

# SUSTAINABILITY REPORT



## BOARD STATEMENT

Rex International Holding aspires to create a sustainable business model by adopting best practices in the environment, social and governance (“ESG”) aspects of its business. Our sustainability objectives are to create long-term value for shareholders, our marketplace and customers, the communities we operate in, our people and the environment.

Sustainability efforts, including the oversight, management and monitoring of materiality topics at Rex International Holding, are led by the Company’s management team, which reports directly to the Board. The Company considers the following as building blocks for sustainability: corporate governance, business strategy, risk management, and metrics and targets. These building blocks are covered in the various sections of this Annual Report.

For this 2020 Sustainability Report, the Board has considered sustainability issues, and together with the management team, has determined the material ESG factors for the Group. For continuity, the six materiality topics identified in the 2018 sustainability report and retained in the 2019 sustainability report, remain unchanged.

Rex International Holding aims to review and evaluate these materiality topics regularly as well as progressively add metrics and targets to its business in its subsequent sustainability reports.

## ABOUT THIS SUSTAINABILITY REPORT

This is the fifth Sustainability Report by Rex International Holding, which is headquartered in Singapore. This Sustainability Report covers the financial year from 1 January to 31 December 2020 and is aligned with the Group’s financial year.

This report supplements information on the Company’s strategies and activities in relation to sustainability practices regarding ESG factors, which are covered in other parts of this Annual Report.

## GRI STANDARDS

This report has been prepared in accordance with the Global Report Initiative (GRI) Standards: Core option. The GRI Standards were chosen, given its longstanding universal application and robust guidance. The GRI content index and the relevant references are provided at the back of this report. This report is developed with reference to the primary components set out in SGX Catalyst Rules 711A and 711B on a ‘comply or explain’ basis.



The Company has also referenced the Sustainability Accounting Standards Board's (SASB) Oil & Gas Exploration & Production ("**E&P**") Sustainability Accounting Standard (October 2018) for sustainability issues most likely to impact the operating performance or financial condition of E&P companies, regardless of location. These issues include Environment; Social – Community Relations, Workforce Health & Safety; as well as Leadership & Governance – Business Ethics & Transparency, Risk Management, Legal & Regulatory Environment.

Unless otherwise stated, the report covers the ESG performance of Rex International Holding and its subsidiaries in Singapore, Norway and Oman. It is to be noted that the Human Capital performance indicators pertain only to staff in Rex International Holding.

The report can be read or downloaded from <https://www.rexih.com/>.

### **FEEDBACK**

Rex International Holding welcomes feedback from stakeholders on this report and how it can improve on its sustainability performance. Stakeholders can send their comments and suggestions to [info@rexih.com](mailto:info@rexih.com).

The Company will publish the Sustainability Report annually, to account for its performance and strategy on key ESG issues that matter to its stakeholders. This report is not externally assured.

### **APPROACH TO SUSTAINABILITY**

Since its listing on 31 July 2013, Rex International Holding has strived to create long-term growth to shareholders, offer investors a sound investment opportunity based on its game-changing technology, adopt responsible business practices and high corporate governance standards, lessen adverse impact to the environment, be an employer of choice and contribute back to communities where it operates.

### **STAKEHOLDER ENGAGEMENT**

The Company engages its internal and external stakeholders regularly through various communications channels for insights into their concerns and priorities. Such engagement with stakeholders allows the Company to identify, initiate, review and add to its sustainability efforts.

## SOCIETY

| STAKEHOLDER GROUPS | PURPOSE & GOAL  | MODES OF ENGAGEMENT   | KEY CONCERNS RAISED BY STAKEHOLDER GROUPS   |
|--------------------|---|---|---|
| <b>Community</b>   | <ul style="list-style-type: none"> <li>Contribute to the communities we operate in</li> </ul> | <ul style="list-style-type: none"> <li>Corporate social responsibility efforts</li> </ul> | <ul style="list-style-type: none"> <li>Environment</li> <li>Corporate philanthropy</li> </ul> |

## PEOPLE

| STAKEHOLDER GROUPS | PURPOSE & GOAL  | MODES OF ENGAGEMENT  | KEY CONCERNS RAISED BY STAKEHOLDER GROUPS   |
|--------------------|---|--|---|
| <b>Employees</b>   | <ul style="list-style-type: none"> <li>Inclusive environment with enhanced well-being and productivity, with opportunities to develop skills</li> </ul> | <ul style="list-style-type: none"> <li>Weekly internal meetings</li> <li>Employment incentives</li> <li>Training courses / seminars</li> <li>Staff bonding activities</li> </ul> | <ul style="list-style-type: none"> <li>Reward and recognition</li> <li>Training and career development</li> </ul> |

