



THAKRAL
CORPORATION LTD



**DELIVERING
SUSTAINABLE
VALUE**
SUSTAINABILITY
REPORT
2018

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ABOUT THIS REPORT



The Sustainability Report (“SR”) of Thakral Corporation Ltd (the “Company” and together with its subsidiaries and associated companies, the “Group”) for the financial year ended 31 December 2018 (“FY2018”) has been prepared in accordance with Global Reporting Initiative (“GRI”) standards – Core Option, the international standard for sustainability reporting that contains the key materiality issues identified through materiality assessment and to be produced annually. The report is prepared with reference to the primary components set out in the Singapore Exchange Securities Trading Limited’s (“SGX-ST”) Listing Rules 711A and 711B on a “comply or explain” basis. For further information on the relevant references, kindly refer to the GRI Content Index at the end of this report.

The Sustainability Report aims on providing an insight about the key strategies and measures adopted by the Company in order to be a sustainable business, provide the stakeholders key insights about the Group’s sustainability measures and how the Group is fully committed to creating value for the stakeholders.

A materiality assessment was conducted to further elucidate the Economic and Environmental, Social and Governance factors that held significance to the stakeholders; both specific and material topics were examined. All data and activities reported are for FY2018, unless otherwise stated. No external assurance was sought for this report.

CONTACT US

The Group continuously seeks annual improvement over its sustainability reporting. We want to share our sustainability journey and are fully committed to understanding the needs of our stakeholders. We welcome any questions or feedback regarding the report; kindly contact us at:



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Date: 24 May 2019

ABOUT THAKRAL CORPORATION LTD

Listed on the SGX Mainboard since December 1995, Thakral Corporation Ltd has two divisions – Investment Division and Lifestyle Division.

The Group's Investment Division invests directly or with co-investors in real estate and other investment opportunities including property-backed financial instruments. The Group also earns income from the services rendered from originating, packaging and managing the projects. The Investment Division, through a joint venture, has expanded its businesses into development and management of retirement living resorts in Australia under the GemLife brand. Taking advantage of the upward trend in the Japanese property sector and the country's low interest rate, the Group has also expanded its investment footprint to Japan. With the completion of the acquisition of The Riverwalk office property, the Group has extended its property investments to Singapore.

The Group's Lifestyle Division is focused on marketing and distributing brands in the beauty, wellness and lifestyle categories, working with leading e-commerce platforms as well as traditional retailers. The brands distributed by the Lifestyle Division include at-home beauty and wellness device brands MTG Refa, ikoo, Panasonic, PMD, DermaWand, Philips, TriPollar, T3, MTG SIXPAD, Style Seat and Slendertone, skin and hair care brands, John Masters Organics, Codage and Institut Karite Paris as well as lifestyle brands Apple and DJI. The Lifestyle Division is also creating an e-commerce retail platform for at-home beauty devices in China, in a joint venture with UK-based CurrentBody.com Limited, a leader in this space.

Greater China including Hong Kong, Southeast Asia and India are key markets for the Lifestyle Division and Australia, Japan and Singapore for the Investment Division.



INVESTMENT DIVISION

1. Australia

- I. Thakral Capital Australia Pty Ltd, Brisbane and Sydney, Australia
- II. GemLife, Australia
- III. Thakral Capital Holdings Pte Ltd, Singapore



GEMLIFE RETIREMENT RESORTS

The Group's Investment Division was set up to create a sustainable second revenue stream and contribute to positive shareholder value.

Thakral Capital Holdings Pte Ltd ("TCH"), the holding company of the Group's Investment Division in Australia, was incorporated in 2009 and the TCH group started operations in Australia as TCAP in early 2011, originating, packaging and managing investments for the Group.

The division has been the financial backer and investment partner for a slew of major apartment and townhouse developments in Australia since 2010, investing and committing in excess of A\$380 million of capital into projects with an end value surpassing A\$3.5 billion. It has to date successfully completed 17 projects, with another 15 in the pipeline, 6 of which are under construction.

The division's retirement living joint venture with the Puljich family, under the GemLife brand, continues to leverage on their 30 years of experience in building one of Australia's most well-known and respected brands in the resort style retirement homes sector. To date, five resorts with more than 1,200 homes to be built throughout the east coast of Australia are underway, of which four resorts have commenced construction, and a further six with more than 1,100 homes have been contracted. The Group's diversification into the retirement living segment is expected to provide sustainable returns in a growing sector that is less affected by movements in the core housing market.

2. Japan

- I. Thakral Japan Properties Pte Ltd
Singapore
- II. TJP Pte Ltd
Singapore

The Group’s Investment Division, taking advantage of the uptrend in the Japanese property sector, in part buoyed by urban development projects undertaken ahead of the 2020 Olympics, World Expo 2025, and the country’s low interest rate, has diversified its portfolio to include Japanese investment properties.

The Group’s property portfolio structured through its pooled investment subsidiaries, Thakral Japan Properties Pte Ltd and TJP Pte Ltd, currently comprises different asset classes in Osaka: five office buildings – Yotsubashi Nakano Building, Yotsubashi East Building, Legal Itachibori Building, Utsubo East Building and Kitahama Building; three business hotels – Best Western Osaka Tsukamoto Hotel, R Hotels Inn Osaka Kita Umeda; Hotel WBF Namba Motomachi as well as a retail redevelopment site in Namba – Nambanaka Thakral Building.

The division continues to seek additional properties to grow its investment portfolio in Japan.



NAMBANAKA THAKRAL BUILDING



KITAHAMA BUILDING



HOTEL WBF NAMBA MOTOMACHI

3. Singapore

- I. Thakral Realty (S) Pte Ltd
Singapore

In line with the Group’s strategy to expand its investment portfolio in Southeast Asia, the Group made its maiden entry into the Singapore property market through the acquisition of an office property at The Riverwalk in July 2018 which is providing a stable source of recurring rental income for the Group.



THE RIVERWALK OFFICE UNIT

LIFESTYLE DIVISION

- | | |
|---|--|
| <p>I. Thakral China Ltd Shanghai, People's Republic of China</p> <p>II. Thakral Beauty (Shanghai) Ltd Shanghai, People's Republic of China</p> <p>III. Thakral Corporation (HK) Limited Hong Kong</p> | <p>IV. Thakral Brothers Ltd Osaka, Japan</p> <p>V. Singapore Sourcing & Technology Pvt Ltd Noida, India</p> <p>VI. CBT At-Home Beauty Holdings Pte Ltd Singapore</p> |
|---|--|



THAKRAL BEAUTY SUMMIT IN SHANGHAI, MAY 2018

The Group's Lifestyle Division is firmly focused on the beauty, wellness and lifestyle categories, which display solid underlying growth as Asian consumers continue to enhance their lifestyle, including upgrading what, where and how they buy.

