



UNION STEEL HOLDINGS LIMITED

友联钢铁控股有限公司

Sustainability

report 2018

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CORPORATE PROFILE

Union Steel Holdings Limited (“Union Steel” or the “Group”) is a multi-business investment holding company, with three primary business drivers - construction, recycling, and engineering. The Group started its operations in 1984 as YLS Steel Pte Ltd, which was involved in the trading of ferrous scrap metal and in 1991 started distributing construction steel through Union Steel Pte Ltd.

Leveraging over 30 years of experience and a global network of suppliers and clients, we have since expanded into several complementary business areas which tap on the Group’s expertise in steel products and deep knowledge of the construction sector.

The Group first ventured outside the metallurgical industry when it added scaffolding to its product range in 2012. We further expanded our products and services in 2015 to include mechanical engineering and

in 2016, we completed our expansion plans with the addition of land transport engineering services and marine deck equipment to our portfolio.

With its diverse but complementary business holdings, Union Steel is well-positioned for the next chapter in its history and continues to innovate and adapt to the changing times. Given its long history in steel trading and recycling, the Group’s operations are guided by socially responsible practices, to ensure the safeguarding of precious natural resources whilst striving to achieve sustainable financial returns.

Union Steel Holdings Limited was listed on the SGX-ST Mainboard on 15 August 2005.



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BUSINESS OVERVIEW

01

METAL RECYCLING

The Group operates a one-stop metal recycling centre from 3 facilities across Singapore through YLS Steel Pte Ltd. We collect and process metal scrap before exporting to smelters. Our refined and comprehensive processes have been set in place to achieve the cleanest grade of metal scrap for the next stages of the recycling process chain.

Metallurgical
YLS STEEL PTE LTD

With more than 30 years of experience, we have grown to become one of the largest metal recycling companies in Singapore.

02

TRADING

The Group distributes steel products to the construction and engineering industries through Union Steel Pte Ltd. We offer a wide range of steel products such as reinforcement steel bars, H-beams, I-beams, pipes, steel plates, sheet piles and wire rods.

Construction
UNION STEEL PTE LTD

We are committed to providing the highest level of customer service by having ready stock, prompt delivery and quality assurance.

03

STEEL LEASING

The Group offers steel leasing solutions to the construction industry through YLS Steel Pte Ltd. We have an extensive inventory of steel sheet piles, mild steel plates, steel test piles and steel beams available for short and long-term requirements.

Construction
YLS STEEL PTE LTD

Our leasing solutions are cost and space efficient and can be applied at all phases throughout a construction project.

04

SCAFFOLDING

The Group offers scaffolding services and related consultancy through Hock Ann Metal Scaffolding Pte Ltd. We specialise in scaffolding services and related consultancy, sales and rental of scaffolding materials and the supply of skilled workers for erection and dismantling of scaffolds.

Construction
HOCK ANN METAL SCAFFOLDING PTE LTD

We have established ourselves as the provider of choice in the local scaffolding industry, our expertise is built on our experience, industry knowledge as well as safety awareness in scaffolding.

05

**MECHANICAL
ENGINEERING**

Engineering

**GEE SHENG MACHINERY &
ENGINEERING PTE LTD**

The Group provides custom vehicular and equipment engineering and fabrication services through Gee Sheng Machinery and Engineering Pte Ltd.

As one of Singapore's largest customized machinery and engineering companies, we offer top-quality products, workmanship and provide continual support services from the initial design phase to project completion.

06

**MARINE DECK
EQUIPMENT**

Marine

**TRANSVICTORY WINCH
SYSTEM PTE LTD**

The Group supplies custom marine deck equipment to the marine, offshore, oil and gas industries through our design and manufacturing team at Transvictory Winch System Pte Ltd. As one of the largest stockists in Asia, we offer immediate solutions to all winching and lifting applications.

Over the years we have gained extensive experience not only in winching and lifting systems but also in marine deck equipment and related services. Apart from supplying, we also provide short and long-term leases of our deck equipment including winches, cranes and HPUs.

07

**LAND TRANSPORT
ENGINEERING**

Land Transport

**MEGAFAB ENGINEERING
PTE LTD**

The Group provides land transport load handling engineering solutions through Megafab Engineering Pte Ltd. As the sole distributor in Singapore for EFFER, ZEPRO and GEESINKNORBA products, we offer a comprehensive range of specialized load handling equipment and components including truck-mounted cranes, tailgate systems and waste compactors.

We are also an accredited SAC inspection centre for hook lifts, compactors and truck-mounted cranes and offer certification and general maintenance services for load handling equipment.

