



**SOON  
LIAN**  
HOLDINGS




# **SUPPORTING A SUSTAINABLE FUTURE**

**順聯** 控股有限公司  
**SOON LIAN HOLDINGS LIMITED**

Sustainability Report 2017

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This sustainability report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "Sponsor"), for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this sustainability report. This sustainability report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this sustainability report, including the correctness of any of the statements or opinions made or reports contained in this sustainability report. The contact person for the Sponsor is Ms. Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road #09-00 ASO Building Singapore 048544, telephone (65) 6636 4201.

# BOARD STATEMENT

## Dear Stakeholders,

We are pleased to present our first Sustainability Report which shares our sustainability efforts and focus on economic, environmental, social and governance issues. These issues are carefully considered and determined by the senior management of the Company and validated by us.

We believe that sustainability reporting can help us to measure, understand and communicate our economic, environmental, social and governance performance and set goals and manage change more effectively. By continuously addressing the impacts of a wide range of sustainability issues, we will better manage our challenges and drive long-term growth to mitigate environmental and social risks that might have financial impacts on our business.

As the Company grew, we became synonymous with offering quality products and reliable services to our wide range of customers.

Our commitment to quality is evident with the awarding of our ISO 9001 : 2008 Quality Management System certification in April 2002 and our most recently achieved upgrade to ISO 9001 : 2015. We continue to carefully balance the needs of our industry and adjust our strategies and operations accordingly, leveraging on our capabilities and networks to tailor our products and solutions in accordance to how best unlock value for stakeholders.

We would like to thank our various stakeholders who have contributed to the Group and partnered us in our sustainability journey. We will continue to strive and improve the environmental, social and economic well-being of the community that we live in. Despite the current economic climate of consolidation, we are still exploring strategic opportunities that may deliver greater long-term value. We reaffirm our focus on the long-term goal of delivering value to all our stakeholders.



# ABOUT THIS REPORT

## Reporting Background

Listed on the SGX Catalist in 2007, Soon Lian Holdings Limited (the “Group” or “Soon Lian”) actively engages our employees, customers and suppliers to champion and address some of the environmental impacts together.

In preparation for this report, we adopted the internationally recognised GRI Standards: Core option, as well as the SGX Guide to Sustainability Reporting for listed companies. We have determined the report’s content using the principles of stakeholder inclusiveness, sustainability context, materiality and completeness.

This report covers the Group’s operations in Singapore, China, Malaysia and Taiwan for the financial year from 1 January 2017 to 31 December 2017 (“FY2017”).

We have not sought external alignment for this reporting period and will consider it when our reporting matures over time.

## Accessibility of the Report & Feedback

A copy of this report is available for download from our website at [www.slmetalsgroup.com](http://www.slmetalsgroup.com) and the website of SGX at [www.sgx.com](http://www.sgx.com).

We are committed to listening to our stakeholders and we look forward to your feedback. Please send your feedback to [irelations@soonlian.com](mailto:irelations@soonlian.com).





# ABOUT SOON LIAN

## Background

Soon Lian is a specialist supplier of aluminium alloy products with an established track record of more than 35 years and is now an international supplier with operations and warehouses in Singapore (headquarter), China, Malaysia and Taiwan. Soon Lian has also expanded its customer base, building a diversified clientele of over 1,000 customers in more than 15 different countries, including Australia, Hong Kong, India, Indonesia, Malaysia, Philippines, China, Singapore, South Korea, Taiwan, Thailand, United Arab Emirates and Vietnam. Today, we supply a comprehensive range of over 1,300 different aluminium alloy products in a wide spectrum of specifications and dimensions, which cater to customers in different industries such as marine, precision engineering and semiconductor industries.

The Group employs more than 80 people in Singapore, China, Malaysia and Taiwan.



## VISION

Inspiring Partnerships,  
Growing Possibilities



## MISSION

We deliver unrivalled  
aluminium solutions,  
igniting possibilities for  
partners worldwide

