



明光集團
BENG KUANG GROUP



BENG KUANG MARINE LIMITED

SUSTAINABILITY REPORT

2022





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Board Statement

Dear Stakeholders,

On behalf of our Board of Directors (our “Board”), we are pleased to present the seventh annual Sustainability Report (the “Report”) for Beng Kuang Marine Limited (together with its subsidiaries, the “Group” or “Beng Kuang Group”), covering the Financial Year ended 31 December 2022 (“FY2022”).

With the worst of the COVID-19 pandemic behind us and the reopening of borders and economies, we have focused on our efforts on regaining momentum in our business operations and sustainability journey. As always, our employees’ health and safety has continued to be the central focus of our sustainability efforts. Meanwhile, in line with our commitment to the Singapore Green Plan 2023, the Group has continued to refine its current strategies by adopting more environmentally friendly business practices. The Group is committed to fostering enduring and sustainable partnerships with key stakeholders, and we actively seek and consider input from both our internal and external stakeholders as we develop our sustainable business strategy.

The Board has been active in offering guidance and assistance in aligning Beng Kuang Marine’s sustainable practices with the Group’s business strategy and integrating them into our operations. The Board has been responsible for overseeing the Group’s overall corporate governance practices, and they have been diligently monitoring our sustainability efforts by holding regular meetings to review and approve major strategic plans, including sustainability projects. All directors have also attended the SGX-mandated sustainability training by an approved vendor in FY2022.

As we progress in our efforts to promote sustainability, our immediate focus is on disclosing climate-related information according to the Task Force on Climate-related Financial Disclosures (“TCFD”) recommendations by FY2024. While we have not yet embarked on our climate reporting journey, we have been actively reviewing our climate-related risks and opportunities and exploring further emission reduction measures to contribute towards the transition to a lower-carbon economy.

On behalf of the Board, we would like to express our appreciation to all our valued shareholders, customers, suppliers, partners, shareholders as well as our staff for your continued contributions and commitment to our sustainability journey.

Chua Beng Yong

Executive Chairman

Beng Kuang Marine Limited



About This Report

Reporting Framework

The Report was prepared with reference to the reporting principles and disclosure requirements of the Global Reporting Initiative (“GRI”) Universal Standards 2021. The GRI Standards were selected as they represent the global best practices for reporting on organisation’s economic, environmental, and social impacts.

In compliance with Rule 711A and 711B of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section A: Mainboard Rules, this Report includes the primary components of a sustainability report on a ‘comply or explain’ basis. We have opted not to comply with the requirement to include climate-related disclosures in FY 2022, as the Company is still completing a preliminary assessment of the risks and opportunities that climate change presents to our business. We will continue to monitor and periodically assess the need to include climate – related disclosures that are aligned with the recommendations of the Taskforce for Climate-related Financial Disclosures (“TCFD”) in future sustainability reports.

Across the Group, we have established risk management procedures to guide management in identifying our operational, financial and compliance risks and to review our strategic position and operational processes accordingly. The Group has also designed processes, whenever possible, to collect and/or estimate relevant data, assess, and report on our ESG impacts in this Report.

Scope

This Report covers the ESG aspects of the Group’s operations in Singapore (headquarter) and in Indonesia for the financial year ended 31 December 2022.

Assurance

This current report is not subject to any external assurance. Instead, we have relied on internal verification to ensure the accuracy of the data and information presented in this Report.

Accessibility

A 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 copies will not be published as part of our efforts for environmental conservation.

Feedback

The Group is committed to hearing from all its stakeholders and we welcome feedback on this report. For enquiries, please contact us at bkmg@bkmgroupp.com.sg.



Organisational Profile

Beng Kuang Marine Limited (together with its subsidiaries, “Beng Kuang Group” or the “Group”) was founded in 1994 and has been listed on Singapore Exchange since 15 October 2004.

With a multi-pronged business model, Beng Kuang Group continues to strive to be the “Preferred Partner” by providing total solutions for the offshore and marine industries.

Forging ahead with an innovative and operating mindset, the Group aims to create new value propositions for our customers and align our business activities towards new market trends and opportunities.

VALUE

- Believe
- Beyond
- Become

VISION

- We aspire to be the Preferred Partner in providing total solutions for the offshore and marine industries.