ABOUT THIS REPORT



*We recognise that
broader disclosures*

*allow our stakeholders
a better understanding
of Union Steel's role as a
business partner and a
member of the global re-
source supply chain.*

Union Steel Holdings is proud to present its first sustainability report. This report outlines the Group's efforts in integrating long term best practices into its operations, management and policies. We are committed to these holistic policies given our background in metal recycling, which defines our goals and responsibilities towards improving the environment. With the continued support of all our stakeholders, we are empowered to continue making strides in our sustainability journey.

The purpose of this report is to build on previous disclosures that focused mainly on corporate social responsibility (CSR). We convened a team and conducted reviews to establish a sustainability reporting framework centred around our stakeholders. We recognise that broader disclosures allow our stakeholders a better understanding of Union Steel's role as a business partner and a member of the global resource supply chain. With regard to the capital markets and regulatory environment, our goal is that these disclosures will allow the investment community to make better informed decisions.

We have taken reference from the internationally recognised Global Reporting Initiative Sustainability Reporting Standards (the "GRI Standards") in our reporting approach. While this inaugural report is not fully compliant with GRI Standards, we have identified the key areas where our disclosures and approaches need improvement. We are working towards the goal of having a report that complies with GRI Standards in the coming years.

Feedback on this report or our practices is welcome. Please direct all correspondences to corporate@unionsteel.com.sg.

BOARD STATEMENT

The board of directors (the “Board”) of Union Steel recognises the importance and the need for all levels within the organisation to be aware of sustainable practices.

The Board works closely with the management team of Union Steel to:

- i. identify the key concerns of various stakeholders relating to the environmental, social and governance impacts (“ESG factors”) of our operations;
- ii. consider these concerns in strategy and policy formulation; and
- iii. monitor the Group’s performance in addressing these material ESG factors.

OUR APPROACH TO SUSTAINABILITY

The Board and management team of Union Steel have placed focus on two key issues that contributes to the Group’s long-term viability. These are:

i. BUSINESS STRATEGY

Union Steel began diversifying in 2011 to adapt to turbulent markets. The acquisitions made in subsequent years have broadened our portfolio, and strengthened our value proposition in engineering and manufacturing. In time, we hope to leverage this to gain access to new customers and markets.

ii. LONG-TERM RELATIONSHIPS WITH OUR STAKEHOLDERS

Our various stakeholders are key to our business operations and long-term viability. We strive for open communication with all our stakeholders, to maintain close relationships and ensure that their concerns are addressed.

STAKEHOLDERS

Union Steel had identified its key stakeholder groups in previous disclosures as follows:

- Shareholders & investors
- Customers
- Suppliers
- Employees
- Public & community

Stakeholder engagement is conducted through various channels including announcements and updates, two-way dialogues, visits and follow-up meetings. This report was prepared by a team of representatives from

various departments including corporate finance, human resources, marketing, sales, procurement, and operations. The team did a comprehensive analysis and consulted with other relevant personnel where required, to distil and rank the key concerns of each stakeholder group.

Our reporting on material factors is centred around these key stakeholder groups and their concerns. Accordingly, the remainder of this report will be divided into three main areas: Capital, Corporate, and Community.

REPORTING AREA	STAKEHOLDER	KEY CONCERNS*	MODES OF ENGAGEMENT	OUR MATERIAL FACTORS
Capital	Shareholders & investors	<ol style="list-style-type: none"> 1. Capital appreciation on investment 2. Profitability 3. Information transparency 4. Investor relations 5. Corporate governance 	<ul style="list-style-type: none"> • Quarterly & yearly result announcements • AGM & EGM • SGX announcements & press releases • Annual reports • Website updates • Investor mailbox 	Quality and timely disclosures, management strategies, financial stewardship & prudence
Corporate	Customers	<ol style="list-style-type: none"> 1. Quality control 2. Competitive pricing 3. On time delivery 4. After-sales services 	<ul style="list-style-type: none"> • Customer feedbacks • Market research reports • Meetings • Regular sales calls 	Product and service quality
	Suppliers	<ol style="list-style-type: none"> 1. Ability to meet required specifications for products & services 2. Ethical business practices 3. Fair terms & conditions and timely payment 	<ul style="list-style-type: none"> • Supplier reviews and evaluations • Project meetings • Telecommunications • Site visits 	Fair dealing, ethical supply chain management
	Employees	<ol style="list-style-type: none"> 1. Career growth & opportunities 2. Safe working environment 3. Employee welfare & benefits 4. Performance appraisals 	<ul style="list-style-type: none"> • Performance appraisals • Trainings & orientation • Email announcements • Safety briefings 	Employment practices, workplace health & safety implementation
Community	Public & community	<ol style="list-style-type: none"> 1. Community support 2. Environmentally friendly operations 	<ul style="list-style-type: none"> • Donations • Regular compliance reviews • Sustainability reporting 	Community engagement, environmental responsibility

*Key concerns of each stakeholder group have been ranked in order of priority.

