

Communication on Progress

Period covered (12 December 2012 to 12 December 2013)

12 December 2013

Statement of continued support by Chairman

To our stakeholders

I am pleased to confirm that YSH Group reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.

Sincerely Yours

Serge Pun
Chairman

Human Rights Principles

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses

Assessment, Policy and Goals

- YSH Group fully support the Universal Declaration of Human Rights to which all human beings are inherently entitled to.
- YSH Group respect and endorse all 30 articles published by the United Nations especially in terms of equal opportunity, anti-discrimination, right to life, liberty and security of person.
- In addition, in support of the Article 17 and 18, YSH Group recognise individuals' right to freedom of thought, conscience and religion including freedom of opinion and expression without interference.
- YSH Group Employee Handbook provides detailed information on the individual's rights and benefits within the business context and was prepared in accordance with Universal Declaration of Human Rights, ILO Core Conventions and applicable laws. The Handbook is reviewed and updated annually by Group HR to reflect the group's strategy & direction, changes in applicable law and to ensure its relevance in the current environment.

Implementation

- YSH Group have adopted a Code of Conduct which outlines the importance and responsibility of every employee to treat colleagues with respect and consideration. It prohibits improper behaviour including, but is not limited to, discrimination or harassment in any form such as bullying, intimidation, threats, ridicule, sexual, racial or verbal abuse, insults, gestures, wilful or serious insubordination, physical violence etc. The Code clearly states that YSH Group will not tolerate these behaviours and will take disciplinary action including termination or dismissal.
- The Group's 'Procedures for Reporting Improprieties' provides background on YSH Group's Whistle Blowing policy, information on complaint process and encourages employees to contact senior management as well as the Audit and Risk Management Committee directly should any employee and business associates wish to make a disclosure or raise a concern.
- In addition, as part of the Corporate Governance, YSH Group conducts Due Diligence process on any potential business opportunities to ensure our future business partners are not complicit in Human Right abuses.

Measurement of outcomes

- YSH Group conduct regular Risk Assessments including Human Right Risk assessment as part of the Annual Internal Audit program. It is noted that no cases of Human Right breaches, violations or complaints were identified nor reported during this reporting period.

Labour Principles

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation

Assessment, Policy and Goals

- YSH Group fully support the ILO eight fundamental core conventions on prohibition of forced labour, abolition of child labour, the right to organise in a trade union, and suffer no discrimination.
- YSH Group Employee Handbook provides detailed information on individuals' rights at work including (but not limited to) HR policies and procedures, wage standards, working hours, holiday and leave entitlements, benefits, career development, rights to equal treatment, job security and standards of conducts.

Implementation

- YSH Group clearly states the terms and conditions of the employment in job advertisements and provide clarification at the interview. In addition, employees are provided with written employment contracts which clearly outlines the terms and conditions of the employment including salary & benefits, leave policies, working hours, rights & responsibilities, performance appraisals and disciplinary procedures.
- YSH Group conduct annual performance appraisal and salary review where all employees are consulted on their performance, career plans and training requirements. All appraisals are recorded on a standard form and annual pay increase and bonus payments were made accordingly in recognition of their past contribution and future potential.
- In addition, Employee Induction Program is being developed which will promote awareness of rights and policies across the group.

Measurement of outcomes

- YSH Group HR monitors and provides monthly report on employee demographics by diversity factors.
- Labour Risk assessment is conducted across the group as part of the Annual Internal Audit program.
- In addition, remuneration adjustment recommendations were randomly audited by Risk Management to ensure consistency, fairness and transparency across the board.
- It is noted that there were no cases of breaches, violations or complaints were identified nor reported during this reporting period.

Environmental Principles

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies

Assessment, Policy and Goals

- Corporate Social Responsibility is one of the key focus areas for YSH Group and as such we have incorporated Environmental Risk Assessment as part of the internal audit process to identify, monitor and control our environmental performance.

Implementation

- Electronic communication is used across the group where possible and as evident in our email disclaimers, we promote the 'paperless culture' where employees are encouraged to 'read the documents on the screen' instead of printing.
- This is further supported by our 'cloud based' file sharing system which eliminate the need to print, photocopy and send paper-based documents.
- At our offsite locations, we are in the process for installing solar power panels to provide sustainable and renewal energy.
- We have also installed water treatment plants at our Real Estate development projects to provide sustainable and environmentally friendly water resources.

Measurement of outcomes

- In addition to the internal audit program, environmental impact assessments are conducted as part of the Due Dilligence process on any potential business prospects to ensure precautionary approach is taken to address the environmental challenges.
- It is noted that no cases of adverse impact or complaints were identified nor reported during this reporting period.

Anti-Corruption Principles

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Assessment, Policy and Goals

- YSH Group have adopted a Code of Conduct which sets out the principles to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity when dealing with its competitors, customers, suppliers, other employees and the community.
- YSH Group adopt a "zero tolerance" approach to fraud and has implemented a formal policy, the Whistleblower Protection Policy which sets out the procedures for reporting and investigating fraud in connection with the business and affairs of the Group.

Implementation

- 'Procedures for Reporting Improprieties' provides background on YSH Group's Whistle Blowing policy, information on complaint process and encourages employees to contact senior management as well as the Audit and Risk Management Committee directly should any employee and business associates wish to make a disclosure or raise a concern.
- Code of Conduct also clearly states that breaches of the Code will result in disciplinary action including termination or dismissal, as well as compensation for damage caused.
- YSH Group take pride in being a good corporate citizen and staff are constantly reminded on the Group's "zero tolerance" to corruption including extortion and bribery.

Measurement of outcomes

- Fraud Risk assessment is conducted across the group as part of the Annual Internal Audit program to ensure consistency with anti-corruption commitment.
- Depending on the nature and magnitude of the incident, in consultation with the relevant stakeholders appropriate disciplinary actions were taken including termination, dismissal, as well as compensation for damage caused.