MISSION

- We will strategically develop and execute our business profitably, bearing safety and innovations in mind, through total integration of solutions, together with the support from our employees to customers and partners.



Organisational Profile (Cont'd)

What we do:

Infrastructure Engineering

The Group provides a spectrum of turnkey engineering services from planning and project management to implementation involving procurement, fabrication, testing, installation and pre-commissioning of steel work modules and structures, mainly for customers in the marine, offshore energy industries.

We are currently operating a 32.8-hectare waterfront yard on the eastern side of Batam Island, Kabil. With the capability to undertake sophisticated and complex engineering and construction projects, our track record includes semi-submersible float over launch barges, patrol vessel, various types of crane barges, tugboats and cargo barges as well as conversion of RORO vessels to livestock carriers.

We have expanded our service offerings to include asset integrity solutions for floating asset owners and operators. Our services include proficient and cost-efficient “one-stop” offshore in-situ turnkey repairs (periodical maintenances, repairs as per class requirements, life extension, warranty repairs, major repairs, upgrade, etc).

Corrosion Prevention

Seawater contains a significant concentration of dissolved salts and as a result, ship corrosion continues to be a major hazard for the industry. Our strong track record and reputation for reliability have enabled the Group to be appointed as “Resident Contractor” to provide corrosion prevention services in several established shipyards in Singapore and Batam, Indonesia. This is essential in reducing maintenance costs and extending the service life of ocean-going vessels. Our customers include Keppel Group of companies, Singapore Technologies Group of companies and Sembcorp Marine Group of companies.

Supply and Distribution

The Group supply more than 400 types of products comprising mainly of Personal Protective Equipment & Accessories (PPE), Welding Equipment & Accessories (WEA), Blasting Equipment & Accessories, Painting Equipment & Accessories (PEA), Scaffolding Pipes and Accessories, Lifting Appliances, Power Tools and other hardware products under our house brands Master and Pro Master.

These products are used in diverse industries ranging from marine, construction, offshore, oil & gas and other industries for carrying out safety, welding, blasting and painting work. Apart from industrial end-users, we also sell our products through a network of wholesalers and retailers. In addition, some of the products that we supply and distribute are used for our corrosion prevention, infrastructure engineering and shipping services.

In addition, the Group has established a bottled mineral water brand, SPLASH and PICCO, where we supply and distribute various pure drinking water and mineral water products to businesses and end users. Highlighting our commitment to sustainability and environmental efforts, our mineral water business has been inducted as a member of the Packaging Partnership Programme.



Supply Chain Management



The Group relies on raw material suppliers, equipment manufacturers, water distributors, and marine and industrial hardware suppliers in our day-to-day operations. We place great emphasis on maintaining strong and enduring relationships with our suppliers, as we believe this is essential to ensure seamless operations and sustainability of our business.

Under our procurement policy, we screen all new suppliers and regularly assess the performance of our existing suppliers by evaluating factors such as their industry track record, the quality of goods and services they provide, and their adherence to local health and safety regulations.



Membership of Associations

Association of Singapore Marine Industries (“ASMI”)

Beng Kuang Marine Limited is a member of the 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.

Singapore Business Federation (“SBF”)

Beng Kuang Marine Limited is a member of 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.

The Association of Process Industry (“ASPRI”)

MTM Engineering Pte Ltd, a fully owned subsidiary of the Group, is a member of 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

Stakeholder engagement forms an integral part of our sustainability approach. We actively engage our stakeholders on a regular basis through various channels and dialogues to identify and respond to their concerns on ESG issues that are relevant to our business operations.

The table below provides an overview of how the Group has engaged with the key stakeholders of the Group in FY2022.

Stakeholder Group	Engagement Methods	Frequency	Stakeholder Expectations
Customers	Feedback through emails	As required	- Good product and service quality
	Customer satisfaction survey	Annually	
Employees	Townhall meetings	Annually	- Conduct meaningful performance appraisals and provide fair remuneration in line with performance - High staff morale - Safe and conducive working environment
	Staff performance appraisals	Annually	
	Trainings for skills and career development	As required	
	Company events	Annually	
Suppliers	Regular supplier meetings	As required	- Foster long-term business relationship - Provide meaningful feedback on suppliers' products and services
	Emails and telecommunications	As required	
Shareholders and Investors	Annual reports	Annually	- Publish timely and transparent financial statements - Provide details of investments in investment reports
	Investor relations management	As required	
Government and Regulators	SGX ST half-yearly announcements	Half yearly	- Ensure compliance with regulatory and industry standards and guidelines
	Ongoing Discussions	As required	

