

RMH HOLDINGS LIMITED

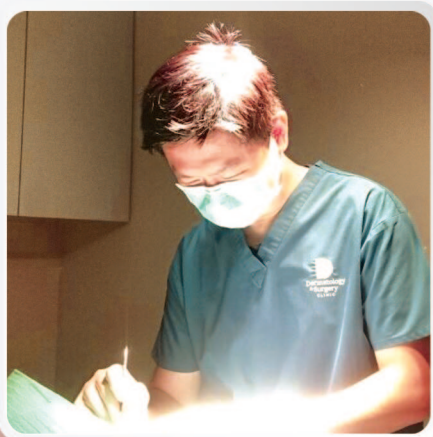
德斯控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8437

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2017



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION

ABOUT THIS REPORT

The inaugural Environmental, Social and Governance Report (“ESG Report”) of RMH Holdings Limited (“RMH” or “We”) has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (“ESG Guide”) set out in Appendix 20 of the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) made by The Stock Exchange of Hong Kong Limited (the “HKEX”). This report aims to provide an overview of environmental, social and governance (“ESG”) performance of RMH’s operations for the financial year ended 31 December 2017. It highlights relevant strategies and business initiatives, and demonstrates how RMH is a sustainable and responsible business with a positive impact on our stakeholders.

SUSTAINABILITY VISION AND MISSION

We believe that sustainability is integral to our business and is critical to achieve long-lasting value creation for all our stakeholders. We embarked on our sustainability journey to address material ESG issues in order to create a sustainable future for our organisation, our stakeholders and the society as a whole.

REPORTING PERIOD

All data and activities reported were for the period from 1 January to 31 December 2017, unless stated otherwise.

STAKEHOLDER ENGAGEMENT AND MATERIALITY

We recognise that stakeholders play a strategic role in maintaining company’s long-term growth, as well as responsible business development in ESG aspects. Our business activities involve a diverse range of stakeholders, but we select our stakeholders based on influence, representation, responsibility, dependency, and proximity. In 2017, we engaged stakeholders from the various groups but not limited to investors, suppliers, customers, employees as well as management to obtain their view on the most material ESG aspects that should be covered by this report. Furthermore, we strive to improve our stakeholder engagement by continuously improving our communication channels, and embedding valuable stakeholder input into our strategy.

STAKEHOLDERS’ FEEDBACK

We welcome stakeholders’ feedback on our ESG approach and performance. For questions or to deliver feedback about this report, please share your views with us via email at info@dermclinic.com.sg.

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A: ENVIRONMENTAL

We are a leading specialist dermatological and surgical practice in Singapore that is accredited by the Ministry of Health (“MOH”) in Singapore. Our main environmental impacts arising from our business practice includes: carbon emissions, waste generation, energy consumption and water consumption.

A1: Emissions

We recognise the importance of sustainability in our business operation. We put emphasis on complying with the relevant environmental law and regulations in Singapore. However, our business nature are service focused and posed insignificant impact to the environment when compared with other industries.

Greenhouse gas emissions: Our business is conducted locally in office premises. The emissions in our daily operations is primarily from energy consumption that is utilised to power our facilities and equipment. In 2017, the total carbon emissions was recorded to be 7,081 kg CO₂e. In line with our Group’s objective to minimise Greenhouse Gas (“GHG”) emissions, we have implemented energy saving practices at our clinics that are mentioned under the section of “Use of Resources”.

Hazardous waste: We fully comply with responsible management of our medical waste, which is outlined in Singapore Environmental Public Health (Toxic Industrial Waste) Regulations. To dispose medical waste in a safe and reliable manner, we have entered into a service agreement with a government-licensed toxic industrial waste collector. The licensed service provider will collect the medical waste from our clinics at Orchard and Raffles Place and subsequently dispose the waste in any authorised incineration plant approved under the laws of Singapore. As for our clinic at East Coast, the hazardous waste is handled by an independent party engaged by the hospital, also with designated biological waste bin at the campus. In 2017, the total hazardous waste generated accounted to less than 50 litres.

Non-hazardous waste: We treat the disposal of non-hazardous waste as an equally important task since certain types of non-hazardous waste can be recycled. During our daily operations, waste paper and plastics are collected for delivery to recycling companies. Furthermore, we encourage our employees to use both sides of paper, set duplex printing as the default mode for our network printers and also, to use recycled paper so as to minimise the wastage of paper. We aim to implement a tracking system in future so as to better track the total amount of non-hazardous waste generated in RMH. This will enable us to reflect a more accurate figure of the non-hazardous waste generated in RMH in future reports.

