

Cool Link (Holdings) Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8491

2018

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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SCOPE AND REPORTING PERIOD

This is the first ESG report for Cool Link (Holdings) Limited and its subsidiaries (collectively referred to as the “Group”), highlighting its Environmental, Social, and Governance (the “ESG”) performance, with disclosure reference made to the ESG Reporting Guide as described in Appendix 20 of the Rules Governing the Listing of Securities on GEM (“the GEM Listing Rules”) and Guidance set out by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

This ESG report covers the Group’s overall performance in two subject areas, namely, Environmental and Social of its business operations (that contributing to a total of 100% of the Group’s consolidated revenue in 2017) in Singapore from 1 January 2017 to 31 December 2017, unless otherwise stated.

Total floor area coverage for the Group was 3,003 m².

STAKEHOLDER ENGAGEMENT AND MATERIALITY

In order to identify the most significant aspects for the Group to report on for this ESG report, key stakeholders including investors, shareholders and employees have been involved in regular engagement sessions to discuss and to review areas of attention which will help the business meets its potential growth and be prepared for future challenges.

STAKEHOLDERS’ FEEDBACK

The Group welcomes stakeholders’ feedback on our environmental, social and governance approach and performance. Please give your suggestions or share your views with us via email at desmond@coollink.com.sg.

THE COMPANY’S MISSION AND VISION ON SUSTAINABILITY COMMITMENT

Mission and Vision on Environmental, Social and Governance

To address the sustainability and minimise the environmental impact from the Group’s operations, the Group has implemented a wide variety of green measures, including responsible use of resources, energy saving and recycling of materials to reduce the adverse impact to the natural environment. Moreover, the Group believes in building trust through transparency and fair practices among employees and management, cultivating talents to reach their full potentials, as well as creating and maintaining a safe, caring and ethical workplace for the employees.

A. ENVIRONMENTAL

Given the business nature of the Group, the Company believes that its direct impact on the environment and natural resources is minimal. Nevertheless, the Company shall continue to be alert of its impact to every environmental matter, to optimize efficient use of resources and to promote stronger environmental awareness among employees.

1. Emissions

(i) Air Emission

During the reporting period, the Group's business did not involve any gaseous fuel consumption. Vehicle operation during the reporting period mainly involved delivery trucks and forklift used inside the warehouse, which resulted in a consumption of 89,233.55 litre of diesel, contributing to a total emission of 1.44 kg of sulphur oxides (SOx). The Group will develop better data collection platform in the next reporting period for the calculation of nitrogen oxides (NOx), and respiratory suspended particles (PM) emission related to this aspect.

(ii) Greenhouse Gas (GHG) Emissions

Scope of Greenhouse Gas Emissions	Emission Sources	Emission (in tonnes of CO ₂ e)	Total Emission (in percentage)
Scope 1 Direct Emission			
Combustion of fuel for mobile combustion source	Diesel	233.26	56%
Scope 2 Indirect Emission			
Purchased Electricity		169.82	40%
Scope 3 Other Indirect Emission			
Water consumption		1.01	4%
Wastewater treatment		0.47	
Paper Waste Disposal		4.24	
Business air travel		9.16	
Total		417.96	100%

Note 1: Emission factors were made reference to Appendix 20 of the GEM Listing Rules and their referred documentation as set out by the Stock Exchange, unless stated otherwise.

Note 2: Singapore's Grid Emission Factor (GEF) of 0.4244 kgCO₂/kWh was used for calculating emission for purchased electricity.

There were 417.96 tonnes of carbon dioxide equivalent (carbon dioxide, methane, nitrous oxide and hydrofluorocarbons) emitted during the reporting period.

a. Scope 1 – Direct Emissions

Combustion of fuel for mobile source (diesel)

89,233.55 litres of diesel were used for delivery trucks and forklift used inside the warehouse, resulted in an emission of 233.26 tonnes of carbon dioxide equivalent. As Singapore's National Environment Agency (NEA) has introduced new regulations on emission standards of diesel vehicles, the Group ensures newly purchased diesel vehicles meet such regulations in the coming years, as well as continuously reviewing current practices to reduce usage of diesel fuel.

b. Scope 2 – Energy Indirect Emissions

Purchased Electricity

Electricity consumption by the Group was supplied by the Singapore's electricity grid. During the reporting period, the Group consumed 400,144 kWh with an energy intensity of 133.25 kWh/m², emitting 169.82 tonnes of carbon dioxide equivalent. The Group has policy on switching off the lights before leaving the working environment and at any unoccupied areas. The Group also has standard practice on purchasing energy efficient office equipment and has installed Motion sensor lights in the washroom to further reduce electricity consumption.

