



SUSTAINABILITY REPORT

BOARD STATEMENT

We are pleased to present our first Sustainability Report this year. This report serves to outline how our sustainability efforts are in line with our growth strategy and mission.

We believe that establishing good corporate governance and a risk management process that includes the assessment of environmental, social and governance (ESG) issues are essential for the Group. This approach not only helps to identify areas for further improvement and mitigate risks, but also identify opportunities for sustainable growth in relation to our growth strategy.

The Board is in charge of incorporating sustainability issues as part of the Group's strategic formulation and to approve, manage and monitor ESG factors material to the business. Assisting with the Board's responsibilities is the senior management team across the different entities, who are in charge of developing sustainability objectives and strategy, managing and monitoring overall sustainability performance and reporting to the Board. All significant decisions associated with ESG matters are deliberated by the Board and the senior management. Responsibilities are clearly delegated to drive the Group's strategy for sustainability. This leadership drives the task force across entities to implement our sustainability strategy and initiatives and allows for sustainability to be integrated into our daily business operations.

A materiality assessment workshop was conducted to identify material ESG factors for the Group through management discussion on views of stakeholders, the Group's overall business risks, relevant sustainability trends and industry best practices. Prioritised factors presented to us for validation and approval have been included in this year's report.

SUSTAINABILITY REPORT OVERVIEW

About this Report

This is our first Sustainability Report setting out our commitments, governance, policies, performance and targets in respect of managing the environmental and social impacts of the Group during the financial year ended 31 December 2017. It has been prepared in compliance with the requirements of SGX-ST Listing Rules 711A and 711B and refers to the Global Reporting Initiative (GRI) Standards 2016 for performance disclosures¹. This report will be published on an annual basis hereafter.

In determining the scope of this Report, we considered the level of business activities and specific sustainability concerns for the entities under Intraco Limited. The entities covered in this report are:

- K.A. Group Holdings Pte Ltd and its subsidiaries (K.A. Group)
- Intraco Trading Pte Ltd (Intraco Trading)
- Intrawave Pte Ltd (Intrawave)

MATERIALITY ASSESSMENT

Material ESG factors for the Group were identified through management discussions in a materiality assessment workshop. The workshop involved a systematic three-step process to identify, prioritise and validate the ESG factors that balance our business perspectives with that of our stakeholders. By considering the views of the stakeholders, the Group's overall business risks, relevant sustainability trends together with industry best practices, we identified the material factors that are of most concern to our business and stakeholders. Seven sustainability factors were deemed to be material to Intraco that were further validated by the Board of Directors as well.

¹ GRI Standard 2016 referred: GRI 101 Section 1 Reporting Principles, GRI 103 for Management Approach, GRI 201, 302, 403, 414, 416 for topic-specific disclosures

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Intraco's Material ESG factors for FY2017:

CATEGORY	SUB-CATEGORY	MATERIAL FACTORS	ENTITIES
1. Economic	N/A	Economic Performance ²	<ul style="list-style-type: none"> • K.A. Group • Intraco Trading • Intrawave
2. Environment	N/A	Energy	<ul style="list-style-type: none"> • K.A. Group • Intraco Trading • Intrawave
3. Social	(a) Product Responsibility	(i) Customer Health & Safety	<ul style="list-style-type: none"> • K.A. Group • Intraco Trading
		(ii) Supplier Social Assessment	<ul style="list-style-type: none"> • K.A. Group • Intraco Trading
	(b) Employees	(i) Occupational Safety	<ul style="list-style-type: none"> • K.A. Group • Intrawave
		(ii) Employee's Well-being	<ul style="list-style-type: none"> • K.A. Group • Intraco Trading • Intrawave
		(iii) Compliance	<ul style="list-style-type: none"> • K.A. Group • Intraco Trading • Intrawave

MATERIAL FACTORS

1. Economic

Economic Performance

Intraco actively seeks out opportunities to expand its portfolio through strategic investments in profitable, high growth business and create value for all its shareholders and generate recurring net income. The Group is committed to use its resources to help its businesses develop their business strategies and achieve sustainable growth.

Please refer to the financial statements on pages 73 to 148 for more details.