Creating a portfolio of brands with a unique and differentiated positioning in their respective markets, brands distributed by the Lifestyle Division include at-home beauty and wellness device brands MTG Refa, ikoo, Panasonic, PMD, DermaWand, Philips, TriPollar, T3, MTG SIXPAD, Style Seat and Slendertone, skin and hair care brands John Masters Organics, Codage and Institut Karite Paris as well as lifestyle brands Apple and DJI. These brands are managed across a range of online and traditional retail channels by the Lifestyle Division's on-the-ground brand management, sales, marketing, in-house e-commerce and operational support team.

The Lifestyle Division is also creating an e-commerce retail platform for at-home beauty devices in China, in a joint venture with UK-based CurrentBody.com Limited, a leader in this space.

The Lifestyle Division's geographic footprint is centered on Greater China including Hong Kong, India, Indonesia, the Philippines, Singapore and Thailand. It also continues to support the sourcing needs of Greater China based wholesalers and retailers, including those engaged in cross-border e-commerce, bringing new brands and products from Asia, in particular from Japan, as well as from Europe and other regions to consumers.

In addition, the Lifestyle Division participates in the property development and home ownership markets in Canada, the US, Australia and India by supplying a broad range of high-quality, competitively-priced interior decoration solutions to developers, designers and contractors as well as consumers.

BOARD STATEMENT

Dear Stakeholders,

The Group is pleased to publish its Sustainability Report for FY2018, which is our second year of sustainability reporting, with which we aim to strengthen our commitment towards operational sustainability and corporate responsibility. Our Management continues to dedicate itself in the creation of long term strategies in the management of the Economic and Environmental, Social and Governance (“ESG”) factors.

The Management has established a Sustainability Working Group (“SWG”), which works under the guidance of the Company’s Board of Directors (the “Board”) to ensure that sustainability measures are implemented across the business and the business is on track to achieve its sustainability goals and objectives.

OUR ACHIEVEMENTS

We strongly value the relationships with our stakeholders, and also strongly believe in committing to governance and incorporating sustainability measures in our business model which allows us to give back to the community and further translates into positive growth and results for the Group. During the financial year, the Group made noteworthy progress with respect to the management of the ESG factors.

ECONOMIC AND ENVIRONMENTAL

Incorporating operational sustainability and corporate responsibility in our business model has allowed the Group to achieve long term growth and focus on creating value which reflect positively on the Group by rewarding its shareholders with positive returns. By implementing effective corporate governance measures, the Group has focused and strengthened its two core divisions – Investment and Lifestyle – amid the changing business landscapes and challenging global market environment.

In order to be a successful and sustainable business, it is vital for us to adopt various environmental friendly measures into our business strategies. The Management is committed to being environmentally conscientious by meeting all applicable green standards and energy efficiencies in our day-to-day business operations across the region.

In Australia, our Investment Division continues to encourage its partners to meet all applicable green standards, obtain energy efficiency and green ratings wherever possible and to deliver designs and use eco-friendly materials to minimise the environmental impact on the community where the developments are located. The Group’s joint venture retirement living resorts under the GemLife brand are designed to offer residents high quality livable units that are both attractive and environmentally-friendly. Installation of solar panels at the GemLife Bribie Island resort commenced in 2018. Similarly, energy efficient air-conditioning and lighting was also installed during renovation of certain properties in Japan during the year. This will be an ongoing effort undertaken as circumstances permit.

Our Lifestyle Division has limited ability to influence environmental, social and governance practices of its business associates. On the supply side, the division generally receives pre-packaged finished goods from brand-owners or vendors and has little say in the manufacture or packaging of such products. Manufacturers/brand-owners continue to adapt to present day consumer demand that leans towards environmentally-friendly products. Logistics partners for bulk shipments are generally appointed by the larger suppliers themselves with cost, margins and speed-to-market being major considerations in the choice of service provider. On the sales side, customer requirements generally prevail in relation to packaging and timing of delivery which then determines the shipment/delivery mode.

At the operational level, we also generally adhere to some basic environment-friendly practices such as switching off lights and air-conditioning in rooms or spaces unoccupied during the work-day, powering down personal computers overnight, on weekends and on holidays, using recycled/EA-Eco printer toners, returning used photocopier toner cartridges for recycling in locations that support this, using PEFC/FSC certified paper (i.e., from sustainably managed forests, recycled and controlled sources) as well as disposing of used paper in a manner that enables recycling, etc. The Board has also implemented a Board meeting documents portal to go paperless and significantly reduce paper usage.

SOCIAL

We believe that employees are greatly responsible for the success of the Group. Hence, it is highly important to attract, retain and develop a high-quality workforce in order to maintain the operational excellence of the Group.



DONATION TO LIANGYING WAN QUAN PRIMARY SCHOOL, CHINA

The Group continued its commitment towards supporting social and community causes to make a positive impact. Our China subsidiary, Thakral China Ltd had, through collaboration with Teng Chong Red Cross Society, provided donation in the form of school uniforms, computers, desk chairs, library books, bookcase, solar panels, sports items, etc as well as cash study grants for students to Liangying Wan Quan Primary School under the TuanTian Town Hope Project in Yunnan Province, China. This effort has directly benefited more than 120 students in the school.

Donations in kind of electronic products and computer accessories were also made to the ChickenSoup Foundation Limited, a grassroots philanthropic organisation in Hong Kong supported by working professionals to empower at-risk children in underprivileged communities in Hong Kong.

