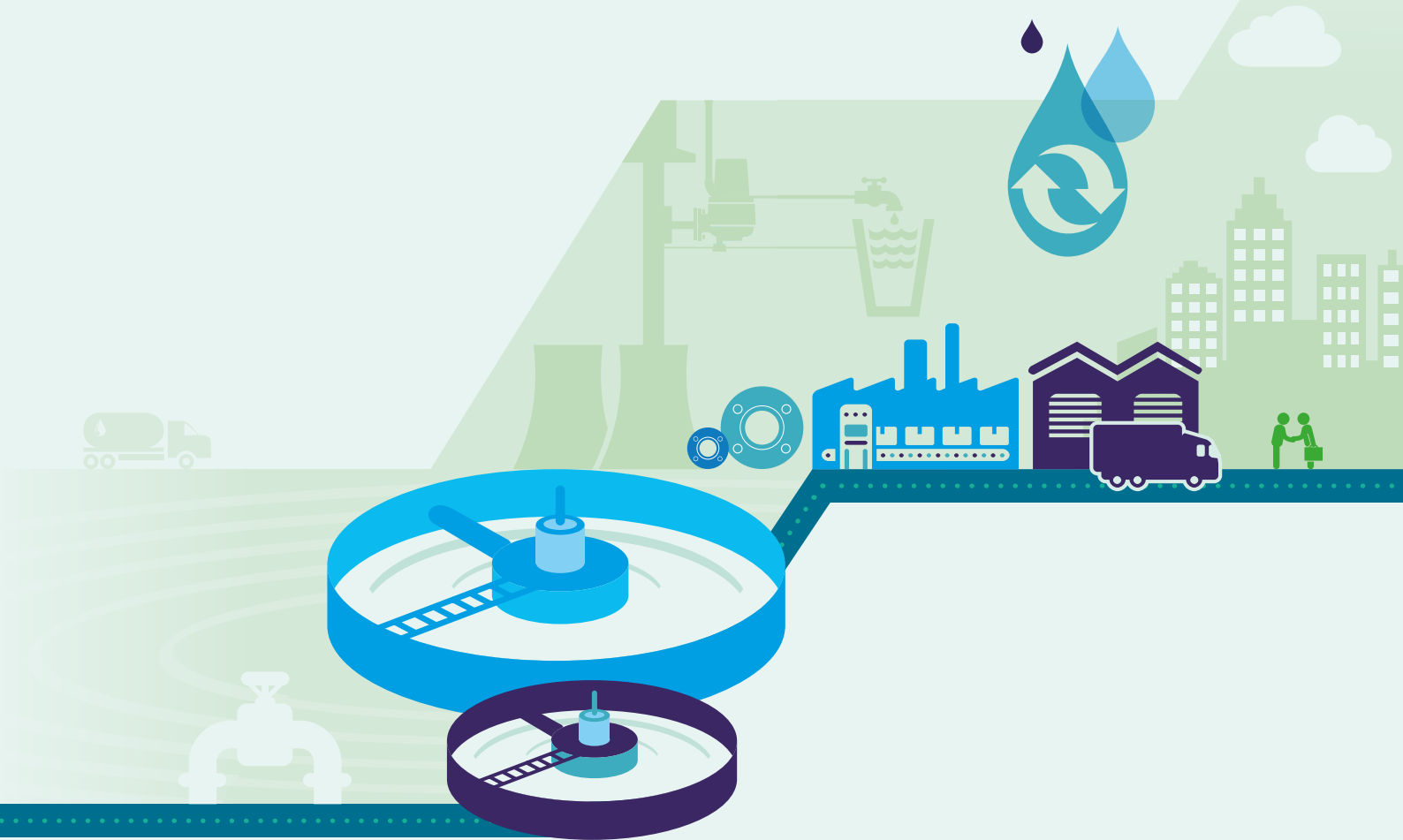
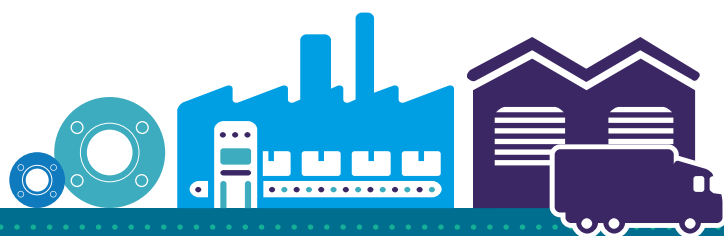


# SUSTAINABILITY REPORT 2017



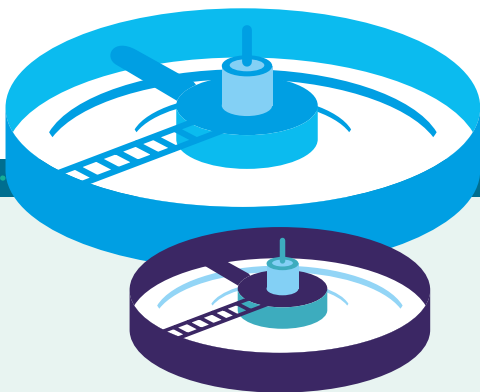
AnnAik believes sustainability is important for business as it believes that most successful companies in the world today do not just embrace sustainability as a supporting function but ensure that it is integrated into every function of their operations. We pursue our business goals and drive our sustainability initiatives forward so as to balance economic prosperity with Corporate Social Responsibility together.