## CORE VALUES



Integrity



Partnership



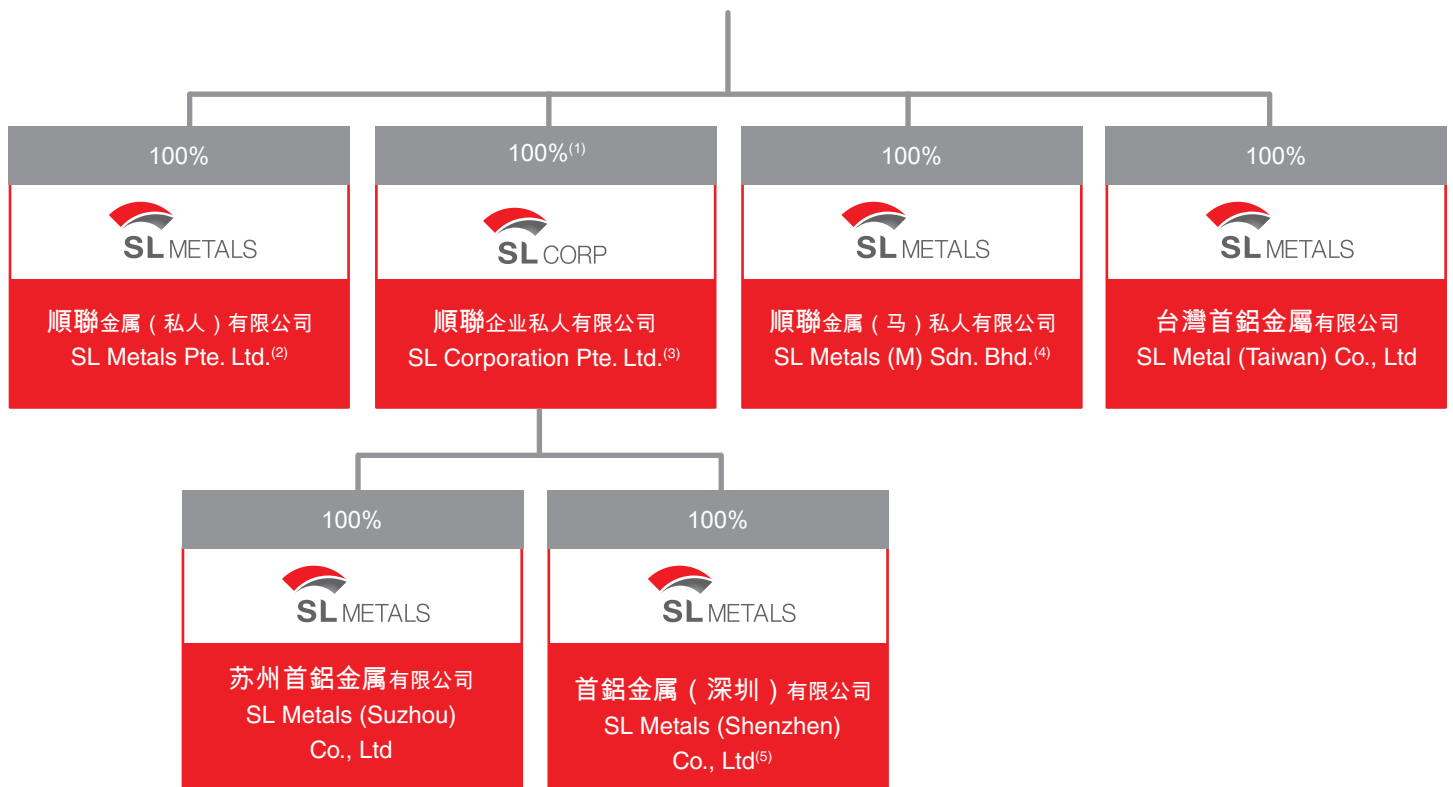
Excellence

# ABOUT SOON LIAN

## CORPORATE STRUCTURE



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### Notes:

- (1) The Company holds 100% interest in the subsidiary with effect from 26 February 2018
- (2) Formerly known as Soon Lian Hardware (Pte.) Ltd.
- (3) Formerly known as Soon Lian Corporation Pte. Ltd.
- (4) Formerly known as Soon Lian Hardware (M) Sdn. Bhd.
- (5) In the process of a members' voluntary winding up

# ABOUT SOON LIAN

## Supply Chain Management

We source our inventories of aluminium alloy products from reputable suppliers in countries such as Austria, Greece, Italy, Japan, Malaysia, China, Singapore, South Africa, Taiwan and USA. Our major suppliers, such as Arconic, Aleris, AMAG, Elval, Hulamin, Vimetco, Slim Aluminium and Kobelco, are amongst the largest manufacturers of aluminum alloy products in the world.

Our inventory management strategy and policy is supported by our inventory management system which allows us to monitor and manage our inventory levels by tracking inventory movement from the receipt of inventories till their delivery to customers.