## MARKET PLACE AND CUSTOMERS

| STAKEHOLDER GROUPS   | PURPOSE & GOAL  | MODES OF ENGAGEMENT   | KEY CONCERNS RAISED BY STAKEHOLDER GROUPS   |
|--|---|---|---|
| <b>Shareholders &amp; Investors – institutional investors, analysts, retail shareholders</b> | <ul style="list-style-type: none"> <li>Provide timely and accurate information to shareholders and the investing public</li> </ul>  | <ul style="list-style-type: none"> <li>Dedicated Investor Relations section on the company's website</li> <li>SGXNet announcements</li> <li>Annual / Extraordinary General Meetings</li> <li>Half-yearly Financial Reports</li> <li>Annual Reports / Circulars</li> <li>Meetings / calls with investors and analysts, roadshows and conferences</li> <li>Corporate and marketing videos, factsheets</li> <li>Communications via email and social media</li> </ul> | <ul style="list-style-type: none"> <li>Business performance and strategy</li> <li>Debt position</li> <li>Sustainable delivery of returns</li> <li>Industry conditions</li> <li>Market presence</li> </ul> |
| <b>Partners and Clients</b>  | <ul style="list-style-type: none"> <li>Collaborative efforts with partners to find oil in exploration drilling campaigns</li> <li>Provide timely and accurate Rex Virtual Drilling ("RVD") analyses to clients</li> </ul> | <ul style="list-style-type: none"> <li>Regular meetings, feedback and correspondences</li> <li>Electronic communications</li> </ul>   | <ul style="list-style-type: none"> <li>Timely financial contribution to exploration drillings</li> <li>Fast and accurate RVD analyses</li> <li>Environmental, health &amp; safety</li> </ul>              |
| <b>Regulators and service providers</b>  | <ul style="list-style-type: none"> <li>Compliance with government policies, rules and regulations</li> <li>Fair and reasonable treatment</li> </ul>   | <ul style="list-style-type: none"> <li>Regular meetings, feedback and correspondences</li> </ul>  | <ul style="list-style-type: none"> <li>Compliance with rules and regulations</li> <li>Sharing of best practices</li> </ul>  |

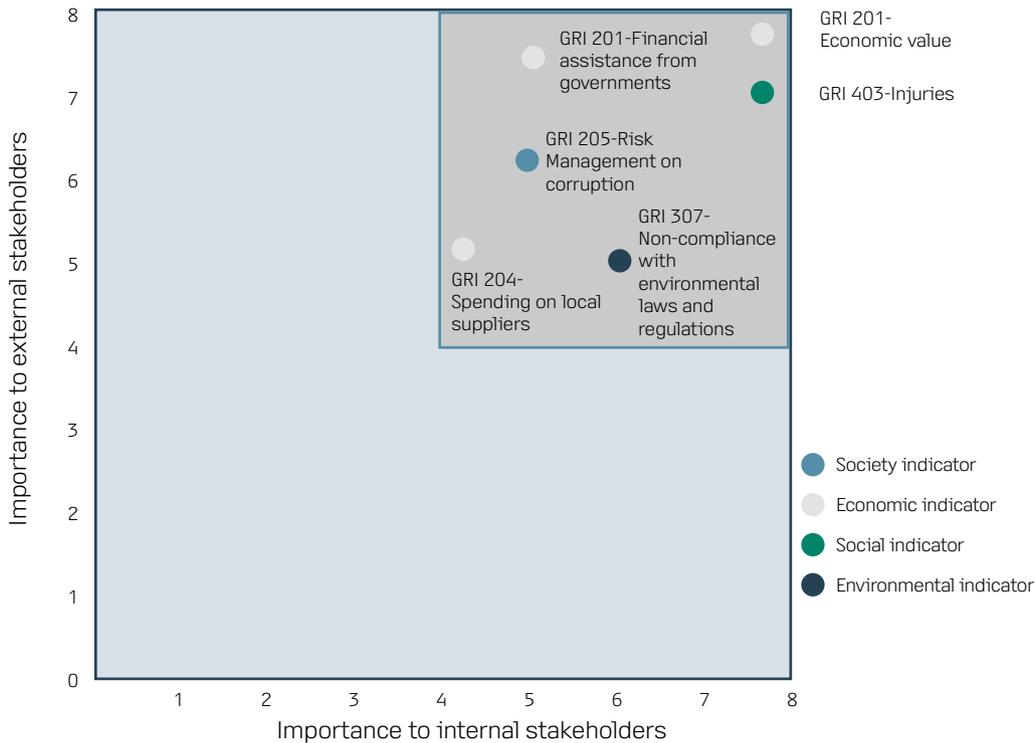
## MATERIALITY ASSESSMENT

A materiality assessment was conducted by the Management, referencing the GRI Standards, to define the key material topics for Rex International Holding, against the backdrop of continued volatility in oil prices, heightened climate change activism, breaches in business ethics and trust, as well as changing investor expectations on the role of corporates.

