



CHEMICAL INDUSTRIES (FAR EAST) LIMITED

化学工业(远东)有限公司



Sustainability Report FY2020

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About the Report

This is Chemical Industries (Far East) Limited's ("CIL") third sustainability report, which represents our continuous commitment in driving a sustainable business for the long-term. The data-driven report will cover all operations of CIL as a manufacturer of basic chemicals for the financial period of 01 April 2019 to 31 March 2020.

The report has been prepared in accordance with the Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards"): Core option. The GRI Standards provide the principles and disclosures required by organisations to report their economic, environmental and social impacts. CIL applies the GRI principles in defining the report's content and quality, as set out by the GRI Standards. Readers may refer to the full GRI Standards Index at the end of this report for an overview of the company's approach in this regard.

The data disclosed in this report is not externally assured at this time.

CIL values the opinions of its stakeholders. We welcome all suggestions and feedback on how we can better our sustainability report or sustainability practices, and you can do so by contacting: collin.lim@cil.sg.



About Chemical Industries (Far East) Limited (“CIL”)

Our Board's Statement



Making strides forward with our first fully GRI-compliant report.

In FY2020, we continue our progress to transform our business into one that has sustainability embedded at its core. Since embarking on our sustainably journey in 2018, we have strived to put the environment and social agenda as focal points in our corporate strategy. We are proud to achieve a new milestone that sees us making the reporting transition from ESG to GRI Standards. This allows us to better understand and communicate our critical business impacts to address global challenges, while creating a competitive edge in a world increasingly shaped by resource scarcity.

In this report, you will read about how CIL has played an active part in making positive differences, going above business needs and regulatory compliance, to provide visibility of our sustainability roadmap ahead.

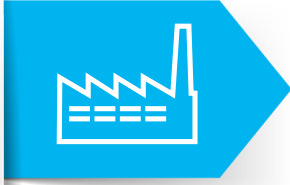
Innovation continues to be our key value driver in the “new normal”.

This year, the COVID-19 pandemic has presented much uncertainties and challenges. More importantly, it also highlighted the critical role in which innovation keeps the world and economy going. CIL recognises that our unique chemical manufacturing capabilities not only powers fundamental industry processes during normal times across the city-state, but it also protects the health of communities in crucial times like these with our expertise in disinfecting chemicals. As we forge ahead with the new normal, we aim to drive the development of new solutions that will be able to bring about fundamental change to help shape the nation's recovery beyond the crisis.

Our innovative spirit backed by a constant desire for growth has always been the backbone of our company culture, which has led us to evolve over the years to become the supplier of choice in Singapore for basic chemicals. CIL will continue to advance our knowledge and investments in processes and people to create the best value in a sustainable way that benefits the business and the planet - economically, environmentally and socially.

