppliers' products and services
Shareholders and Investors	- Annual General Meeting - Emails and telecommunications - Company events	- Timely and transparent financial statements - Financial results - Investor relations
Government and Regulators	- Consultations - Discussions	- Regulatory and industry standards and guidelines compliance

However, our engagements with stakeholders were affected due to the ongoing pandemic situation. Following are some of the examples:

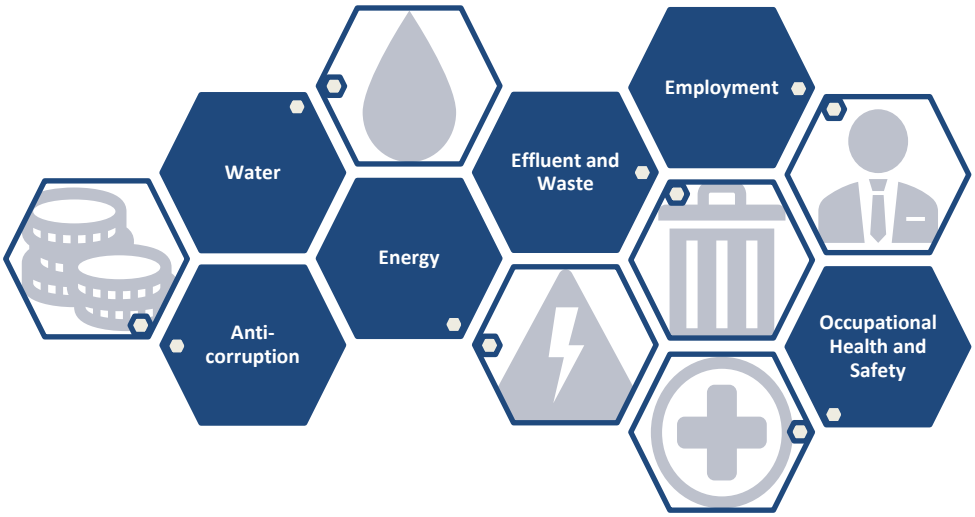
- ❖ Drastic reduction in physical meetings with our customers, shareholders and investors.
- ❖ Foreign workers were confined to dormitory for about 6 months whilst Work-From-Home was enforced to the rest of our employees during the Circuit Breaker period.
- ❖ Some disruptions to delivery of supplies due to Circuit Breaker measures enforced by the local government.

Nonetheless, our Group will continue our efforts in incorporating all the appropriate and relevant feedbacks and suggestions from our valued stakeholders into our strategies and business operations.

Materiality Assessment



We have identified an additional material topic for FY2020, Employment, through active engagement with our stakeholders and in view of the COVID-19.



Meanwhile, the five previously identified topics i.e. anti-corruption, energy, water, effluent and waste as well as occupational health and safety remain relevant and material to our business operations.

All the material topics are identified based on the significance of the topics against their influence on stakeholder's assessment and decisions.

Corporate Governance

Anti-corruption

A high standard of corporate governance to ensure accountability and transparency in our business operations can be observed in the Group. Policies and procedures for Whistleblowing and Interested Person Transactions have been established and updated regularly to safeguard the Group from any potential frauds and to protect the interests of our stakeholders. We are pleased to announce that there were no reported corruption cases for another year.

Our Group is determined to uphold our zero-tolerance stance for any form of corruption and any significant wrongdoing in business affairs. We encourage all our employees to report any breaches or raise any concerns directly to the Audit Committee Chairman. All reports will be handled in a confidential manner in order to protect the whistle blowers, independent investigations will be carried out and appropriate follow-up actions will be taken. However, for any false reporting, disciplinary actions will be taken.

Meanwhile, interested person transactions are closely monitored by our Board in compliance with Chapter 9 of the Listing Manual of SGX-ST Mainboard Rules. In order to ensure interested person transactions were carried out at arm's length basis and are not prejudicial to the interests of the Company and its minority shareholders, all interested person transactions were documented and submitted to the Audit Committee for review on a quarterly basis.

