

Beng Kuang Marine Limited

Sustainability Report 2019



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Introduction – Statement by the Board

Dear Stakeholders,

We are pleased to present Beng Kuang Marine Limited’s (together with its subsidiaries, collectively the “Group”, “We”, “Our” or “Beng Kuang Group”) annual sustainability report. 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 2019 (“FY2019”).

In 2019, we continued our sustainability journey by reviewing our business operations and focusing areas important to Beng Kuang Group and our stakeholders. The Group strongly believes that sustainability is one of the key factors to stay resilient and remain competitive in the market. As a socially responsible corporation, the Group is determined to minimise carbon footprint through environment conservation efforts such as embracing key strategies surrounding “Reduce, Reuse, Recycle”. Meanwhile, we also work towards providing a conducive and safe working environment for all our employees.

The Board of Directors (the “Board”) closely monitors the Group’s sustainability efforts and execute business strategies with sustainability objectives in mind. This year, the Board considered and re-validated the ESG topics according to our stakeholders’ concerns and significance to Beng Kuang Group’s business operations. Looking ahead, we remain committed to operate in a responsible and sustainable manner with the Group’s values of Believe, Beyond and Become underpin Beng Kuang Group’s sustainability objectives.

On behalf of board, I would like to take this opportunity to thank our employees for their dedication as well as our customers, partners and shareholders for their continuous support as we continue to do better in the years to come.



The Group will strive to seek out new projects, intensify our efforts to reduce costs and increase operational efficiencies in this challenging business environment.



About this Report

Reporting Standards

GRI Standards: Core Option continues to be adopted in the preparation of the third sustainability report for FY2019. The disclosures in the Report are in line with Mainboard Listing Rules 711A and &11B by Singapore Exchange Securities Trading Limited (“SGX ST”). Therefore, the Report is designed to provide a reliable, transparent and balanced view of the Group which addresses the interests of our valued stakeholders. The aim of the Report is to provide comprehensive information on the development of the Group’s sustainability strategies through stakeholder inclusiveness, sustainability context, materiality and completeness.

Scope

This Report covers the operations of Beng Kuang Marine Limited in Singapore and Indonesia for FY2019 from 1 January 2019 to 31 December 2019.

Reporting Boundaries and Standards

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 the accuracy of data.

Accessibility

Soft copy of this Report is available on our official website at www.bkmgroupp.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 suggestion are valued and welcomed on the contents of the Report. We can be reached through email at bkm@bkmgroupp.com.sg.



