



SUSTAINABILITY 20
REPORT 24

RELENTLESS GROWTH
ENDLESS OPPORTUNITIES

Sustainability Report

Contents

03	Board Statement
03	About AnnAik
04	Organisation Profile
05	Our Vision
05	Code of Conduct & Ethics
06	Governance Structure
07	Stakeholder Engagement
08	Materiality Assessment
10	Contributing to Sustainable Development
12	Economic
13	Social
18	Climate-Related Risks and Opportunities
21	Environmental
23	Governance
26	Target
27	GRI Index
29	TCFD Index

This Sustainability Report has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor").

This Sustainability Report has not been examined or approved by the Singapore Exchange Securities Trading Limited ("SGX-ST") and the SGX-ST assumes no responsibility for the contents of this Sustainability Report, including the correctness of any of the statements or opinions made or reports contained in this Sustainability Report.

The contact person for the Sponsor is Ms Lim Qi Fang (Telephone no.: (65) 6232 3210) at 1 Robinson Road, #21-01 AIA Tower, Singapore 048542.

Sustainability Report

About this report

Reporting scope and boundaries

The indicators and performance data in this report covers operations and entities for which AnnAik Limited (“AnnAik” or together with its subsidiaries, the “Group”) has direct managerial control unless otherwise stated.

This report focuses on AnnAik’s sustainability performance across business divisions in Singapore and Malaysia. We intend to expand the scope of our report to include other divisions and countries where AnnAik is present in the future.

Reporting Standard

We have developed this report with reference to the Global Reporting Initiative (“GRI”) Standards 2021 as it is the most widely used and internationally accepted sustainability reporting framework and continues to be deemed most suitable for AnnAik’s sustainability reporting. This report also complies with the SGX-ST Listing Rules (711A and 711B). In addition, we have integrated the United Nations Sustainable Development Goals (“SDGs”) into our materiality process to reflect AnnAik’s contribution and commitment to achieving the SDGs.

This report continues to adopt climate-related disclosures consistent with the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”). Please refer to the TCFD Index on page 29 for the TCFD recommendations context index. In view of the latest enhancement to the sustainability reporting regime announced by the SGX-ST on 23 September 2024, the Group will continue to work towards greater maturity of its climate-related disclosures by incorporating climate-related requirements in the IFRS Sustainability Disclosure Standards issued by the International Sustainability Standards Board (“ISSB”) by the financial year ending 31 December 2025.

We have not sought external assurance for this report. External assurance will be considered as reporting matures.

Reporting period

This report covers our sustainability performance and efforts from 1 January 2024 to 31 December 2024 (“FY2024”). We have included comparative historical data in this report that is presently available. We will report on our sustainability performance and efforts on an annual basis. This will serve as a platform to communicate our economic, social, environmental and governance progress and commitments to the various stakeholders.

Assurance

Our financial statements have undergone audits by our independent auditor. Our environmental, social and governance (“ESG”) performance data is reported in good faith and to the best of our knowledge. We have an internal mechanism for verifying our ESG data for accuracy and reliability. While external assurance has not been sought for the sustainability report, an internal review of our sustainability reporting process has been performed.

Accessibility and Publication Information

The Group is committed to environmental conservation efforts and, as such, this report is available only for viewing or download on the Company’s website at www.annaik.com or on the SGX website at <http://www.sgx.com/securities/company-announcements>.

Feedback

Our stakeholder’s feedback is important to us. Please address all feedback to our Investor Relations team at kng@annaik.com and cheeseng@annaik.com.

Sustainability Report

Board Statement

AnnAik believes sustainability is important for every business, as even the most successful companies in the world today do not just simply 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 to balance economic prosperity with our Corporate Social Responsibility together.

Our Sustainability Report 2024 ("Sustainability Report") is prepared with reference to the GRI 2021 Standards and maintains a consistent approach to sustainability reporting as established in the prior year which focuses on ESG factors that have been carefully selected to be material factors, given the Group's key stakeholders.

The Group also recognises that the aim of TCFD is to improve transparency of organisations' climate-related risks and opportunities, enabling investors to make informed investment decisions. In this Sustainability Report, we have made our climate related disclosures in accordance with the TCFD recommendations.

The Board of Directors of AnnAik Limited (the "Board") has considered sustainability issues as part of its strategic formulation, determined the material ESG factors and overseen the management and monitoring of the material ESG factors.

About AnnAik

Tracing its beginning to 1977, AnnAik Limited is presently a manufacturer of forged steel flanges, and a distributor of over 10,000 stainless steel pipes, flanges, butt-welded fittings, low/high pressure fittings, valves, stub ends, and flat products. AnnAik also engages in providing environmental services in the People's Republic of China ("PRC") and Singapore to governmental and commercial operators.