The Group identified the materiality topics after having considered value drivers for the Group, feedback from stakeholder engagements, risk management policies in place, markets in which the Group operates, and the Group's business strategies and activities in these markets.

The Group identified, rated, prioritised, and then validated the materiality topics. For FY2020, the six material topics, identified in FY2019, have been maintained. The Management and Board have reviewed and endorsed the following materiality matrix:

**MATERIALITY MATRIX**



**MATERIAL TOPICS SELECTED FOR SUSTAINABILITY REPORTING**

**ENVIRONMENT**

| ESG ISSUES               | MAPPED TO GRI ASPECTS  |
|--------------------------|--|
| Environmental Compliance | GRI 307-1 – Non-compliance with environmental laws and regulations |

**SOCIAL AND SOCIETY**

| ESG ISSUES               | MAPPED TO GRI ASPECTS   |
|--------------------------|---|
| Worker Health and Safety | GRI 403-2 – Injury, lost days and total number of work-related fatalities, by region and by gender                              |
| Risk Management          | GRI 205-1 – Total number and percentage of operations assessed for risks related to corruption and significant risks identified |

**ECONOMIC**

| ESG ISSUES                            | MAPPED TO GRI ASPECTS                                     |
|---------------------------------------|---|
| Economic and financial performance    | GRI 201-1 - Economic value generated and distributed      |
| Economic consideration for investment | GRI 201-4 – Financial assistance received from government |
| Procurement Practices                 | GRI 204-1 – Spending on local suppliers                   |

## TARGETS FOR MATERIAL TOPICS

## ENVIRONMENT

|   | TARGETS          | FY2020 ACHIEVEMENTS       |
|---|------------------|---------------------------|
| <b>Compliance with environmental laws and regulations</b> | 100% compliance. | 100% compliance achieved. |

## SOCIAL &amp; SOCIETY

|                                   | TARGETS   | FY2020 ACHIEVEMENTS  |
|-----------------------------------|---|--|
| <b>Employee health and safety</b> | Zero fatality rate. No down time related to Health, Safety, Security and Environment ("HSSE") issues. | Norway: Zero fatality rate and no HSSE issues in the drilling of the Apollonia well in which LPA participated.<br><br>Oman: Zero fatality rate in the drilling of the Yumna 1 and Yumna 2 wells, in which subsidiary Masirah Oil Ltd ("MOL") is the operator. There were no major HSSE issues. |
| <b>Anti-corruption</b>            | Zero tolerance towards fraud, corruption and unethical actions.                                       | No instance of whistle-blowing, and no instances of bribery or corruption have been identified in FY2020.  |

## ECONOMIC

|   | TARGETS   | FY2020 ACHIEVEMENTS   |
|---|---|---|
| <b>Economic value</b>                       | <ul style="list-style-type: none"> <li>Short-term goal: To unlock value by achieving more oil discoveries and building up on its contingent resources and reserves.</li> <li>Short-term goal: To unlock value by selling oil-in-the-ground.</li> <li>Short-term goal: To have commercial oil production as stable revenue stream</li> <li>Long-term goal: To generate sustainable income from operations.</li> <li>Long-term goal: To continue to have economically sustainable oil production and continue to pursue a portfolio of exploration assets.</li> </ul> | <p>Norway:</p> <ul style="list-style-type: none"> <li>The Apollonia gas discovery in PL263D/E was estimated with recoverable reserves of between three and 10 million barrels of oil equivalent. This discovery will be evaluated together with other discoveries and prospects in the vicinity for further exploration and commerciality.</li> </ul> <p>Oman:</p> <ul style="list-style-type: none"> <li>Achieved first oil and awarded Declaration of Commerciality in Block 50 in July 2020.</li> <li>Spudded Yumna 2 development well in December 2020.</li> </ul> <p>Group:</p> <ul style="list-style-type: none"> <li>Achieved US\$7.82 million profit after tax in 2H 2020 following the revenue stream in Oman.</li> <li>EBITDA for 2H FY2020: +US\$18.28 million<br/>EBITDA for FY2020: +US\$3.81 million</li> </ul> |
| <b>Financial assistance from government</b> | <p>To invest in exploration assets in jurisdictions that offer attractive tax incentives:</p> <ul style="list-style-type: none"> <li>Norway: Annual cash refunds for 78 per cent of all exploration expenditures are given annually.</li> <li>Oman: Cost recovery pool can be reclaimed after declaration of commerciality.</li> </ul>  | <ul style="list-style-type: none"> <li>Norway: Lime Petroleum AS ("LPA") received US\$18.78 million in tax refunds from the Norwegian government, compared to US\$28.80 million in FY2019.</li> </ul>   |
| <b>Sustainable Supply Chain Management</b>  | To procure all services from local suppliers, provided they can deliver the required quality on cost and time.  | Majority of contracts for the drilling of the Apollonia and Yumna 2 wells were procured from local service providers.   |

It is to be noted that the targets for the materiality topics, which form part of the corporate performance objectives, are linked to the variable component of the remuneration for the Executive Directors and key management personnel.