Organisational Profile



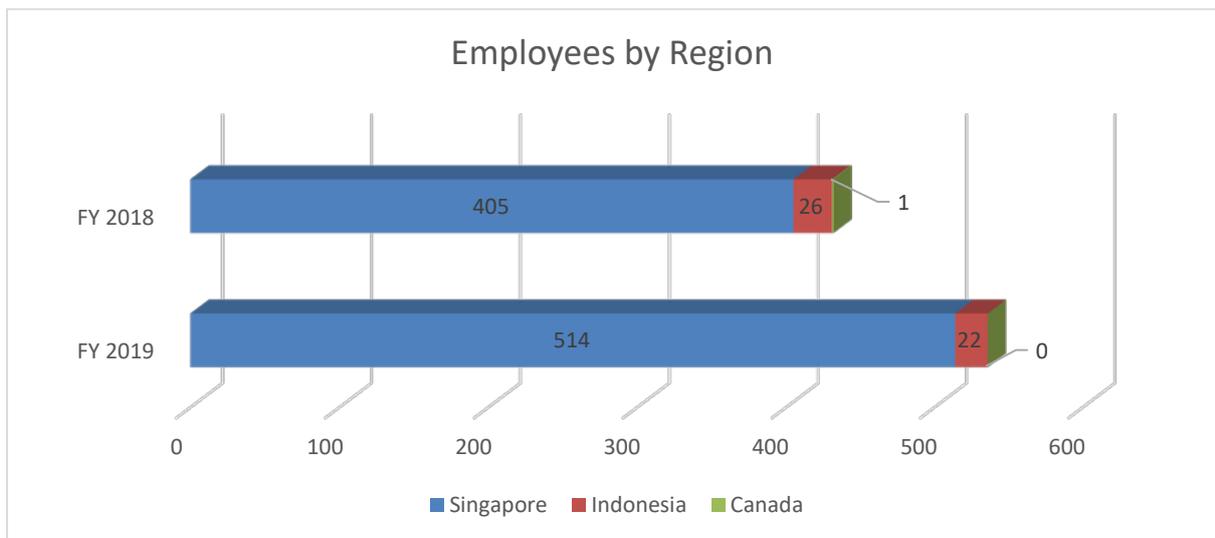
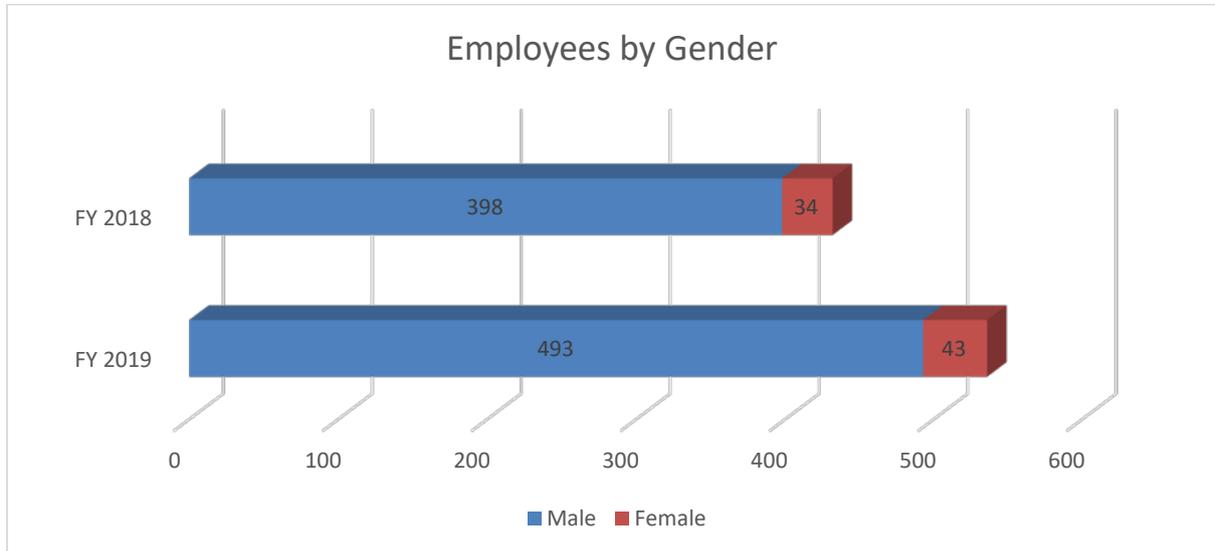
Beng Kuang Marine Pte Ltd was incorporated on 8 January 1994 in Singapore as a private limited company and was converted to a public limited company and renamed as Beng Kuang Marine Limited on 30 August 2004.

The Group is principally engaged in Infrastructure Engineering (“IE Division”), Corrosion Prevention (“CP Division”), Supply & Distribution (“SD Division”) and Shipping businesses (“SH Division”).

			
INFRASTRUCTURE ENGINEERING	CORROSION PREVENTION	SUPPLY & DISTRIBUTION	SHIPPING & OTHERS
<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Abrasive & Non-Abrasive Blasting • Paint Application • Processing & Distributing of Copper Slag • Rental of Machineries and Equipment • Shop Blasting & Painting • Thermal Spray Coating 	<ul style="list-style-type: none"> • Personal Protective Equipment • Blasting Equipment & Accessories • Welding Equipment & Accessories • Painting Equipment & Accessories • Other General Hardware Products 	<ul style="list-style-type: none"> • Livestock Carriers • Tugs & Barges • Ship Management



