

TATEMENT FROM THE BOARD

Welcome to our third Sustainability Report which aims to provide insights to our stakeholders on how we integrate key environmental, social and governance ("ESG") issues in our overall business, how we manage the impacts, risks and opportunities associated with these issues, and incorporate suitable sustainable initiatives into our business practices.

We reaffirm the importance of creating long-term value for our stakeholders and believe that it can be achieved through sustainable business practices and our commitment to be a responsible corporate citizen. We strive to align our policies and practices in achieving the Sustainable Development Goals ("SDGs"), a set of common international integrated targets for 2030 that must balance social, economic and environmental sustainability.

As a consequence of climate change and rapid urbanisation, our cities are becoming vulnerable to natural disasters. Hence, it is important to ensure that all our products and services provided are sustainable and ecofriendly.

We also believe that conducting our business with transparency and integrity allows us to maintain trust and build good relationships with our stakeholders. Therefore, adopting ethical business practices and maintaining an effective corporate governance system are critical.

In our 2017 and 2018 reports, we highlighted several initiatives to promote sustainability in our business operations. We are pleased to report that we have continued to make progress in our sustainability performance. Some of our key achievements in 2019 include:

- All our businesses maintained their respective certifications from the BCA, ISO and other certification bodies;
- Sale of energy efficient air-conditioners reached another milestone, and accounted for approximately 70% [2018: 60%] of the Group's total sales in the air-conditioning division;
- Successfully met our target to reduce staff turnover rate by 5% - 10%; and
- Organised two Corporate Social Responsibility (CSR), two networking events and more than 10 training sessions with the participation of our stakeholders.

Moving forward, we will continue to create positive impact aligned with the SDGs and to meet expectations of various stakeholders from employees, customers and shareholder to supplier and local communities through our businesses.

Board of Directors

SUSTAINABLE DEVELOPMENT GOALS (SDGS)





































The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future.



Natural Cool continues growing venturing into regional market in ASEAN and diversifying into paint and food and beverages businesses in the past 3 years. There are now a total of 14 subsidiaries in the Group, carrying out different business activities: 11 in Singapore and 3 in Malaysia.

Over the years, Natural Cool has upheld its commitment in building a brand synonymous with reliability, safety and efficiency through its range of products and solutions. We will continue to improve our capabilities, harness new technologies to provide service excellence to our partners and customers.



KEY HIGHLIGHTS

Net Revenues by regions and by operating segments for 2019 (\$'000)

, opening org							
	Air-Conditioning*	Investment	Paint	F&B	Total		
Singapore	132,680 3,982 4,253		4,253	932	141,847		
Malaysia	1,548	-	259	-	1,807		
TOTAL	134,228	3,982	4,512	932	143,654		

^{*}Including Mechanical & Engineering, Commercial Installation and Trading of air-conditioning equipment, parts and materials



OUR VISION

Natural Cool, the preferred choice in building solutions



OUR MISSION

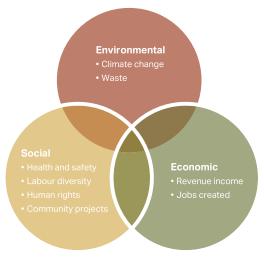
Enhancing the strength and trust in our Brand Name through: Safe and Reliable Products and Services and Strategic Planning



OUR VALUES

Promote eco-friendly products and services.
Provide customers with ultimate satisfaction.

Drive our staff to their fullest potential.



The triple value model: a systems approach to sustainable solutions.

Natural Cool offers products and services which are integral to the lives of many people, we are clearly aware that our actions impact the community and the environment. Therefore, we aspire to lead as good corporate citizens by participating in activities that we find meaningful to all our stakeholders, including our customers, business partners, principals and employees, and also to society.

SUSTAINABILITY MANAGEMENT

OUR APPROACH

Natural Cool has considered sustainability issues as part of the strategic formulation of the Group. We strive to create long-term values for our stakeholders by incorporating sustainability into our daily operations and activities. In order to operate a successful and responsible business, it is important for us to understand and address our sustainability risks and opportunities. Our Sustainability Reporting Committee in 2019 (the "SR Committee") headed by the Chief Executive Officer, Managing Director, and Chief Investment Officer and all senior management across different business units and functions, oversee that the Group's practices are in line with its business philosophy and values, and ensure that these are integrated into our business operations and complement our goals.

MATERIALITY ASSESSMENT

The materiality assessment forms part of our dialogue with our stakeholders. By communicating with them about key topics, we gain a better understanding of their different views and perspectives. This in turn enables us to actively address important issues and challenges and to report on them transparently.

Hence, the Group is committed to undertaking the materiality assessment regularly. We believe doing so will help us identify new trends, evolve our strategy accordingly and tailor our reporting to align it to the interests and needs of our business and our stakeholders.

OUR MATERIALITY PROCESS

Natural Cool relies on our internal process to assist in the identification and prioritisation of issues that are most relevant and significant to the Group and its stakeholders. These issues are mostly linked to the Group's overall strategy and other major areas of business sustainability.