Further information on the performance criteria for remuneration can be found in the Corporate Governance section of this Annual Report.



## SUSTAINABILITY GOVERNANCE

The Management, headed by the Chief Executive Officer, oversees sustainability at Rex International Holding. This sets the tone for the integration of business and sustainability strategy from the top. Management also reviews the Company's sustainability strategy, approach and performance.

Rex International Holding was ranked No. 55 in the Singapore Governance and Transparency Index (SGTI) 2020, from No. 123 in 2019. A total of 577 companies listed on both the Singapore Exchange's Mainboard and Catalist were covered in the general category. The Company achieved a score of 88, up from a score of 72 in 2019 and a score of 69 in 2018. The mean score for 2020 was 67.9. The Company continued to be the highest ranked among Singapore-listed oil exploration & production companies for the fifth consecutive year.

Rex International Holding had adopted the Code of Corporate Governance 2018 (the "Code") for its Corporate Governance report since 2020, for its 2019 Annual Report. According to KPMG, a mere 14% of Singapore listed companies were early adopters of the Code in 2019 based on preliminary research of 160 companies available as at 31 January 2020.

Investor-One, an online portal providing free and convenient access to relevant information of all stocks listed on the Singapore Exchange (SGX), mentioned in the report dated 4 December 2020 that Rex International Holding only suffered a negative return of 5.95% and 13.56% for a period of three months and one year respectively, despite the sluggish performance of global oil prices in 2020. However, in the long horizon, Rex has registered a shareholder return of 119.44% and 203.85% in a period of two years and three years respectively. This can be seen from the positivity from the go-ahead of the development of the oil fields in Oman and Norway.

Rex International Holding is the winner of The Edge Singapore's Centurion Club 2020, for Highest Shareholders Returns in the Applied Resources, Energy – Fossil Fuels and Mineral Resources sector; with a Shareholder Returns Compound Average Growth Rate (CAGR) of 55.2% over three years. The Centurion Club rates companies with market values of between S\$100 million and below S\$1 billion.



## ECONOMIC

### Economic and financial performance \*

The Company's short-term goal is to unlock value by achieving more oil discoveries in its exploration assets and building up on its contingent resources and reserves.

The Company's long-term goal is to be continually profitable.

Details of the Company's economic and financial performance are found in the Financial Statements section of this Annual Report.

### Financial assistance received from the government \*

With oil exploration being a capital-intensive industry, the Company looks to invest in exploration assets in jurisdictions that offer attractive tax incentives. Incentives or financial assistance from the governments in these jurisdictions are a key determining factor for the Group's investment decisions as these will have a bearing on the Group's return on investment in the long term.

In Norway, the Company's subsidiary LPA was established in 2012 and became a Pre-qualified Petroleum Company in February 2013. Hence, the company is eligible for tax rebates of 78% of all oil exploration costs, regardless of any oil discovery or not. This allows the Group to participate in a highly developed oil market among reputed operators in

Norway. In FY2020, LPA received US\$18.78 million in tax rebates from the Norwegian government, compared to US\$28.80 million in FY2019.

In Oman, an audit of recoverable costs and proposed budget are regularly presented to the Omani Ministry of Energy and Minerals for approval.

This aspect would continue to be a major consideration for the Company's investment decisions in the future.

In Singapore, the Company received about US\$68,000 under the government's Jobs Support Scheme, a wage subsidy programme to help companies retain and pay their workers as businesses take a hit from the impact of COVID-19.

### Procurement practices \*

The Group has in place a detailed tender process for the appointment of contractors and service providers and spending on local suppliers.

Authorisation of Expenditure by the associated partners in a licence before the start of any drilling project is required. This is preceded by detailed documentation of the proposed capital expenditure related to exploration, development and production.

\* Material issue



## SOCIAL

### Worker Health & Safety \*

The upstream or oil E&P sector is a capital and labour intensive sector that carries significant risks. The drilling of exploratory wells requires a technically specialised crew to be on-site for weeks in a potentially combustible environment. As such, the Company considers worker health and safety to be a material ESG factor.