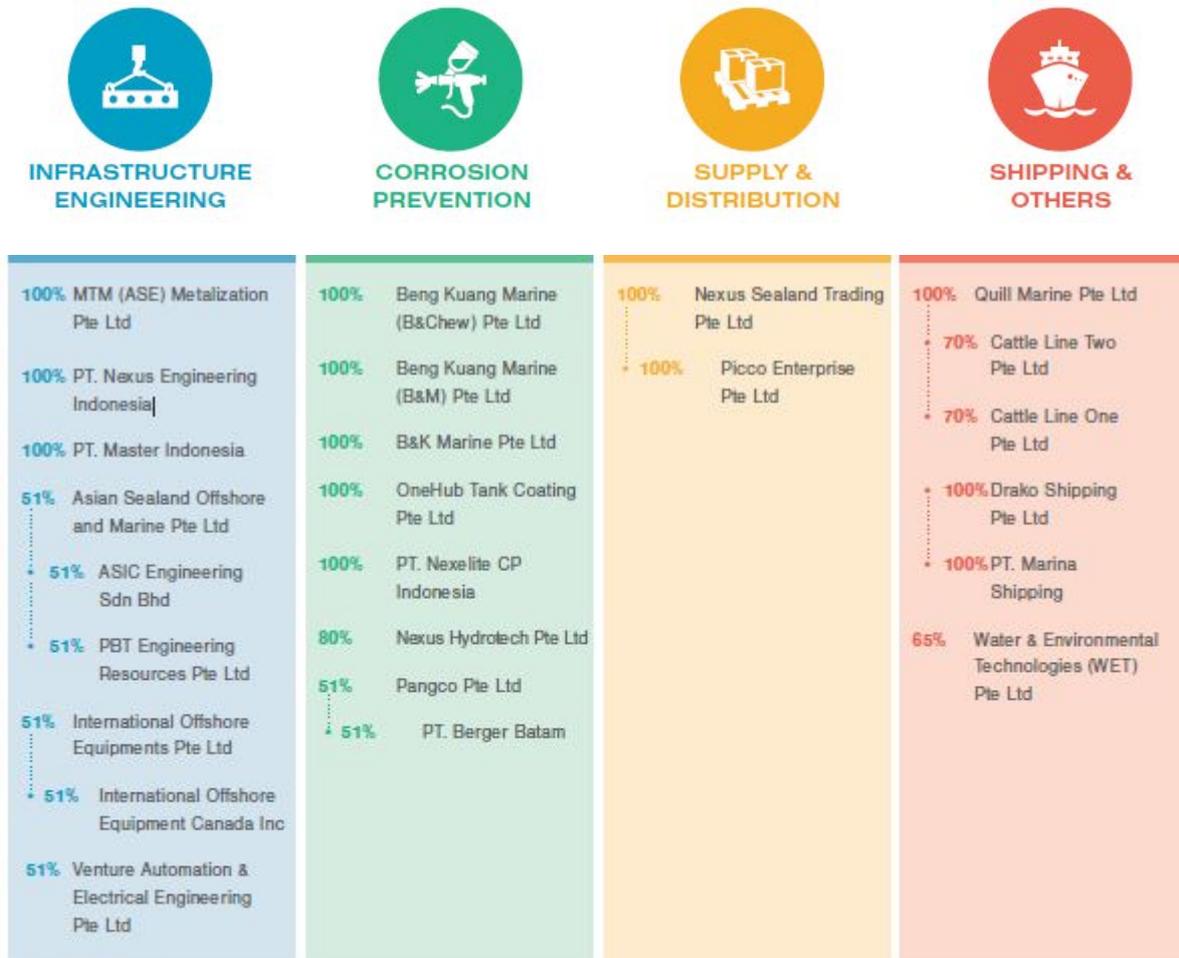
Employees are the foundation of success for our company. As at 31 December 2019, our workforce reached 536 employees in total.





Corporate Business Structure

Beng Kuang Marine Limited



GROUP CORPORATE SERVICES

- Corporate Finance & Special Project
- Corporate Administration
- Corporate Management
- Corporate Development
- Quality, Health, Safety & Environment

* Percentage is computed based on Beng Kuang Marine Limited's effective interest in subsidiaries.