AnnAik's manufacturing operations are certified and awarded with ISO 9001:2015, TUV, CRN and ClassNK certification and approved for international product standard compliance. The reliable quality of AnnAik's products under "SHINSEI" brand also makes us greatly sought after by a wide base of customers from around the world.

Similarly, the distribution division serves over 650 customers globally. Awarded: ISO 9001:2015 standards for quality management operation as stainless steel producer and stockist, AnnAik also went on to achieve bizSAFE Level 3 accreditation in 2014.

In 2005, the Group diversified into environmental business by securing contracts to build wastewater treatment plants in the PRC. Today, the Group not only has eight wastewater treatment plants in the PRC under Build-Own-Transfer ("BOT") or Build-Own-Operate ("BOO") concept, we have also expanded our service offerings to include consulting services in water resource management to governmental and commercial operators in Singapore and PRC, as well as the construction and supply of rural wastewater treatment equipment and system in the PRC under Private-Public Partnership ("PPP") and Engineering Procurement and Construction ("EPC") concept since 2015.

Notably, AnnAik's capabilities in both upstream and downstream activities have enabled us to enhance our efficiency and cost competitiveness in our business operations. Furthermore, the use of our products in diverse industries ranging from heavy-duty to light-duty industries such as marine engineering, shipbuilding and repair, oil and gas, petrochemical, semiconductor as well as the utilities sector has empowered the Group to build a sustainable business.

Sustainability Report

Organisation Profile

Name	AnnAik Limited ("AnnAik")
HQ Location	52 Tuas Avenue 9, Singapore 639193
Geography	AnnAik has operations in 3 countries. It has offices, operating facilities and manufacturing facilities in Singapore, PRC and Malaysia.
Legal Form	AnnAik is as publicly listed on the Catalist Board of Singapore Exchange. Currently the largest shareholder of AnnAik is Mr Ow Chin Seng, who holds approximately 33.82% of direct shareholding ¹ .

Organisation Scale	Number of employees	No. of key operating subsidiaries
	75 ² 	16 

Revenue	Manufacturing \$'000	Distribution \$'000	Environmental \$'000	Sub-total \$'000
Revenue from continuing operations	3,921	28,747	14,976	47,644

Workforce	Male	Female	Total
Singapore	26	23	49
Malaysia	17	9	26

External Initiatives	<ul style="list-style-type: none"> • ISO 9001:2015 Quality Management • Practice Workplace Safety • Attained BizSafe Level 3 • NS MARK GOLD • Employers' Pledge of Fair Employment Practices • TUV • CRN • ClassNK Certification
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Membership of Associations	<ul style="list-style-type: none"> • Associate member of Singapore Metal and Machinery Association (SMMA) • Member of Singapore Business Federation • Member of Singapore China Business Association • Member of Taipei Business Association • Member of Singapore China Friendship Association • Member of Singapore Chinese Chamber of Commerce & Industry • Member of Singapore Water Association • Member of Business China Singapore
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¹ For details of indirect interest if any, kindly refer to AnnAik Limited Annual Report 2024

² Only Singapore and Malaysia division employees have been included in this report

Sustainability Report

Our Vision



Code of Conduct & Ethics

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 relevant stakeholders, 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.

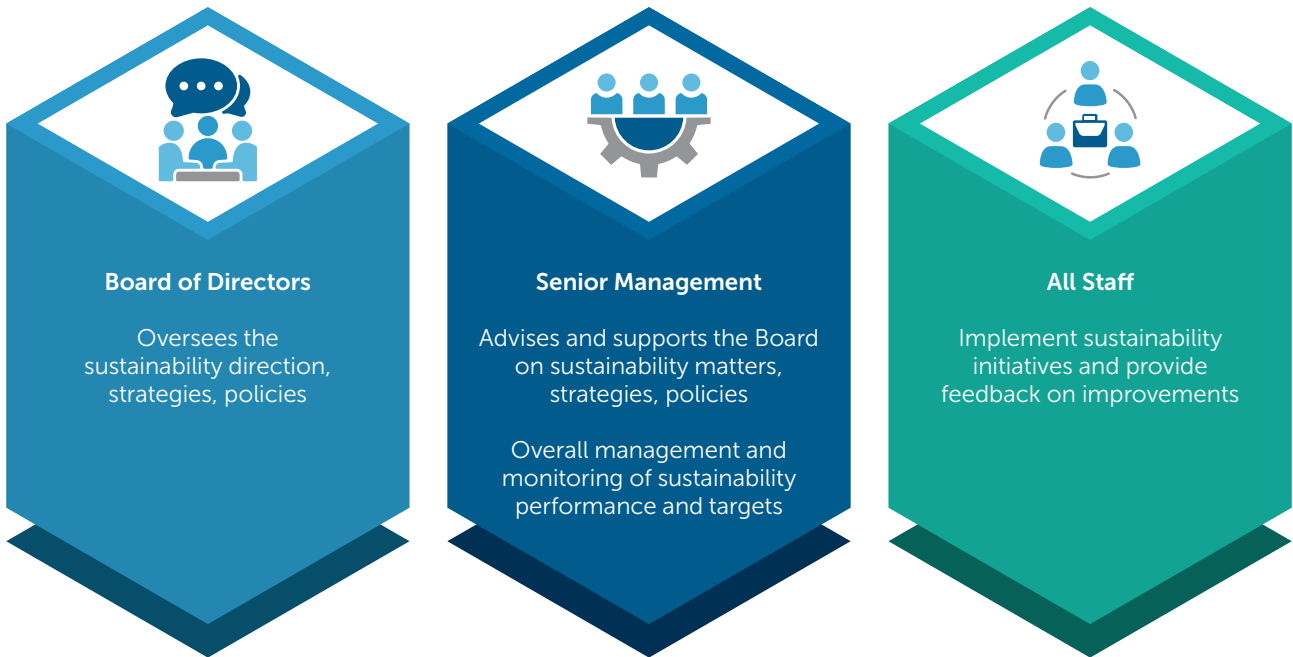
The Code sets out principles to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity when dealing with fellow employees; customers; competitors; suppliers; government agencies and officials; and the community in general. Among 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 these programmes, employees are briefed on this Code and other compliance-related issues, either on its own or with the support of Accounting and Finance, and Human Resources department.

