



**HAW PAR CORPORATION LIMITED**

**SUSTAINABILITY REPORT 2018**

(Performance Report)

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# 1. READER'S GUIDE

## 2.1 About Haw Par Corporation Limited

Haw Par Corporation Limited (the “Company”, together with its subsidiaries, the “Group”) is a multinational group which has been listed on the Singapore Exchange since 1969. The Haw Par Group is an enterprise with a strong consumer healthcare business with a range of healthcare products promoting a healthy lifestyle. The largest contributor to the healthcare business comes from our brand Tiger Balm. With a wide range of products available in over 100 countries, Tiger Balm is arguably the world’s leading and most versatile topical analgesic brand. Besides the consumer healthcare business, the Group also engages in the leisure business and holds significant investments in securities and properties.

## 2.2 Report Scope

Our approach and governance for sustainability are set out on our company website: [www.hawpar.com/sustainability](http://www.hawpar.com/sustainability)

The Sustainability Report 2018 outlines our practices with a focus on performance data and commentary of our material Environmental, Social and Governance (“ESG”) issues from 1 January 2018 till 31 December 2018 (“2018”). We have focused our second report on our Healthcare business, which contributes 91% of our revenue and 63% of total revenue and other income. Information and data relate mainly to our operations in Singapore where we are headquartered. In addition, we have also provided qualitative information on our largest asset segment, Investment.

## 2.3 Methodology

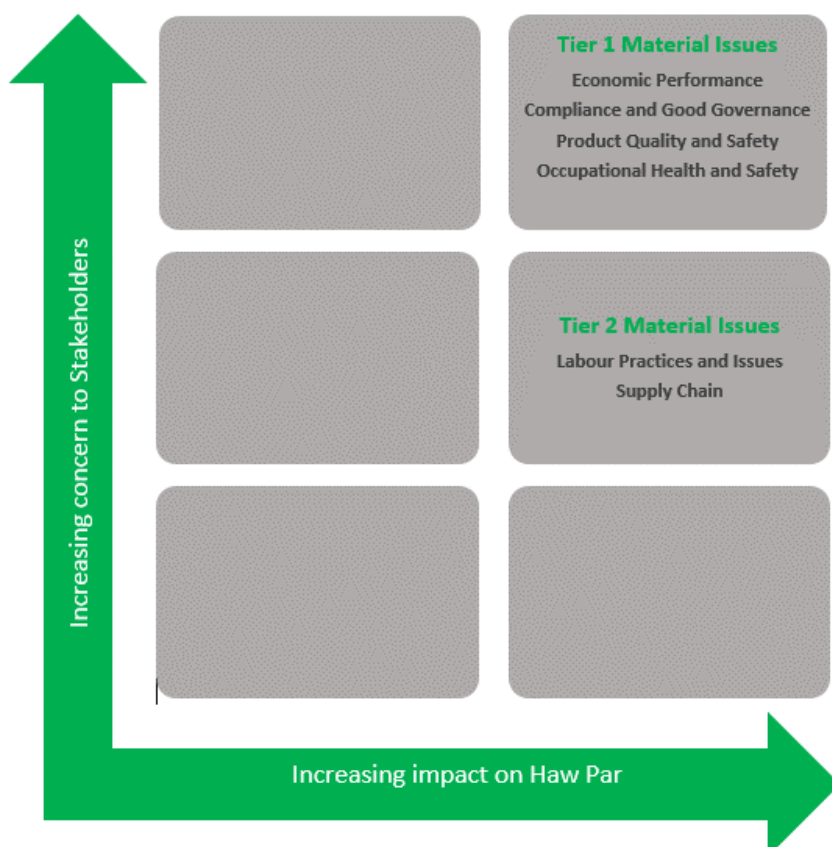
This report has been produced in accordance with the Global Reporting Initiative (GRI) Standards: Core option. In this GRI report, we focus on the key material issues for our business. The GRI Content Index can be found on page 8. The Sustainability Report is published annually as part of our Report to Shareholders and is available on our website.

Our Sustainability Report 2018 has not been externally assured. We welcome feedback from our stakeholders on this report at [sustainability@hawpar.com](mailto:sustainability@hawpar.com)

# 2. BOARD STATEMENT

The Sustainability Steering Committee consisting of senior management and led by the CEO champions sustainability efforts and priorities at the Group. The SSC reports to the Board, which has specially considered sustainability issues as part of its strategic formulation, and has determined the ESG factors identified as material to the business of the Group. The Board oversees the management and monitoring of these ESG factors.