A2: Use of Resources

As our business nature is service focused, the main resources used in our daily operation are electricity, water and papers. In line with our Group’s policy, we encourage our employees to manage the resources used in an effective and efficient manner.

Energy consumption: With an emphasis on environmental protection and energy conservation, we have arranged all our electrical appliances and medical equipment to be set in energy saving mode. We also reduced excessive lighting and air-conditioning to minimise usage of cooling towers during low loading periods for air-conditioning. In 2017, the total energy consumption accounted to less than 15,000 kWh.

Water consumption: We encourage our employee to monitor the water usage in our East Coast Clinic, Orchard Clinic and Raffles Place Clinic (“Clinics”) on a monthly basis to identify sudden spikes in consumption as well as water leaking in the piping system. In 2017, the total water consumption accounted to less than 80 m³.

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Packaging material used: We are primarily involved with the dermatological and surgical practice, and the prescription of medication and skin-care products. These medication and skin-care products are manufactured, packed, and distributed by our suppliers. As our business nature is service focused, there was no significant of the amount of packaging material used in our daily operation. As such, we do not track the packaging material used for the products.

A3: The Environment and Natural Resources

Our business operations pose an insignificant impact toward environment and natural resources used. Based on our business nature, the natural resources which contributed to our daily operations are primarily from the usage of electricity, water and paper. In line with our Group's policies, we strive to minimise the impact to the environment by encouraging our employees to monitor and manage the consumption of these natural resources in a more efficient manner (mentioned under the section of "Use of Resources").

B: SOCIAL

B1: Employment

We emphasise the protection of labour rights, equal opportunity and non-discrimination in the workplace. We have a human resource policy that expresses our commitment to the ethical, professional and legal standards. In addition, our human resources policy and staff handbook were formulated in compliance with the relevant labour law of Singapore. Both documents contained the information related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. Furthermore, we are committed to provide a conducive working environment with strong emphasis on work-life balance. In 2017, we organised several team bonding activities such as internal bowling competition, short retreat for water sport activity as well as birthday celebrations for our employees. These activities have thus fostered a sense of belonging and loyalty amongst our employees.

B2: Health and Safety

Occupational health and safety is of utmost importance to the RMH's business operations. The RMH's Business Process Manual emphasises on safety procedures and awareness in handling medical devices during daily operations. Our in-house doctors are responsible for the provision of support and resources required to maintain safe and ideal working conditions within the Clinics. Furthermore, they are also responsible for the implementation and planning of proper administrative procedures, including adhering to an agreed reporting structure and investigation methodology in the event of an incident occurring within the workplace. In 2017, there were zero reported work-related injuries and RMH continuously strives to monitor and improve the safety standards of the workplace environment. Furthermore, there were no material breach with compliance with relevant laws and regulations that have a significant impact on us relating to providing a safe working environment and protecting employees from occupational hazards.

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B3: Development and Training

Here at RMH, our employees are critical to the operations and function of our business and we emphasise heavily on continual training so as to enhance staff performance and upgrade their professional skillsets. Our doctors and staff are encouraged to attend industry conferences, seminars and workshops as well as sharing sessions organised by our suppliers to keep abreast of evolving healthcare industry trends and standards. All these activities were carried out to ensure that our employees remain updated with relevant developments and are aware of the laws and regulations that govern the healthcare industry.

The following in-house training programmes are provided to further develop our employees' competencies:

- Training is provided by medical device suppliers or senior clinic staff in relation to the use of a new product or with regard to service related knowledge and also safety precautions of medical equipment
- During on-boarding session for new hires, training is provided by our in-house doctors to familiarise these new hires on daily operations and equipment handling procedures
- On-the-job assessments is also conducted by our in-house doctors for all of our professional staff to maintain the highest quality and standard of services to be provided to our clients

B4: Labour Standards

We respect the provisions outlined by the Labour Law in Singapore and have adopted a range of measures to ensure positive labour relations between management and our employees. For instance, we perform a stringent screening process on qualified candidates to ensure that they have reached the required minimum working age. In addition, we provide written labour contracts specifying their rights with regard to compensation and dismissal, working hours, rest periods, and other issues related to preventing forced labour. In 2017, there were no material breach with relevant laws and regulations recorded pertaining to child and forced labour.

B5: Supply Chain Management

We work closely with our suppliers to ensure a high quality and safety standards. A thorough due diligence is conducted prior to establishing any long-term business relationship with potential suppliers. Due diligence is conducted to ensure suppliers' compliance to trade laws and regulations as well as with the requirements within the RMH's Purchasing and Procurement Policy.