Operators managing exploration drillings in which the Company participates have to adhere to strict HSSE regulations and are subject to prequalification and audit for every drilling undertaken in the respective jurisdictions.

Where Rex International Holding or any of its subsidiaries is the operator, risks associated with our operations are managed through the implementation of our Operations Risk Management System (“**ORMS**”). The ORMS is adapted to the local rules and regulations in each jurisdiction where necessary.

The Group aims to have zero major injuries and fatalities in drilling campaigns and no downtime related to HSSE issues whereby its subsidiary is the operator.

The Group participated in one drilling in Norway and two drillings in Oman in 2020. No major injuries nor fatalities were sustained during these drilling operations and no days were lost due to any HSSE issues.

Safety training is compulsory for all crew working offshore and safety meetings and work briefings are held with the contractors’ staff on a regular basis.

With the outbreak of the Covid-19 pandemic, the Singapore-based team started working from home since mid-March 2020, adhering to the government’s efforts to curb the community spread of Covid-19.

\* Material issue

### HSSE management in Oman

The Group's subsidiary, MOL, started production operations in 2020. Key HSSE statistics are as follows:

Total man hours clocked: 382,521  
 Number of HSSE Audit/Reviews: 12  
 Number of HSSE & Operations meetings held: 322

During the year, MOL conducted a joint emergency drill with local authorities, managed the safe transfer of oil cargo between two tankers at sea, and continued reviewing and updating procedures, and risk registers related to Block 50 Oman's operations.

Measures were also taken to ensure business continuity and safety of all workers during the Covid-19 pandemic. There were no cases of Covid-19 infection reported among the operator and the contractor teams.

### Respect for Human Rights

The Company agrees with international human rights conventions, such as the Universal Declaration of Human Rights and the International Labour Organisation (ILO) Conventions, against coerced labour, modern slavery and discrimination in any form, in any jurisdiction. In all its business activities, the Group complies with applicable laws, employ best industry practices and act in an ethical, sustainable and socially responsible manner, practice good corporate governance and respect internationally recognised human rights principles in its areas of operation.

### Talent Management

As a relatively young company, the Company considers human capital as one of its key assets. The Company aims to inculcate its values of innovation, integrity and entrepreneurship among its staff by availing learning and development opportunities to them.

In 2020, the Company's employees have been assessed against a set of internal performance targets, which also includes ESG targets.

Rex International Holding offers fair compensation packages, based on practices of pay-for-performance and promotion based on merit, to its employees. Employees are also entitled to medical and parental leave, as well as various healthcare and insurance subsidies.

### Staff Development

The provision of appropriate development and training opportunities to employees is one of the key internal performance targets monitored by the Company. In 2020, employees in Singapore attended a variety of seminars and webinars despite the restrictions put in place by the Singapore government to prevent the spread of Covid-19 in Singapore for most part of the year, averaging 4.6 hours of staff training per employee.

### Finance

Deloitte - Impairment Issues in the Midst of Volatility  
 Accounting Update Series  
 Deloitte - FRS update

### Corporate Governance

KPMG - Corporate Governance Code briefing

### Management

The Business Times - Cutting Edge - Navigating the Virtual and Digital Economy

The Company also engages its employees and seeks to forge stronger relationships through regular social events and feedback channels.

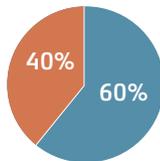
### Fair labour practices and diversity

The Company believes that everyone deserves to work in an environment where he/she is treated with dignity and respect and is committed to creating such an environment to bring out the full potential in its employees, which, in turn, contributes directly to the success of its business. Rex International Holding is committed to providing a favourable workplace that has fair welfare and compensation, as well as workplace health and safety, and is free of discrimination and all types of abusive, offensive or harassing behaviour.

Rex International Holding is an equal opportunity employer and is fully committed to creating and maintaining an organisation that embraces and celebrates diversity. The Group's employees are recruited based on merit, regardless of age, ethnicity, gender, religion, marital status and disability, and each individual is treated with equal respect. Diversity allows the Company access to a greater pool of talent and can help to drive better business performance over time.

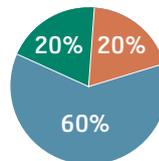
In FY2020, there were no departures nor new hires.

#### Nationality



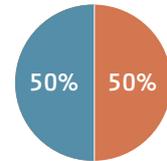
■ Singaporean/PR ■ Foreigners

#### Age



■ 20-40 ■ 41-60 ■ >60

#### Gender



■ Male ■ Female

Note: Charts are for Rex International Holding Limited only; excludes subsidiaries.



## SOCIETY

### Risk Management

The Company views Risk Management as a key governance factor and is committed to maintaining a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets.