A discussion was then facilitated with the SR Committee members and thereafter, they evaluated each ESG factor based on the influence on stakeholder decisions and significance of environmental and social impact.

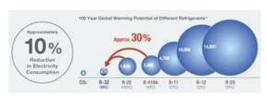
Surrounding these material issues, we have identified the following material ESG factors for 2019. As we strive to improve our level of transparency and timely communication to all our stakeholders, we will be reviewing the significance of, and reporting other ESG factors in the following years.

Focus	Impact to Stakeholders	2019 Performance	2020 Commitments & Targets
Environmental 11 THE MARKET STATE OF THE PARKET STATE OF THE PARK	Non-compliance with National Environment Agency ("NEA")'s requirement to sell air-conditioners with Energy Labels that have an energy efficiency rating of 2 ticks and above will result in fines and disciplinary actions.	Full compliance with NEA's requirement Air-conditioner models with an energy efficiency rating of 5 ticks accounted for 70% [FY2018: 60%] of the Aircon's total sales revenue	Full compliance with NEA's requirement Air-conditioner models with an energy efficiency rating of 5 ticks to account at least 5% increase in the Aircon's total sales revenue
Employment 5 mm ()	Fair and merit-based employment practices are important to our employees, investors, regulators, and community as they affect our ability to attract, retain, and develop local talents under the direct hire of the Group's offices and operations.	Clear employee rights set out in an updated Employee Handbook have been made available to all employees Turnover rate was 23% [2018: 38%), which meet our target set last year to reduce turnover by 5 - 10 percentage points Training courses and programs relevant to individual's job scope are sponsored by the Group. Requirements by regulatory bodies like Building and Construction Authority (BCA), Ministry of Manpower (MOM), Singapore Food Agency (SFA) and Islamic Religious Council of Singapore (MUIS) were fully complied with	As our industry is very competitive, we will continue to provide our employees opportunities to learn and grow in the forthcoming year to offer internal and external training courses relevant to their job scopes Target to retain turnover rate, not exceeding 25% Introduce and promote flexible work arrangements by utilising Work-Life Grant by Singapore government. We are in the midst of reviewing our flexible working arrangement and will provide details on further progress to come
Employee Health and Safety 3 MON HEALTH STATE OF THE SAFETY SAFE	Business continuity, workplace safety and how we innovate are amongst the highest concerns to our stakeholders.	No accident resulting in fatality or serious injury reported [2018: nil] Regular briefings and training courses on employee health and safety for employees in construction service line	Zero fatalities and workplace accidents across all business operations Regular briefings and training courses on employee health and safety for employees in construction service on compliance with statutory requirement
Business Ethics and Compliance 16 Marketing Street	Applies across the Group's business operations in Singapore and overseas. Compliance with legislation as well as national and international standards of corporate governance in anti-corruption and anti-competitive behavior.	No incident of corruption and fraud No legal actions pending or completed during the reporting period regarding anticompetitive behavior and violations of anti-trust and monopoly legislation No incident of whistle blowing Sound risk management and internal control system put in place by the Management	Zero-incident on corruption, monopoly and fraud Continuous strengthening of the enterprise risk management and internal control system Continuously maintain its high standard of corporate governance and ensure compliance with legislative and regulatory requirements in Singapore. The Audit & Risk Management Committee is responsible for reviewing findings of internal investigations into suspected fraud, irregularity or infringement of any relevant laws, rules and regulations within the organisation that is likely to have a material impact on the Group's results

While we work on our sustainability efforts, we also aim to align our business interests with that of our stakeholders, which comprise those who are impacted by our businesses and operations. By assessing the significance and impact of their interest on the Group's business, we have singled out six key stakeholder groups:

Stakeholders	Impact and Significance	How We Listen	How We Respond
Employees	Our employees are part of our human capital whose competencies and well-being are fundamental to the Group's operational effectiveness.	Regular staff dialogue sessions Mobile chat groups Training programs and courses Safety briefings and courses Safety drills and site inspections Annual appreciation events and festival celebrations Volunteering and charitable events Whistle-blowing policy	Talent retention and attraction Employee safety and well-being Training and development opportunities Efforts to promote work-life balance Remuneration and benefits Employee welfare and well-being Employee volunteerism
Customers	Our promise is to maximize our customer satisfaction, understand our customers' needs and expectations and build long lasting relationships with our customers so that they are likely to purchase from us or engage our services again.	Annual appreciation events Natural Cool's company website Natural Cool's social media platforms, e.g. Facebook Feedback handling through emails / phone calls Whistle-blowing policy	Design and workmanship Customer satisfaction and experience Quality products and services Environmental conservation Communication
Investors	We strive to maximise shareholder returns, maintain good corporate governance, and improve levels of transparency through financial and sustainability reporting and timely communication.	Half yearly financial results announcements Annual reports Annual General Meeting (AGM) Extraordinary General Meeting (EGM) Regular business updates Whistle-blowing policy	Financial stability Long-term growth plans Market diversification Geographical expansion Risk management Corporate governance Sustainability efforts
Business Partner	We work closely with partners, including suppliers and subcontractors, in our value chain to ensure that all our operations are carried out in line with industry leading practices and sustainability efforts.	Supplier's Code of Conduct Regular supplier visits / meetings Annual performance evaluation Safety briefings and courses PDPA compliance clauses specified in contracts Whistle-blowing policy	Quality assurance Certifications Supply chain management Occupational health Safety practices Personal Data Protection Act (PDPA) Compliance
Community	We strive to be a responsible corporate citizen to the society, environment and the people around us.	Volunteering and participation in charitable events Annual Corporate Social Responsibility Programmes Whistle-blowing policy	Raising awareness through sustainable business practices and high-quality products
Government	Collect profits tax from the Companies, as well as from our employees and from other spending the Companies incur (e.g. GST, property tax, etc). Government also provides regulatory oversight, ensuring that ethical practices, and legal concerns are being handled responsibly by the Companies.	Obtain up-to-date information about change in regulations Review policies and procedures regularly to ensure compliance	Comply with regulations and avoid disputes and prosecutions