The material ESG factors that are the focus in the Sustainability Reporting of the Group are prioritised in the chart on the next page.



### 3. ESG SUSTAINABILITY REVIEW

Focus	Objective / Targets	Policies, Performance and Practices					
<b>Tier 1 Material Issues</b>							
<b>Economic Performance</b>	To ensure the Group is in good financial health and is poised for sustainable generation of shareholder value.	<b>in SGD '000</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
		<b>Direct Economic Value Generated: Revenues</b>	223,642	273,161	266,654	288,348	345,781
		<b>Economic Value Distributed *</b>	167,539	185,404	232,363	210,322	225,774
		Operating costs *	90,509	99,558	102,139	120,606	118,949
		Employee wages and benefits	23,410	28,185	29,528	28,784	33,667
		Payments to providers of capital	43,789	43,822	85,505	43,993	55,180
		Payments to government	9,772	13,660	15,005	16,761	17,780
		Community investments	59	179	186	178	198

		<table border="1" data-bbox="560 197 1362 282"> <tr> <td data-bbox="560 197 791 282"><b>Economic Value Retained *</b></td> <td data-bbox="791 197 906 282">56,103</td> <td data-bbox="906 197 1021 282">87,757</td> <td data-bbox="1021 197 1136 282">34,291</td> <td data-bbox="1136 197 1251 282">78,026</td> <td data-bbox="1251 197 1362 282"><b>120,007</b></td> </tr> </table> <p data-bbox="560 293 1401 371">* 2014 to 2017 figures have been restated due to change in measurement basis for investment properties following the adoption of Singapore Financial Reporting Standards (International).</p> <ul data-bbox="560 398 1401 719" style="list-style-type: none"> <li>• Haw Par received the following awards in 2018: <ul data-bbox="592 427 1401 517" style="list-style-type: none"> <li>○ Certificate issued by The Financial Times and Statista to be part of the FT1000 High-Growth Companies Asia-Pacific 2018</li> <li>○ The Edge Billion Dollar Club Award (Multi-Industry) for 2018</li> </ul> </li> <li>• Continual brand investment across all markets.</li> <li>• Continual product development for targeted markets.</li> <li>• Exercise due care and discipline in investment and expenditures.</li> <li>• Community investments: Haw Par received a Certificate of Recognition for its contribution to disability sports in Singapore jointly issued by the International Paralympics Committee, Singapore National Paralympic Council and Singapore Disability Sports Council.</li> </ul>	<b>Economic Value Retained *</b>	56,103	87,757	34,291	78,026	<b>120,007</b>
<b>Economic Value Retained *</b>	56,103	87,757	34,291	78,026	<b>120,007</b>			
<b>Compliance and Good Governance</b>	<p data-bbox="347 734 533 965">To have an effective, transparent and robust governing platform that ensures long-term values are always in check.</p> <p data-bbox="347 1014 533 1193"><u>Target/s for 2019</u> Disclosure on maintaining a record of business practices free of corruption</p>	<ul data-bbox="560 734 1401 1487" style="list-style-type: none"> <li>• High standard of corporate governance which promotes clarity and accountability.</li> <li>• Internal audit of different business units and functions carried out throughout the year.</li> <li>• Risk management review carried out quarterly.</li> <li>• Internal Audit reports independently to the Audit and Risk Committee.</li> <li>• Sustainability Steering Committee comprising senior representatives from different business units and functions, including Internal Audit, addresses sustainability issues concerning the Group.</li> <li>• Code of conduct undertaken by every employee.</li> <li>• Strong ethical stance on anti-corruption and preference to work with organisations that have a strong corporate governance structure.</li> <li>• Haw Par's anti-corruption policies have been communicated to staff and governance body members.</li> <li>• Abide by the laws and resolutions of every country in which we operate.</li> <li>• Being part of the corporate governance process of the target company is a pre-requisite for direct investment.</li> <li>• Whistle-blowing policy in place to address issues worthy of attention in confidence.</li> <li>• We did not incur any monetary fines or sanctions for any non-compliance with operational regulatory requirements or environmental conditions of our operations in 2018.</li> <li>• We did not incur any significant fines for non-compliance with laws and regulations concerning the provision and use of products and services in 2018.</li> <li>• There were no known incidents of corruption involving Haw Par in 2018.</li> <li>• Haw Par received the SIAS Most Transparent Company Award (Multi-Industries) in 2018.</li> </ul>						
<b>Product Quality and Safety</b>	<p data-bbox="347 1503 533 1765">To ensure that safety is never compromised in any part of our value chain as any repercussion can bring harm to the long-term value of Haw Par.</p> <p data-bbox="347 1814 533 1993"><u>Target/s for 2019</u> Disclosure on any product recall arising from quality or safety failure</p>	<ul data-bbox="560 1503 1401 2033" style="list-style-type: none"> <li>• Customer health and safety is a strong value that cannot be compromised at Haw Par.</li> <li>• Keeping abreast with development via regular communication with stakeholders such as regulatory bodies, marketing authorisation holders, distributors, suppliers and consumers is part of ensuring a high standard of Product Quality and Safety is maintained.</li> <li>• Standards maintained with the need to maintain valid GMP certification of our production premises.</li> <li>• ISO 9001 Quality Management System which is global in scope entails critical review of management, manufacturing, marketing and distribution processes.</li> <li>• Periodic customer satisfaction survey and feedback also help keep quality and safety in check.</li> <li>• KPIs are developed and collection of relevant data to monitor the achievement of these objectives are carried out routinely.</li> <li>• Every aspect of the value chain from procurement and inspection of raw materials to shipment of finished goods goes through stages of check in accordance with stringent GMP and QMS processes.</li> </ul>						