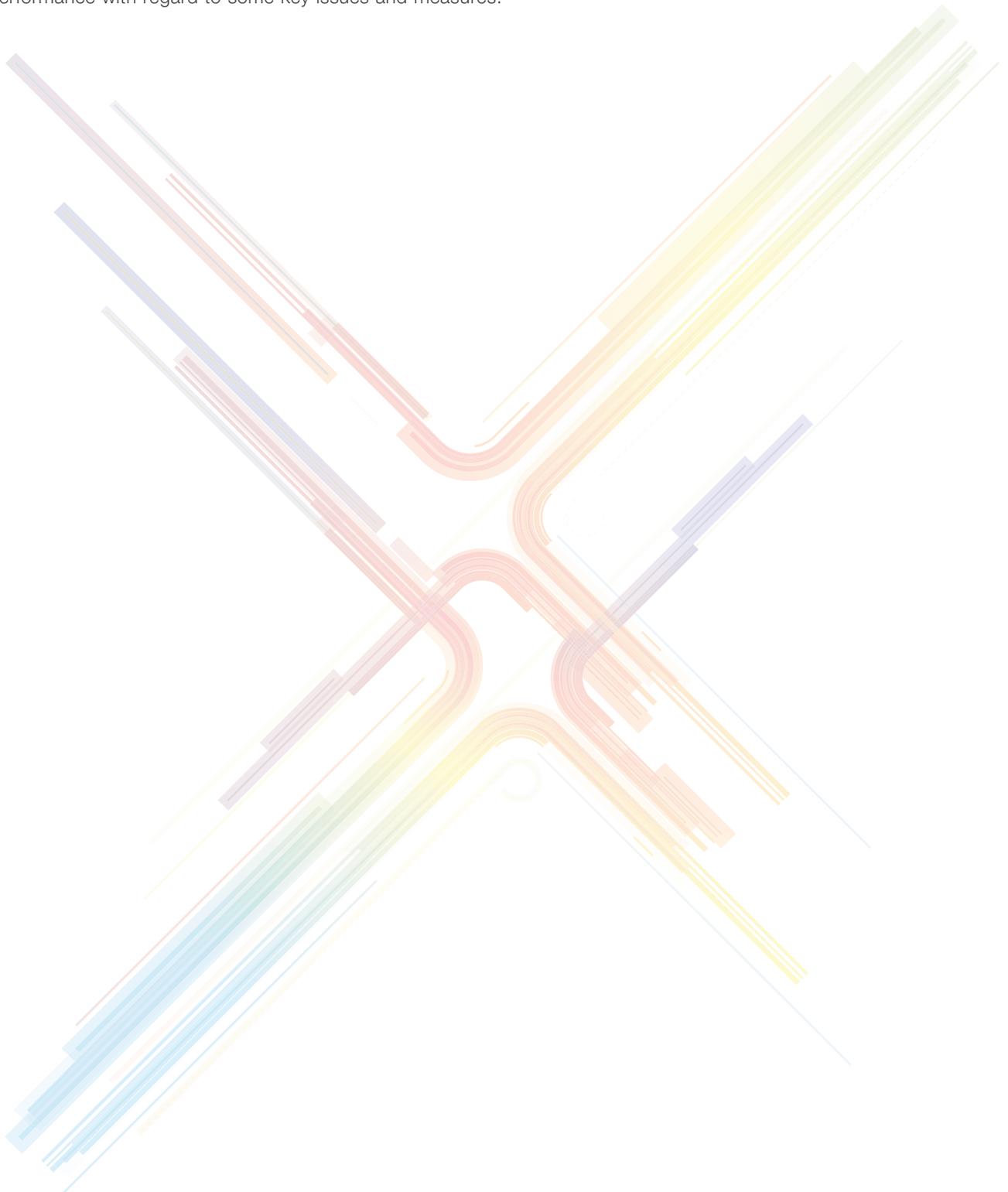
Locally, other than the usual cash donations to charitable organisations from time to time, cash donations were also made to (i) the Malay Youth Literary Association (4PM), a non-profit organisation to help the Malay community as well as the larger society to meet everyday challenges, to coincide with the celebration of their 70th anniversary and (ii) TODAY Enable Fund which aims to help people with disabilities fulfil their dreams and hopes and EduGrow which seeks to help underprivileged children break out of their low-income trap through intensive mentoring and education support, in conjunction with the Charity Book Launch for "Tall Order: The Goh Chok Tong Story".

GOVERNANCE

The Group aims on building an ecosystem where high standards of corporate governance are upheld and best practices are applied business-wide. This not only contributes to the long-term growth of the business but also helps the business achieve its sustainability goals regionally. We strive to maintain integrity, transparency, accountability and discipline in all our practices and have put in place a robust governance framework to ensure we meet our objectives.

LOOKING AHEAD

Looking ahead, we hope to further improve our sustainability tracking, and continue building a sustainable business by placing more emphasis on the ESG factors. In this report, you will be provided with a balanced view of our position and performance with regard to some key issues and measures.



OUR APPROACH TO SUSTAINABILITY

The Group's sustainability approach remains focused on value creation for all our stakeholders. The approach follows our sustainability policy which is to:

Sustainability is managed across the business through relevant policies, programs and operating procedures that are in place. These are shared with all employees of the Group, supported with training and well-defined roles and responsibilities. This guides the Management of the Group on its decision-making processes and ensures that we continually deliver on our business principles across all of our operations.

We employ a risk-based management approach. This involves reviewing our policies periodically, adjusting how we work in the event of any breach and reporting compliance.

We believe that to meet our sustainability goals and live by our values we need to integrate best practices into our day-to-day operations. Our aim is to contribute to local economies where we have a presence as well as to create a workplace that brings out the best in our employees. Most importantly, we want to build a sustainable business based on trust. We support the precautionary approach by taking actions to reduce environmental impact.

The Group is committed to integrating positive sustainability practices into our working environment and business processes. This is essential in order to deliver value to our business partners, foster trust with our communities, and ensure transparency and sustainable growth for our investors.



SUSTAINABILITY MANAGEMENT STRUCTURE

The Management has established a Sustainability Working Group (“SWG”), which works under the guidance of the Board to ensure that sustainability measures are implemented across the business. The SWG will measure and review progress towards our sustainability goals and engage accountable stakeholders to ensure targets are met. The Group has mobilized core SWG members who fully understand its businesses across the region and are extensively experienced in its systems and processes, thus contributing to a quality sustainability report.

SUSTAINABILITY MANAGEMENT STRUCTURE, ROLES AND RESPONSIBILITIES

BOARD OF DIRECTORS

- The Board is responsible for the long term growth and the value addition by the Group to the respective stakeholders. The Board also oversees the operational sustainability and corporate responsibility

SUSTAINABILITY WORKPLACE GROUP (SWG)

- Providing recommendations to the Board relating to adoption, implementation and monitoring of sustainability policies and engaging the Board of approval on sustainability initiatives
- Overseeing stakeholder engagement and management, including ensuring grievance-handling mechanisms are in place
- Overall management and prioritisation of sustainability matters
- Share and promote best practice within the market and industry
- Overseeing the preparation of sustainability disclosures as required by laws and/or rules, and recommending to the Board for approval

STAFF

- The staff is responsible for implementing the sustainability measures brought forward by the SWG and ensuring that a standardised approach is being followed by all members of staff which would contribute to the Group's long term growth

STAKEHOLDER ENGAGEMENT

We recognise the importance of meaningful two-way engagement with our stakeholders in the business strategies as well as our sustainability journey.