CAPITAL

Union Steel Holdings Ltd has been listed on the SGX-ST Mainboard since 2005. As a publicly listed company, we are cognizant of our shareholders' expectations for us to generate financial returns. We are committed to upholding the timely disclosures of the Group's financial results, to help investors understand our position, strategies and outlook.

For the year ended 30 June 2018, Union Steel reported \$1.0m net profit attributable to equity holders, amid challenging operating conditions. Our management had strived to maintain the balance between financial prudence and investment to ensure that the Group remains competitive. We have invested selectively to seize opportunities, and remain focused on harnessing synergies between our business units.

For more information on Union Steel's financial results, please refer to the Annual Report 2018, which is available for download on SGXNet and the Group's corporate website.

Union Steel believes in corporate transparency. We make

quarterly and annual disclosures of material information through SGXNet as well as announcements on significant corporate developments and material price sensitive information. Union Steel's corporate website is also a reliable source for updated information about the Group and the latest news releases.

Union Steel's Annual General Meetings remains the main platform for shareholders to meet and engage with the Board and the Group's senior management team. The Board welcomes questions from shareholders, either informally or formally before or during the general meetings. The minutes of general meetings are available to shareholders upon request.

For more information on shareholder rights, communication with shareholders, and conduct of shareholder meetings, please refer to the Statement of Corporate Governance from page 35 to page 37 of the Annual Report 2018.

CORPORATE

Throughout our 35-year history, we have prioritised the quality of products and services offered. This has allowed us to build strong long-term relationships with our global network of customers and suppliers.

BUILD LONG-LASTING RELATIONSHIPS WITH CUSTOMERS

We strive to deliver dedicated solutions and high-quality products to meet the specific requirements of our customers and their industries. We gain insights to our customer's needs through phone calls and visits to our customers, and carry out market research on specific industries. We also gather customer feedback regularly for continuous improvement of our customer services.

COMMITMENT TO ETHICAL SOURCING

As a member of the global resource supply chain, the Group has built trusted relationships with local and international suppliers to ensure on-time delivery and availability of products that are difficult to source.

We are strongly committed to ethical sourcing. We review and evaluate suppliers regularly to ensure that the suppliers we work with adhere to ethical business practices. Where necessary, we also conduct site visits as a means of validation.

INTERNAL CODE OF ETHICS

Ethical breach is identified as a material risk to our business operations in our risk management process. Over the years, we have taken steps to further strengthen our internal policies and controls, reinforcing our commitment to continue striving for the highest ethical standards.

Our internal policies include the requirement for the Group's employees to be provided with the Group's code of conduct at the start of their employment and employees holding certain positions are required to make conflict of interest declarations. We also have a whistle-blowing policy approved by the Audit Committee and adopted by the Board. This provides a channel for our employees to, in confidence and on an anonymous basis, report and raise their concerns

about possible improprieties in corporate, financial and other matters.

A RESPONSIBLE EMPLOYER

The Group's human resource policies are strongly grounded in fairness and inclusiveness. We recognise the importance of a balanced and inclusive workforce, and that our human capital is our most vital asset. Our corporate office has a diverse mix of employees with all age groups well-represented. This allows our employees to benefit from each other, where experienced employees pass down knowledge from decades of industry experience, while younger employees introduce fresh perspectives to their seniors.

We also greatly encourage teamwork and bonding in our workforce, to inspire all employees to be motivated, helpful, and to feel a sense of belonging to the organisation. Having a committed and dedicated workforce enables us to then achieve our corporate goals. Cohesion is fostered among the staff members through activities such as the annual dinner and dance, and catered lunch buffets on festive occasions such as Deepavali, Christmas, and the Hungry Ghost Festival.

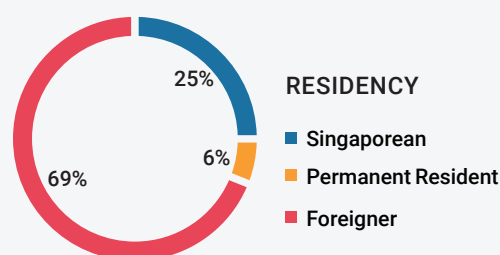
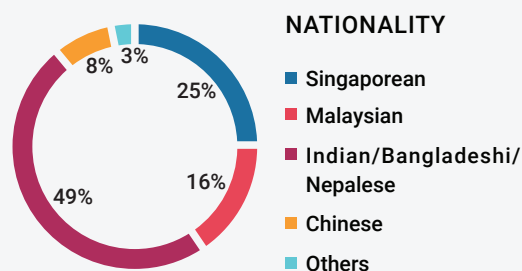
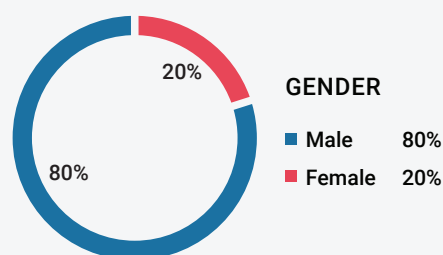
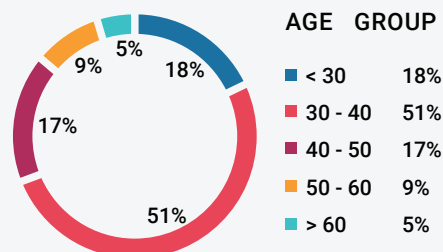
To help our employees grow to their full potential, training courses are regularly scheduled as part of their professional development. These include productivity courses, ISO 9001, 14001, 18001, on-the-job training, and internal auditor courses. We also ensure that our employee's technical skills are honed and upgraded through certification courses conducted by the BCA Academy, such as electrical wiring, 3G welding, and hydraulic excavator operation. Each department is responsible for monitoring the number of training hours attended by its staff members.