Supply Chain Management

Raw material suppliers, equipment manufacturers, water distributors and suppliers of marine and industrial hardware are the main suppliers of the Group. Meanwhile conducting regular and necessary screening and assessment on our suppliers based on the procurement guidelines and controls set by the Group, we strive to maintain sustainable and good working relationships with suppliers. We believe by maintaining such relationships with suppliers, this could ensure seamless operations and sustainable business practices.

Our commitment in providing goods and services of highest quality is evident throughout the Group. We are determined in meeting our customers' expectations and requirements through regular communications such as email with them.

Our Group also actively play our part in minimising both hazardous and non-hazardous wastes produced throughout the delivery process of our goods and services.





Membership of Associations



The Group 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 of the marine industry in Singapore. ASMI represents a wide cross-section of the Singapore ship repair, shipbuilding and rig building industry. The major ship repair yards, rig builders and shipbuilders in Singapore as well as most of the established local and foreign manufacturers and suppliers of marine and offshore components, and major marine and offshore engineering companies are among its members. It also represents marine and offshore engineering contractors and companies whose activities are directly related to the industry including classification societies and marine consultants.



The Group is a member of The Singapore Business Federation (“SBF”). 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 25,800 companies, as well as key local and foreign business chambers.



Connect • Engage • Grow The Group is a member of The Association of Process Industry (“ASPRI”). 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. The membership comprises mainly Engineering Service Providers (ESPs) that support the Process Industry in the areas of plant maintenance and plant construction.



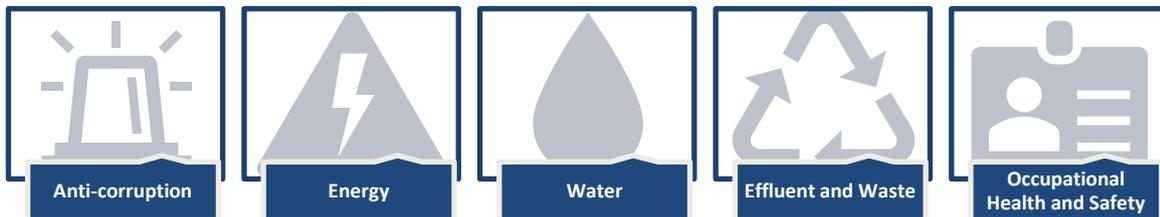
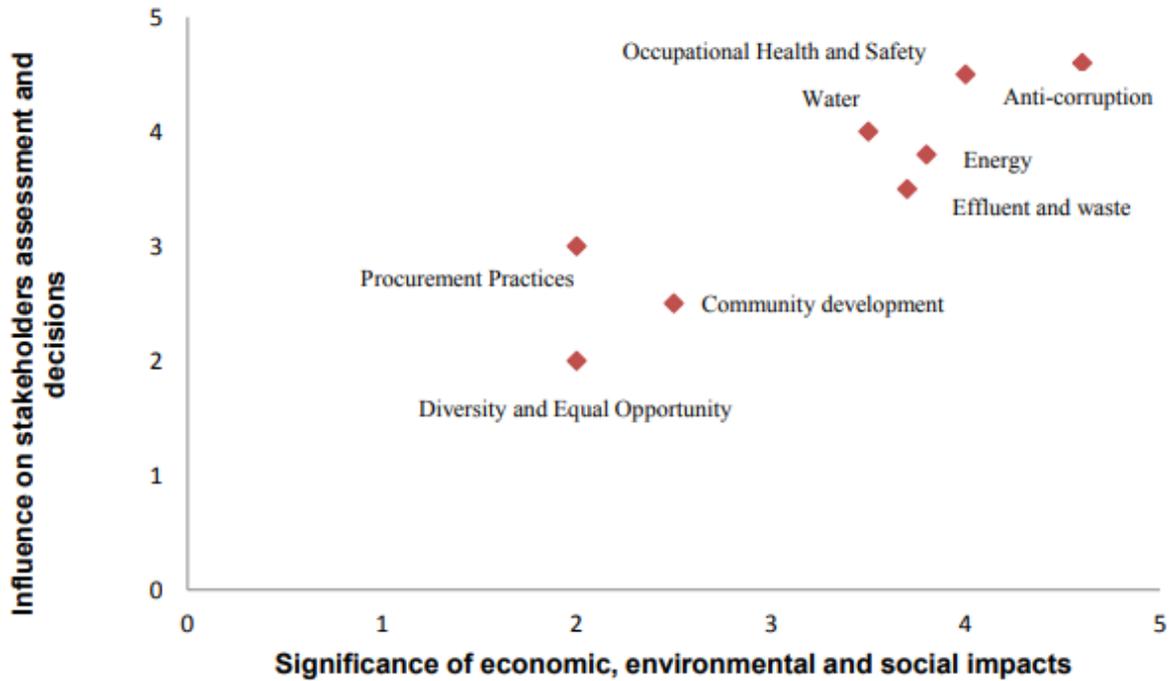
Stakeholder Engagement