		<ul style="list-style-type: none"> <li>In 2017 and 2018, there were no incidents of non-compliance concerning product and labelling.</li> </ul>																				
<b>Occupational Health and Safety</b>	<p>To ensure that Haw Par's manufacturing unit remains free from risk to employees, or any other persons on our premises.</p> <p><u>Target/s for 2019</u> Disclosure on rate of injuries for recordable work-related injuries and fatalities</p>	<ul style="list-style-type: none"> <li>Commitment to the safety of our people and of those we work with.</li> <li>Our Quality, Environmental, Health and Safety (QEHS) Policy outlines that we provide suitable training, instructions and information about work procedures such that workers can carry out their jobs effectively.</li> <li>Annual review of safety practices and performance.</li> <li>In the collective agreement, Haw Par Healthcare and the union agreed to co-operate and undertake to work together on workplace safety. Internally, Haw Par has established a safety committee and the Union is able to provide feedback to the committee directly. Monthly meetings are held by the safety committee.</li> </ul> <p>No. of Haw Par Healthcare employees in the safety committee 2018: 11 2017: 8</p> <ul style="list-style-type: none"> <li>Regular sessions to remind employees of safety practices were conducted by supervisors, executives and safety committee members. Subject matter included proper usage of equipment, types and uses of issued safety personal items, fire and safety practices and other safety concerns arising from observations of daily walkabouts.</li> <li>Work-related injuries</li> </ul> <table border="1"> <thead> <tr> <th></th> <th>2018</th> <th>2017</th> </tr> </thead> <tbody> <tr> <td><b>Recordable work-related injuries+</b> No of Injuries</td> <td>4</td> <td>5</td> </tr> <tr> <td><b>Fatalities as a result of work-related injury</b> No of fatalities</td> <td>0</td> <td>0</td> </tr> </tbody> </table> <p><i>+The work-injury incidents were reported to the Singapore Ministry of Manpower (MOM). None of the injuries were permanent and there was no further action from MOM. All cases considered closed.</i></p> <ul style="list-style-type: none"> <li>In 2017 and 2018, there were no workers with high risk of diseases related to their occupation.</li> </ul>		2018	2017	<b>Recordable work-related injuries+</b> No of Injuries	4	5	<b>Fatalities as a result of work-related injury</b> No of fatalities	0	0											
	2018	2017																				
<b>Recordable work-related injuries+</b> No of Injuries	4	5																				
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<b>Tier 2 Material Issues</b>																						
<b>Labour Practices and Issues</b>	<p>To identify employees' work motivation (including work-life balance) and the conditions in the environment supporting such motivation in order to make further improvements.</p> <p><u>Target/s for 2019</u> Disclosure on number of training hours per employee</p>	<ul style="list-style-type: none"> <li>Employee at Haw Par Healthcare Singapore – Breakdown by Employment Contract and by Gender.</li> </ul> <table border="1"> <thead> <tr> <th>Gender</th> <th>Permanent</th> <th>Contract / Temp</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Male</td> <td>188</td> <td>1</td> <td>189</td> </tr> <tr> <td>Female</td> <td>179</td> <td>27</td> <td>206</td> </tr> <tr> <td>Total</td> <td>367</td> <td>28</td> <td>395</td> </tr> </tbody> </table> <p>We do not have part-time employees.</p> <ul style="list-style-type: none"> <li>Employee satisfaction and development are key success factors.</li> <li>We are supportive of working parents, and family care leave is available to our employees.</li> <li>Our local practices are in our Employee Handbook, which is readily available in Haw Par's intranet.</li> <li>Statistics and trends that warrant attention are monitored for appropriate measures.</li> <li>Training budgets are allocated to ensure continual talent development.</li> <li>Percentage of employees at the manufacturing division of Haw Par Healthcare Singapore covered by a collective bargaining agreement:</li> </ul> <table border="1"> <thead> <tr> <th>2018</th> <th>2017</th> </tr> </thead> <tbody> <tr> <td>68%</td> <td>68%</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>Whistle-blowing policy in place to address issues worthy of attention in confidence.</li> </ul>	Gender	Permanent	Contract / Temp	Total	Male	188	1	189	Female	179	27	206	Total	367	28	395	2018	2017	68%	68%
Gender	Permanent	Contract / Temp	Total																			
Male	188	1	189																			
Female	179	27	206																			
Total	367	28	395																			
2018	2017																					
68%	68%																					
<b>Supply Chain</b>	To guide and encourage	<ul style="list-style-type: none"> <li>Committed to an ethical and accountable procurement process that maintains integrity and fairness.</li> </ul>																				