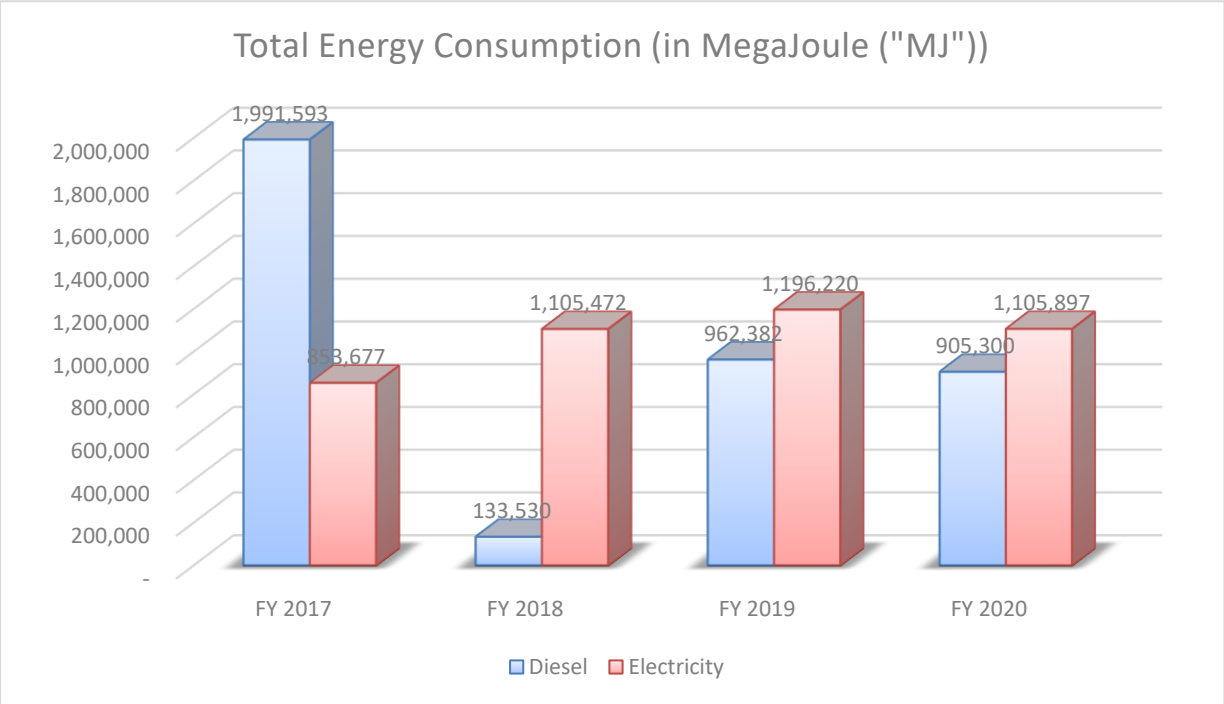
For further details on Corporate Governance, kindly refer to pages 14 to 33 of our Annual Report.



Environment

Our Group is dedicated to protecting the environment through the integration of environmental considerations into our business operations. Besides complying with local laws and regulations regarding the environment and adopting external initiatives such as " Reduce, Reuse, Recycle" initiated by the National Environment Agency , we will continuously explore any new technologies available to help reduce our energy and water consumption as well as waste generated during our business operations. We also work with our customers, suppliers and employees in adopting more environmental responsible ways such as by starting to promote e-invoice and reduce packaging whenever possible.