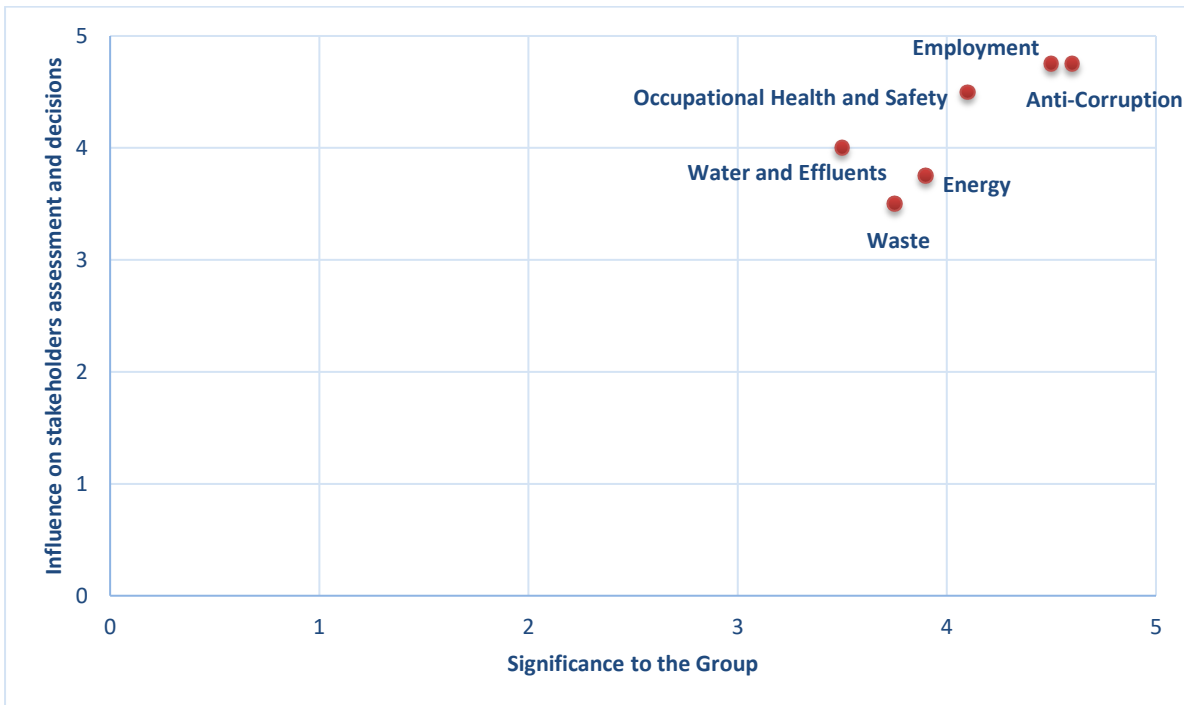


Materiality Assessment

In line with the GRI Standards, we have taken the following steps to derive the material topics during our first materiality assessment in FY2017:

1. Identification: Considered the interests and concerns of our internal and external stakeholders, we compiled the risks which are likely to be of significant impact to the Group;
2. Prioritisation: We then ranked the risks in order of impact to the Group’s operations and importance to stakeholders, based on our knowledge of the Group’s risk environment;
Validation: Selected material factors in the Report are approved by the Board; and
3. Review: To review the continued significance of previously identified material topics

For FY2022, we have determined that the following material topics remain relevant to our stakeholders and business:



Environmental	Social	Governance
Energy Water Effluents and Waste	Occupational Health and Safety Diversity and Equal Opportunity	Anti-Corruption



Corporate Governance

Anti-corruption

At Beng Kuang, we place great emphasis on upholding strong corporate governance practices to promote accountability and transparency in all of our business operations. To safeguard against potentially fraudulent activities and the interests of our stakeholders, we have put in place robust policies and procedures on whistleblowing and interested person transactions which are regularly reviewed and updated.