Our Group is determined to maintain sustainable and long-standing business relationship with key stakeholders. Feedback and concerns from both internal and external stakeholders are received and assessed annually when formulating our sustainable business strategy.

Stakeholder Group	Engagement Methods	Stakeholder Expectations
Customers	Feedback through emails and customer satisfaction survey on products and services quality provided	To receive quality products and services
Employees	Hold regular townhall meetings, conduct staff performance appraisals and provide trainings	To improve staff performance and skills, boost staff morale and create safe and conducive working environment
Suppliers	Hold meetings with suppliers, feedback on suppliers' products and services through emails and telecommunications	To maintain long-term and good business relationship
Shareholders and Investors	Hold Annual General Meeting and address queries from shareholders and investors by investor relations personnel	To ensure timeliness and transparency of financial statements
Government and Regulators	To regularly monitor regulatory and industry standards and guidelines and seek consultations with professionals whenever necessary	To ensure compliance with latest regulatory and industry standards and guidelines



Materiality Assessment



The five topics i.e. anti-corruption, energy, water, effluent and waste as well as occupational health and safety were identified and disclosed in published Sustainability Report since Financial Year 2017. The material topics are identified based on the significance of the topics against their influence on stakeholder’s assessment and decisions. Through active engagement with our stakeholders, these five key material topics are re-assessed on their relevance to our business and they remain relevant and material to our business operations in FY2019.



Corporate Governance



The Group continues to achieve zero corruption case during this financial year.

At Beng Kuang Group, we remain committed to achieve high standards of corporate governance and we uphold our stance on zero tolerance to corruption. Our Anti-Corruption Policies and Whistle Blowing Policy were established and updated under the guidance of Code of Corporate Governance 2018 and the SGX listing rules. The policies are aimed to allow our employees to raise any concerns regarding possible corruptions confidentially.

The Group also maintains a sound system of internal controls with the help from external professionals. Policies and procedures, which designed to safeguard against fraud

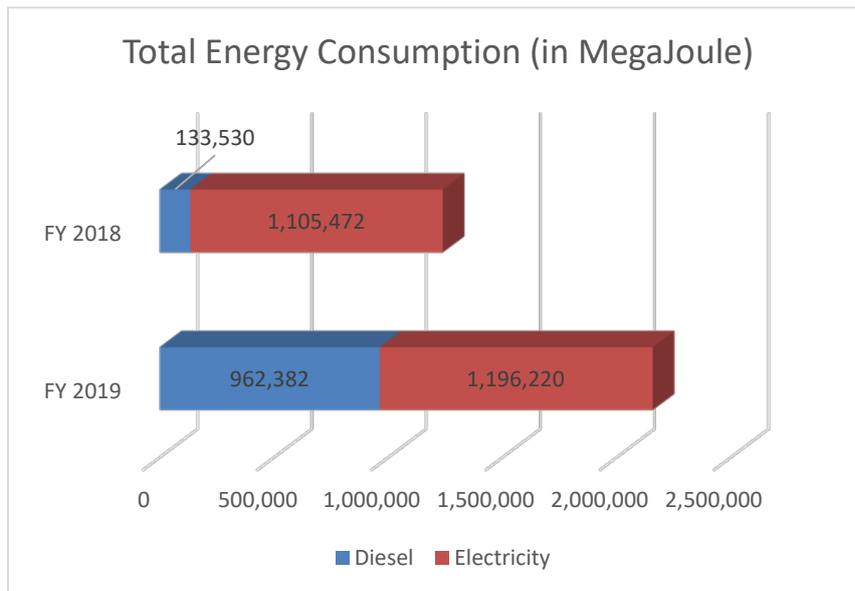
and protect stakeholders' interests, are periodically reassessed to identify and rectify the gaps, if any in order to mitigate possible unfavourable consequences. We also ensure that the latest policies and procedures are communicated and educated to all our employees.