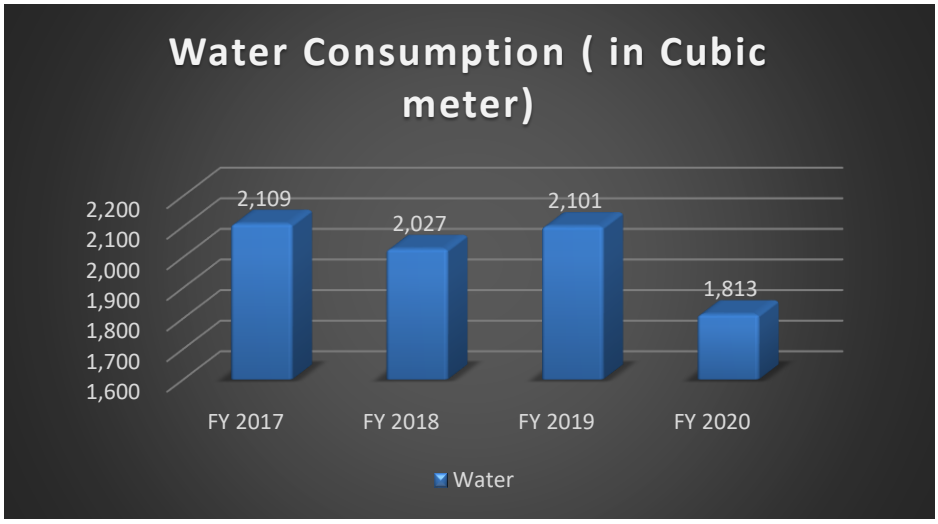
Energy



Our diesel consumption decreased from 962,382 MJ in 2019 to 905,300 MJ in 2020. Meanwhile, our electricity consumption also decreased from 1,196,220 MJ in 2019 to 1,105,897 MJ in 2020. The decrease of 57,082 MJ or 6% for diesel consumption and 90,323 MJ or 8% for electricity consumption was contributed by the ongoing COVID-19 which resulted in significant disruptions in production and delivery of goods and services especially when some of our foreign workers were confined to their dormitories for 6 months.

Our Group believes that through energy conservation, we will achieve both reduction in carbon footprint and improvement in our financial performance. Therefore, our Group will continue our journey in exploring new solutions for energy conservation while cultivating the habits of energy conservation in all our employees.

Water

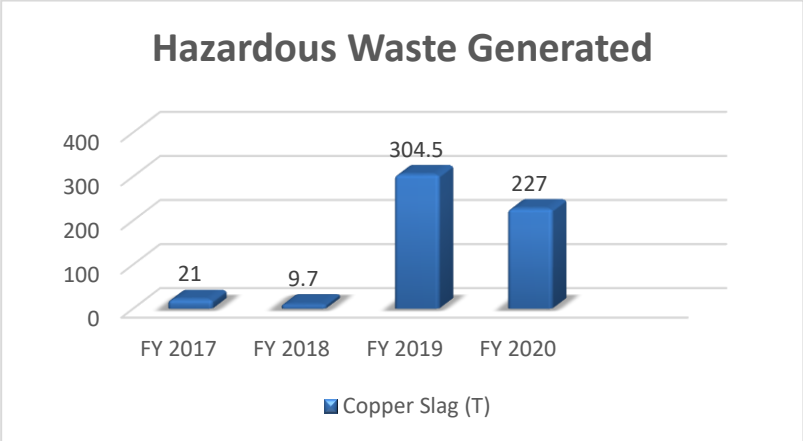


As a result of the pandemic, our water consumption also decreased from 2,101 m^3 in 2019 to 1,813 m^3 in 2020. The decrease was about 288 m^3 or 14% in total as compared to the prior year.

Water scarcity is always a concern to a country like Singapore. Sources of our potable water consumption include water from local catchment, imported water from Malaysia, treated water from sewage and desalinated water from sea. Being a socially responsible corporation, it is our duty to help our society and nation in water conservation through cultivating water saving habits in our employees while exploring new technologies in reduction of our water consumption further.

Effluents and Waste

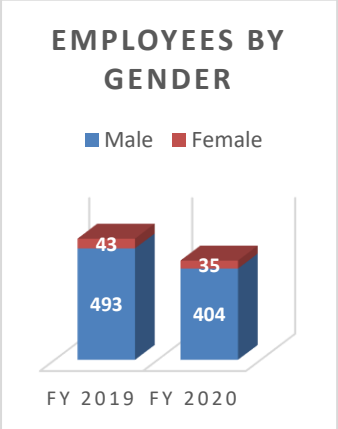
Copper Slag is the main hazardous waste which will be generated during our business operations. A decrease of 77.5 tons or 25% in copper slag generation can be observed in 2020. This was mainly due to the significant disruption in our business operations during the COVID-19.