Increasing the penetration rate of air-conditioners will have a growing impact on global warming caused by consequential increase in electricity use. To deal with this, we spread positively conscious products using energy-efficient inverter technology like R-32, a refrigerant with low environmental impact, to our customers. Our suppliers had been phasing out air-conditioners using R-22 refrigerant, and production of these products will cease by year 2020.



*source: Daikin Global

Over the recent years, Natural Cool has been stepping up effort to advocate and increase customers' awareness on Energy Efficient Initiative led by NEA. Natural Cool makes expeditious efforts to promote more 5-tick air-conditioners to customers as part of our continued commitment to become an environment-friendly organisation. In 2019, 5-tick air-conditioners accounted for approximately 70% [2018: 60%] of the Group's total sales in air-conditioning division.

Meanwhile, Natural Cool accelerates the number of technical training sessions for our contractor customers supported by our air-conditioner brands. In 2019, we organised more than 10 such training ranging from productive and efficient installation practices to improve installers' productivity, installation of R32 refrigerant air-conditioners, to introducing Daikin's new Super Multi HW System that sends recyclable heat from outdoor condensing unit to storage water heater to heat up water inside. This system aims to reduce usage of electricity for water heating when the air conditioner is operating.

R32 REFRIGERANT AIRCON TRAINING



SUPER MULTI HW SYSTEM TRAINING



SUPPLY CHAIN MANAGEMENT

Natural Cool applies the Quality-and-Cost based method for its sourcing activity. Based on this methodology, price is considered on par with other qualifications-based criteria, including relevant certification requirements, amongst other best practices.

We manage our supply chain across the project life cycle from its initiation and design development stages to subsequent construction and operation stages. This allows us to effectively control the progress of sub-contractors, as well as qualities of diverse services, materials and equipment required to deliver large-scale projects in a complex supply chain environment. A standard supplier evaluation framework is used for existing and potential suppliers. A wide range of well-known international leading brands are carried, including Mitsubishi Electric, Daikin, Panasonic, LG, Midea, Fujitsu, Toshiba, etc., with Mitsubishi Electric, Daikin and Panasonic accounting for more than 90% [2018: 90%] of the total purchases.

Selecting a contractor is one of the most difficult aspects of project management. In selection of sub-contractors for our projects, other than pricing, our project team pays attention to their methodology, team capability and past track record, as well as financial strength, to ensure they suit the requirements of our projects. All sub-contractors are evaluated stringently periodically by our project management team, including their commitments towards high quality, health and safety standards.



We commit to use sustainable, non-toxic, non-GMO materials in our parts, paints and, foods and beverages manufacturing to produce environmentally-friendly and consumer-friendly products which leads to better health and well-being of our employees, customers and the community.



Natural Cool sets clear guidelines and specifications on the procurement of materials to specify the use of sustainable and non-toxic materials in our parts and paints manufacturing to minimise the environmental impact which also leads to better health and well-being of our employees, customers and the community.

OUR PEOPLE, OUR COMMUNITY

Natural Cool recruits and promotes suitable candidates according to their abilities and competencies relevant to the position. At the end of 2019, with 143 new hires in the year, a total of 442 [2018: 176 new hires and 356 total staff strength] employees across the Group. With a growing portfolio of businesses and investments, we review our workforce-mix to cope with the constantlychanging business needs. New positions are created to support our business and functional teams to achieve their goals, while maintaining high quality standards. We value new hires who can provide fresh views and new ideas to our business and processes.

In 2019, we continue to comply with Employment Act and Workplace Safety and Health (WSH) Act stringently. We monitor our operations extensively. When performance on the ground does not match the expectations of our management or stakeholders, we commit to resolve the issue in an open and transparent way. Our safety management system is embedded across the board. We view WSH record as an intrinsic component of our business success, ensure our workers stay safe for their families back home.