The Group adopts a strong stance against corruption or unethical behaviour in our business conduct. We urge all employees to report any instances of misconducts or concerns directly to the Chairman of the Audit Committee. All reports will be treated confidentially to safeguard the whistle blowers, independent investigations will be facilitated, and appropriate measures will be taken for reports made in good faith.

Meanwhile, interested persons transactions are closely monitored by the Board. in accordance with Chapter 9 of the Listing Manual of SGX-ST Mainboard Rules. All transactions with Interested Person are documented and reviewed quarterly by the Audit Committee to ensure that transactions are conducted at arm's length basis and do not harm the interests of the Company and its minority shareholders.

We are pleased to announce that we have had zero reported cases of corruption in FY2022. We aim to maintain this record of having zero incidents of corruption in the future.

For further details on Corporate Governance, kindly refer to pages 14 – 42 of our Annual Report (“AR”).





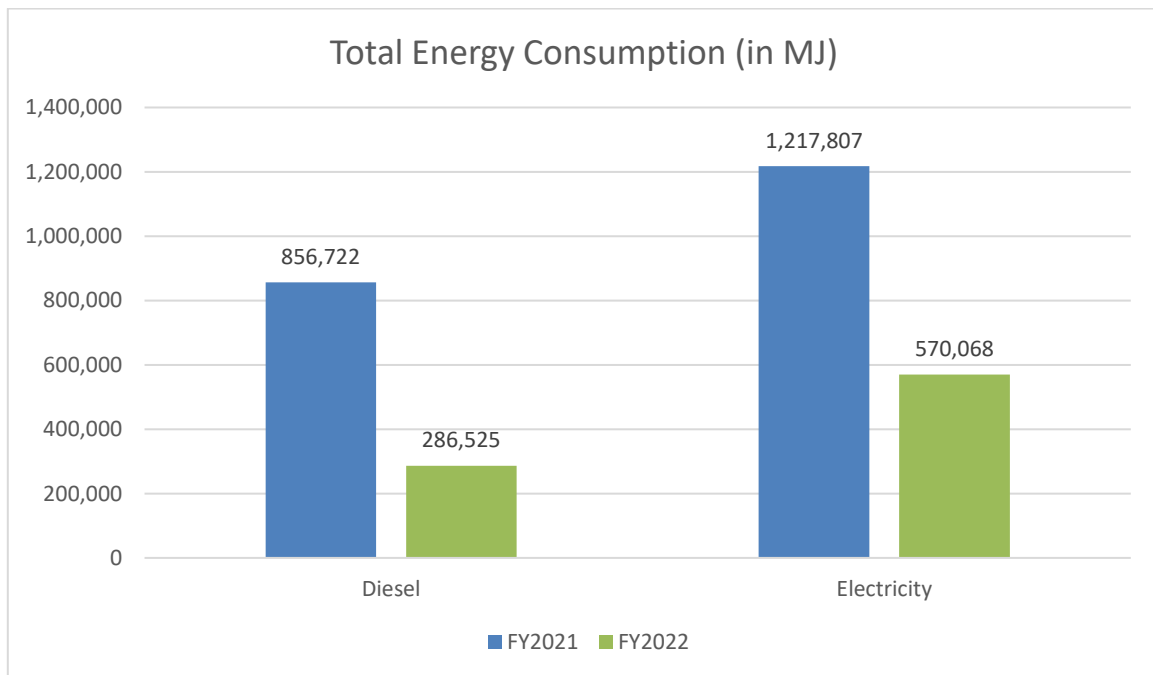
Environment

The Group recognise the impact our business activities may have on the environment and is committed to minimising this impact through reduction in energy consumption and carbon footprint as well as managing our waste responsibly. We have also partnered with our customers, suppliers, and employees in taking on a more environmentally friendly approach such as using e-invoices, reducing packaging, and thus decreasing our carbon footprint.

With climate change high on the national agenda for many countries, we have been closely monitoring recent policy developments like the Singapore Green Plan 2030 and aligning our business strategy with countries’ sustainable development goals. In addition to participating in the “Reduce, Reuse, Recycle” initiative by the National Environment Agency, we have also experimented with innovative energy-saving techniques and installed solar panels at our office premises to reduce our environmental footprint.

Energy

Our diesel consumption decreased from 856,722 megajoules (“MJ”) in 2021 to 286,525 MJ in 2022. Meanwhile, our electricity consumption decreased from 1,217,807 MJ in 2021 to 570,068 MJ in 2022. The substantial decrease in our diesel and electricity consumption can be attributed to the fact that we have shifted most of our operational activities from our own shipyard to the clients’.