The following key stakeholders were selected due to their significant influence on and interests in the Group's business:

| Key Stakeholder Group | Mode of Engagement | Frequency |
|---|---|--|
| Investors and Shareholders | General Meetings Press Releases/Public Conferences and Events/Publications Email/Phone Enquiries and Feedback | Annually and when required Quarterly and Ad hoc Ad hoc |
| Government/Regulation and Financial Reporting | Surveys/Electronic Communication/ Regulatory Submissions | Annually, Quarterly and Ad hoc |
| Customer/Customer Service | Customer Feedback Management/Summit/Trade Shows/ Product Launches | Frequent and ongoing basis in terms of feedback/ Ad hoc for remaining modes of engagement |
| Suppliers | Feedback via email/phone call/meetings | Frequent |
| Employees/Human Resources | Performance Appraisal/Training | Annual performance appraisal for staff/Ad hoc for staff training |
| Local Communities/Corporate Responsibility | Various Communication | Ad hoc |
| Top Management | Board and Ad hoc Meetings | Quarterly and Ad hoc |

STAKEHOLDER VALUE CREATION AND CONCERNS

| Key Stakeholders | Value Creation | Sustainability Concerns |
|--|--|---|
| Investors and Shareholders | The Group aims on forging strong ties with its shareholders and investors by rewarding them with positive returns through systematic corporate governance practices. The Group aims on being transparent with its shareholders and investors by publishing annual reports and sustainability reports on annual basis as well as to communicating with them on a regular basis. | <ul style="list-style-type: none"> • Higher financial return • Property management • Trend of beauty, wellness and lifestyle categories • Quality quarterly and ad hoc press releases • Relevant company announcements |
| Government/Regulation and Financial Reporting | The Group is highly committed to compliance. It has practices in place which ensure that the Group is complying with all relevant existing regulatory requirements. | <ul style="list-style-type: none"> • High standards of corporate governance • Regulatory compliance |
| Customer/Customer Services | The Group aims to always satisfy its customers and cater to their needs effectively through operational sustainability and high quality business practices. | <ul style="list-style-type: none"> • Market presence of the brand • Customer health and safety • Security of properties |
| Suppliers | The Group aims to always form longstanding relationships with its suppliers. This is achieved through effective communication between the Group and its suppliers. | <ul style="list-style-type: none"> • Procurement practices • Market practices • Customer health and safety |
| Employees/Human Resources | The Group recognises that employees are the core of the firm and help the business achieve its long-term goals. The Group is committed to developing and supporting employees via relevant training programs. | <ul style="list-style-type: none"> • Competence development • Performance management • Fair employment practices |
| Local Communities/ Corporate Responsibility | The Group aims to enhance the living standards and health of the local communities by incorporating sustainability measures in its business model and being more environmentally conscious. Moreover, the Group is also committed to supporting worthy social and community causes for the environments it operates in to contribute back to society and helping those in need in the local community. | <ul style="list-style-type: none"> • Eco friendly development • Electricity consumption • Comply with local requirements on environment |
| Top Management | The Group is strongly committed to delivering strong results and enhance its business performance with sustainable business measures in place. | <ul style="list-style-type: none"> • Economic performance • Indirect economic impacts |

MATERIALITY ASSESSMENT

The materiality assessment process was conducted to refresh the material ESG (environmental, social and governance) factors. The ESG factors were identified by conducting a Stakeholder Engagement and Materiality Assessment Workshop during the year with the assistance from our external consultant. We reviewed the ESG factors of the respective stakeholders for material issues that have the potential to affect our performance in the long-term to safeguard the sustainability of our business.

MATERIAL ASPECT IDENTIFIED

| MATERIAL ASPECT IDENTIFIED ¹ | ASPECT BOUNDARY ² |
|---|---------------------------------|
| 201-1: Economic Performance | Within the organisation |
| 202-2: Market Presence | Within the organisation |
| 307-1: Environmental Compliance | Within the organisation |
| 401-1: Employment | Within the organisation |
| 417-2: Marketing and Labeling | Within/Outside the organisation |
| 418-1: Customer Privacy | Within the organisation |

SCOPE OF INDICATORS

| Key Indicators | At Group Level | Investment Division | Lifestyle Division |
|---------------------------------|----------------|---------------------|--------------------|
| 201-1: Economic Performance | ✓ | Not in Scope | Not in Scope |
| 202-2: Market Presence | Not in Scope | Not in Scope | ✓ |
| 307-1: Environmental Compliance | Not in Scope | ✓ | Not in Scope |
| 401-1: Employment | ✓ | ✓ | ✓ |
| 417-2: Marketing and Labeling | Not in Scope | Not in Scope | ✓ |
| 418-1: Customer Privacy | ✓ | ✓ | ✓ |

¹ A re-evaluation of material ESG factors was conducted in FY2018 to identify the significant ESG factors for SR FY2018. GRI 202-1: Ratios of standard entry level wage by gender compared to local minimum wage was removed from the list as per result from the re-evaluation of material ESG factors session.

² Aspect Boundary is a description of where the impacts occur for a material topic and the organisation's involvement with those impacts. Organisations might be involved with impacts either through their own activities or as a result of their business relationships with other entities. Global Reporting Initiatives (GRI).

MATERIAL FACTORS

MATERIAL FACTORS – ECONOMIC AND ENVIRONMENTAL

ECONOMIC PERFORMANCE

For the year ended 31 December 2018, we achieved total revenue of SGD157.1 million and earnings before interest and tax (EBIT) of SGD31.0 million. Total net profit after tax and minority interests (PATMI) was SGD9.3 million.