	<p>corporate social responsibility across our supply chain.</p> <p><u>Target/s for 2019</u> Disclosure on percentage of new suppliers that were screened for compliance with local labour law</p>	<ul style="list-style-type: none"> <li>• Supplier Code of Conduct aims to integrate our sustainability principles across our supply chain, and aims to positively influence the environmental, social and governance performance of our suppliers.</li> <li>• A vendor assessment is carried out for all contract manufacturers and suppliers based on product specifications and defined criteria.</li> <li>• Products are tested by qualified and competent laboratories.</li> <li>• Once our key suppliers meet Haw Par's quality standards and regulatory requirements such as GMP certification for drug licence or ISO, they are subject to Haw Par audits.</li> <li>• We continually engage critical suppliers to remain updated on approved supplies of raw materials (our largest suppliers are in Asia).</li> <li>• In line with Haw Par's policy, supplier audits are scheduled every three years for our key suppliers.</li> <li>• Authorities of a few countries like China and the U.S. such as the Food and Drug Administration (FDA) visited and audited our raw material suppliers.</li> </ul>
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## 4. CONTRIBUTIONS TO UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Delivering health and wellness to communities in which we operate is the focus of our initiatives to contribute to the society. In 2018, we continued with our heritage of providing Tiger Balm products to those in need.

We believe that no one should be constrained from leading an active life, and sport is a force for wellbeing and empowerment. Since 2015, Haw Par has been supporting athletes from Singapore Disability Sports Council (SDSC). Going beyond sponsorship of broad based competitions, Haw Par introduced a Sports Bursary this year to help financially-marginalised athletes to sustain their sports development, enabling more to live healthier and active lives. In 2018, Haw Par received a Certificate of Recognition for its contribution to disability sports in Singapore jointly issued by the International Paralympics Committee, Singapore National Paralympic Council and Singapore Disability Sports Council.

We recognise that healthy communities do largely depend on a healthy planet, which is in turn dependent on healthy ecosystems with rich biodiversity. Haw Par is a supporter of the United Nations Decade on Biodiversity 2011-2020 and our Blue Mission at Underwater World Pattaya aims to inspire, educate, conserve. As the tiger and leopard, listed among the most endangered species on Earth, are the namesakes of Haw Par and our company founders, we have been sponsoring the Malayan Tiger Exhibit and the Leopard Exhibit at the Night Safari and the Singapore Zoo since 1995 and 1986 respectively.