2. Environment

We are strongly committed to the environment. To stay green, we implement and encourage energy-saving measures in the workplace.

Energy

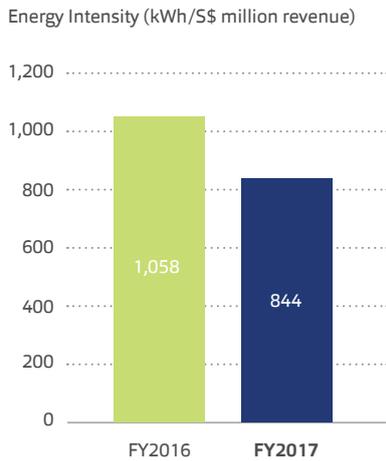
The Group's business operations consume energy, mainly in the form of electricity drawn from the grid. Electricity is essential for business continuity as it is used for the operation of equipment, air-conditioning and lighting. It also has an impact on cost such as utility bills.

By driving down energy and resource use, we reduce our carbon footprint to play our part in contributing towards a greener and more eco-friendly world. The OG Albert Complex that houses our office has BCA Green Mark Gold certification and has been identified among the top 10 most energy-efficient commercial mixed developments in the last two editions of BCA Building Energy Benchmarking Report. We have also incorporated energy saving practices into the Human Resources Policies and Procedures to remind employees on the importance of this practice. Through our committed efforts, our energy intensity has reduced by 20 per cent from 2016 to 2017. Over the next year, we will target to identify initiatives to reduce our electricity consumption across our operations.

² Refer to the Financial Statements published

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Performance Statistics for energy intensity³



³ Energy intensity is calculated by the total energy consumption divided by revenue in million Singapore dollars. The total energy consumption includes electricity consumption from K.A. Group, Intraco Trading and Intrawave. The electricity consumption for Intrawave excludes electricity consumption at the North East MRT line Telecom Equipment Room as it is under the control of the mobile operators.

3. Social

(a) Product Responsibilities

(i) Customer Health & Safety

Customers' Health and Safety is of utmost importance to us, hence we ensure that all our products and services are safe and meet the required quality standards. Also, the industries that we operate in, especially the fire protection industry, is heavily regulated, making it imperative for us to meet the required standards and regulations. Occurrence of any health and safety incidents may lead to potential lawsuits, non-compliance and reputational damage.

K.A. Group

K.A. Group is a one-stop provider of fire protection products and prioritises Customers' Health and Safety since our prestige comes from the consistent provision of quality solutions. The fire performance of our products are in compliance with the local building regulations. For example, our insulated fire rated fabric shutters/fire curtain are tested to be compliant with SS 489:2001 required under the local building regulation. We have also obtained the ISO 14001:2004 certification from Certification International Singapore (CIS) for our environment management system for the supply and installation of fire proofing systems in building and construction. Having such certifications shows our commitment to uphold quality and recognition of our products.

Intraco Trading

Intraco Trading regards Customers' Health and Safety as one of the most important aspects of enterprise risk management. In order to create a strong brand name, we have multiple policies in place such as the Product and Service quality control to ensure that the quality of products and services sold to the customers are consistently maintained and up to satisfaction. As Intraco is a trader and distributor, our quality checks begin from our stringent procurement practice of ensuring our procured items are all certified with the required documents before accepting and selling to our customers.

We also have an incident reporting system in place for customers to give feedback regarding any health and safety issues. This enables us to investigate identified issues and improve upon them.

During this reporting period, there have been no incidents of non-compliance concerning the health and safety of products and services. Going forward also, we aim to have no significant incidents of non-compliance that result in regulatory breaches. We will also educate our customers on the proper use of our products as well as precautions to be taken while handling so as to prevent any accidents.

(ii) Supplier Social Assessment

We understand that the quality and safety of our products are crucial for our businesses. Therefore, our procurement processes ensure we select competent suppliers who are able to maintain quality and comply with regulatory requirements.