Collin Lim, Executive Director,
on behalf of CIL's Board

FY2020 Highlights



State-of-the-art

Chlor-alkali production plant



192 employees

Global staff strength



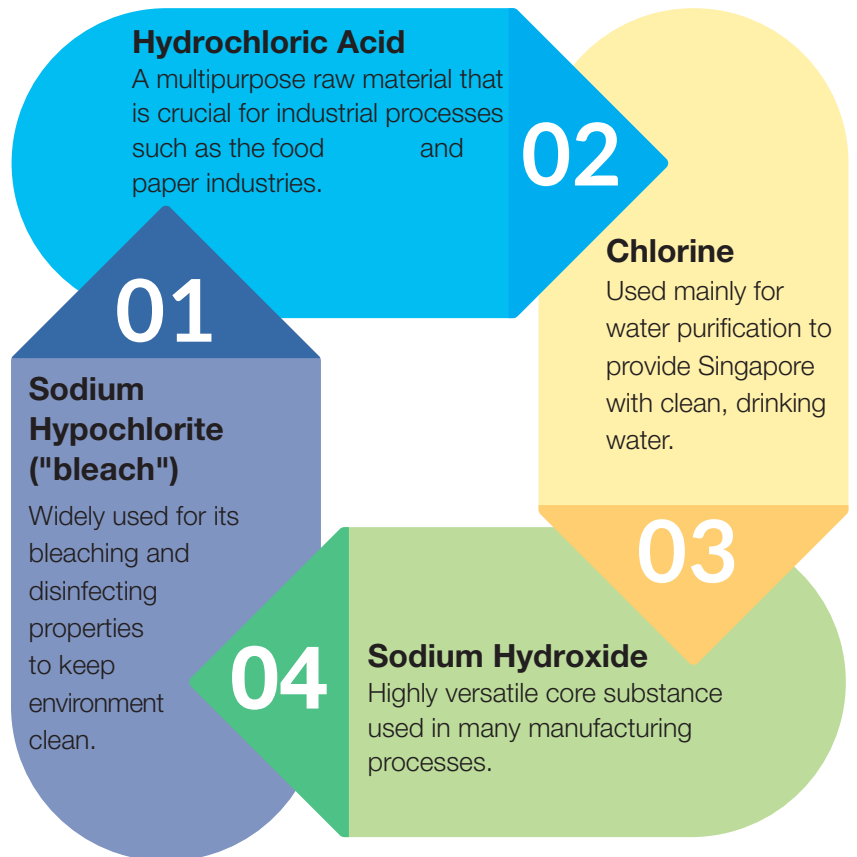
100%

Quality test pass per 1 million metric ton of chemical production

Company Overview

Since 1963, Chemical Industries (Far East) Limited ("CIL") is the sole manufacturer and industry pioneer of Chlorine, Sodium Hydroxide and other chlor-alkali products in Singapore. We supply **four** key product categories – Sodium Hypochlorite, Hydrochloric Acid, Chlorine, and Sodium Hydroxide, and keep focus to serve our core industries of petro-chemical, pharmaceutical, electronics, and water-treatment by consistently offering quality chemicals to our clients.

We also have a main subsidiary - Chem Transport Pte Ltd, to handle all logistics. As producers, we take great pride in having a fully integrated logistics branch that translates to full oversight from product manufacturing to delivery, across **14** global markets.



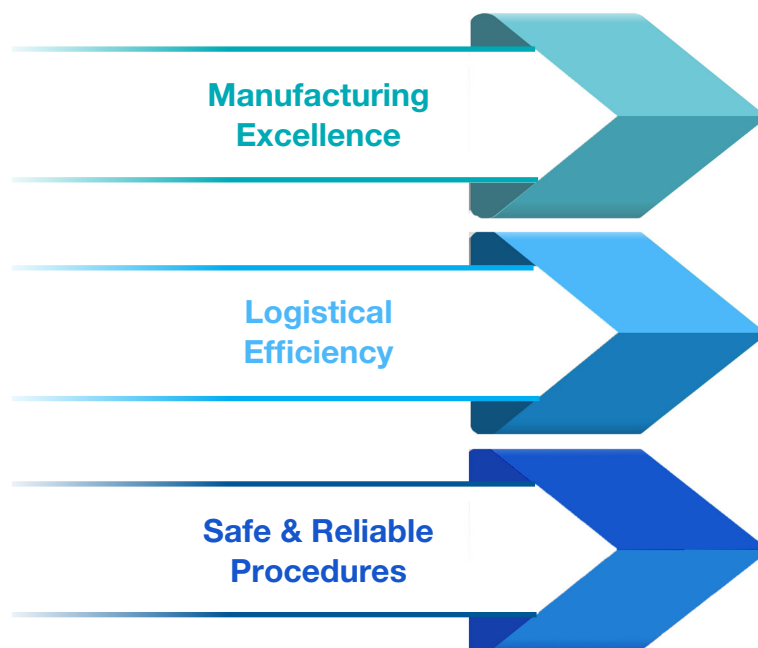


We have a chlor-alkali production plant – Sakra CIL plant, in Jurong Island that was set up in 1999. A state-of-the-art plant, it has been showcased in international chlor-alkali conferences as an industry best-practice plant example. Our headquarters, located on the mainland, serves as a back-up storage and continuity site for the business.

Our Business Purpose

CIL is guided by our mission to create and deliver the best value to our stakeholders in the chemical manufacturing industry through strategic, long-term partnerships underscored with trust and quality.

We build on our three core advantages with our stakeholders – both internal and external – to collectively achieve organisational growth that focuses on providing innovative industrial chemical solutions across the region in a safe, sustainable and efficient manner.