The United Nations adopted 17 Sustainable Development Goals in 2015 to achieve sustainable development for all by 2030. Haw Par contributes to five of the goals.



## People and the Community 2018 highlights



(Left to right)

Row 1: Tiger Balm given out to rural villagers in Cambodia by Lutheran Church of Our Redeemer and to migrant workers in Singapore by the charity "itsrainingraincoats".

Row 2: Tiger Balm Boccia Open 2018 — a showcase of talents from Singapore, Thailand, Malaysia and Korea.

Row 3: Launch of Haw Par Para Sports Bursary - Education Minister Mr Ong Ye Kung, Haw Par CEO Mr Wee Ee Lim and SDSC President Mr Kevin Wong with award recipients; Ms Sim Ann, Senior Minister of State, Ministry of Culture, Community and Youth & Ministry of Communications and Information, and SDSC President Mr Kevin Wong presenting Certificate of Recognition to Haw Par CEO Mr Wee Ee Lim at the Tiger Balm Boccia Open (Photo: MCCY)



## 5. GRI CONTENT INDEX

GRI Standard	Disclosure Title	Page Reference
<b>General Disclosures</b>		
102-1	Name of the organisation	Reader's Guide, pg. 2
102-2	Activities, brands, products, and services	Reader's Guide, pg. 2
102-3	Location of headquarters	Reader's Guide, pg. 2
102-4	Location of operations	Reader's Guide, pg. 2
102-5	Ownership and legal form	Reader's Guide, pg. 2
102-6	Markets served	Reader's Guide, pg. 2 Annual Report, Tiger Balm – A Global Player, pg. 20
102-7	Scale of the organisation	Reader's Guide, pg. 2
102-8	Information on employees and other workers	ESG Sustainability Review, Labour Practices and Issues, pg. 5
102-9	Supply chain	ESG Sustainability Review, Supply Chain, pg. 5 Annual Report, Tiger Balm Global Presence, pg. 20
102-10	Significant changes to the organisation and its supply chain	There were no significant changes to our supply chain in 2018.
102-11	Precautionary Principle or approach	CEO Statement, Company Website: <a href="http://www.hawpar.com/sustainability">www.hawpar.com/sustainability</a>
102-12	External initiatives	We did not subscribe to or endorse any external initiatives in 2018.
102-13	Membership of associations	We do not have memberships that are strategic or beyond routine dues in 2018.
102-14	Statement from senior decision-maker	Board Statement, pg. 2  CEO Statement, Company Website: <a href="http://www.hawpar.com/sustainability">www.hawpar.com/sustainability</a>
102-15	Key impacts, risks, and opportunities	CEO Statement, Company Website: <a href="http://www.hawpar.com/sustainability">www.hawpar.com/sustainability</a>
102-16	Values, principles, standards, and norms of behaviour	Annual Report, Corporate Governance Report, pg. 34
102-18	Governance structure	ESG Sustainability Review, Compliance and Good Governance, pg. 4
102-40	List of stakeholder groups	Stakeholder Engagements, Company Website: <a href="http://www.hawpar.com/sustainability">www.hawpar.com/sustainability</a>
102-41	Collective bargaining agreements	ESG Sustainability Review, Labour Practices and Issues, pg. 5
102-42	Identifying and selecting stakeholders	Stakeholder Engagements, Company Website: <a href="http://www.hawpar.com/sustainability">www.hawpar.com/sustainability</a>

102-43	Approach to stakeholder engagement	Stakeholder Engagements, Company Website: <a href="http://www.hawpar.com/sustainability">www.hawpar.com/sustainability</a>
102-44	Key topics and concerns raised	Stakeholder Engagements, Company Website: <a href="http://www.hawpar.com/sustainability">www.hawpar.com/sustainability</a>
102-45	Entities included in the consolidated financial statements	Reader's Guide, pg. 2 Annual Report, Notes to the Financial Statements, Note 16, pg.92
102-46	Defining report content and topic boundaries	Reader's Guide, Board Statement, pg. 2  Our Approach, Company Website: <a href="http://www.hawpar.com/sustainability">www.hawpar.com/sustainability</a>
102-47	List of material topics	Reader's Guide, Board Statement, pg. 2
102-48	Restatements of information	Annual Report, Notes to the Financial Statement, Note 2(b), pg. 66
102-49	Changes in reporting	Annual Report, Notes to the Financial Statements, Note 2(a), pg. 65
102-50	Reporting period	Reader's Guide, pg. 2
102-51	Date of most recent report	Year 2017 (from 1 January 2017 till 31 December 2017)
102-52	Reporting cycle	Reader's Guide, pg. 2
102-53	Contact point for questions regarding the report	Reader's Guide, pg. 2
102-54	Claims of reporting in accordance with the GRI Standards	Reader's Guide, pg. 2
102-55	GRI content index	GRI Content Index, pg. 8 - 11
102-56	External assurance	Reader's Guide, pg. 2