This is in line with our inventory management strategy of having readily available inventories at all times so as to maintain a high level of responsiveness in meeting our customers' needs.

Notwithstanding our strategy of focusing on customers from the marine and precision engineering industries, we also sell to overseas stockists and traders who in turn sold our products to their end customers. We believe that by adopting this strategy, we would be able to establish our reputation as an international aluminium alloy supplier, and secure more and bigger orders from overseas customers from various industries.

We have found these efforts to be invaluable as we now have the information to evaluate our suppliers' performance against our policy, and to engage with our supply base to achieve improvements where needed.





# ABOUT SOON LIAN

## Continual Commitment to Enhance Corporate Governance

We are committed to conduct our business activities in an ethical and socially and environmentally sustainable manner. We ensure that our business operations and processes are managed in a way that minimises the impact on our environment. We recognise the importance of and are committed to ensuring a healthy and safe work environment for the well-being of our employees. Employees are also expected to maintain the highest standards of integrity and trust in all business relationships and dealings. We place great emphasis on accountability, transparency, ethical business conduct and good corporate governance.

## External initiatives

We are committed to working with long-term environmental, social and corporate governance issues across our operations globally. We understand the importance of cross-industry external standards, charters and principles, and we communicate our efforts and performance where appropriate via information sharing platforms. This process allows us to benchmark and measure our corporate social responsibility (CSR) performance.

## Membership of Associations

We actively engage with local, national and international trade forums and advocacy organisations through active membership and participating as office bearers or in work groups wherever possible. We will continue to partner the industry and form collaborations in support and contribute to the society and the community.

S/N	Organisation
1	Singapore Metal and Machinery Association
2	Singapore Business Federation
3	Singapore Manufacturing Federation
4	Singapore Chinese Chamber of Commerce & Industry
5	Singapore National Employers Federation
6	Association of Singapore Marine Industries
7	Association of Small and Medium Enterprises





# STAKEHOLDER ENGAGEMENT

With our vision and corporate values in mind, we are making an effort to integrate sustainability into our businesses. Where possible, we incorporate sustainability considerations in our decision-making processes.

Our sustainability efforts are led by our senior management who ensures that our business objectives are in line with our commitments to sustainable development. Our senior management is responsible for ongoing communication to our Board of Directors.

Stakeholder Group	Engagement Activities	Stakeholder's Expectations	Frequency
Customers	Offer a wide range of products and customised products as part of our value-added services.	Provide top-notch customer service, enhance our brand experience and build stronger customer relationships.	Daily
Suppliers	Maintain business dealings with suppliers that offer top notch standards in areas such as ethical conducts and workplace standards.	Compliance with terms and conditions of purchasing policies and procedures, and maintain high ethical standards.	Daily
Employees	Provide training and development courses for most employees to remain competitive.	Staff rights, welfare, personal development and good working environment.	Daily
Investors	Hold annual meetings and release half yearly results announcements to keep shareholders updated on the Group's economic performance.	Profitability, transparency, timely reporting and fair purchasing practices.	Annual or Half yearly (where applicable)
Business Partners	Continue to actively pursue business opportunities to expand and strengthen our capabilities and competencies.	Partnership for opportunities and growth.	As needed
Government and Regulators	Ensuring a pleasant relationship with regulators and disclosing pertinent information timely.	Environmental-friendly business approach, compliance with regulations, timely reporting and resolution of issues.	As needed

# MATERIAL TOPICS

Based on feedback gathered from our internal and external stakeholders, we have evaluated and identified factors which would have significant economic, environmental and social impacts and are material to the organisation and stakeholders.

We have taken efforts to seek the opinion of many stakeholders either in a casual or formal way. We aspire to understand the needs and expectations of our key stakeholders and strive to build mutual beneficial relationships.

## Our Key Aspects

We have identified and compiled 4 relevant sustainability aspects for developing this report. The key impacts were further deliberated and narrowed down through our engagement process with stakeholders. The key aspects to our business are Economic Performance, Anti-Corruption, Waste Management and Employment.



# ECONOMIC PERFORMANCE

While the market remains challenging, Soon Lian continues to undertake plans to grow its branding and reach via the participation in regional trade exhibitions and dedicated customer visits but at a slightly moderated pace.

Moving forward, we will be taking a cautious approach and prioritising risk management to better address any uncertainty that may arise. We will be keeping tabs on opportunities and challenges alike to better navigate the financial year and continue our ascent to becoming an industry leader.