Workplace safety is a top priority for Natural Cool. We take pride in ensuring that all our employees and contractors are competent and equipped to work safely and we also recognise and strive to fulfil our duty of care to provide a safe workplace for those who step into our premises.

We build a workplace culture that promotes work-life balance and a healthy well-being. By placing importance in well-being of our employees, we are confident that employee satisfaction and engagement will increase and lead to higher productivity and greater organisational performance.

2019 TEAM PROFILE AT A GLANCE



Employees



5% increase in women



32% attended training



15% reduction in turnover





EQUAL AND NON-DISCRIMINATORY WORKPLACE

Embracing diversity is crucial to developing a 21st century competent and resilient workforce, we recruit people from all age groups and genders.

There were no incidents of discrimination reported in 2019. Male employees are more than female ones as the construction and servicing teams are mainly staffed by male employees due to their work nature while other functions have a balance of male and female employees. We highly value equal opportunities, respect human rights and have zero tolerance for discrimination or harassment of any kind. Jobs of new mothers are reserved while they are on maternity leave, and all of them return to the same job position.

In general, Natural Cool was able to maintain a strong and healthy workforce, with a balance between the turnover and retention rate. The change in employee numbers were mainly due to new hires to replace existing low-skilled positions. Employment for high-skilled positions remains stable, with organisational operations consistent and key management personnel unchanged.

We aim to develop our talent pool and to ensure sustainable operations management by enhancing the following measures in phases:

- To empower employees through skillsbased training and career development opportunities:
- To engage employees by conducting regular dialogue cum feedback sessions between employees and management
- To review employee remuneration and benefits every year by benchmarking with industry average; and
- To further enhance employee welfare, such as introducing and promoting flexible work arrangements by utilising Work-Life Grant by Singapore government.

HEALTHY, SAFE AND CONDUCIVE WORKPLACE

SETTING THE STANDARDS

As an industry leader, we take responsibility in setting "industry" best practices and has been consistently enhancing and refining our health and work safety measures. Since 2012, we have achieved and maintained our OHSAS 18001 certification. We have also completed and attained the highest level in the bizSAFE, a five-step programme offered by the Workplace Safety and Health (WSH) Council that assists companies in building their WSH capacity and capabilities. In addition, Natural Cool Airconditioning & Engineering Pte Ltd ("NCAE") has obtained Building and Construction Authority ("BCA") certificate of registration for workhead (ME01 - L6 and ME15 - L6) and ISO 9001:2015.







TOTAL WORKPLACE SAFETY AND HEALTH (TOTAL WSH) AT CONSTRUCTION SITES

We recorded 1 accident in 2019 [2018: 5] that required medical attention and it was related to a worker who suffered minor cut. The injured worker was sent for medical treatment immediately, duly compensated and has since returned to work. For any injuries reported, our safety officer will prepare an investigation report, consisting of mainly the details of accidents and a corrective action plan which is presented at our management meetings to raise their awareness and minimise the likelihood of similar accidents occurring again.

There was no [2018: nil] work-related fatality in 2019.

TRAINING AND DEVELOPMENT

POST-INCIDENT REVIEW AND ENHANCING SAFETY PRECAUTIONS

We learn from past mistakes and strive to prevent similar incidents from repeating itself again. As part of our skills-training programme, we consistently schedule workplace health and safety briefings to review our safety practices with workers. For near-miss incidents, we promptly uphold review briefing dedicated to analyse the situation and to remind our workers of the relevant safety measures and precautions, as well as the safety protocols in the event of incidents.

We also ensure each worker is well protected before the start of each assignment, by ensuring that Personal Protective Equipment (PPE) is issued and the issuance is recorded to ensure that each worker is sufficiently equipped with protective gears for their related job-scope. We have also developed a list of protocols and precautions for workers dealing with toxic chemicals, to ensure their safety.

HOLISTIC SKILLS DEVELOPMENT TRAINING

In-line with equipping our workers with safety knowledge and skills, we have developed a rigorous skills-training programme to ensure that each worker is capable of performing safely and optimally at the sites. A total of 135 [2018: 133] employees attended skills and safety training in 2019.

We keep ample documentation of training courses attended by each employee to track their skills-development progress and level of competency. Being a service provider providing a wide array of services, we have developed a comprehensive syllabus for each department, ensuring that each worker is extensively equipped with the safety awareness and skills.

Training summary for 2019

	Male	Female	Total
Administrative	5	12	13%
Operational	112	6	87%
TOTAL	117	18	100%

EMPLOYEE RIGHTS AND BENEFITS

At Natural Cool, we value and recognise our people's contributions to our success. We constantly review our employment policies and remuneration practices to ensure compliance with the updated employment laws, in order to keep up with the best industry practices and provide the optimal working conditions for our people. Protection of human rights are strictly observed in our operations.