## Material Topics

### Economic Performance

103-1	Explanation of the material topic and its Boundary	ESG Sustainability Review, Economic Performance, pg. 3
103-2	The management approach and its components	ESG Sustainability Review, Economic Performance, pg. 3 Annual Report, Operations Review, pg. 18
103-3	Evaluation of the management approach	ESG Sustainability Review, Economic Performance, pg. 3 Annual Report, Operations Review, pg. 18
201-1	Direct economic value generated and distributed	ESG Sustainability Review, Economic Performance, pg. 3

### Compliance and Good Governance (Including Anti-Corruption and Fair Operating Practices)

103-1	Explanation of the material topic and its Boundary	ESG Sustainability Review, Compliance and Good Governance, pg. 4
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103-2	The management approach and its components	ESG Sustainability Review, Compliance and Good Governance, pg. 4
103-3	Evaluation of the management approach	ESG Sustainability Review, Compliance and Good Governance, pg. 4
205-2	Communication and training about anti-corruption policies and procedures	ESG Sustainability Review, Compliance and Good Governance, pg. 4
205-3	Confirmed incidents of corruption and actions taken	ESG Sustainability Review, Compliance and Good Governance, pg. 4
419-1	Non-compliance with laws and regulations in the social and economic area	ESG Sustainability Review, Compliance and Good Governance, pg. 4

### Product Quality and Safety

103-1	Explanation of the material topic and its Boundary	ESG Sustainability Review, Product Quality and Safety, pg. 4
103-2	The management approach and its components	ESG Sustainability Review, Product Quality and Safety, pg. 4 ESG Sustainability Review, Supply Chain, pg. 5
103-3	Evaluation of the management approach	ESG Sustainability Review, Supply Chain, pg. 5
417-2	Incidents of non-compliance concerning product and service information and labelling	ESG Sustainability Review, Product Quality and Safety, pg. 4

### Occupational Health and Safety

103-1	Explanation of the material topic and its Boundary	ESG Sustainability Review, Occupational Health and Safety, pg. 5
103-2	The management approach and its components	ESG Sustainability Review, Occupational Health and Safety, pg. 5
103-3	Evaluation of the management approach	ESG Sustainability Review, Occupational Health and Safety, pg. 5
403-4	Worker participation, consultation and communication on occupational health and safety	ESG Sustainability Review, Occupational Health and Safety, pg. 5
403-5	Worker training on occupational health and safety	ESG Sustainability Review, Occupational Health and Safety, pg. 5
403-9	Work-related injuries	ESG Sustainability Review, Occupational Health and Safety, pg. 5
403-10	Work-related ill health	ESG Sustainability Review, Occupational Health and Safety, pg. 5

### Labour Practices & Issues

103-1	Explanation of the material topic and its Boundary	ESG Sustainability Review, Labour Practices & Issues, pg. 5
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103-2	The management approach and its components	ESG Sustainability Review, Labour Practices & Issues, pg. 5
103-3	Evaluation of the management approach	ESG Sustainability Review, Labour Practices & Issues, pg. 5
404-1	Average hours of training per year per employee by gender, and by employee category	ESG Sustainability Review, Labour Practices & Issues, pg. 5
404-3	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	ESG Sustainability Review, Labour Practices & Issues, pg. 5

### Supply Chain

103-1	Explanation of the material topic and its Boundary	ESG Sustainability Review, Supply Chain, pg. 5
103-2	The management approach and its components	ESG Sustainability Review, Supply Chain, pg. 5
103-3	Evaluation of the management approach	ESG Sustainability Review, Supply Chain, pg. 5
414-1	Percentage of new suppliers that were screened using social criteria	ESG Sustainability Review, Supply Chain, pg. 5