B6: Product Responsibility

We have formulated quality standards and purchasing guidelines in selecting and sourcing of skincare products. An approval must be obtained from our in-house doctors prior to the acceptance of any new over-the-counter skincare products that our Clinics will be distributing. In line with the RMH's Purchasing and Procurement Policy, we have implemented the following quality control procedures to our DS brand skincare products:

- In-house doctors to perform review on the medical journals, reports, commentaries as well as the list of ingredients used for the new type of skincare products to ensure the products are safe for user
- Management to request for few rounds of sample testing on the new skincare products to observe the quality consistency and to assess for potential defects

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- Sales and operation staff to perform inspection upon delivery of the new skincare products to ensure the following:
 - ✓ No physically damaged on the products
 - ✓ Products are not passed the expiry date
 - ✓ Private labels applied to containers are clear
 - ✓ Product specifications are tallied with agreed format
 - ✓ Quantity of products received are tallied with purchase order
- Sales and operation staff will perform the following inventory monitoring procedures:
 - ✓ Record the delivery and manufacturing date of products
 - ✓ Monitor and maintain the stock level for all the products in the inventory management system to ensure products do not exceed the expiry date
 - ✓ Perform regular check on the products to ensure products are in good condition
- Sales and operation staff to safeguard the privacy, confidentiality and security of customer data entrusted to RMH which is in line with the RMH's internal control manual.

In 2017, there were no material breach with relevant law and regulations relating to health and safety, advertising, labelling and privacy matters recorded pertaining to our products and services.

B7: Anti-Corruption

Within RMH, we have established our own internal Whistleblowing Policy to support the detection of fraud and corruption risks. Moreover, all of our employees have undergone an internal training to familiarise themselves with the RMH's internal Whistleblowing Policy and thus are required to comply. This is to prevent employees from obtaining personal interest from related parties who have connections with RMH through bribery, extortion and fraud. In 2017, RMH was in compliance with Prevention of Corruption Act in Singapore and we recorded zero material breaches with relevant law and regulations pertaining to bribery, extortion, fraud and money laundering.

B8: Community Investment

RMH has consistently been committed towards corporate social responsibility where it aims to promote and achieve a positive impact toward the community. We actively participate in medical conferences, seminars and workshops in Singapore and overseas. We encourage our in-house doctors and staff to attend these events as guest speakers or participants, thereby raising awareness of prevention and treatment of dermatological conditions toward the community. In addition, our executive Directors have also contributed articles to medical journals, which increases the industry awareness of our RMH and also contributed invaluable to consumers and professionals across the industry.

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ASPECT A: ENVIRONMENTAL		
General Disclosures (“GD”)/ Key Performance Indicators (“KPIs”)	Description	Chapter, Page Reference, and/or Explanation for Omissions
A1: EMISSIONS		
GD A1	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	A1: Emissions
KPI A1.1	The types of emissions and respective emissions data.	A1: Emissions
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	A1: Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	A1: Emissions
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	A1: Emissions
KPI A1.5	Description of measures to mitigate emissions and results achieved.	A1: Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	A1: Emissions

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A2: USE OF RESOURCES		
GD A2	Policies on the efficient use of resources, including energy, water and other raw materials.	A2: Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	A2: Use of Resources
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	A2: Use of Resources
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	A2: Use of Resources
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	A2: Use of Resources
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	A2: Use of Resources
A3: THE ENVIRONMENT AND NATURAL RESOURCES		
GD A3	Policies on minimising the issuer's significant impact on the environment and natural resources.	A3: The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	A3: The Environment and Natural Resources
ASPECT B: SOCIAL		
GD/KPIs	Description	Chapter, Page Reference, and/or Explanation for Omissions
B1: EMPLOYMENT		
GD B1	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	B1: Employment

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B2: HEALTH AND SAFETY		
GD B2	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	B2: Health and Safety
B3: DEVELOPMENT AND TRAINING		
GD B3	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	B3: Development and Training
B4: LABOUR STANDARDS		
GD B4	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	B4: Labour Standards
B5: SUPPLY CHAIN MANAGEMENT		
GD B5	Policies on managing environmental and social risks of the supply chain.	B5: Supply Chain Management
B6: PRODUCT RESPONSIBILITY		
GD B6	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	B6: Product Responsibility
B7: ANTI-CORRUPTION		
GD B7	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	B7: Anti-Corruption
B8: COMMUNITY INVESTMENT		
GD B8	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	B8: Community Investment