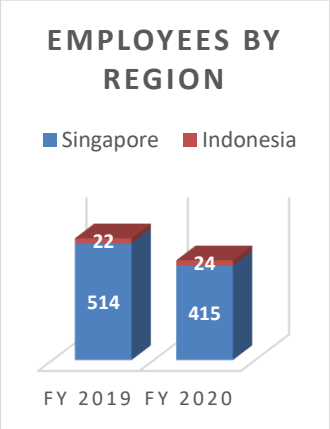


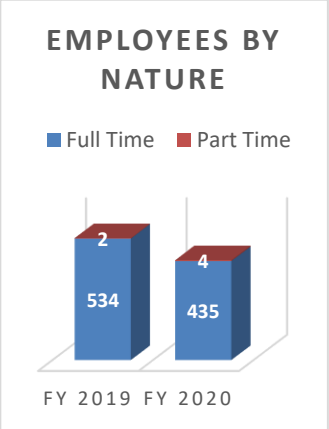
Our Group has engaged National Environment Agency approved waste collectors for the collection and treatment of the copper slag generated from our business operations. Besides pricing, other factors such as reputation and social responsibility were also taken into our considerations when selecting a suitable waste collector, to ensure that the hazardous waste were collected and treated safely and correctly to prevent any damage to our society and environment.

Employment

Due to the ongoing COVID-19, our employment was significantly affected and our financial performance for FY2020 was severely impacted as the result. Therefore, we have identified this as a material topic and included this in this report.







Due to the nature of our business and industry, majority of our workforce are male. However, our recruitment selection process mainly considers the aspects of talent, suitability, and work attitude rather than other aspects such as gender. All our employees were given mandatory benefits such as maternity and paternal leave. Additionally, employees at Assistant Manager level and above were covered under the Company's General Hospitalisation and Surgical and Personal Accident Insurance.

The table below shows the change in employees' statistics for Financial Year 2019 and 2020.

Year	*FY 2019*	*FY 2020*
No. of employees at the beginning of reporting period	432	536
No. of new hires	221	53
No. off resigned/terminated employees	117	150
No. of employees at the end of reporting period	536	439
New hire rate (%)	41.2%	12.1%
Turnover rate (%)	21.8%	34.2%

From the graphs and table above, a decrease in our workforce can be observed in FY 2020. The main reason to this decrease was the COVID-19. As the result of the pandemic, our foreign workers living in dormitories were confined for about 6 months while some of our employees were unable to return to Singapore due to border closure. We have also obtained grants from the Singapore government in the form of the Jobs Support Scheme. Nevertheless, as we believe that the pandemic is coming to an end, we are confident that our workforce will gradually recover with the resumption of our business operations.

Occupational Health and Safety ("OHS")

Policies and procedures for OHS were established and put in place to minimise the possibility of health and safety issues at our workplaces and offices. OHS targets were set at the beginning of each financial year. For FY2020, our group has met the Minor Injuries AFR and ASR targets with an AFR score of 1.19 and an ASR score of 3.57.

OHS Targets

- ✓ Reduce the Major Injury Accident Frequency Rate ("AFR") and Accident Severity Rate ("ASR") to below 1.2 and 100 per million-man hours worked
- ✓ Reduce the Minor Injury AFR and ASR to below 6.5 and 50 per million-man hours worked.
- ✓ Achieve Zero occupational diseases
- ✓ Achieve Zero Noise Induced Deafness Case
- ✓ Ensure 100% of at-risk staff to attend the Audiometric Examination

However, we failed to achieve our targets for Major Injury AFR and ASR as our Group has ended 2020 with AFR of 10.67 and ASR of 270.96 for Major Injury. This was due to 2 major accidents in January 2020 which resulted in 2 workers having fractures. A total 132 of man-days were lost due to these accidents. Subsequent to the accidents, we have performed a root cause investigation and improvements to our safety program have been implemented.

Our Group emphasises health and safety of our employees as one of our top priorities in business operations. We are determined to provide a safe and conducive working environment to our employees.

As a showcase of our determination, we have been OHSAS 18001:2007 certified for our OHS Management System, which covers all our employees, business activities and workplaces. We are also Bizsafe Level 4 certified by the Workplace Safety and Health Council Singapore (WHSC), and in compliance with the Workplace Safety and Health (Risk Assessment) Regulation. Our Group also established a Safe Management Measure Plan in line with Ministry of Manpower and Economic Development Board recommendations to ensure the health and safety of all our employees during the Covid-19 pandemic.