The foreign workforce is an essential part of our operations, and every effort is made to ensure that they are well-provided for, and treated with care and compassion. Our dormitories provide daily breakfast and dinner for all our workers at no additional charge.

OCCUPATIONAL HEALTH AND SAFETY

Due to the business nature of the construction, engineering and marine heavy industries, it is of utmost importance to

FACTS & FIGURES OF FINANCIAL YEAR 2018



ensure a safe and healthy environment for all our employees as well as external parties who come to our facilities. We safeguard our employee's health and safety by maintaining sophisticated health and safety programmes in accordance with standards including bizSAFE Star, SS506 Part 1:2009 and OHSAS 18001:2017.

Our external consultants, as well as internal safety officers, keep us updated on current regulations and ensure that we comply with the regulatory requirements in our daily operations. Our health and safety policies, practices and performances are regularly reviewed by the management.

In operational work, our workers are provided with personal protective equipment (PPE), and we put up signages to indicate the specific areas where PPE must be worn across our yards. We review our safety procedures in weekly toolbox meetings conducted by yard supervisors. Additionally, all external parties are required to have a permit to work before commencing any on-site activities.

In FY2018, Union Steel's workplace injury rate and accident frequency rate were both zero, as there were no accidents or fatalities. Management takes an extremely serious

view of workplace safety, and all accidents are thoroughly investigated; where appropriate, action will be taken to prevent such incidents from reoccurring.

COMMUNITY

ENVIRONMENTALLY RESPONSIBLE BUSINESS

We believe that we have an important role to play in the conservation of natural resources, and our actions can have a significant impact on the environment. Where possible, we seek to conduct our business in an environmentally responsible manner, with engagement and compliance with regulatory authorities in the jurisdictions where we operate.

Apart from complying with environmental legislation and regulations, where possible we also go above and beyond, by incorporating good environmental practices into our daily processes. At the Group level, our ISO14001:2015 certification shows our commitment to improving the environment, and at the same time serves as a reminder and a guide for our employees as they perform their duties.

Operationally, our metal recycling activities contribute to the conservation of natural resources. Our daily processes involve the collection of metal scrap and sorting them into their respective types and grades. This process helps improve the quantity and quality of each recoverable material in the next stages of the recycling process.

We strive to maximise the recovery of metal even in the

general waste we collect. We sort through and extract metal scrap before disposing at NEA appointed sites. In FY2018, we recovered an estimated 500 tons of metal scrap.

In an effort to reduce our environmental footprint, we also have a fleet renewal programme where vehicles such as excavators and forklifts are periodically replaced with newer, more efficient models with reduced carbon emissions and fuel consumption. At our corporate offices, it is our working culture to reduce paper wastage by being mindful when printing documents and to conserve energy by ensuring lights and air-conditioning are switched off when not in use.



bizSAFE STAR

Workplace Safety and Health



SS506 Part 1:2009

Singapore Standard on Occupational



OHSAS 18001:2017

British Standard on Occupational



ISO 14001:2015

International Standard for Environmental Management Systems



ISO 9001:2015

International Standard for Quality Management Systems

SUPPORTING THE COMMUNITY

Union Steel gives back to society through a wide range of charitable contributions. In FY2018, the Group made donations to various beneficiaries through charity drives and events. These beneficiaries support various local communities including the aged members of our society, and educational institutions to seed and nurture the nation's intellectual capital of tomorrow.

Union Steel is also a member of several trade organisations including the Singapore Metal & Machinery Association, and Singapore Iron Works Merchant Association. These trade organisations encourage the growth and development of their respective industries by building closer ties between member companies as well as with government bodies. As a member of these associations, Union Steel is committed to upholding their principles which include, among others, adhering to ethical business practices and the elimination of anti-competitive behaviour.



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