c. Scope 3 – Other Indirect Emissions

Water Consumption and Wastewater Discharge

Fresh water consumption by the Group was 2,495 m³ with water intensity of 0.83 m³/m² contributing to an emission of 1.01 tonnes of carbon dioxide equivalent. Water was supplied by national water agency, PUB. To conserve water, the operation has installed a tank for collecting rainwater for toilet flushing. It is assumed all water consumed by the Group was discharged to national's wastewater treatment plants, contributing to an emission of 0.47 tonnes of carbon dioxide equivalent. Since the Group's operation mainly involved administrative office environment and a warehouse for storing and packaging shipment goods, there was no significant issue regarding sourcing water that is fit for purpose.

Business Air Travel

The Group keeps tracks of employees' business travelling and their relative carbon emission throughout the year. During the reporting year, the Group's business air travel contributed to a total 9.16 tonnes of carbon dioxide equivalent emissions, mostly for visiting food exhibition, seeking new sources and visiting currently engaged suppliers, in which onsite meeting is necessary and indispensable to the Group's business.

(iii) Hazardous Waste and Non-hazardous Waste

There was no hazardous waste produced and the Group only produced a small amount of domestic and commercial waste from the office and warehouse. Use of recycled paper is encouraged for printing for internal use. Recycling bins are placed in all common areas in the office and warehouse to promote recycling practice. Waste are sorted and stored separately before transferring to engaged waste collection contractor for waste recycling and disposal services. The Group has standard practice on maximizing the use of materials, such as repairing broken pallets for reuse purpose, inside the warehouse prior to disposal.

2. Use of Resources

(i) Energy Consumption

Energy Consumption Sources	Consumption (in kWh)
Diesel	12,377,936
Electricity	400,144

The Group's business operations resulted in a total energy consumption of 12,778,080 kWh from the use of diesel and electricity, with an energy intensity of 4,255 kWh/m².

(ii) Packaging Materials

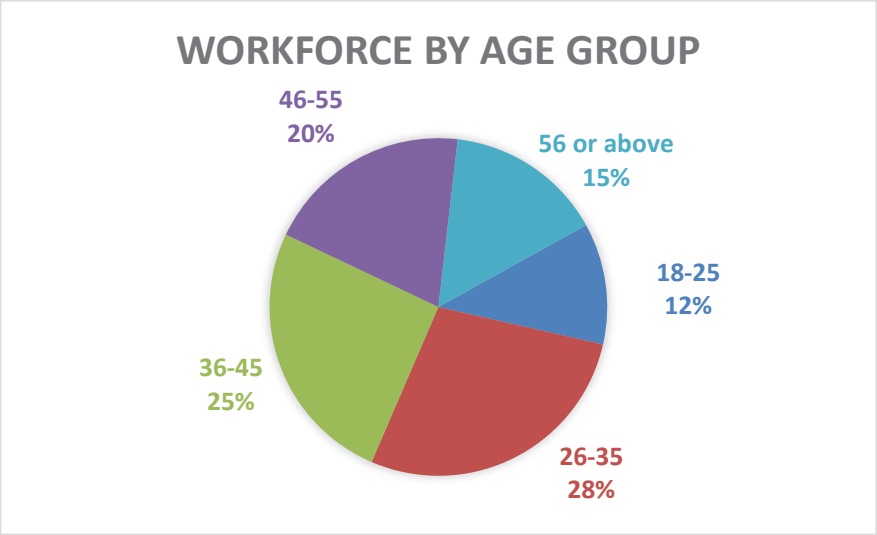
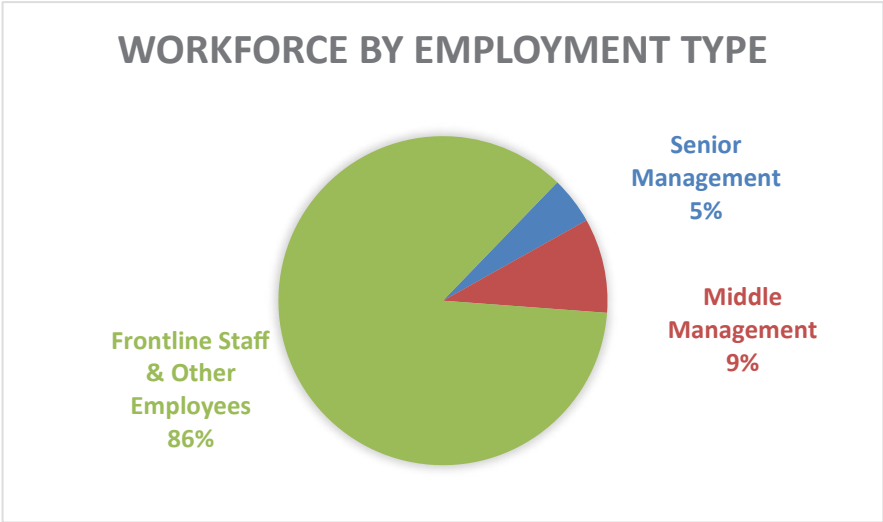
822 kg of pallet stretch film and 4 kg of carton box were used for wrapping and packing shipment products during the reporting period. Most of the carton boxes were reused from suppliers' delivery, Nevertheless, the Group encourages employees to practice recycling of any used packaging materials.