The Group believes that by using energy wisely, we can decrease our carbon emissions and incur cost-savings in the long run. Going forward, we will continue exploring and implementing new measures to conserve energy and foster energy saving habits among all our employees.

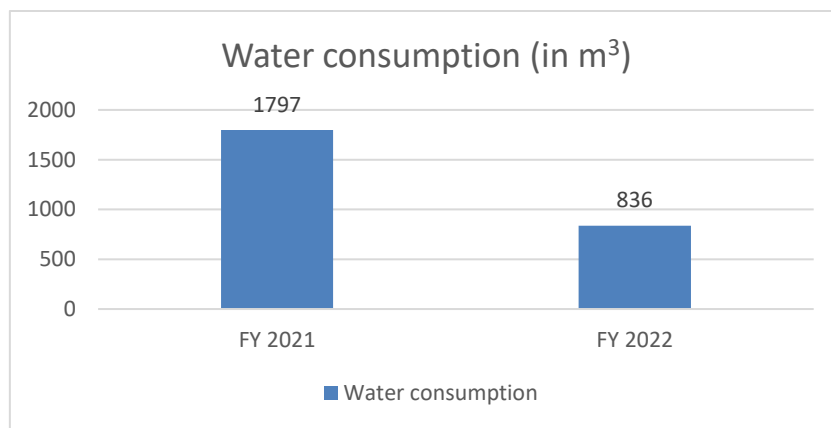


Environment (Cont'd)

Water and Effluents

Water is a precious natural resource. Operating in Singapore and Indonesia, where freshwater resources are limited, we are especially mindful of the impacts of water consumption and wastage on the business and the environment. As such, we constantly strive to cultivate water saving habits among our employees, whilst exploring new technologies to further minimise water usage.

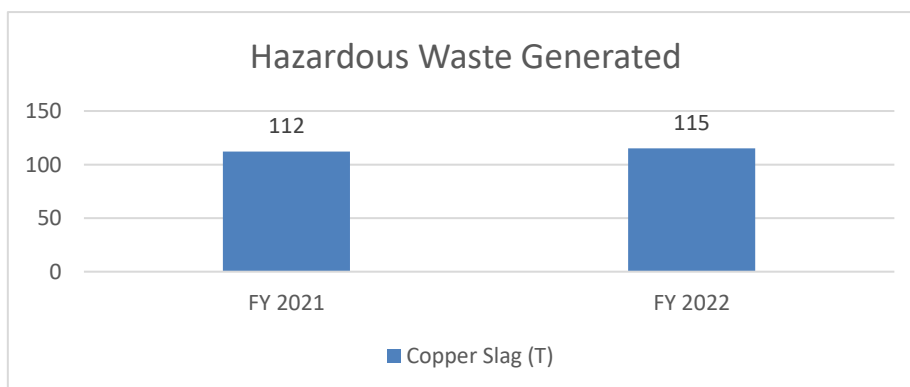
We are pleased to share that there has been a decrease in our water consumption from 1,797 cubic metres (m³) in FY2021 to 836 m³ in FY2022, as we have shifted most of our operational activities from our own shipyard to the clients'.



Waste

Copper slag is the main form of hazardous waste generated from our business operations.

In FY2022, we noted a slight increase of 2.84 tons or 2.5% in copper slag generation, due to an increase in blasting and painting works, which are the main activities producing Copper Slag.



The Group has engaged a waste collector approved by the National Environment Agency to collect and dispose of the copper slag generated by our business. When choosing a waste collector, we considered not only the cost but also their reputation and commitment to environmental protection, to ensure the safe and proper handling of hazardous waste and prevent any harm to our community and surroundings.