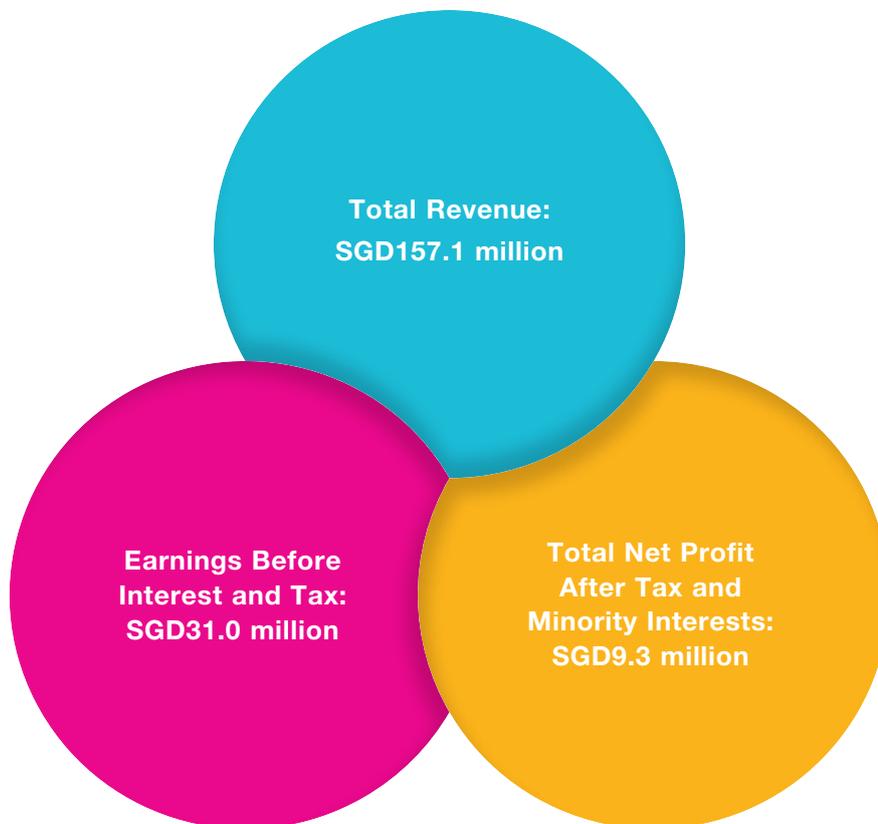
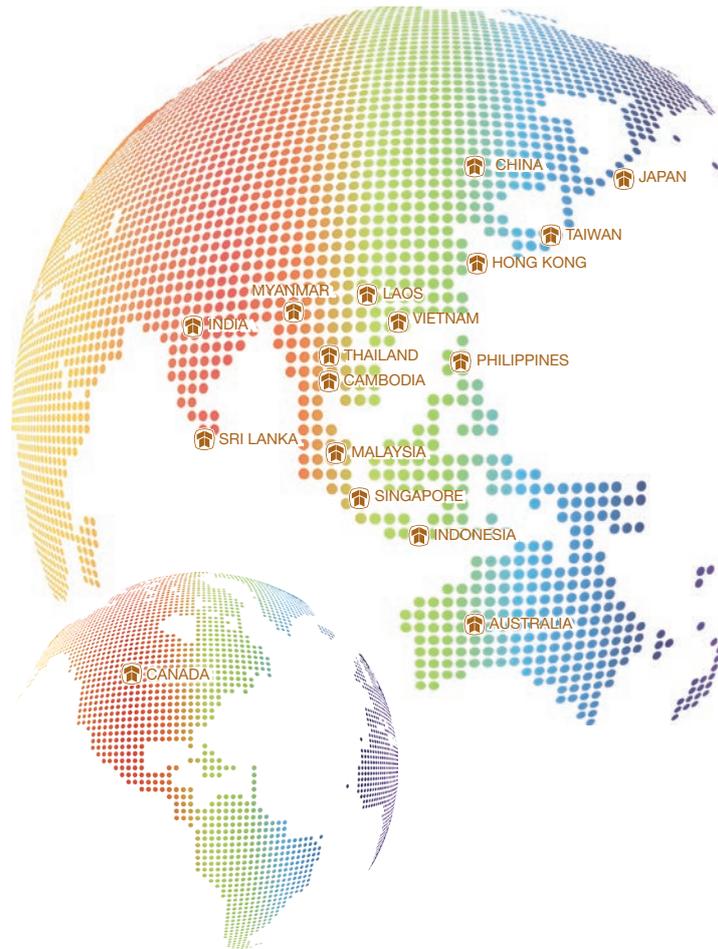


Figure 1: Financial Performance FY2018

For a detailed breakdown of our 2018 financial results, please refer to the relevant sections of our Annual Report 2018. The Group strives to deliver positive and sustainable returns to its shareholders over the long-term.

MARKET PRESENCE³



The prominent areas which the Lifestyle Division operates in is China and Hong Kong. However, the Group also has locally registered companies in Japan, India and Singapore. As the Japanese, Indian and Singaporean operations are not significant, these locations are not covered in this report. The international nature of our business encourages diversity in leadership and the Group believes that a good mix of international and local leadership is key to understanding and maximising market access.

Our market presence is based on consideration of issues such as scale of activity in markets, presence in product sectors and the relative risks and opportunities are determined as part of the strategy for entering a particular market. Market presence is subsequently considered based on the achievements and performance of the relevant unit.

| Senior Management of Lifestyle Division at Significant Location | China | Hong Kong | Overall |
|---|-------|-----------|---------|
| Number of senior management at significant location of operation | 8 | 2 | 10 |
| Number of senior management at significant location of operation hired from local community | 4 | 2 | 6 |
| Percentage of senior management at significant location of operation hired from local community | 50% | 100% | 60% |

Figure 2: Senior Management of Lifestyle Division at Significant Locations (2018)⁴

In the coming years, we aim to provide equal opportunity and at least maintain the percentage of senior management⁵ hired from local communities.

³ Market presence is only reported for the Lifestyle Division and not the Investment Division for FY2018.

⁴ The percentage of local senior management is calculated as a proportion of the total senior management.

⁵ Senior management team of Lifestyle Division is defined to include (i) director level positions, (ii) select general manager level positions and above, (iii) senior vice president, and (iv) financial controller.

ENVIRONMENTAL COMPLIANCE⁶

We strongly believe that compliance with environmental laws is crucial to ensure the business minimises any negative impact on the environment. Complying with environmental laws and using renewable energies also comes along with long term financial benefits and growth for the Group as there are various opportunities for the Group to receive government subsidies which further helps the division in improving its operations.