B. SOCIAL

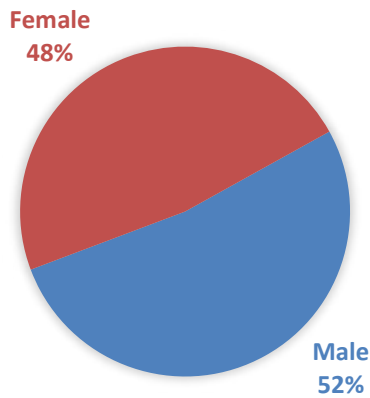
1. Employment and Labour Practices

(i) Employment

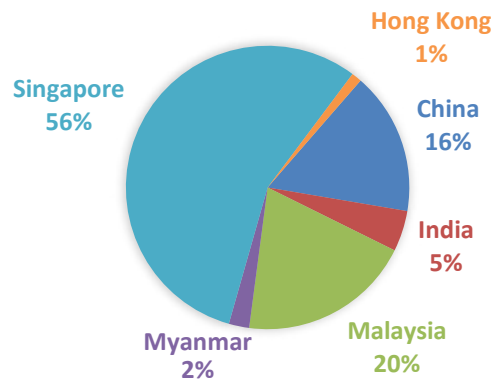
The Group had a total number of 86 employees as of 31 December 2017. 79% and 21% of them were full-time and part-time employees respectively.



WORKFORCE BY GENDER



WORKFORCE BY GEOGRAPHICAL REGION



The Group strictly follows the Singapore's Ministry of Manpower (MOM) regulation on working hours and rest periods. As per the Group's Employee Handbook, employees are entitled to medical coverage, dental allowance, different type of leaves, company activities and service awards. Bonus system has been established to reward employees based on their performance appraisal, which are also reviewed regularly by heads of department for potential promotion opportunities for individual employee. It is the Group's policy, through its Performance Management Process, to review all employees' performance and effectiveness on an ongoing basis. The process is designed to meet the needs and align expectations of both managers and employees and to ensure that all employees have the opportunity to develop and succeed in his or her job.

Regular meetings among management are held semi-annually, and among the heads of department are held weekly, and the Company commits to organize five events yearly to bond and better communicate with employees across the operation. The Group did not note any cases of material non-compliance in relation to employment during reporting period.

Grievance Policy

To foster good relations among employees and between employees and management, the Company recognizes that the accumulation of unspoken, unanswered complaints, questions and suggestions result in employee dissatisfaction and threaten what otherwise can be a satisfactory working environment. Thus, grievance policy is established to provide procedures and options to employees on how to handle the concerned issues.

Turnover

The overall annual turnover rate is 55% with 47 employees left the Group in 2017. Majority of the employees left were foreign workers as some of the job natures were less favoured by locals. High turnover is somewhat unavoidable and part of the norm in this industry. Nevertheless, the management will continue closely monitoring and reviewing the employment situations. The annual turnover rate (categorized by age group, gender and geographical region) in the reporting year are as follows:

Annual Turnover Rate by Age Group (%)

18-25	110
26-35	70
36-45	18
46-55	53
56 or above	54

Annual Turnover Rate by Gender (%)

Male	66
Female	44

Annual Turnover Rate by Geographical Region (%)

China	43
Germany	100
Malaysia	65
Myanmar	100
Singapore	56

(ii) Health and Safety

The Employee Handbook has a section on occupational, health and safety policy statement, in which the Company is committed to provide, with the assistance of employees, a work environment that protects the safety and health of each team member, customer and visitor. House rules are also established to make sure each department are responsible for safe working environment.