K.A. Group

K.A. Group maintains a master list of suppliers. In case of a new addition to the list, a detailed background check is conducted and presented to the management for approval before any dealings are initiated. This practice ensures that suppliers who are keen to work with us are committed to adhere to our standards. Any direct materials received are also checked for valid certification before acceptance as part of the monitoring process. We are actively exploring ways to reduce the usage of toxic and harmful materials and increase use of renewable and recyclable materials where possible by participating in external events related to sustainable products and practices.

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Intraco Trading

Being a trading company and distributor of plastic resin products, quality is a top factor as we aim to deliver what we promise to our clients. Hence it is pertinent that a Certificate of Analysis (COA) is obtained by our supplier for every trade to ensure the quality of the prime item is what was agreed and we can confidently deliver it to our customers.

Going forward, we aim to continue the practice of purchasing only certified materials from our major suppliers.

(b) Employees

(i) Occupational Safety

We prioritise occupational safety as we believe that creating a safe and conducive working environment is essential for our employees. We recognise that our employees are our most important assets and they are vital to our businesses function. Due to the nature of our businesses they are exposed to safety risks, thus as a responsible employer we work together to ensure that these risks are addressed and mitigated to the extent possible.

All businesses are guided by the HR Policies and Procedures Handbook that is updated and revised based on any changes to Ministry of Manpower regulations, such as the Workplace Safety and Health Act and associated regulations, and feedback received from employees.

Contingency Plans and Emergency Manuals have been put in place to ensure operations can be resumed with minimal downtime in the event of any adverse events. First aid boxes are also available in the office for emergency uses. There are annual reviews of the operations risk by the different operations' departments to update and amend the safety policies.

K.A. Group

Safety is one of our core values and we are committed towards providing a safe, healthy and conducive work environment as well as appropriate safety trainings to our employees. Our Quality, Occupational Health & Safety and Environmental (QOHSE) policy was developed in 2014 and has been communicated to all individuals working under our control. The policy aims to continually improve the professionalism of every employee by training and preventing injury or ill health. Supervisors are responsible for ensuring all safety equipment are in place for employees on-site. Safety inspections are also done to confirm equipment are in working condition.

We continue to be certified for our quality, health and safety management systems as detailed below:

- Quality Management System Standards ISO 9001:2008 for the scope of provision of passive fire protection application services for building and steel structures
- Singapore Standard on Occupational Safety and Health Management SS 506 Part 1:2009 and Occupational Health and Safety Management BS OHSAS 18001:2007 for the scope of supply and installation of fireproofing system to building and construction sector and production and storage of fireproofing materials
- bizSAFE Level Star by the Workplace Safety and Health Council

During this reporting period, there were two minor incidents that were immediately attended to. All affected staff resumed normal work after medical leave.

Performance Statistics



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Intrawave

Intrawave is currently engaged in the design and building of radio coverage infrastructure for Singapore's North East MRT line. Therefore, our staff working on the MRT premises ensure they comply with SBS Transit's (SBST) safety requirements and regulations. Any work being conducted in the MRT premises is first approved by SBST for identification, assessment and control of any health and safety risks before commencement. Staff working on the MRT premises are also required to pass the health & safety training course conducted by SBST before starting on-site work. Refresher courses are conducted once every three years for such staff. Safety equipment for staff is also provided for and maintained by SBST.

All these efforts are made alongside education of employees on the potential health risks and safety hazards in the work environment and the proper precautions to be undertaken. Work environment conditions and work practices are regularly reviewed to identify any new safety hazards or health risks and an open channel of communication is maintained across all levels.

There was no workplace related fatalities or permanent disabilities during this reporting period.

Going forward, we aim to maintain this record and ensure there are no significant incidents of non-compliance resulting in regulatory breaches under the Workplace Safety and Health Act.

(ii) Employees' Well-being

We take care of our employees through comprehensive welfare and benefits. The Group actively develops various initiatives to improve our employees' well-being and keep them engaged and motivated.

Employees' Benefits and Welfare

We provides medical benefits, work injury compensation and insurance such as personal accident insurance and group term life insurance to all employees. All insurance policies for employees are renewed by the Human Resource department on a yearly basis ensuring adequate coverage is available to employees. Insurance policies for the directors are consulted with the managers in charge for a review.