Sustainability at CIL

Materiality Prioritisation

At CIL, we believe that economic success can be achieved simultaneously with environmental and social advancement. To ensure that our sustainability objectives are aligned to the goals of our business and stakeholders, we review priority material topics on a yearly basis that references the GRI Principles of “Environmental”, “Social” and “Governance”. This year, our materiality assessment process involved several management meetings between the Heads-of-departments and Board members, and one-to-one meetings with key stakeholders such as major shareholders and customers.

In this FY2020, CIL has identified **eight** material topics in which we believe we can create the most impact through our core competencies



Stakeholder Engagement

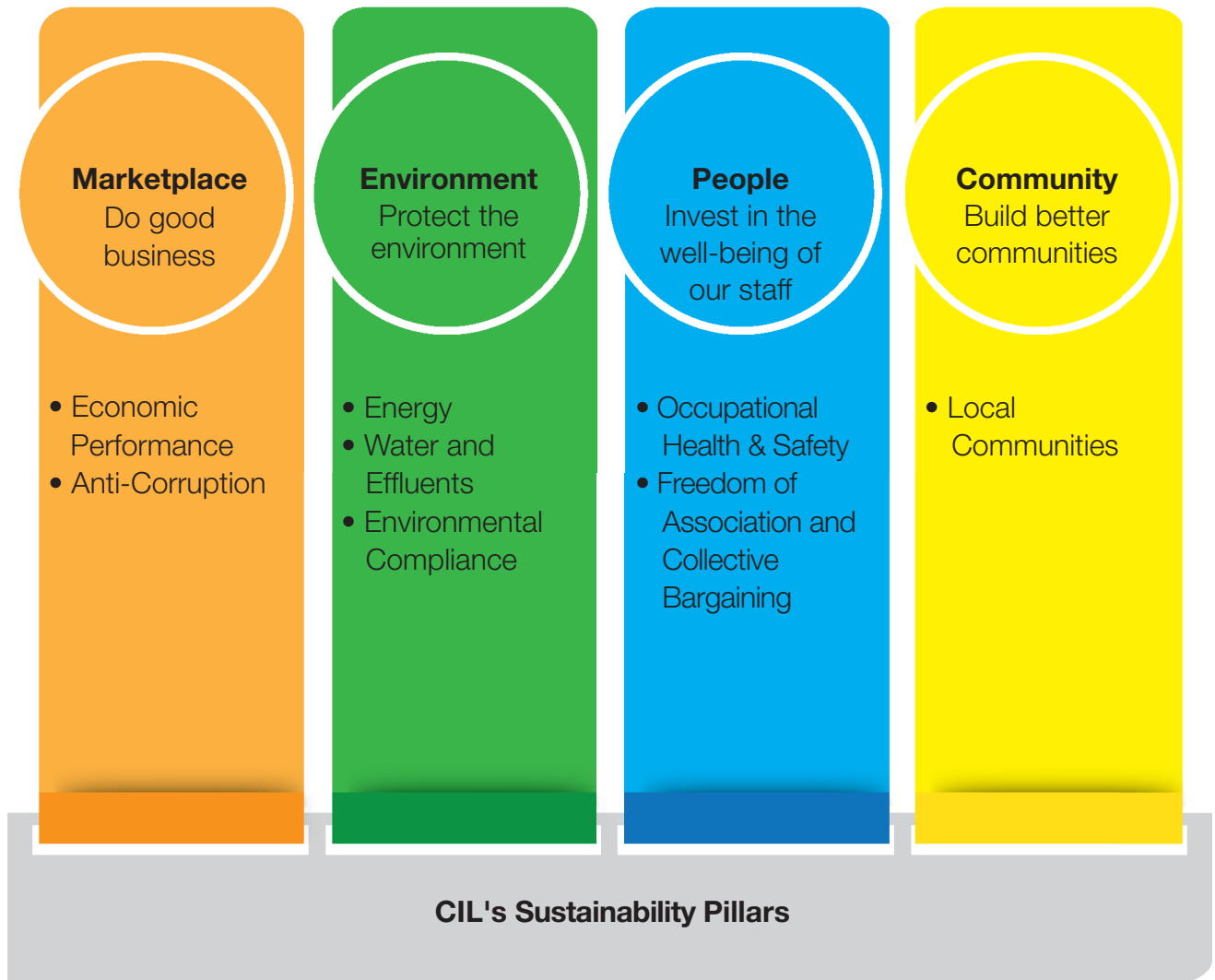
We continue to stay closely connected to stakeholders in order to build enduring and mutually-beneficial relationships through proactive listening and responding. This allows us to stay in-the-know of trends and issues to remain sustainably competitive in an industry that is constantly changing, while ensuring that our ESG priorities are in line and relevant for us, as well as for our key stakeholders.