There was no work-related fatality in the reporting year. 3 working days were lost due to an employee suffering from a mild sprained ankle upon entering the office premises. It was considered a one-time case, and the employee was fully recovered and back to work. In general, for any case of employee being injured during work, an investigation shall be conducted, and Human Resources Department shall submit report under MOM regulations, and the management shall be kept updated regarding the condition of the injured employee.

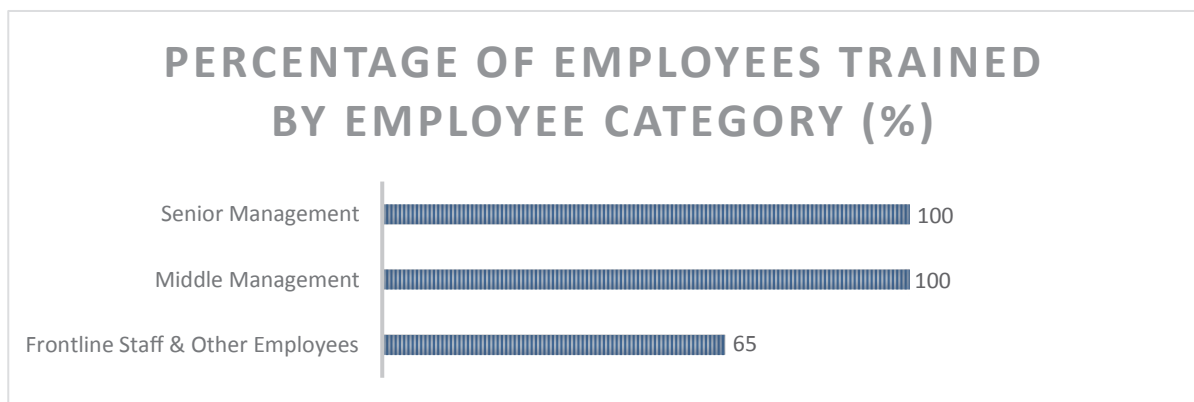
The Group did not note any cases of material non-compliance in relation to health and safety laws and regulations.

Occupational Health and Safety Data in 2017

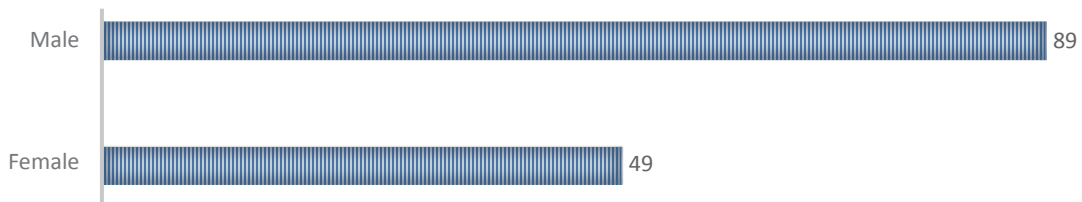
Work related fatality	0
Work injury cases \geq 3 days	1
Work injury cases $<$ 3 days	0
Lost days due to work injury	3

(iii) Development and Training

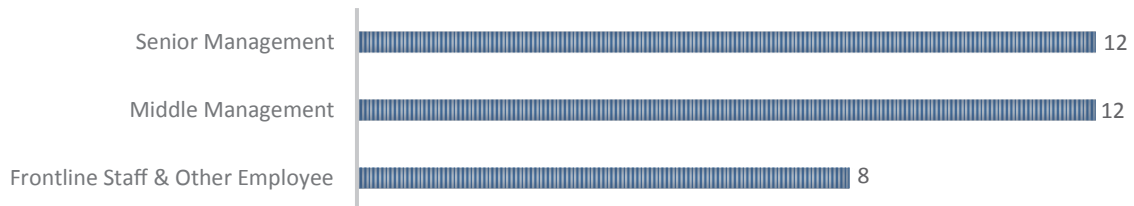
Each department is responsible to review and plan on-the-job training schedule, in which trainings usually include product knowledge and better understand on standard operating procedures. As per the Employee Handbook, employees shall also attend safety courses related to forklift handling and operating, PSA safety regulation and any other in-house or external workshop which may relate to work safety requirements and within their work scope. In the reporting period, additional trainings were conducted for employees to gain product knowledges to better serve our customers.