Within the GemLife business in the Investment Division, a review of environmental conditions are taken for each unique project the Group onboards. This review consists of taking into consideration the impact of the development on existing land, nature or wildlife. Prior to the commencement of any site works, submissions are made to the local councils to obtain development approval. Moreover, opportunities are explored to create a development which utilises renewable energies, where possible. For example, solar panels are placed on house roofs to reduce the impact on the environment and also helps in reducing electricity costs.

To ensure that results are being achieved, constant monitoring and evaluation takes place. For example, external reviews are conducted in order to ensure that construction has been completed in accordance with with the approved development application. This tends to affirm that the construction results in a safe structure which complies with the local building legislation and does not negatively impact the environment.

Significant monetary and non-monetary sanctions for non-compliance with environmental laws and/or regulations: NIL

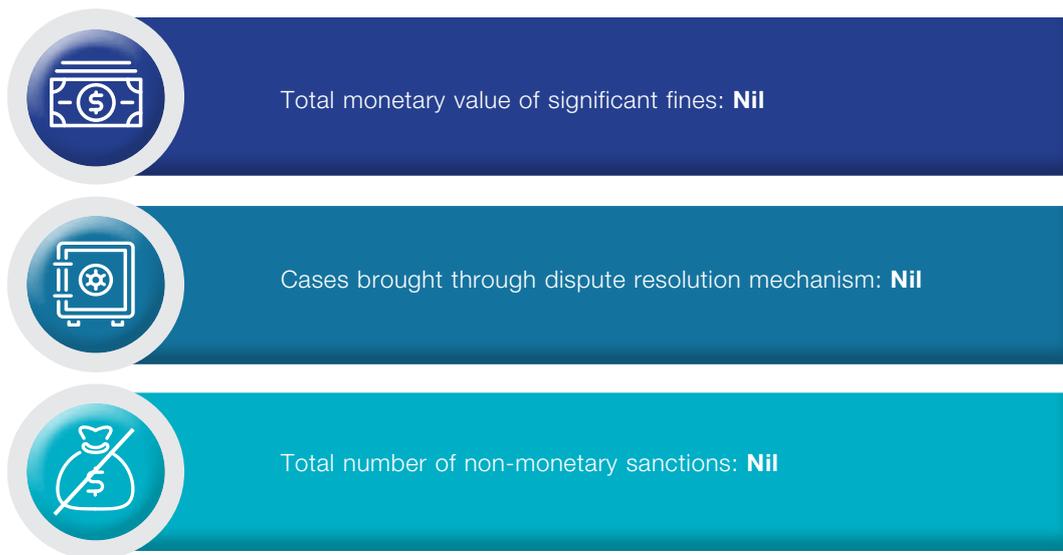


Figure 3: Environmental Compliance Performance FY2018

In FY2019, we aim to maintain this level of performance through the continual monitoring and adherence to environmental laws and regulations.

⁶ Environmental compliance is only reported for the Investment Division and not the Lifestyle Division since the Lifestyle Division does not have control over the sustainability practices of its third-party suppliers.

MATERIAL FACTORS – SOCIAL

EMPLOYMENT

The Group recognises the importance of attracting, retaining and developing a high-quality workforce in order to ensure the long-term success of its business.

It employed a total of 231 employees as at 31 December 2018. The breakdown of our employee workforce based on geographical location and by gender demographics is as follows.

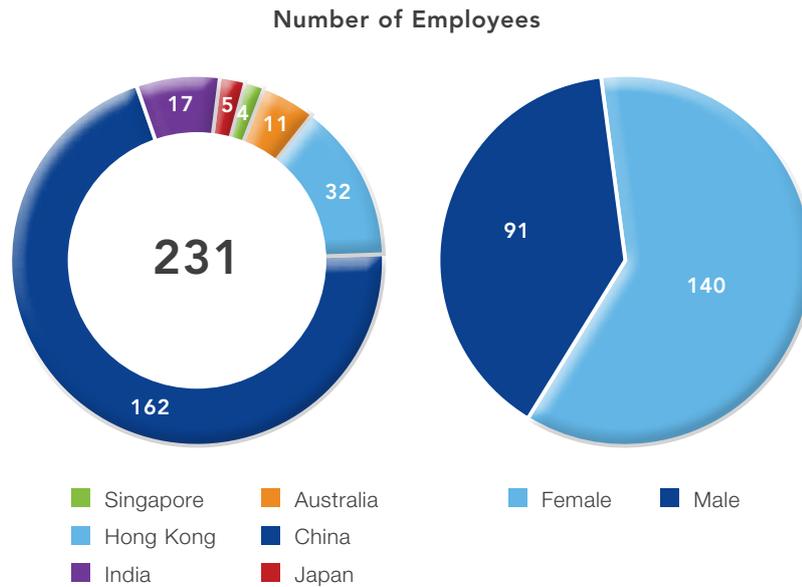


Figure 4: Number of employees for the Group

Given that employees are key to the Group’s growth, we aim to provide a safe and healthy working environment with development opportunity for them. The Group strongly believes in diversity and is conscious of ensuring a diverse range of employees. All employees are paid at or above the prescribed minimum wages where applicable.

Within TCAP (Investment Division in Australia), there is only a small number of staff, and there is minimal turnover. When it comes to GemLife within the Investment Division, it is currently still in the growth phase and additional staff are being hired. Within GemLife, there are a number of divisions, with a separate manager in charge of each of the divisions. To better manage their division and also to improve the skill sets of the managers to enhance operational efficiency, internal and external training is strongly encouraged where applicable. To ensure that the desired results are being achieved, the staff at GemLife are appraised of GemLife’s Human Resources Policy upon recruitment and receive an annual review including on performance and remuneration.

The Lifestyle Division being the more prominent division between the two requires a larger staff and is also expanding its operations to better serve its customers, thus necessitating the hiring of more people to match its needs. Moreover, the employees need to be skilled to contribute to the operational performance of the division in order to achieve long term growth.