For further details on Corporate Governance, kindly refer to Annual Report page 14 – 38.



Environment

We are committed to maintain and improve on stringent environmental policies and standards across the Group. We are constantly seeking new technologies and innovative ways to reduce the environmental impacts in delivering our products and services while ensuring the quality. The Group believes that it is our responsibility to ensure sustainability of the environment for our future generations.



Energy

Energy consumptions are closely monitored by the Group as the effort to reduce the carbon footprint during our business operations. During this financial year, increase was observed in both diesel and electricity consumption. Increase in projects is the main factor contributing to the rising diesel and electricity

consumption.

We also encourage our employees to actively engage in our environmentally friendly initiatives not just in office, but at home as well. Moving forward, we will continue to implement more feasible environment conservation measures in all our entities and work towards to reduce our total energy consumption further while ensure the normal operations in our business.



LED lights are widely used in our office as an effort to conserve energy consumption.



Constant reminders to employees to switch off any electrical appliances when not in use.



Replace old equipment with those that have better energy efficient rating .

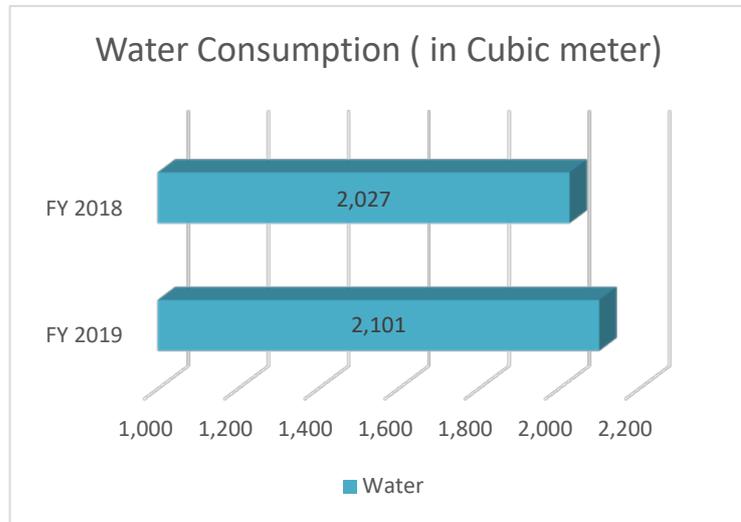


Recommend employees using power saving mode for working desktops and laptops.