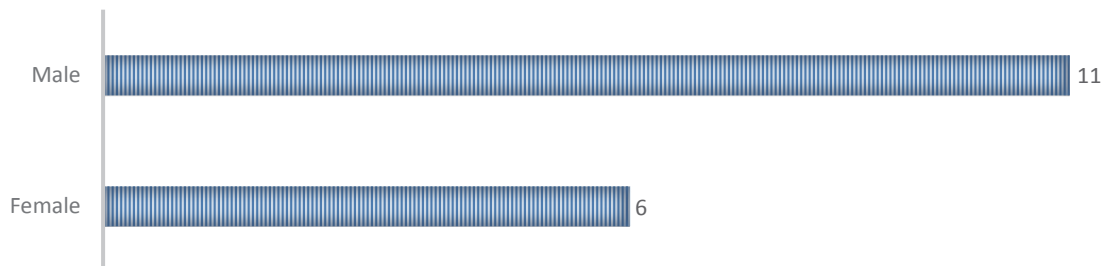
PERCENTAGE OF EMPLOYEES TRAINED BY GENDER (%)



AVERAGE TRAINING HOURS COMPLETED PER EMPLOYEE BY EMPLOYEE CATEGORY (HOUR)



AVERAGE TRAINING HOURS COMPLETED PER EMPLOYEE BY GENDER (HOUR)



(iv) *Labour Standards*

During the reporting period, the Group did not note any cases of material non-compliance relating to child and forced labour. The Group is strictly in compliance with MOM regulation in Singapore, no child or forced labour is allowed. Human Resources Department has the right to immediately terminate employment contract with employee who violates the laws and regulations.

2. Operating Practices

(i) *Supply Chain Management*

There were a total of 10 suppliers engaged during the reporting period, 6 of them were from Singapore, and the rest was from South East Asia and Europe. The Group has standard procedures on engaging any new supplier and on evaluating and follow-up with existing ones regarding their performance on meeting the product or service specifications, pricing, meeting delivery lead time and schedule, as well as responsiveness.

(ii) *Product Responsibility*

During the reporting period, the Group did not note any cases of material non-compliance regarding product responsibility as required by related laws and regulations.

Quality Assurance

The Group has standard recall procedures for imported food products including meat, seafood, fresh fruits and vegetables, and processed food. During the reporting period, there were a number of complaints received during the reporting period. Most of them were related to suppliers' product quality, in which the Group has carefully followed up with the concerned suppliers, and reinforced internal shipment quality control before delivering to customers. If the complaint was related to the Group's own service and product handling, investigation of the concerned circumstance will be carried out by management, followed by compensation and remedial actions by responsible department and additional training will be provided when necessary. Overall, the Group has standard procedure to make sure products are successfully delivered and accepted by the customers, and every step on delivery is done appropriately.

To achieve higher standard of excellence, the Group's business operation provides value-added service such as round-the-clock delivery service. The delivery team provides 24-hour delivery services to the customers, and is committed to deliver products within three-hours of notice. The business operations are ongoing 365 days a year, even throughout the festive periods.

Intellectual Property

The Group has indicated clearly in the employment contract regarding intellectual property ownership. The management has been continuously looking out for potential patent infringements of the Group's products. No infringement was identified during the reporting period.

Data Privacy

In Singapore, Personal Data Protection Commission is in place. With the Act, the Group strictly complies with the legislation and guidelines stated on protecting consumer data and privacy. As stated in the Employee Handbook, employee shall not at any time during or after resignation or termination with the Company, reveal or cause to be revealed to any person or company, any of the trade secrets, confidential operations, processes, dealings or any information concerning the organization, business, finances, transactions or any of its related.

(iii) Anti-corruption

During the reporting period, there was no concluded legal case regarding corrupt practices. The Group has established a Code of Conduct which details misconduct such as bribery, extortion, fraud and money laundering shall be treated as misconduct for which the employee shall be liable to dismissal. The management shall continue monitoring the implementation and effectiveness of the established whistle-blowing policy to provide a reporting channel for all employees on any potential unethical acts and malpractices.

3. Community Investment

There is no policy on community engagement. Nevertheless, the Group's management shall review and look into potential activities for community engagement and investment in the coming years.