PARENTAL LEAVE

We support the Singapore government's profamily legislation and adopts welfare practices to enhance this pro-family environment at the workplace. Eligible working mothers and fathers whose new-born child is a Singapore citizen are entitled to 16 weeks of maternity leave and 2 weeks of paternity leave respectively as well as 6 days of paid childcare leave annually.

In 2019, we have 3 female employees and 2 male employees [2018: 3 female and 2 male employees] who utilised their parental leave and resumed work thereafter, and who have remained as employees for the next 12 months. We will continually enhance these profamily practices and work towards building a conducive workplace for our working parents.

Item	Welfare	Description
1	Minimum Wage	In strict compliance with the minimum wage regulations set by Ministry of Manpower.
2	Medical Benefits	Employees are reimbursed for medical consultations up to the claimable amount.
3	Insurance	Full compliance with Workplace Injury Compensation Act (WICA) introduced by the Ministry of Manpower, cover employees with work injury compensation and extend worker's medical insurance to our foreign workers.
4	Performance and Variable Bonus	Discretionary annual performance bonus tied to organisation-wide achievement. A variable bonus is also rewarded depending on individual performance.
5	Salary Appraisal	Salary increment amount determined based on bi-annual appraisals in January and July.
6	Annual Appreciation and Festival Celebrations	Dinner-and-dance is organised annually to celebrate and recognise the efforts of our employees. Embracing diversity and culture, we also celebrate important festivals during the year.

OUR PEOPLE'S DATA TABLE

Workforce

REGION	Under 30s				Above 50s		Total	
REGION	Male	Female	Male	Female	Male	Female	Male	Female
Singapore	71	33	198	65	42	13	311	111
Malaysia	9	4	4	1	2	0	15	5
TOTAL	80	37	202	66	44	13	326	116

New Hires

REGION	Under 30s				Above 50s		Total	
REGION	Male	Female	Male	Female	Male	Female	Male	Female
Singapore	31	14	50	17	10	11	91	42
Malaysia	6	2	1	1	0	0	7	3
TOTAL	37	16	51	18	10	11	98	45

Turnover

BECION	Under 30s				Abov	e 50s	Total	
REGION	Male	Female	Male	Female	Male	Female	Male	Female
Singapore	6%	2%	11%	1%	1%	0%	19%	2%
Malaysia	1%	1%	0%	0%	0%	0%	1%	1%
TOTAL	7%	3%	11%	1%	1%	0%	20%	3%

PROMOTING COMMUNITY BETTERMENT

Community investment also represents a milestone in 2019. Our Corporate Social Responsibility team participated in a charity event to work with social workers from a reputable non-profit organisation to grant wishes for 6 families who needed our help. These are mostly the elderly and children from low-income families where we provided food and other necessities. Natural Cool also supports the long-term development of the community. In 2019, we continued our support in a Blood Donation Drive organised by Neo Group. We also collaborate with Thye Hua Kwan (THK) Family Service Centre - Bedok North for the first time to provide support to families needing assistance.





During the year, two major Gala Dinners cum networking sessions were organised at our Defu Lane and Bukit Batok outlets, each attended by up to 600 participants such as air-conditioner manufacturers and/or suppliers and contractors.

PROJECT "GRANT A WISH" COLLABORATION WITH THK FAMILY SERVICE CENTRE

Our first-ever collaboration with THK to offer support to 6 families and more than 20 people needing assistance.





BLOOD DONATION DRIVE ORGANISED BY NEO GROUP

A total of 35 participants attended, and 20 units of blood was successfully collected at the event at 1 Kaki Bukit Enterprise One on 6 November 2019. This yearly initiative is part of our Corporate Social Responsibility efforts to assist Singapore Red Cross Society in growing the number of blood donations and donors nationally, to meet increasing demands.





STRENGTHENING OUR ANTI-CORRUPTION PRACTICE

Natural Cool prohibits bribery and kickbacks of any kind. Our employees are not allowed to offer or accept from anyone, anything of value that is, or could be viewed as a bribe or kickback or an attempt to influence that person's or company's relationship with Natural Cool. All new employees of the Group are required to read through and acknowledge the staff handbook, which consists of code of conduct and business ethics during the conduct of business.

Amongst these practices to uphold business integrity, the Group has established a whistle blowing policy which has been reviewed and endorsed by the Audit Committee and approved by the Board. To raise awareness and affirm our Group's strong stance and actions against corruption, the Group's Whistle Blowing Policy and related procedures are published on http://natcool.com/whistle-blowing-policy/ and applies to any employees, vendors, contractors, sub-contractors, customers and any other parties whom the Group has a business relationship with.

Under the whistle blowing policy, employees and external parties are able to, in confidence, raise concerns about issues and misconduct requiring special investigation. A dedicated and secure e-mail address (report.nch@natcool.com) provides individuals anonymity in raising issues of contention to the Audit Committee directly.

We are periodically reviewing and enhancing our anti-corruption practices to uphold the best business practices in line with our values. There were no reported incidents relating to corruption in FY2019.