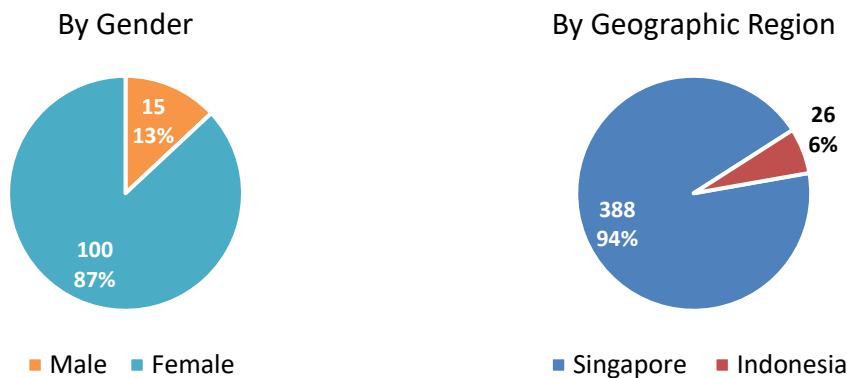


Employment

All our employees are key for long- term growth and success of the Group. Our employees are the most important asset and are essential in ensuring that we can deliver top quality services. The Group is committed to promoting diversity and equitable employment practices, while also ensuring that employees are rewarded with increment and promotions based on their performance and merit.

Across the Group, we had a total of 412 permanent, full-time employees and 2 permanent, part-time employees as at the end of FY2022 (FY2021: 411 employees). Our recruitment process focuses primarily on talent, aptitude, and the work ethic of our applicants rather than gender or other diversity attributes. However, owing to the laborious nature of our industry, our employee gender mix comprises of a larger proportion of male employees.

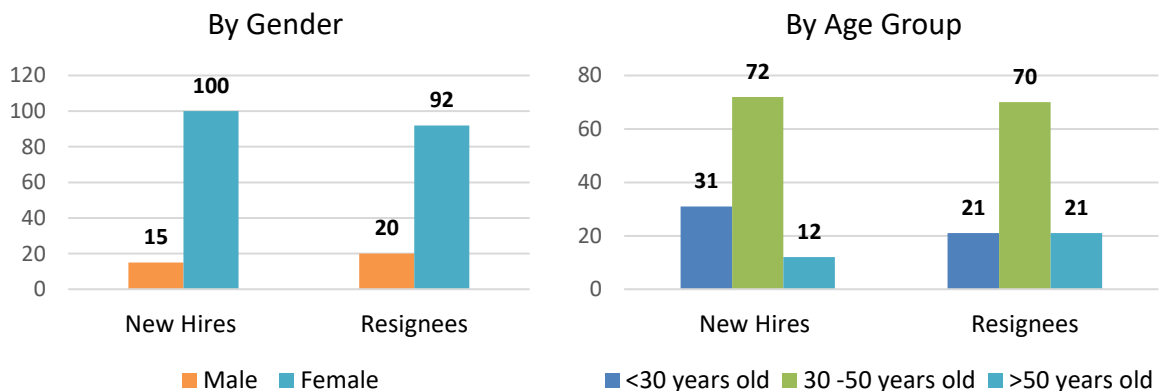
Our Workforce



New Hires and Employee Turnover

Over the course of FY2022, we have had 115 new employees join the Group, and 112 employees leave the Group. This meant a significant increase in our new hire rate from 16.1% in FY2021 to 27.9% in FY2022, alongside a slight increase in our employee turnover rate, from 22.9% in FY2021 to 27.2% in FY2022.

A breakdown of our employee new hires and employee turnover by gender and age group are as follows:





Employment

Parental Leave

In recognition of the importance of achieving good work-life balance, we strongly urge our employees to take advantage of the parental leave benefits granted to them. The following table shows how our employees have utilised the different categories of parental leave over the past two financial years

Category of Parental Leave Utilised (Days)		
	FY 2021	FY 2022
Childcare	14	13
Maternity	2	2
Paternity	2	1
Extended Childcare	8	10
Shared Parental	0	0
Number of employees who returned to work after leave	26 (100%)	26 (100%)
Number of employees who returned are still employed after 12 months	26 (100%)	26 (100%)

In addition to providing all employees with the mandatory parental leave benefits, employees at Assistant Manager level and above are insured under the Company's Personal Accident Insurance. During the COVID-19 outbreak, the Group also offered flexible working arrangements to our staff where possible, as part of our Business Continuity Plan.



Occupational Health and Safety (“OH&S”)

We prioritise the health and safety of our employees by closely monitoring OH&S hazards and risks within the workplace. As an essential requirement, we operate in full compliance with the Ministry of Manpower’s Workplace Safety & Health Act. In addition, we have attained certification for BizSAFE Level 4 certified by the Workplace Safety and Health Council Singapore (“WHSC”).