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## COMMITMENT TO THE ENVIRONMENT

We conduct business in a manner that respects the environment by minimising the Group's carbon footprint, reducing its consumption of resources and expanding its recycling initiatives. The Management has started to put into best practice to support vendors that are Eco friendly and not purely based on initiative that generate savings to the Group.

As follows are some Corporate actions implemented in FY 2017 which directly or indirectly affirm our commitment.



Any corporate event that required food and beverages, we will only use "Green" vendor and restaurant.



Reduce usage of paper by using recycle paper for internal usage, implementing paperless working environment eg. E-invoices and E-statement to customer.



All stationery used will only be Eco-friendly brand or from environmental friendly vendor.



Any waste paper, scrap metal and old electronics equipment will be collected and sent to recycling company.



All staff will be reminded to switch off all lighting, air conditioner and other electrical appliance when not in use.

## COMMITMENT TO OUR EMPLOYEES

We take our responsibility to provide a healthy and safe working environment seriously. We believe that all workplace incidents can be prevented through a company-wide adoption and acceptance of a detailed management system. To achieve this, we have introduced our Health and Safety initiatives as follows:



Conduct safety course for new staff and also refresher course for all staff on annual basis.



Train first aiders.



Besides safety, we also conduct talks related to health, financial, family life etc.

We understand that people are key assets to the Group. To create an engaging and holistic environment where our people are able to deliver their best work, we are committed to offering equal opportunities for personal and career development as well as ensuring they are well taken care of. The Group does this to attract and keep good people in our company.

To nurture our people, we also encourage them to balance meaningful careers with their health and family time. We enable our employees to achieve their professional goals by setting career development roadmaps, offering flexible work arrangements for employees who most require it and by supporting fair employment.

## COMMITMENT TO THE COMMUNITY

Recognising that the well-being of our community has a strong correlation to ours and to sustain our community engagement in FY2017. The Group has jointly supported the following events.

The **Clean Plate Campaign 2017** organised by "Food From The Heart" in the month of September for World Food Day at South View Primary School to create awareness to the children so as not to waste food.



Creating a Clean Environment for Pre-schoolers organised by "Jollytots Child Care & Development Centre Pte Ltd" in the month of November to maintain the cleanliness and hygiene of the childcare centre.



## COMMITMENT TO SHAREHOLDERS

The Group actively keep shareholders informed with the latest performance, strategic and corporate developments of the Group.

Providing accurate, relevant and transparent information to the marketplace in a timely manner that includes:



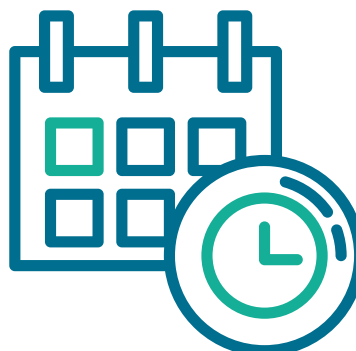
Detailed corporate announcements and presentation slides are released on the Singapore Exchange's SGXNET and on our corporate website simultaneously.

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Face-to-face briefings, phone calls or emails with analysts and the media in conjunction with our results and business updates.

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Annual General Meeting.

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## RISK MANAGEMENT

The Group ensures that a rigorous procedure is in place to adequately and effectively manage risks faced by its business divisions during the course of daily operations and long-term business planning. This is done by regular Senior Management meetings on a regular basis and include Board of Directors if required.

On a quarterly basis, the Senior Management will provide updates to the Board on areas of concern, if any, that may arise in relation to the Group's key risks factors.

In addition, the Group has also requested its internal auditors, to take such risk factors into consideration in drawing up the annual internal audit plan, in order to review and monitor the identified risk areas. In the event that the Group intends to enter into any new markets, business venture or business sector, the Group may also appoint external professional parties to review or advise on additional areas of risk factors to consider in connection with such forays.

In order to ensure that it stays current and in compliance with the law and standards and/or requirements issued by regulators that are applicable to its business, the Group tracks regulatory developments on a regular basis.

The Group's Company Secretary and Sponsor advises the Board on changes in legal and regulatory issues while its external auditors provide changes in accounting standards to management for their consideration. The Group has engaged its external auditors to conduct at least one briefing per annum for the Board on changes in accounting standards.

To better manage compliance risk oversight, the Audit Committee has requested its internal auditors to assist the Management in evaluating and assessing the effectiveness of internal controls implemented by the Company to identify risks of non-compliance in various areas. As part of its human resource practices, the Group ensures employee benefits are in

place and healthcare insurance is taken out for eligible employees. Overall compensation and benefits structure also follows closely to the basic requirements at the Ministry of Manpower ("MOM"), and the Group keeps itself abreast through regular updates from MOM.