We engage our stakeholders through a variety of methods. The table below lists the means of engagement specific to each stakeholder group, as well as the frequency in which they are engaged.

Stakeholders	Engagement Method	Frequency of Engagement
Government and Regulators	Compliance reviews and audits	As and when needed
Shareholders	Shareholder meetings	On a regular basis
Management	Meetings	Weekly
Customers	Contract reviews	Annually
	Customer calls	On a regular basis
	Customer surveys	Annually
Suppliers	Market watch	On a regular basis
	Contract negotiation	Quarterly
	Trade conferences	As and when opportunities arise
Employees	Employee appraisal	Annually
	Collective bargaining	Annually
	Employee events	Annually

Sustainability Pillars

We have placed the eight material topics into four value creation pillars to effectively communicate our commitments to our various stakeholders. The **four** pillars are – Marketplace, Environment, People, and Community.



Areas of Focus for CIL

Marketplace

Sustainable Value Creation

CIL strives to balance environmental and social performance with business value creation. To do so, we ensure that governance matters at CIL are performed to create positive impact for the environment and communities around us, while ensuring that we are best positioned for sustained growth moving forward. This involves taking into account two aspects:

1. Economic Performance
2. Anti-Corruption



Creating Enduring Economic Performance

CIL aims to continuously ensure a positive economic performance by offering high-quality chemical products expected by our customers and stakeholders. For more information regarding CIL's financial results for FY2020, please refer to the following sections in CIL's 2020 Annual Report:

- Operating and Financial Review, page 3
- Statements of Financial Position, pages 33 and 34

Upholding Anti-Corruption Practices

Maintaining ethical standards is part of CIL's corporate culture where we hold the confidence of stakeholders and integrity in business dealings and relationships in high regard. We take a 'zero-tolerance' approach against all forms of corruption, bribery, and extortion. In FY2020, there are **0** confirmed incidents of corruption.

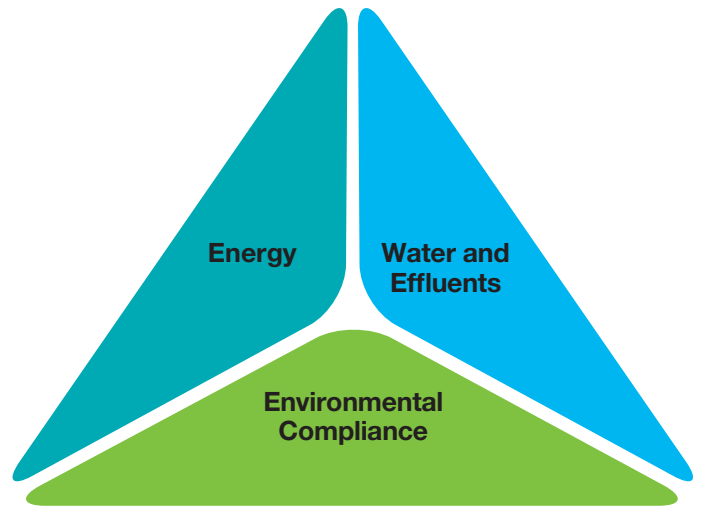
We have an internal and external whistleblowing policy where persons are able to pass on information concerning wrongdoing. All incidents reported are handled directly by the Group Chairman and an Audit Committee. The policy protects the confidentiality, identities, and the interests of the whistle-blower, without fear of reprisal, retaliation, discrimination or harassment of any kind.



Environment

Protecting the Planet

CIL is committed to minimize our environmental footprint on the planet. To create the most impact, we look to drive positive change in **three** areas across our value chain – Energy, Water and Effluents, and Environmental Compliance. We commit to goals that we strive to achieve, develop assessment and monitoring frameworks to ensure accountability, and continually review and fine-tune our actions in order to do our part to create a environmentally-sustainable world.