Sustainable business growth for Soon Lian means persistently working towards maximising financial returns for our shareholders in a manner that has a positive economic impact on our stakeholders.

We have continuously invested in upgrading our machineries. We provide customised products as part of our value-added services and we employ several processing systems such as a unique CNC (Computer Numerical Control) plasma cutting system, CNC high precision bandsaw and custom-designed vertical saw which are able to cut aluminium alloy products into various forms and dimensional specifications, according to each individual customer's specific requirements. Such value-added services enable customers to focus on their core competencies in shipbuilding and/or precision engineering, and reduce or avoid additional investments in specialised machines and equipment.



# ANTI-CORRUPTION



We believe that good corporate governance establishes and maintains an ethical environment within the Group, which serves the interests of all shareholders and stakeholders. The Group has adopted a Code of Business Conduct to regulate the standards of ethical conduct of the Group, which provides that its Directors, officers and employees are required to observe and maintain high standards of integrity in compliance with the law, regulations and Group policies. There was no reported incident of corruption in the reporting period. We identified 3 key areas of concerns namely Operations, Sales and Purchasing. Each Department Head and Team Leaders are tasked to guide and enforce strict compliances. The Management targets to roll out internal awareness programmes which shall generate more information for continual sharing.

The Management has put in place a whistle-blowing policy duly endorsed by the Audit Committee and approved by the Board, where employees of the Group may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters. The details of the whistle-blowing policy have been made available to all employees. During the reporting period, there were no complaints, concerns or issues received. Our Audit Committee will meet with the external auditors and the internal auditors without the presence of the Management at least annually to review the Management's level of cooperation and other matters that warrant the Audit Committee's attention. It may also examine any other aspect of the Group's affairs, as it deems necessary where such matters relate to exposures or risks of a regulatory or legal nature, and monitor the Group's compliance with its legal, regulatory and contractual obligations. The Audit Committee has explicit authority to investigate any matter within its terms of reference.



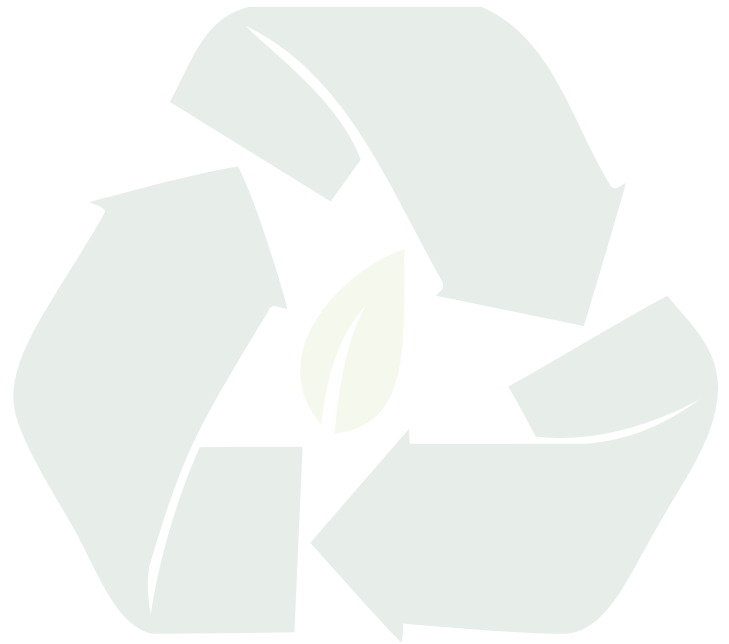
# WASTE MANAGEMENT

We actively monitor our waste management practices, both as part of doing business and in the corporate office environment. We continue to undertake initiatives to create awareness among employees and promote best practices in waste management. Our major trading commodity is raw aluminium alloy material. By nature, aluminium alloy is already classified as a green material, hence its worldwide increasing application in light-weight automotives, high tensile aerospace, adoptive replacement of steel, fibreglass etc. We consider ourselves a core member in the forefront of engineering progress and a global partner towards reducing carbon emissions.

A good example of wastage management is in Taiwan, whereby recyclables are reclassified into eight groups: containers, tyres, pesticide containers, lubricant oil, lead-acid batteries, vehicles, home appliances and communication products. Taiwan's recycling and waste management culture stands as an example of what can be achieved through the implementation of waste separation and disposal practices.

To reduce aluminium cutting scraps and wastages, we order raw materials to specific cut sizes. We appoint a licensed aluminium alloy waste disposal contractor who will classify the aluminium alloy scraps by grade and weightage. All such records are maintained by the Group.