WE COMPETE AND WIN BUSINESS ETHICALLY

Competition law, also known as antimonopoly, antitrust, or fair-trade laws are intended to prevent interference with the functioning of a competitive market system and exist in all countries where we do business. Our policy prohibits conduct include colluding with others to fix prices or divide territories, illegally monopolising an industry and unlawfully abusing a dominant position. All employees are given clear instruction to take extra care while contacting competitors, to avoid discussion of or collaboration on confidential information, including pricing, terms, costs, etc. as such discussion may be considered illegal.

We sell our products and services on our merits. We compete vigorously for business but always ethically and in compliance with rules and regulations, no matter how competitive the environment. We avoid making false or misleading statements about the Group, our products and services or other companies, including competitors and their products and services. We uphold our values of always being accurate, complete and honest.

In 2019, the Group did not have any case of legal actions pending or completed regarding anti-competitive behavior and violations of anti-trust or anti-monopoly legislation in which the organization has been identified as a participant.

This Report is set out on a "comply or explain" basis in accordance with Rule 711B and Practice Note 7F of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited ("SGX-ST") and has been prepared in accordance with the Global Reporting Initiative ("GRI") Standards: Core option.

GRI provides a globally recognised framework for companies to assess and communicate their impact on critical issues such as climate change, human rights, governance and social well-being. This enables real action to create social, environmental and economic benefits for everyone. The GRI Sustainability Reporting Standards are developed with true multistakeholder contributions and rooted in the public interest. Please refer to page 14 to 15 of this report for GRI Content Index.

REPORTING SCOPE AND PERIOD

This report, will be published no later than 31 May on an annual basis, provides an overview of Natural Cool's sustainability performance as well as its strategies and practices, while highlighting the economic, environmental, and social impact of the Company's activities and developments in 2019. Further information on corporate governance, which is part of our sustainability, can be found under the section of "Corporate Governance" on page 105 to 141 of the Group's FY2019 Annual Report which was published on the SGXNET on 7 April 2020.

REPORTING PROCESS

Natural Cool has not commissioned any third-party assurance on this report. In each reporting cycle, our SR Committee reviews the contents to determine its relevance to our business as well as to ensure the current and emerging material topics of significance pertaining to sustainability and the interests of our stakeholders are addressed.

FEEDBACK

We value feedback from our stakeholders as it allows us to continually improve our sustainability policies, processes and performance. Kindly address all feedback to the SR Committee at report.sr@natcool. com. Your feedback is important to us so that we can improve on our future reporting.