Reducing Energy Usage

We recognize that our electricity consumption can be a significant contributor to the impact on the environment. As such, we ensure that all energy usage is carried out in the most environmentally-friendly and cost-effective manner. Our actions are guided by our Energy Policy, and applies to all of CIL's facilities, business units, subsidiaries, and employees. This policy is reviewed and updated every three years to increase operational excellence.

Utilizing advanced technology

One way in which we reduce energy usage is through the adoption of new technology. At CIL, we use an advanced version of an Electrolyser that runs on low power consumption due to its zero gap technology in our core process of chlorine manufacturing. This allows for an increased surface area of the membrane that can be utilised, and a more equalized electricity current distribution to enable energy efficiency. To maintain this method of energy productivity, we replace the high-performance membrane every four years, and a re-coat of the electrode every eight years.

We also make the initiative to purchase electrical motors which require less energy to be powered, and are in the midst of engaging a third-party consultant to conduct an Energy Efficiency Opportunities Assessment (EEOA) by FY2021. Through this assessment, we target to achieve 10-15% energy savings.

As of FY2020, our total energy consumption amounts to **87,614,290 kWh**, while our energy intensity ratio amounts to **2.54 per ton of 100% NaOH**.

CIL's Energy Policy

To achieve our goals of:



- Reducing energy usage by 5% per metric ton of caustic produced per kilowatt-hour basis by 2022



- Becoming one of the most energy efficient companies in the chlor-alkali industry on kilowatt-hour per metric ton of caustic soda basis

We commit to improve energy efficiency by:



- Implementing effective energy programmes



- Establishing partnerships with the government and outside organisations



- Reducing reliance on fossil fuel and instead use recyclable or recoverable energy, where possible



- Investing in cost-effective plant and material upgrades



- Educating employees about energy-savings at work and at home

Advocating good governance systems

To ensure that our processes adhere to ISO14001 and Singapore's Energy Conservation Act, CIL conducts one external and two internal audits a year. A yearly Management Review is also conducted to review objectives, goals, and targets. The statutory board in Singapore responsible for improving and sustaining a clean and green environment - National Environmental Agency, also conducts an energy audit on our operations yearly. For FY2020, CIL achieved an increase of 1.2% energy savings per ton of NaOH production. Our FY2021 goal is to increase this number to 2%.

Enabling Water Efficiency

Water is a critical raw material in our manufacturing process, especially in the production of Chlor-alkali. We utilise three types of water - demineralised water, raw water, and NEWater, at our manufacturing plants, that leaves in an end-state of either 1.) as part of products or 2.) as waste water. As of FY2020, our total water withdrawal from third-parties amounts to **272,310 litres**, while the water discharge amounts to **20,619 litres**.

Where possible, waste water is recycled and reused in various process applications across our production chain. These include:

01 Re-circulating depleted brine to produce Chlor-alkali products	02 Treating diluted sulphuric acid into a secondary final product
03 Recycling of condensates from chlorine and hydrogen processing streams or caustic evaporation units for use in the saturator	04 Recycling rinse water from resin tower streams for use in the saturator

In a year, we conduct two internal and one external audits, a Management Review, and the submission of water efficiency management practices to PUB to ensure that we are on track to meet our water-efficient related goals and targets. As of FY2020, we achieved an increase of 5% water savings per ton of NaOH production, and our FY2021 goal is to maintain this rate.



Increasing Environmental Compliance

As part of the chemical manufacturing industry, we are extremely particular about how our chemical outputs can affect the environment. As such, we take proactive action to minimize any impact on the environment – industry and organisation wide.