We strive to establish and progressively introduce our Group's waste management policies to all key subsidiaries.







# READYING FOR CHANGING TOMORROWS

In a world of constant change, we embrace the need to be adaptable.

We transform our strategies, capabilities and mindset in line with the needs of our customers, business partners and stakeholders to maintain and grow a platform that delivers sustainable value.



# EMPLOYMENT

## Recruitment Policy

Be they young, old, educated, uneducated, retrenched or inexperienced, we hire them all, train them up and now we are proud to have a large group of such long-serving loyal employees. It is Soon Lian's corporate social responsibility to practice re-employment of older employees in Singapore.

## Equal Opportunity Employee

At Soon Lian, we treat all employees equally. We value differences and diversities in our workforce. Every individual is free to contribute to the best of his ability, without fear of discrimination or harassment.

We believe in treating all job applicants, colleagues and customers fairly and impartially; void of considerations such as race, religion, gender, marital status or age. All decisions for employment or advancement shall be made based purely on the individual's capability.

Our policy ensures that no employee receives less favourable treatment or is disadvantaged by working conditions or requirements which could not be shown to be justifiable. Employee shall have the opportunity to contribute to the achievement of our business objective based solely on the grounds of his performance.

## Team Member

The Company has a team of competent members to ensure that its day-to-day operations are managed efficiently and effectively. Our versatile workforce consists of multinational teammates from various countries around the region. Our employees are expected to work as a team and engage their colleagues through free and open communication, replace unproductive or inefficacious practices or procedures and eliminate obsolete and invalid work processes.

Our staff turnover for the years 2015, 2016 and 2017 was minimal.

We intend to constantly review our employment policies and work forwards a more diversified and inclusive workforce.



# GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

RI Standard	Disclosure	Page Reference and Reasons for Omission, if applicable
<b>GENERAL DISCLOSURE</b>		
GRI 102: General Disclosures 2016	<b>Organizational Profile</b>	
	102-1 Name of the organisation	Page 2
	102-2 Activities, brands, products, and services	Page 3
	102-3 Location of headquarters	Page 3
	102-4 Location of operations	Page 3
	102-5 Ownership and legal form	Page 2
	102-6 Markets served	Page 3
	102-7 Scale of the organisation	Page 3 and Annual Report 2017 Page 10
	102-8 Information on employees and other workers	Page 3
	102-9 Supply chain	Page 5
	102-10 Significant changes to the organisation and its supply chain	No changes
	102-11 Precautionary principle or approach	Not applicable
	102-12 External initiatives	Not applicable
	102-13 Membership of associations	Page 6
	<b>Strategy</b>	
	102-14 Statement from senior decision maker	Page 1
	<b>Ethics and Integrity</b>	
	102-16 Values, principles, standards, and norms of behaviour	Page 3
	<b>Governance</b>	
	102-18 Governance structure	Annual Report 2017 Page 22
	<b>Stakeholder Engagement</b>	
	102-40 List of stakeholder groups	Page 7
	102-41 Collective bargaining agreements	Not applicable
	102-42 Identifying and selecting stakeholders	Pages 7 - 8
	102-43 Approach to stakeholder engagement	Pages 7 - 8
	102-44 Key topics and concerns raised	Page 8
	<b>Reporting Practice</b>	
	102-45 Entities included in the consolidated financial statements	Page 4
	102-46 Defining report content and topic boundaries	Page 2
	102-47 List of material topics	Page 8
	102-48 Restatements of information	Not applicable
102-49 Changes in reporting	This is the first Sustainability Report	
102-50 Reporting period	Page 2	
102-51 Date of most recent report	This is the first Sustainability Report	
102-52 Reporting cycle	Annually	
102-53 Contact point for questions regarding the report	Page 2	
102-54 Claims of reporting in accordance with the GRI Standards	Page 2	
102-55 GRI content index	Pages 14 - 15	
102-56 External assurance	Page 2	



# GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

RI Standard	Disclosure	Page Reference and Reasons for Omission, if applicable
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	Pages 9 - 13
	103-2 The management approach and its components	Pages 9 - 13
	103-3 Evaluation of the management approach	Pages 9 - 13
GRI 201: Economic Performance 2016	201-1 Direct Economic value generated and distributed	Annual Report 2017 Page 49
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	Page 10
	205-3 Confirmed incidents of corruption and actions taken	Page 10