We have set up a Risk Management Team, comprising of employees from a pool of management staff, process and facility engineers, technical personnel, supervisors, production operators, and maintenance staff. The Risk Management Team is responsible for preparing safety statistics conducting monthly safety inspections and periodic risk assessments. They are also to participate in a monthly Health and Safety Committee meeting to evaluate the effectiveness of our existing risk management processes.

We encourage all employees who are aware of any incident in the workplace to report such incidents to the appropriate personnel via email, personal messaging, or the Hazard Observation & Notification Card (“HON”). An incident report must be completed with the details of the incidents by the related parties. The relevant Heads of Departments will then investigate and recommend actions to be taken to avoid reoccurrence of such incidents, with relevant findings to be reviewed by the Management. All incident data and corrective actions taken will be documented and retained.

To enhance workplace safety awareness among our employees, we organise regular workplace safety training for employees who are regularly exposed to workplace safety hazards. These training courses are centred around topics like working at height, forklift operation and occupational first aid. Furthermore, we have briefed employees and posted memorandums on the notice boards to remind them to adhere to all appropriate workplace standards and guidelines to protect their own and others’ health and safety at work.

Internally, the Group has an internal audit team, independent of the operations, who is adequately trained to assess whether all safety regulations are being duly complied with. The internal audit team conducts an audit once a year to verify that OHS activities comply with planned arrangements and determine the effectiveness of the OHS Management System. The Internal Audit Report is then sent to the Management for review.

We are pleased to report that there has been zero workplace fatalities in FY2022. We target to maintain zero incidents in FY2023 as we continue to ramp up our efforts in workplace safety.



GRI Content Index

Statement of Use	Beng Kuang Marine Limited has reported the information cited in this GRI content index for the period 1 January 2022 to 31 December 2022 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARDS AND DISCLOSURES		LOCATION
GRI 2: General Disclosures 2021		
The organisation and its reporting practices		
2-1	Organisational details	5
2-2	Entities included in the organisation’s sustainability reporting	4
2-3	Reporting period, frequency and contact point	4
2-4	Restatements of information	NIL
2-5	External assurance	4
Activities and workers		
2-6	Activities, value chain and other business relationships	5 – 7
2-7	Employees	14
2-8	Workers who are not employees	N.A.
Governance		
2-9	Governance structure and composition	AR: 10 – 11
2-10	Nomination and selection of the highest governance body	AR: 21 – 23
2-11	Chair of the highest governance body	AR: 20 – 21
2-12	Role of the highest governance body in overseeing the management of impacts	3
2-13	Delegation of responsibility for managing impacts	3
2-14	Role of the highest governance body in sustainability reporting	3
2-15	Conflicts of interest	AR: 14, 124
2-16	Communication of critical concerns	AR: 30 – 35
2-17	Collective knowledge of the highest governance body	3
2-18	Evaluation of the performance of the highest governance body	AR: 24
2-19	Remuneration policies	AR: 25 – 29
2-20	Process to determine remuneration	AR: 25 – 29
Strategy, policies and practices		
2-22	Statement on sustainable development strategy	3
2-28	Membership associations	8
Stakeholder Engagement		
2-29	Approach to stakeholder engagement	9
GRI 3: Material Topics 2021		
3-1	Process to determine material topics	10
3-2	List of material topics	10
3-3	Management of material topics	11 – 16
GRI 205: Anti-Corruption		
205-3	Confirmed incidents of corruptions and actions taken	11



GRI Content Index (Cont'd)

GRI STANDARDS AND DISCLOSURES		LOCATION
GRI 3: Material Topics 2021		
GRI 302: Energy 2016		
302-1	Energy consumption within the organisation	12
GRI 303: Water and Effluents 2018		
303-1	Interactions with water as a shared resource	13
303-2	Water consumption	13
GRI 306: Waste 2020		
306-1	Waste generation and significant waste-related impacts	13
306-2	Management of significant waste-related impacts	13
306-3	Waste generated	13
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	14
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	15
401-3	Parental leave	15
GRI 403: Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	16
401-2	Hazard identification, risk assessment, and incident investigation	16
401-4	Worker participation, consultation, and communication on occupational health and safety	16
401-5	Worker training on occupational health and safety	16