GENERAL STANDARD DISCLOSURES

Disclosure No.	Disclosure Tile	Page Reference and Remarks
GRI 102: General Disclo	sures 2016	
102-1 *	Name of the organisation	Front Cover, Back Cover
102-2*	Activities, brands, products, and services	Business Overview > page 2 Annual Report > Operations Review > page 10 - 13
102-3*	Location of headquarters	Back Cover
102-4*	Location of operations	Business Overview > page 2 Annual Report > Business Profile > page 6 - 7
102-5 *	Ownership and legal form	Natural Cool is listed on the Singapore Exchange Securities Trading Limited (SGX-ST) Catalist Board Annual Report > Shareholding Statistics > page 142 - 143
102-6*	Markets served	Business Overview > page 2 Annual Report > Business Profile > page 6 - 7
102-7 *	Scale of the organisation	Our People, Our Community > Page 8 to 11 Business Overview > page 2
102-8*	Information on employees and other workers	Our People, Our Community > Page 8 to 11
102-9*	Supply chain	Supply Chain Management > Page 7
102-10 *	Significant changes to the organisation and its supply chain	Business Overview > page 2 Annual Report > Business Profile > page 6 - 7
102-11 *	Precautionary Principle or approach	Sustainability Management > Page 3
102-12 *	External initiatives	Statement from Board > Page 1 Healthy, Safe and Conducive Workplace > Page 9
102-13 *	Membership of associations	None
Strategy		
102-14 *	Statement from senior decision-maker	Statement from Board > Page 1
Ethics and Integrity 102-16 *	Values, principles, standards, and norms of behaviour	Business Philosophy and Values > Page 3
Governance		
102-18*	Governance structure	Our Approach > Page 3
102-18 * Stakeholder Engageme	ent Communication of the Commu	
102-18 * Stakeholder Engageme	List of stakeholder groups	Stakeholder Engagement > Page 5
102-18 * Stakeholder Engageme	ent Communication of the Commu	Stakeholder Engagement > Page 5 None
102-18 * Stakeholder Engageme	List of stakeholder groups	Stakeholder Engagement > Page 5
102-18 * Stakeholder Engageme 102-40 * 102-41 *	List of stakeholder groups Collective bargaining agreements	Stakeholder Engagement > Page 5 None
102-18 * Stakeholder Engageme 102-40 * 102-41 * 102-42 * 102-43 * 102-44 *	List of stakeholder groups Collective bargaining agreements Identifying and selecting stakeholders	Stakeholder Engagement > Page 5 None Stakeholder Engagement > Page 5
102-18 * Stakeholder Engageme 102-40 * 102-41 * 102-42 * 102-43 *	List of stakeholder groups Collective bargaining agreements Identifying and selecting stakeholders Approach to stakeholder engagement Key topics and concerns raised Entities included in the consolidated	Stakeholder Engagement > Page 5 None Stakeholder Engagement > Page 5 Stakeholder Engagement > Page 5
102-18 * Stakeholder Engageme 102-40 * 102-41 * 102-42 * 102-43 * 102-44 * Reporting Practice	List of stakeholder groups Collective bargaining agreements Identifying and selecting stakeholders Approach to stakeholder engagement Key topics and concerns raised	Stakeholder Engagement > Page 5 None Stakeholder Engagement > Page 5 Stakeholder Engagement > Page 5 Stakeholder Engagement > Page 5
102-18 * Stakeholder Engageme 102-40 * 102-41 * 102-42 * 102-43 * 102-44 * Reporting Practice 102-45 *	List of stakeholder groups Collective bargaining agreements Identifying and selecting stakeholders Approach to stakeholder engagement Key topics and concerns raised Entities included in the consolidated financial statements	Stakeholder Engagement > Page 5 None Stakeholder Engagement > Page 5 Stakeholder Engagement > Page 5 Stakeholder Engagement > Page 5 Annual Report > Corporate Structure > Page 3
102-18 * Stakeholder Engagement 102-40 * 102-41 * 102-42 * 102-43 * 102-44 * Reporting Practice 102-45 * 102-46 *	List of stakeholder groups Collective bargaining agreements Identifying and selecting stakeholders Approach to stakeholder engagement Key topics and concerns raised Entities included in the consolidated financial statements Defining report content and topic Boundaries	Stakeholder Engagement > Page 5 None Stakeholder Engagement > Page 5 Annual Report > Corporate Structure > Page 3 About this Report > Page 13 Identifying Material ESG Factors > Page 4 There is no restatement of information from the
102-18 * Stakeholder Engageme 102-40 * 102-41 * 102-42 * 102-43 * 102-44 * Reporting Practice 102-45 * 102-46 * 102-47 *	List of stakeholder groups Collective bargaining agreements Identifying and selecting stakeholders Approach to stakeholder engagement Key topics and concerns raised Entities included in the consolidated financial statements Defining report content and topic Boundaries List of material topics	Stakeholder Engagement > Page 5 None Stakeholder Engagement > Page 5 Stakeholder Engagement > Page 5 Stakeholder Engagement > Page 5 Annual Report > Corporate Structure > Page 3 About this Report > Page 13 Identifying Material ESG Factors > Page 4
102-18 * Stakeholder Engageme 102-40 * 102-41 * 102-42 * 102-43 * 102-44 * Reporting Practice 102-45 * 102-46 * 102-47 *	List of stakeholder groups Collective bargaining agreements Identifying and selecting stakeholders Approach to stakeholder engagement Key topics and concerns raised Entities included in the consolidated financial statements Defining report content and topic Boundaries List of material topics Restatements of information	Stakeholder Engagement > Page 5 None Stakeholder Engagement > Page 5 Annual Report > Corporate Structure > Page 3 About this Report > Page 13 Identifying Material ESG Factors > Page 4 There is no restatement of information from the previous report covering the financial year 2018. There is no change from previous reporting periods
102-18* Stakeholder Engageme 102-40* 102-41* 102-42* 102-43* 102-44* Reporting Practice 102-45* 102-46* 102-47* 102-48* 102-49*	List of stakeholder groups Collective bargaining agreements Identifying and selecting stakeholders Approach to stakeholder engagement Key topics and concerns raised Entities included in the consolidated financial statements Defining report content and topic Boundaries List of material topics Restatements of information Changes in reporting	Stakeholder Engagement > Page 5 None Stakeholder Engagement > Page 5 Annual Report > Corporate Structure > Page 3 About this Report > Page 13 Identifying Material ESG Factors > Page 4 There is no restatement of information from the previous report covering the financial year 2018. There is no change from previous reporting periods in the list of material topics and topic boundaries.
102-18* Stakeholder Engageme 102-40* 102-41* 102-42* 102-43* 102-44* Reporting Practice 102-46* 102-46* 102-47* 102-48* 102-49* 102-50*	List of stakeholder groups Collective bargaining agreements Identifying and selecting stakeholders Approach to stakeholder engagement Key topics and concerns raised Entities included in the consolidated financial statements Defining report content and topic Boundaries List of material topics Restatements of information Changes in reporting Reporting period	Stakeholder Engagement > Page 5 None Stakeholder Engagement > Page 5 Annual Report > Corporate Structure > Page 3 About this Report > Page 13 Identifying Material ESG Factors > Page 4 There is no restatement of information from the previous report covering the financial year 2018. There is no change from previous reporting periods in the list of material topics and topic boundaries. Financial Year 2019 (1 Jan 2019 - 31 Dec 2019)
102-18* Stakeholder Engagement 102-40* 102-41* 102-42* 102-43* 102-44* Reporting Practice 102-45* 102-46* 102-47* 102-48* 102-49* 102-50*	List of stakeholder groups Collective bargaining agreements Identifying and selecting stakeholders Approach to stakeholder engagement Key topics and concerns raised Entities included in the consolidated financial statements Defining report content and topic Boundaries List of material topics Restatements of information Changes in reporting Reporting period Date of most recent report	Stakeholder Engagement > Page 5 None Stakeholder Engagement > Page 5 Annual Report > Corporate Structure > Page 3 About this Report > Page 13 Identifying Material ESG Factors > Page 4 There is no restatement of information from the previous report covering the financial year 2018. There is no change from previous reporting periods in the list of material topics and topic boundaries. Financial Year 2019 (1 Jan 2019 - 31 Dec 2019) 30 May 2019
102-18 * Stakeholder Engageme 102-40 * 102-41 * 102-42 * 102-43 * 102-44 * Reporting Practice 102-45 * 102-46 * 102-47 * 102-49 * 102-50 * 102-51 *	List of stakeholder groups Collective bargaining agreements Identifying and selecting stakeholders Approach to stakeholder engagement Key topics and concerns raised Entities included in the consolidated financial statements Defining report content and topic Boundaries List of material topics Restatements of information Changes in reporting Reporting period Date of most recent report Reporting cycle	Stakeholder Engagement > Page 5 None Stakeholder Engagement > Page 5 Annual Report > Corporate Structure > Page 3 About this Report > Page 13 Identifying Material ESG Factors > Page 4 There is no restatement of information from the previous report covering the financial year 2018. There is no change from previous reporting periods in the list of material topics and topic boundaries. Financial Year 2019 (1 Jan 2019 - 31 Dec 2019) 30 May 2019 Annual
102-18* Stakeholder Engageme 102-40* 102-41* 102-42* 102-43* 102-44* Reporting Practice 102-45* 102-46* 102-47* 102-49* 102-50* 102-51* 102-52*	List of stakeholder groups Collective bargaining agreements Identifying and selecting stakeholders Approach to stakeholder engagement Key topics and concerns raised Entities included in the consolidated financial statements Defining report content and topic Boundaries List of material topics Restatements of information Changes in reporting Reporting period Date of most recent report Reporting cycle Contact point for questions regarding the report Claims of reporting in accordance with	Stakeholder Engagement > Page 5 None Stakeholder Engagement > Page 5 Annual Report > Corporate Structure > Page 3 About this Report > Page 13 Identifying Material ESG Factors > Page 4 There is no restatement of information from the previous report covering the financial year 2018. There is no change from previous reporting periods in the list of material topics and topic boundaries. Financial Year 2019 (1 Jan 2019 - 31 Dec 2019) 30 May 2019 Annual About this Report > Page 13