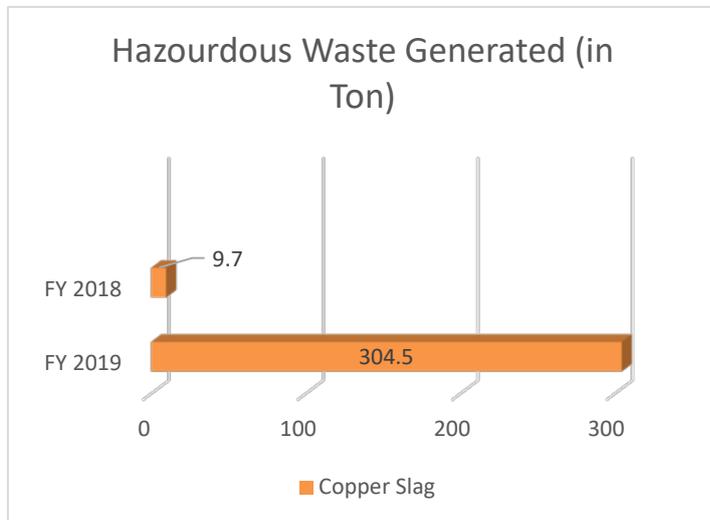


Water

Although 71% of our planet is covered by water, only 4% of which is potable. Bearing this in mind, water conservation is one of our top priorities to ensure sustainability. New technologies such as water efficient fittings are widely implemented across our Group. Constant reminders are given to all employees to cultivate habits for water conservation.



Total of 2,101 cubic meters of potable water were consumed in FY2019, an increase of 74 cubic meters as compared to consumption in FY2018. Sources of the water consumption include water from local catchment, imported water and recycled water. The increase is mainly due to increase in projects during current financial year.



Effluents and Waste

“Reduce, Reuse, Recycle” is the main strategy implemented across the Group throughout the years in compliance with relevant environmental laws and regulations. Policies and procedures are established and formalised for waste management as both hazardous and non-hazardous wastes are inevitable during the course of our business operation. Only licensed waste collectors especially for hazardous

waste are carefully selected to handle the waste generated in consideration of factors such as reputations and social responsibility. The Group also looked into new technologies to help reduce the waste produced further continuously. The hazardous waste, mainly copper slag, produced during our course of business had increased due to the larger number of projects during the year.

The Group is committed to continuously reduce harmful impacts to the environment through reducing resource usage, minimising and recycling waste as much as possible.



Occupational Health and Safety (“OHS”)

Employees are the foundation for the corporation. Taking care of their health and safety is our utmost priority. Policies and Procedures were established and put into place to minimise the possibility of any health and safety issues at workplace and office.

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
- Conduct Safety Performance Award at quarterly basis.

OHS targets are being set and appraised on a yearly basis. We are proud to announce that the effective OHS management and framework put into place are well-paying with all our OHS targets being achieved for FY2019, as well as enhancing staff productivity and morale.

The Group is determined to comply with government regulations and industry guidelines on prevention of any occupational accidents or illnesses at workplace. To showcase our determination in ensuring a safe working environment to our employees, we are both OHSAS 18001:2007 and Bizsafe certified by the Workplace Safety and Health Council Singapore (WHSC).



We are proud to announce that we had achieved zero case of safety and industrial accidents in FY2019 as compared to three cases in FY2018 (including one case of fractures and 2 cases of other injuries, which translates into lost day rate of 0.0002). The Group strives to maintain our zero-case occupational accident record through all the preventive safety measurements put into place.



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 3	
	102-3 Location of headquarters	Page 3	
	102-4 Location of operations	Page 3	
	102-5 Ownership and legal form	Page 3	
	102-6 Markets served	Page 3	
	102-7 Scale of the organisation	Page 3 - 5	
	102-8 Information on employees and other works	Page 4	
	102-9 Supply chain	Page 6	
	102-10 Significant changes to the organisation and its supply chain	Page 6	
	102-11 Precautionary Principle or approach	Precautionary Principle	
	102-12 External Initiatives	Page 12	
	102-13 Membership of association	Page 7	
	Strategy		
	102-14 Statement from senior decision-maker	Page 1	
	Governance		
	102-18 Governance structure	Page 10	
	Stakeholder Engagement		
	102-40 List of stakeholder groups	Page 8	
102-41 Collective bargaining agreements	The management has not adopted any collective bargaining agreement		
102-42 Identifying and selecting stakeholders	Page 8		
102-43 Approach to stakeholder engagement	Page 8		
102-44 Key topics and concerns raised	Page 9		



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 9
	102-47 List of material topics	Page 9
	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	24 May 2019
	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 14 - 15
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 10
	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 11
	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 12
	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 12
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
	306-2 Waste by type and disposal method	
	306-4 Transport of hazardous waste	
Material Topics – Occupational Health and Safety		
GRI 403: Occupational Health and Safety	103-1 Explanation of the material topic and its Boundary	Page 13
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	