A Risk Management Committee, overseen by the Audit Committee, is in place. KPMG Services Pte. Ltd. (KPMG), an independent third party, developed a Board Assurance Framework that includes an enterprise risk management framework to assess the Company's evolving risk profile and risk mitigation plans in FY2013. An in-house Risk Management Committee now oversees risk governance and ensures that a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets is maintained.

The Risk Management Committee has considered in detail the most material risks for the Company which include strategic, financial, operational, compliance, fraud and corruption, litigation and cyber security risks. Further details of the Company's enterprise risk

management framework and internal controls are found in the Corporate Governance section of this Annual Report.

Regular discussions are held with our employees to focus on addressing any specific risks identified from time to time in connection with the Group's operations. The Group also carries out follow-up reviews from time to time to ensure the effective implementation of our risk management procedures. The Company aims to continue to mitigate risks effectively and to ensure that internal controls remain robust.

### Code of Conduct & Ethics Policy \*

All board committees are chaired by independent non-executive Directors.

Each year, the Nominating Committee undertakes a process to evaluate the effectiveness of the Board as a whole and the Board Committees, facilitated by an independent external consultant, if and when necessary. More details are found in the Corporate Governance section of this Annual Report.

\* Material issue

The Company has in place a code of ethics and business conduct policy and a conflict of interest policy, which encompass the Company's zero tolerance stance against bribery and corruption. A whistle-blowing policy is also in place. There was no incidence of whistle-blowing, bribery or corruption, anti-competitive behaviour nor fines for non-compliance with the law in FY2020, as was the case for each consecutive financial year since the Company's listing in July 2013.

The Company's internal audit function is outsourced to Ernst & Young Advisory Pte Ltd. More details on the role and activities of the internal auditors, as well as details of the Group's whistle-blowing policy and oversight thereof can be found in the Corporate Governance section of this Annual Report.

### **Competition**

The Company is dedicated to ethical, fair and vigorous competition. The Company promotes its products and services based on their merit, superior quality, functionality and competitive pricing. The Company also strives to practice fair competition in all business transactions. The Company discloses any information which is important to a business transaction, in a manner such that none of its competitors will have an unfair advantage over others. Confidentiality with regard to pricing and proprietary information will also be maintained.

### **Data Privacy and Protection**

We conduct our business in compliance with the Personal Data Protection Act (PDPA) in Singapore and the European Union General Data Protection Regulation (GDPR).

### **Community**

As a young company, we aspire to do good in the communities we operate in. In 2020, Rex International Holding's Singapore office donated food hampers to the Boys' Brigade Share-A-Gift (BBSG) 2020 project, which aimed to reach 41,423 beneficiaries.



## PRODUCT RESPONSIBILITY

### Marketplace & Customers

The Company had previously used its proprietary technology RVD on its own assets. With the collapse of oil prices since mid-2014, the Company has made the strategic decision to also offer RVD as a service for oil exploration companies, as an additional tool to de-risk their assets.

Research and development efforts on RVD have continued unabated during the past few years. The latest version of RVD is even more accurate and faster than previous versions, allowing Rex to scale up on the number of licences to be analysed at any one time.

Continued to strive towards compliance with privacy protection rules with regard to shareholders and customers.

In marketing communications, the Company strives for a high standard in fair marketing communications.

The Company aims to garner more external clients for its RVD services in 2021.



## ENVIRONMENT

### Environmental Compliance \*

The Group is committed to participating in oil exploration and production projects that minimise the impact of its activities on the surrounding natural environment, particularly in environmentally sensitive areas or areas with elevated operational risks, such as deep water or high-pressure areas.

In FY2020, Rex International Holding's subsidiary LPA participated in the drilling of an exploration well on the Apollonia prospect in the Norwegian Sea licences PL263D/E which resulted in a gas discovery. The operator, Equinor Energy AS, had performed extensive environmental baseline and impact studies prior to the drilling, in order to ensure protection of the environment.

In Oman, Rex International Holding's subsidiary MOL has an in-house HSSE manager to oversee drilling and production activities. A third-party consultancy firm has been appointed to carry out the Environmental Impact Assessment report.

### Reducing Carbon Footprint

The Group's proprietary liquid hydrocarbon indicator, the RVD technology, empowers the Group to have a higher chance of success in finding oil, and in turn, minimises the use of resources and the adverse impact on the environment as fewer dry wells will be drilled.

The Group recognises the global trend to move from fossil fuel towards clean and sustainable energy. Renewables are also quickly representing the largest growth area in new energy supply. In 2019, the Company obtained shareholders' approval to diversify its business into sustainable energy, sustainable solutions for materials and development in various industries, and ownership or acquisition of related technology. The Group will, if the right opportunities arise, consider investments in these fields.