Annual health and safety hazards risk assessments were performed by our certified Safety Officer. Employees were also encouraged to report work-related hazards and hazardous situations and were allowed to remove themselves from hazardous work situations that they believe could cause injury or ill health without reprisals.

OSH trainings and briefings regarding the below mentioned areas were also provided to our employees during FY2020:

- Forklift operations
- Working at heights
- Hot works

For the upcoming 2021, we will maintain our OHS targets and continue to focus on health and safety awareness training to help our employees better understand their safety responsibilities. We will also reinforce the vital importance of safe work practices through safety trainings provided by the Group.

GRI Context Index

General Standard Disclosure		Page Reference and Reasons for Omission, If Applicable
Organisational Profile		
I 102: General Disclosures	**102-1** Name of the organisation	Cover page
	102-2 Activities, brands, products, and services	Page 4
	102-3 Location of headquarters	Page 2
	102-4 Location of operations	Page 2
	102-5 Ownership and legal form	Page 3
	102-6 Markets served	Page 2
	102-7 Scale of the organisation	Page 3 - 4
	102-8 Information on employees and other workers	Page 12
	102-9 Supply chain	Page 5
	102-10 Significant changes to the organisation and its supply chain	Page 5
	102-11 Precautionary Principle or approach	Precautionary Principle
	102-12 External Initiatives	Page 10
	102-13 Membership of association	Page 6
	Strategy	
	102-14 Statement from senior decision-maker	Page 1
	Governance	
	102-18 Governance structure	Annual Report
	Stakeholder Engagement	
	102-40 List of stakeholder groups	Page 7
	102-41 Collective bargaining agreements	There were no collective bargaining agreement
	102-42 Identifying and selecting stakeholders	Page 7
	102-43 Approach to stakeholder engagement	Page 7
	102-44 Key topics and concerns raised	Page 8

GRI Context Index (Cont'd)

GRI Standard		Page Reference and Reasons for Omission, If Applicable
Organisational Profile (Cont'd)		
GRI 102: General Disclosures	**102-45** Entities included in the consolidated financial statements	Refer to Annual Report
	102-46 Defining report content and topic Boundaries	Page 8
	102-47 List of material topics	Page 8
	102-48 Restatements of information	N/A
	102-49 Changes in reporting	N/A
	102-50 Reporting period	Page 2
	102-51 Date of most recent report	29 May 2020
	102-52 Reporting cycle	Annually
	102-53 Contact point for questions regarding the report	Page 2
	102-54 Claims of reporting in accordance with the GRI Standards	Page 2
	102-55 GRI content index	Page 15 - 17
	102-56 External assurance	No external assurance was sought for this Report
Material Topics – Anti-Corruption		
GRI 205: Anti-Corruption	**103-1** Explanation of the material topic and its Boundary	Page 9
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
	205-3 Confirmed incidents of corruption and actions taken	
Material Topics – Energy		
GRI 302: Energy	**103-1** Explanation of the material topic and its Boundary	Page 10
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
	302-1 Energy consumption within the organisation	
Material Topics – Water		
GRI 303: Water	**103-1** Explanation of the material topic and its Boundary	Page 11
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
	303-1 Water withdrawal by source	

GRI Context Index (Cont'd)

GRI Standard		Page Reference and Reasons for Omission, If Applicable
Material Topics – Effluents and Waste		
GRI 306: Effluents and Waste	**103-1** Explanation of the material topic and its Boundary	Page 11
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
	306-2 Waste by type and disposal method	
Material Topics – Employment		
GRI 401: Employment	**103-1** Explanation of the material topic and its Boundary	Page 12
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
	401-1 New employee hires and employee turnover	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	
Material Topics – Occupational Health and Safety		
GRI 403: Occupational Health and Safety	**103-1** Explanation of the material topic and its Boundary	Page 13 – 14
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
	403-1 Occupational health and safety management system	
	403-2 Hazard identification, risk assessment, and incident investigation	
	403-4 Worker participation, consultation, and communication on occupational health and safety	
	403-5 Worker training on occupational health and safety	
	403-8 Workers covered by an occupational health and safety management system	
	403-9 Work-related injuries	