GRI CONTENT INDEX

TOPIC SPECIFIC DISCLOSURES

CATEGORY: E	ЕСОНОМІС	
GRI 205: Anti- C	Corruption 2016	
DMA	Disclosure of Management Approach	Governance > Strengthening our Anti-corruption Practices > Page 12
205-1	Operations assessed for risks related to corruption	Governance > Strengthening our Anti-corruption Practices > Page 12
205-2	Communication and training about anti-corruption policies and procedures	Governance > Strengthening our Anti-corruption Practices > Page 12
205-3	Confirmed incidents of corruption and actions taken	Governance > Strengthening our Anti-corruption Practices > Page 12
GRI 206: Anti-co	ompetitive Behavior 2016	
DMA	Disclosure of Management Approach	Governance > We Compete and Win Business Ethically > Page 12
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Governance > We Compete and Win Business Ethically > Page 12
CATEGORY:	ENVIRONMENTAL	
GRI 307: Enviror	nmental Compliance 2016	
DMA	Disclosure of Management Approach	Environmental > Page 6 to 7
307-1	Non-compliance with environmental laws and regulations	Environmental > Page 6 to 7
CATEGORY:	SOCIAL	
GRI 401: Employ	ment 2016	
DMA	Disclosure of Management Approach	Social > Our People, Our Community > Page 8 to 11
401-1	New employee hires and employee turnover	Social > Our People's Data Table > Page 10
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Social > Employee Rights and Benefits > Page 10
401-3	Parental leave	Social > Employee Rights and Benefits > Page 10
GRI 403: Occupa	ational Health and Safety 2018	
DMA	Disclosure of Management Approach	Social > Our People, Our Community > Page 8 to 11
403-2	Types of injury and rate of injury	Social > Healthy, Safe and Conducive Workplace > Page 9
GRI 403: Occupa	ational Health and Safety 2018	
DMA	Disclosure of Management Approach	Social > Our People, Our Community > Page 8 to 11
404-1	Average hours of training per year per employee	Social > Training and Development > Page 9
GRI 403: Occupa	ational Health and Safety 2018	
DMA	Disclosure of Management Approach	Social > Our People, Our Community > Page 8 to 11