With SGX allowing the move towards electronic transmission of shareholder documents with effect from March 2017, the Company obtained shareholders'

\* Material issue

approval at its 2018 Annual General Meeting to change its Constitution accordingly so as to adopt the e-communication regime for its shareholder base, as part of its sustainability efforts and to reduce operational costs. Since 2019, the Company has stopped mailing out physical copies of its annual reports and extraordinary general meeting circulars, unless specifically requested. Shareholders can view the aforementioned reports on the Company's website <https://www.rexih.com/>.

In 2020, the Company's savings in annual report production cost was 11.7% while savings in postage cost was close to 100% from the previous year, as Notices of the Annual General Meeting and the Extraordinary General Meeting were not required to be physically posted to shareholders, in line with the "Additional Guidance on the Conduct of General Meetings During Elevated Safe Distancing Period" joint statement issued by the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and SGX RegCo on 13 April 2020, when Covid-19 'circuit breaker' measures were implemented by the Singapore government.

The Company's 2020 Annual General Meeting and Extraordinary General Meeting were held by way of electronic means only. The Company received a S\$5,000 grant under the SGX Care Package for qualifying issuers to help them facilitate general meetings amid social distancing, travel and visitor restrictions during the Covid-19 pandemic.

Despite its lean staff strength, the Company has made efforts to reduce energy consumption in its Singapore office. Rex International Holding participated in the "Green the Red Dot" movement on Eco Action Day, Singapore's largest business-led environmental awareness campaign encouraging awareness and action for the environment. This campaign supported the World Environment Day on 5 June 2020 and is a registered Sustainable Development Goals Partnership Platform. All pledges will contribute to the Climate Action Pledges by the Singapore Ministry of the Environment and Water Resources.

The Company pledged the following:

- Set all electronic equipment to energy saving mode (PCs, Laptops, Photocopiers)
- Avoid switching on lights in areas where natural light is abundantly available
- Switch to LED lights
- Assign a proper recycling company to collect recycled waste, used office equipment, and toner cartridges and bottles
- Encourage staff to use their own mugs and containers for takeaways
- Encourage staff to read e-mail via PC instead of printing
- Set office printers to automatic double-sided printing mode to save on paper consumption
- Set office print option to black & white printing to consume less ink
- Make mugs and cutlery freely available in the pantry, to help staff use fewer disposable cups and cutlery
- Use teleconferencing and videoconferencing technologies to reduce overseas travel for business meetings
- Use refillable pens and markers
- Replacing equipment parts instead of purchasing new devices

The Singapore office's electricity consumption in 2020 was 13.5% lower than that in 2019, compared to a 6.5% reduction in 2019 from 2018 and a 3% reduction in 2018 from 2017. Water consumption increased by 14.5% from 2019, compared to a 3.5% increase in 2019 from 2018, and no change between 2018 and 2017. The Company aims to continue the trend of conservation in the coming year.

**GRI INDEX TABLE****GENERAL STANDARD DISCLOSURES**

| ITEM                       | DESCRIPTION  | PAGE REFERENCE AND REMARKS   |
|----------------------------|--|--|
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| GRI 102-15                 | Key impacts, risks and opportunities                         | 4-9  |
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| GRI 102-2                  | Activities, brands, products, and/or services                | 1  |
| GRI 102-3                  | Location of headquarters                                     | 1, 10  |
| GRI 102-4                  | Location of operations                                       | 2, 22-37   |
| GRI 102-5                  | Ownership and legal form                                     | 2  |
| GRI 102-6                  | Markets served   | 22-37  |
| GRI 102-7                  | Scale of the organisation                                    | 2, 3, 4-9  |
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| GRI 102-41                 | Collective bargaining agreements                             | NA   |
| GRI 201-9                  | Supply chain   | 47   |
| GRI 102-10                 | Significant changes to the organisation and its supply chain | NA   |
| GRI 102-11                 | Precautionary principle or approach                          | NA   |
| GRI 102-12                 | External initiatives   | NA   |
| GRI 102-13                 | Membership of associations                                   | Member of Singapore Business Federation and Investor Relations Practitioners' Association of Singapore |
| GRI 102-45                 | Entities included in the consolidated financial statements   |  |
| GRI 102-46                 | Defining report content and topic boundaries                 | 44-58  |
| GRI 102-47                 | List of material topics                                      | 44-58  |
| GRI 102-48                 | Restatements of information                                  | Nil  |
| GRI 102-49                 | Changes in reporting   | Nil  |
| GRI 102-40                 | List of stakeholder groups                                   | 46   |
| GRI 102-42                 | Identifying and selecting stakeholders                       | 46-47  |
| GRI 102-43                 | Approach to stakeholder engagement                           | 45-47  |
| GRI 102-44                 | Key topics and concerns raised                               | 44-58  |
| GRI 102-50                 | Reporting period   | 44   |
| GRI 102-51                 | Date of most recent report                                   | 44   |
| GRI 102-52                 | Reporting cycle  | 44   |
| GRI 102-53                 | Contact point for questions regarding the report             | 45   |
| GRI 102-54                 | Claims of reporting in accordance with the GRI Standards     | 44   |
| GRI 102-55                 | GRI content index  | 59, 60   |
| GRI 102-56                 | External assurance   | Nil  |
| GRI 102-18                 | Governance structure   | 61-102   |
| GRI 102-16                 | Values, principles, standards and norms of behaviour         | 1, 50-58   |
| GRI 102-17                 | Mechanisms for advice and concerns about ethics              | 54-55, 90  |
| <b>Management Approach</b> |  |  |
| GRI-103-1                  | Explanation of the material topic and its boundary           | 46-48  |
| GRI 103-2                  | The management approach and its components                   | -  |
| GRI 103-3                  | Evaluation of the management approach                        | -  |