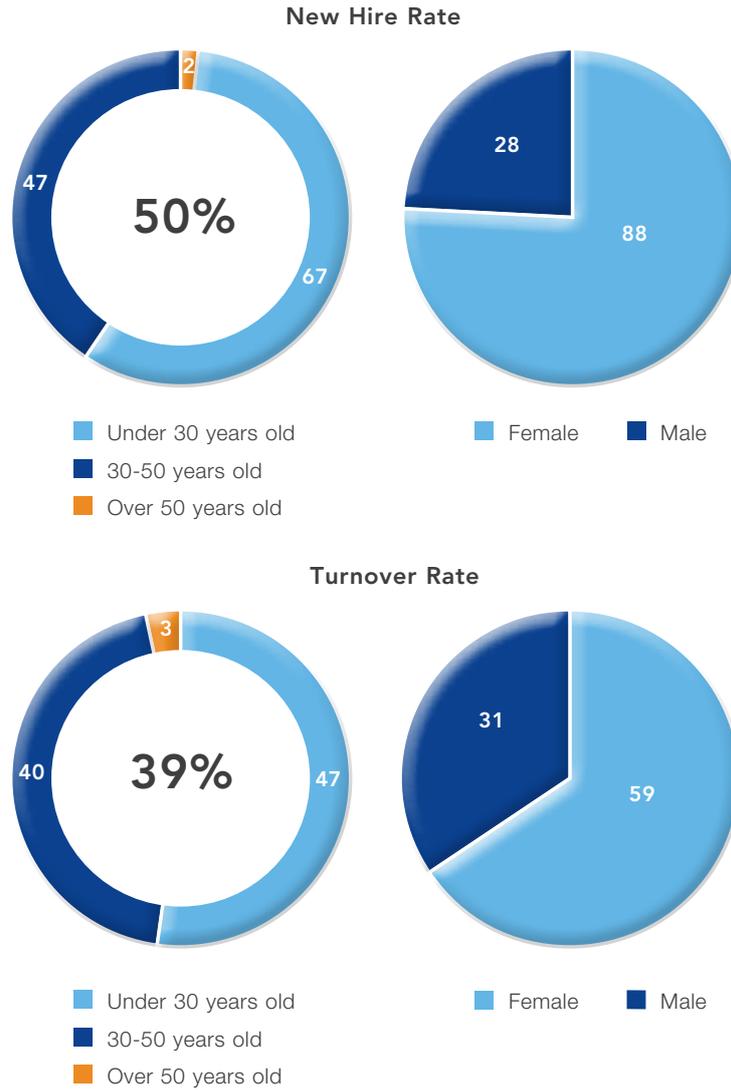


Figure 5: New hires and employee turnover statistics for the Group

In the coming years, we will continue to ensure equal opportunity and improve the employee new hire rate within the Group. We will also manage employee turnover in the context of a tight and competitive talent market in China.

MARKETING AND LABELING

We believe that it is vital that the Lifestyle Division complies with all the rules and regulations related to advertising and labelling in each of the markets in which it operates.

Marketing is handled by the Group itself in places where the Group distributes products and it ensures that all marketing activities comply with the rules and regulations in the relevant country. Labelling in majority is not handled by the division; however, it ensures that the principal complies with the applicable rules and regulations in the country at product introduction as well as on an ongoing basis. The Group provides ongoing feedback to brand owners to ensure continued compliance with the relevant rules and regulations. The Group was able to achieve zero incidents of non-compliance concerning product and service information and labelling in FY2018.

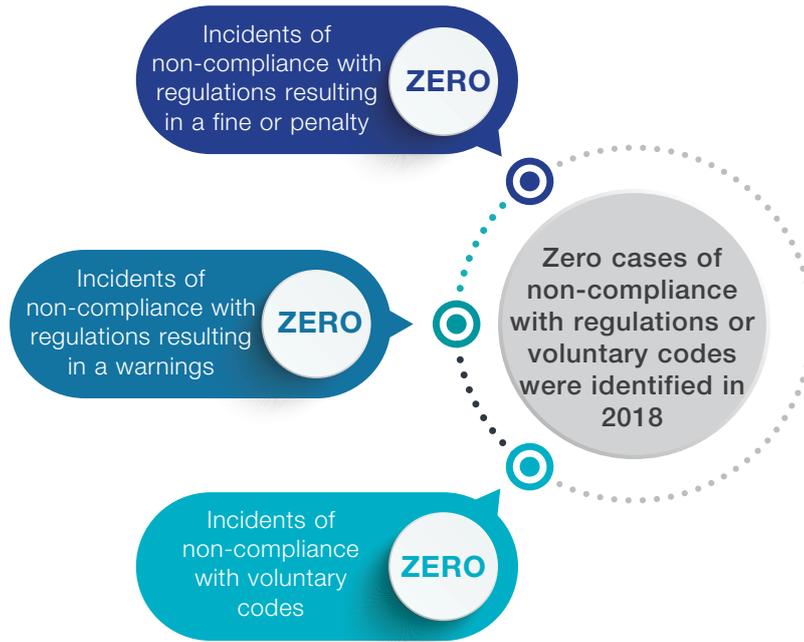


Figure 6: Incidents of non-compliance with advertising and labeling rules and regulations for the Lifestyle Division

In FY2019, we aim to maintain zero incidents of non-compliance concerning product and service information and labelling.

CUSTOMER PRIVACY

Protection, availability and integrity of both corporate and personal data, as well as appropriate use, are of crucial consideration to the Group as it determines the Group's ability to conduct business, build trust and remain compliant with laws and regulations. Each time new personal information is obtained by the Group, it follows the necessary procedure for securely storing the data. It is the Group's responsibility to protect the privacy of those who entrust it with their personal information. Our employees, suppliers, customers, consumers, and all those who do business with us trust and expect that we will protect information and remain compliant with legal requirements and our policies.

The Group's Investment Division operates in the finance industry, and the legislation often requires certain information which is specific to its needs to be recorded and retained. The Group ensures that this information is safe and secure, as evidenced by zero complaints concerning breach of customer privacy and loss of customer data recorded at the Investment Division in FY2018. Data security is also important for the Lifestyle Division which also achieved zero cases of complaints/breaches.



Figure 7: Complaints concerning breaches of customer privacy and losses of customer data for the Group

In FY2019, we aim to maintain our professional standards on customer data privacy.

MATERIAL FACTORS – GOVERNANCE

CORPORATE GOVERNANCE

We are completely dedicated to transparency, integrity, accountability and good governance in all our reporting. The Group is committed to adherence with a high degree of good governance in order to ensure long term growth of the business, enhance shareholder value and also protect the interests of its stakeholders.

The Group's corporate governance practices emphasise the need to balance between enterprise and accountability. These practices have been elaborated on further in the 2018 annual report, and have complied with the 2012 Code of Corporate Governance (the "Code"). Where there are deviations from the Code, appropriate explanations have been provided in the Company's Corporate Governance Report for 2018.