### Whistle Blowing Policy

The Company has implemented relevant procedures, as approved by the Audit Committee and adopted by the Board, for the purposes of handling complaints, concerns or issues relating to activities or affairs relating to the business, customers, suppliers, partners or associates, activities or affairs of the Group or conduct of any employee, officer or Management of the Group. Staff of the Group has access to the Audit Committee Chairman and may, in confidence and on an anonymous basis, raise concerns about possible improprieties in any such corporate matters by sending an email or a letter in writing to the Audit Committee Chairman.





## OPERATIONAL RISKS

Operational risks are managed on an ongoing basis. As the Group's business is generally space-intensive by nature, the Group's supply chain management is handled by the adequate sourcing of accredited suppliers as well as regular and effective management planning of its inventory stock and costs.

As part of its human resource efforts to add quality people to its workforce and retain its valued employees, the Group has implemented training, development rigorous health and safety management programmes. The Group also provides highly incentivised working benefits which include insurance, medical and dental coverage.

The Group also has a robust Sales, Marketing and Communication strategy in place to ensure its message to stakeholders are aligned and it delivers on its sales targets. To achieve this, it has a sales strategy based on regular management review and communication with customers.

The Group monitors customer satisfaction on conclusion of projects. The Group has actively seek to reduce its operational impact on the environment, and has stringent corporate responsibility and sustainability practices to manage its industrial waste by recycling and reusing where possible and engaging licensed waste collectors. To safeguard its legal interests, the Group hires professionals such as lawyers who are able to provide their professional advice in relation to operational risks.

For continuous operations, the Group's IT infrastructure is handled by IT professional to ensure reliability of its systems with stringent security measures installed to prevent information leaks or losses. In addition, the Group's inventories are protected by adequate insurance covering all industrial risks in addition to its utilisation of on-site security device.



## FINANCIAL RISKS

To mitigate its liquidity risks, the Group employs a tight capital management system to ensure that it has sufficient working capital to meet debt obligations and pays close attention to critical financial ratios such as inventory turnover, accounts receivable/ payable, gearing and current ratio for the early detection of red flags. Information on the Group's Key Performance Indicators and ratios are reported quarterly to the Board.

To remain resilient amidst changing and increasingly diverse customer demands and an uncertain global economy, the Group constantly keeps itself abreast of market conditions, and stays close to its customers through regular visits and tracking of their purchasing patterns. This is to ensure right stock inventories are kept and is relevant to its existing and potential customers.

The Group also has a stringent credit policy that covers credit evaluation, approval and monitoring, as a safeguard to minimise all credit risks. The Group has trade credit insurance on its trade receivables which covers protracted default and insolvency, depending on the customer's credit worthiness and credit limit history. In anticipation of unforeseen financial losses, the Group adopts hedging policies and is insured in relation to the following: workmen compensation; product liability; directors and executive officers' liability; industrial risks; marine insurance; vehicles insurance; trade credit insurance; as well as travel, health and personal accidents insurance for the Group.



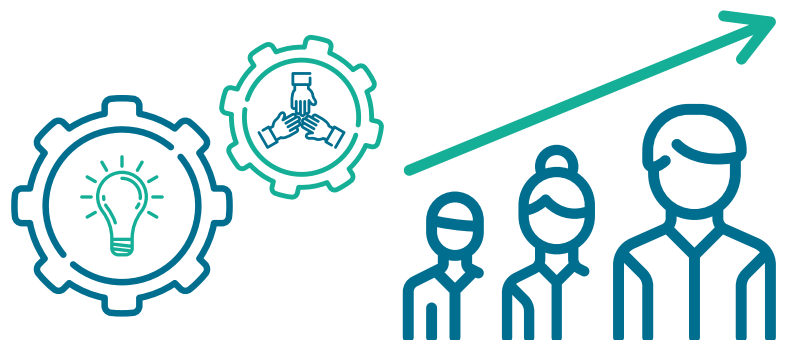
## Code of Conduct & Ethics for Employees

The Group's Code of Conduct ("Code"), comprising internal corporate governance practices, policy statements and standards, serves as a guide to all its employees and officers for both legal compliance and appropriate ethical conduct.

Accessible to Board members and employees of the Group as well as its agents, representatives and consultants, the principles and standards in the Code are intended to enhance investor confidence and rapport, and to ensure that decision-making is ethically and properly carried out in the best interests of the Group. The Code is reviewed from time to time and updated to reflect changes to the existing systems or the environment in which the Group operates.

The Code sets out principles to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity when dealing with fellow employees; customers; competitors; suppliers; government agencies and officials; and the community in general. Among others, key areas covered by the Code include workplace health and safety; workplace and business conduct; safeguarding of assets of the Group and other parties; handling of confidential information and trading policy; conflict of interest; personal data obligations; and compliance with laws including a whistle blowing policy.

The Group has developed compliance education as part of the regular education programmes it administers. Under the programme, employees are briefed on this Code and other compliance-related issues, either on its own or with the support of corporate function departments. For easy access and reference, the Code is maintained on its intranet.





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