**SPECIFIC STANDARD DISCLOSURES**

| <b>PERFORMANCE INDICATORS</b>         |  |            |
|---------------------------------------|--|------------|
| <b>Economic Performance</b>           |  |            |
| GRI 201-1                             | Direct economic value generated and distributed  | 3, 40-41   |
| GRI 201-4                             | Financial assistance received from government  | 32, 47, 50 |
| <b>Market Presence</b>                |  |            |
| GRI 202-2                             | Proportion of senior management hired from local community   | 53         |
| <b>Procurement Practices</b>          |  |            |
| GRI 204-1                             | Proportion of spending on local suppliers  | 48, 50     |
| <b>Energy</b>                         |  |            |
| GRI 302-1                             | Energy consumption within the organisation   | 58         |
| <b>Effluents and Waste</b>            |  |            |
| GRI 306-3                             | Significant spills   | Nil        |
| <b>Environmental Compliance</b>       |  |            |
| GRI 307-1                             | Non-compliance with environmental laws and regulations   | Nil        |
| <b>Employment</b>                     |  |            |
| GRI 401-1                             | New employee hires and employee turnover   | 53         |
| GRI 401-3                             | Parental leave   | 52         |
| <b>Occupational Health and Safety</b> |  |            |
| GRI 403-2                             | Types of injury and rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities | 48, 52     |
| <b>Training and Education</b>         |  |            |
| GRI 404-2                             | Programmes for upgrading employee skills and transition assistance programmes  | 52         |
| <b>Non-Discrimination</b>             |  |            |
| GRI 406-1                             | Incidents of discrimination and corrective actions taken   | Nil        |
| <b>Anti-Corruption</b>                |  |            |
| GRI 205-1                             | Operations assessed for risks related to corruption  | 85         |
| GRI 205-2                             | Communication and training on anti-corruption policies and procedures  | 54-55      |
| GRI 205-3                             | Confirmed incidents of corruption and actions taken  | Nil        |
| <b>Marketing &amp; Labelling</b>      |  |            |
| GRI 417-3                             | Incidence of non-compliance concerning marketing communications  | Nil        |
| <b>Customer Privacy</b>               |  |            |
| GRI 418-1                             | Substantiated complaints regarding breaches of customer privacy and loss of data   | Nil        |

**10 UN GLOBAL COMPACT PRINCIPLES**

| <b>PRINCIPLE</b>       | <b>DESCRIPTION</b>   | <b>PAGE REFERENCE</b> |
|------------------------|--|-----------------------|
| <b>Human Rights</b>    |  |                       |
| Principle 1            | Businesses should support and respect the protection of internationally proclaimed human rights; and                     | 52                    |
| Principle 2            | Make sure that they are not complicit in human rights abuses.  | 52                    |
| <b>Labour</b>          |  |                       |
| Principle 3            | Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; | 55                    |
| Principle 4            | The elimination of all forms of forced and compulsory labour;  | 52                    |
| Principle 5            | The effective abolition of child labour; and   | 52                    |
| Principle 6            | The elimination of discrimination in respect of employment and occupation.   | 53                    |
| <b>Environment</b>     |  |                       |
| Principle 7            | Businesses should support a precautionary approach to environmental challenges;  | 57-58                 |
| Principle 8            | Undertake initiatives to promote greater environmental responsibility; and   | 57-58                 |
| Principle 9            | Encourage the development and diffusion of environmentally friendly technologies.  | 57-58                 |
| <b>Anti-Corruption</b> |  |                       |
| Principle 10           | Businesses should work against corruption in all its forms, including extortion and bribery.                             | 54-55                 |