CORPORATE POLICIES

We seek to build and maintain an organisational culture espousing good business conduct and ethics. Employees agree to adhere to guidelines detailed in the Group's Code of Conduct to safeguard the reputation and interests of the Group and its stakeholders. The Group's Code of Conduct and Ethics; Code of Best Practice on Security Transactions, Whistle Blowing and Personal Data Protection policies provide comprehensive guidance on issues such as:

- Prevention of bribery and corruption;
- Conflicts of interest and the appropriate disclosures to be made;
- Business dealings;
- Relations with key stakeholders;
- Record keeping;
- Confidentiality of information;
- Health and safety of employees;
- Workplace conduct, including how to handle any workplace harassment; and
- Compliance with applicable laws and regulations, and the Group's policies.

GRI CONTENT INDEX

| GRI Standard 2016 | Disclosure Title | Page Reference & Remarks |
|---|--|---|
| GRI 102: GENERAL DISCLOSURE 2016 | | |
| ORGANISATIONAL PROFILE | | |
| 102-1 | Name of the organisation | 2018 Sustainability Report: Pg 1 |
| 102-2 | Activities, brands, products, and services | 2018 Sustainability Report: Pg 2 to 6 |
| 102-3 | Location of headquarters | 2018 Sustainability Report: Pg 2 |
| 102-4 | Location of operations | 2018 Sustainability Report: Pg 2 to 6 |
| 102-5 | Ownership and legal form | 2018 Sustainability Report: Pg 2 |
| 102-6 | Markets served | 2018 Sustainability Report: Pg 2 to 6 |
| 102-7 | Scale of the organisation | 2018 Annual Report: Various |
| 102-8 | Information on employees and other workers | 2018 Sustainability Report: Pg 18 & 19 |
| 102-9 | Supply chain | 2018 Annual Report: Various |
| 102-10 | Significant changes to organisation and its supply chain | Not Applicable – No significant changes to the Group and its supply chain |
| 102-11 | Precautionary Principle or approach | 2018 Sustainability Report: Pg 10 |
| 102-12 | External initiatives | 2018 Sustainability Report: Pg 12 & 13 |
| 102-13 | Membership of associations | Not Applicable |
| STRATEGY | | |
| 102-14 | Statement from senior decision-maker | 2018 Sustainability Report: Pg 7 to 9 |
| ETHICS AND INTEGRITY | | |
| 102-16 | Values, principles, standards, and norms of behaviour | 2018 Sustainability Report: Pg 7 to 9 |
| GOVERNANCE | | |
| 102-18 | Governance structure | 2018 Annual Report: Pg 37 to 67 2018 Sustainability Report: Pg 11 |

| GRI Standard 2016 | Disclosure Title | Page Reference & Remarks |
|--|--|---|
| STAKEHOLDER ENGAGEMENT | | |
| 102-40 | List of stakeholder groups | 2018 Sustainability Report: Pg 12 & 13 |
| 102-41 | Collective bargaining agreements | Not Applicable – No collective bargaining agreements in place |
| 102-42 | Identifying and selecting stakeholders | 2018 Sustainability Report: Pg 12 |
| 102-43 | Approach to stakeholder engagement | 2018 Sustainability Report: Pg 12 |
| 102-44 | Key topics and concerns raised | 2018 Sustainability Report: Pg 13 |
| REPORTING PRACTICE | | |
| 102-45 | Entities included in the consolidated financial statements | 2018 Annual Report: Pg 81 to 88 and 144 to 152 |
| 102-46 | Defining report content and topic Boundaries | 2018 Sustainability Report: Pg 1 |
| 102-47 | List of material topics | 2018 Sustainability Report: Pg 14 |
| 102-48 | Restatements of information | Not Applicable – No restatements of information for Sustainability Report FY2017 |
| 102-49 | Changes in reporting | Not Applicable – No changes of reporting for Sustainability Report FY2018 |
| 102-50 | Reporting period | 2018 Sustainability Report: Pg 1 |
| 102-51 | Date of most recent report | 2017 Sustainability Report |
| 102-52 | Reporting cycle | 2018 Sustainability Report: Pg 1 |
| 102-53 | Contact point for questions regarding the report | 2018 Sustainability Report: Pg 1 |
| 102-54 | Claims of reporting in accordance with the GRI Standards | 2018 Sustainability Report: Pg 1 |
| 102-55 | GRI content index | 2018 Sustainability Report: Pg 22 to 24 |
| 102-56 | External assurance | Not Applicable – No external assurance has been sought for this report |
| GRI 103: MANAGEMENT APPROACH 2016 | | |
| 103-1 | Explanation of the material topic and its Boundary | Economic Performance: |
| 103-2 | The management approach and its components | <ul style="list-style-type: none"> • 2018 Annual Report: Pg 81 to 181 • 2018 Sustainability Report: Pg 15 |
| 103-3 | Evaluation of the management approach | Market Presence: <ul style="list-style-type: none"> • 2018 Sustainability Report: Pg 16 Environmental Compliance: <ul style="list-style-type: none"> • 2018 Sustainability Report: Pg 17 Employment: <ul style="list-style-type: none"> • 2018 Sustainability Report: Pg 18 & 19 Marketing and Labeling: <ul style="list-style-type: none"> • 2018 Sustainability Report: Pg 19 & 20 Customer Privacy: <ul style="list-style-type: none"> • 2018 Sustainability Report: Pg 20 & 21 |

| GRI Standard 2016 | Disclosure Title | Page Reference & Remarks |
|---|--|---|
| MATERIAL TOPICS | | |
| GRI 201: ECONOMIC PERFORMANCE 2016 | | |
| 201-1 | Direct economic value generated and distributed | 2018 Annual Report: Pg 81 to 181 2018 Sustainability Report: Pg 15 |
| GRI 202: MARKET PRESENCE 2016 | | |
| 202-2 | Proportion of senior management hired from the local community | 2018 Sustainability Report: Pg 16 |
| GRI 307: ENVIRONMENTAL COMPLIANCE 2016 | | |
| 307-1 | Non-compliance with environmental laws and regulations | 2018 Sustainability Report: Pg 17 |
| GRI 401: EMPLOYMENT 2016 | | |
| 401-1 | New employee hires and employee turnover | 2018 Sustainability Report: Pg 18 & 19 |
| GRI 417: MARKETING AND LABELING 2016 | | |
| 417-2 | Incidents of non-compliance concerning product and service information and labeling | 2018 Sustainability Report: Pg 19 & 20 |
| GRI 418: CUSTOMER PRIVACY 2016 | | |
| 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | 2018 Sustainability Report: Pg 20 & 21 |



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