To encourage our employees to adopt an active and healthy lifestyle, we hold inspirational seminars by external vendors on topics such as health, wellness, and positive thinking, as well as out-of-hours social activities for a healthy work-life balance.

Training & Education

We provide employees with equal opportunities for training and development based on their strengths and needs, to help them achieve their career goals and full potential. We do this by providing relevant trainings to our employees to continuously develop their knowledge and skills and allow them to remain relevant to support the changing needs of the business. We have a training and development policy in place that set out details and procedures on employees' performance appraisal and support for employees' learning needs.

The internal and external trainings that our employees attended in 2017 include:

- Technical skills trainings such as finance and audit, tax, contracts, ethics and legal, ethics and risk management, investor and media relations;
- Soft skills trainings such as confidence building and critical thinking; and
- External seminars such as Goods and Services Tax (GST) Seminar 2017 and SID Directors' Conference 2017

In the coming year, we aim to continue providing all our employees with equal opportunity and access to relevant trainings through considering their learning needs and career goals.

Positive Workplace Environment

We employ workers from different races and nationalities and work towards providing them a positive workplace environment. For K.A. Group, foreign workers who have been working with us for more than 2 years are entitled to claim airfare when they travel back to their respective countries. Special occasions and festivals such as Chinese New Year, Hari Raya and Deepavali are celebrated regularly with buffet lunch being provided to all staff. We also organise and support events such as monthly birthday celebration luncheon for office staff, company's annual Dinner & Dance, overseas trips/outings.

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(iii) Compliance

We fully comply with the following legislations on the welfare and rights of our employees.

Employment Act

The Group abide by the Employment Act which outlines the statutory requirements of hiring employees in Singapore. These requirements include working hours, on-time payment of salaries, overtime payment, payment of CPF contributions, provision of paid annual and sick leave. At Intraco, we believe in contributing towards Singapore's national security. National Service (NS) is a vital component of national defence, and we support our employees' NS commitments through providing flexibility on their leave arrangement.

Anti-Child & Anti-Forced Labour

We have put in place measures to ensure that our operations are not involved in unethical labour practices such as child or forced labour. The Group complies with Singapore legislations such as the Employment Act, Retirement Act, Workplace Safety and Health Act, and Factories Act which mitigate risks and incidents of child and forced labour.

In addition to complying with the existing legislations, we ensures that all employees are issued employment contracts specifying clear employment terms and conditions. In 2017, there were zero incidents and grievances of child and forced labour being reported and we will continue to maintain such status going forward.

Diversity & Inclusion

Our hiring policies ensure equal employment opportunities for all regardless of their ethnicity, religion, gender, marital status or age. We recruit and select employees on the basis of merits, such as skills, experience, ability, as well as organisational and job fit.

Our employment statistics, reviewed regularly, illustrate the diversity of our workforce. As at 31 December 2017, 22% of our employees are female, compared to 21% in 2016. We recognise that there are certain sectors in our businesses, such as fire protection solutions businesses, which tend to attract larger proportions of male employees, due to the nature of the jobs. Nevertheless, we value diversity and inclusion, and are committed to the principle of equal employment opportunity. Going forward, we will continue to adopt such principle.

4. Commitment to Sustainability

As the Group continues to expand and grow, we will continue to collaborate with our stakeholders, focusing on activities where we can have the greatest impact. We will continue our efforts to maintain high standards of health and safety and build sustainability awareness across our supply chain and monitor our performance closely with the targets that we have set for ourselves.

5. Contact for Feedback

For any queries or questions regarding this report and its content, kindly email at www.intraco.com.sg.



A STRATEGY FOR THE LONG RUN

At Intraco, we invest for the long term, and usually as the major shareholder. This gives us control to provide our businesses the capital and expertise they need to outperform and raise their business to the next level.





FOCUSED ON
DELIVERING
SHAREHOLDER
RETURNS

COMPLIANCE, TRANSPARENCY AND ACCOUNTABILITY

Corporate Governance. Management and the Board places critical importance on all aspects of Corporate Governance and will continuously promote greater transparency, objectivity and fairness.

CORPORATE GOVERNANCE REPORT

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