Driving industry-wide change

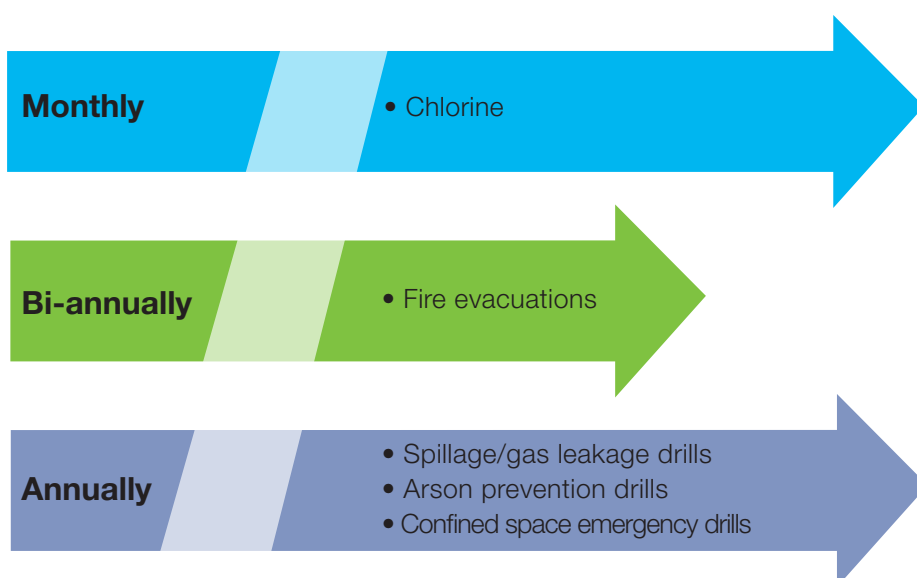
CIL represents the Singapore Manufacturing Federation as part of the Environment and Resources Standards Committee (ERSC), in an on-going nationwide discussion and policy-making effort to spearhead several technical initiatives to increase environmentally beneficial impact in the areas of:

- Energy Management
- Water Management
- Solid Waste Management
- Environment Management

Pushing organisation-wide change

- We work closely with various government agencies to ensure that our activities are in accordance with the local guidelines.
- We regularly review emission points in our daily operations and apply the appropriate environment quality standards.
- We undertake periodic internal and external environmental audits to assess and improve our procedures.

In April 2020, we conducted source emission monitoring across seven emission points in our manufacturing systems. Concurrently, we also tested for traces of hydrogen chloride, ammonia & ammonium compound, chlorine, oxide of nitrogen, and carbon monoxide. Results showed that the concentration of the parameters tested for were within the Emission Limits of Standards of Concentration of Air Impurities as stipulated under the Environmental Protection and Management Act (Air Impurities) Regulations, 2008 and the Environmental Protection and Management (Air Impurities) (Amendment) Regulations, 2015. As of FY2020, testing revealed **0** traces of chlorine in our plant boundaries.



We take various actions in different frequencies to ensure environmental compliance across our manufacturing process.

Due to increasing chemical loads in our plant, we are also looking into better enclosure methods for key process areas such as the chlorine filling station to prevent leaks into the environment.

People

A People-first Focus

Looking to the long-term success of the business, our greatest asset is our people. We are committed to building a culture that is safe, fair, and inclusive for all of our employees. In doing so, we focus on two aspects in particular:

1. Occupational Health and Safety
2. Freedom of Association and Collective Bargaining

This allows us to ensure a healthy development of our people through the provision of a conducive environment that supports meaningful work.



Prioritizing Occupational Health and Safety

The health and safety of our employees is a top priority, and we adopt a zero tolerance policy on safety lapses.

An overview of CIL's key OHS targets and policies:

- **Safety Regulation Briefings:** 100% completion rate for employees, contractors, and subcontractors on a yearly basis
- **Emergency Response Plans:** 100% completion rate for supervisors, foremen, and process technicians on a yearly basis
- **Safe Work Procedures:** 100% completion rate for staff on a yearly basis
- **Relevant Risk Assessment:** 100% completion rate for staff on a yearly basis
- **Tool Box Briefing:** At least 1 briefing a week across all plant operations

We govern Occupational Health and Safety (OHS) matters at CIL through the Singapore Standard (SS) 506 Part3, which adheres to the standard required by the Code of Practice on Safety Management System specific to the chemical industry. These management policies are communicated to all internal and external personnel, taking into account their roles, responsibilities, accountability, and authority. The policies are reviewed periodically to ensure that it remains relevant and appropriate for CIL. Before the commencement of new work, risk reviews will take place for staff safety, as well as for quality assurance.

All OHS procedures are monitored and documented, from process parameters to results attained. Management teams will then carry out evaluation assessments with adjustments made if required.

In FY2020, the number and rate of work-related injuries measures **2** and **1.75 per 200,000 hours worked** respectively. These injuries were chemical splash and metal-cut related, in the **228,346.20 hours** worked by all employees.

Involving staff as part of the solution

Staff are encouraged to report potential work-related hazards or incidents. In the event an incident is reported, an investigation team will be formed to investigate the hazard and its related risks, and preventive action will be taken to prevent recurrence. Staff are also consulted by Environmental Health and Safety (EHS) personnel on suggested improvements through feedback forms. These suggestions are evaluated by a Workplace Safety and Health (WSH) committee at monthly meetings, and if applicable, will be implemented.

Promoting health and wellness

We provide select staff access to non-occupational medical and healthcare services through company clinics, referral systems, health insurance, or financial contributions. Onsite health screenings, health coaching sessions, and sports activities such as our annual Corporate Steps Challenge, are available to employees.



Advocating for Freedom of Association and Collective Bargaining

Upholding fair and open employment is key to CIL, having been an early adopter of Unions since 12 Oct 1982. As of May 2019, **45%** supervisory and executive staff who have a Singaporean citizenship at CIL are under a Collective Agreement that promotes access to grievance resolutions and benefits. This agreement will be enforced till June 2021. In particular, we place emphasis on two aspects of the Collective Agreement:

02

Clause 38: Workplace Safety and Health

- Provision and maintenance of protective devices, equipment, and clothing for the safety and health of its employees shall be furnished wherever deemed necessary.
- In co-operation with the Union, CIL will establish a Skills Training Committee in accordance with the Workplace Safety and Health Act.



01

Clause 44: Skills Training

- Skills training will be provided for employees to update their skills and raise their level of productivity.
- In co-operation with the Union, CIL will establish a Skills Training Committee to plan and promote skills training programmes.
- CIL will take into account employees' training and courses completed when considering their performance assessment as part of their career advancement.



Community

CIL believes in giving back to the communities in which we live, work and grow with. To maximize our social impact, we mobilize resources to provide varied levels of support such as investing in education and employability to strengthen communities in the markets we operate in.



Government's Ally in Protecting the Nation's Fight against COVID-19

"We recognise our unique capability to support the nation's pandemic response. Being a home-grown company, our urgent priority is to keep our employees and community safe and resilient during this period, leveraging our strength in disinfecting chemicals. We are committed to band together as one in establishing the way forward to recovery."

- LIM Soo Peng, Chairman and Managing Director, Chemical Industries (Far East) Limited



Our Business Continuity Plan (BCP) for diseases outbreak was activated immediately. Vulnerable employees such as older staff or those who had underlying health issues were identified and put under a 'Stay Home' order. To ensure that our processes could continue during this critical period, rotation schedules with heightened health and sanitation measures for frontline staff were put into effect.



We provided 18 of our Malaysian staff with temporary hotel accommodation when Malaysia issued a Movement Control Order (MCO) to curb border transmission. CIL has since strategized and moved towards a longer-term sustainable housing option for affected workers.



We have increased our production levels for disinfecting chemical supplies such as sodium hypochlorite and chlorine by 10% in our support to the government and public sector to ensure that wastes are adequately treated before being discharged into the effluent system.



Strengthening Vulnerable Communities

Chemical Industries (Myanmar) Limited operations began in December 2019 as part of the Myanmar-Japan Thilawa Development ("MJTD") to bring economic development to the country. We have committed to employing more locals to ensure employment sustainability and raise the standard of living in the neighbouring townships of Thilawa and Kyauktan. At the present moment, **97%** of employees in the company are local.

We have also joined a pooled donation fund that supports the villagers in consultation and awareness programmes that educate them on how to maintain clean and safe water, and the actions that CIL will take in helping them do so. Other initiatives include the donation of 2,160 litres of disinfectant chemicals to WaiBarGi hospital that specialises in infection diseases in Yangon, and the provision of a multimedia projector system to support the Kyautan Fire Brigade in their public awareness training of fire prevention to inhabitants in rural villages. Financial and support programmes were also extended to bolster the livelihoods of impacted workers in these villages affected by COVID-19.



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