Sustainability Report

Governance Structure

Sustainability Governance is led by the Board of Directors and supported by all levels of the Group. The Board, with the assistance of Audit Committee, will ensure that we have the right policies and practices in place, with appropriate targets and measurements developed, and sufficient resources dedicated to sustainability-related initiatives. We will progressively strengthen the sustainability governance structure so that there is clear accountability and oversight.

The Board will review and deliberate on the sustainability issues, while the Senior Management has the responsibility to ensure that the ESG factors and climate-related matters are monitored on an ongoing basis and appropriately managed. The Senior Management is responsible for reviewing the Group's sustainability performance and material topics, analysing climate-related risks and opportunities, addressing stakeholder concerns, setting of targets and goals for material factors, and establishing systems to collect, verify, monitor, and report information required for sustainability reporting. The Board of Directors and Senior Management meet annually or as and when required to discuss, propose, coordinate, and promote the Group's sustainability practices. We identify, prioritise, validate and review key risks (including climate-related risks) and the associated key controls within the Group.



Sustainability Report

Stakeholder Engagement

We identify our diverse stakeholder groups based on their level of influence to our business. We also regularly engage and consult them. Where appropriate and relevant to our business, we incorporate their feedback into the Group's plans and actions.

We use both formal as well as informal engagement methods to interact with a range of stakeholders. Our significant stakeholders and how we engage with them are summarised below:

Stakeholder Group	Engagement Method	Key Topics and Concerns	Our Response
Customers	<ul style="list-style-type: none"> Enquiry and feedback channels Direct customer meeting 	<ul style="list-style-type: none"> Quality of products and services Cost-competitiveness Operational efficiency 	<ul style="list-style-type: none"> Manage our key accounts Conduct regular internal management reviews to ensure customers' needs are fulfilled Provide timely feedback
Suppliers	<ul style="list-style-type: none"> Quotations Periodic discussion Factory visits 	<ul style="list-style-type: none"> Fair and transparent business conduct Continuous engagement Quality of products supply On time payments 	<ul style="list-style-type: none"> Set quarterly reviews on key suppliers Manage the expectations of suppliers and customers
Employees	<ul style="list-style-type: none"> Performance appraisals Seminars and training sessions Internal memos 	<ul style="list-style-type: none"> Training & career development Health and safety Staff welfare 	<ul style="list-style-type: none"> Provide more training Ensure effective human resource policies and staff welfare
Investors	<ul style="list-style-type: none"> Annual Report Annual General Meeting SGX Announcements and press releases on SGX and our corporate website 	<ul style="list-style-type: none"> Financial results Key developments Investor relations 	<ul style="list-style-type: none"> Provide half yearly and full year results announcements and dedicated investor relations website Practice good corporate governance Ensure sustainable business growth
Government and Regulators	<ul style="list-style-type: none"> Calls and meetings when required Relevant government association memberships Frequent communication with relevant parties 	<ul style="list-style-type: none"> Compliance with regulatory requirements 	<ul style="list-style-type: none"> Ensure compliance with applicable laws and relevant government association memberships Participate in networking sessions and talks held by the government to understand industry regulations and share our perspectives
Local communities	<ul style="list-style-type: none"> Community engagement activities Responsible business practices 	<ul style="list-style-type: none"> Clean and safe environment Community projects Participation in corporate social responsibility activities 	<ul style="list-style-type: none"> Collaborations with different community groups Support community programmes

Sustainability Report

Materiality Assessment

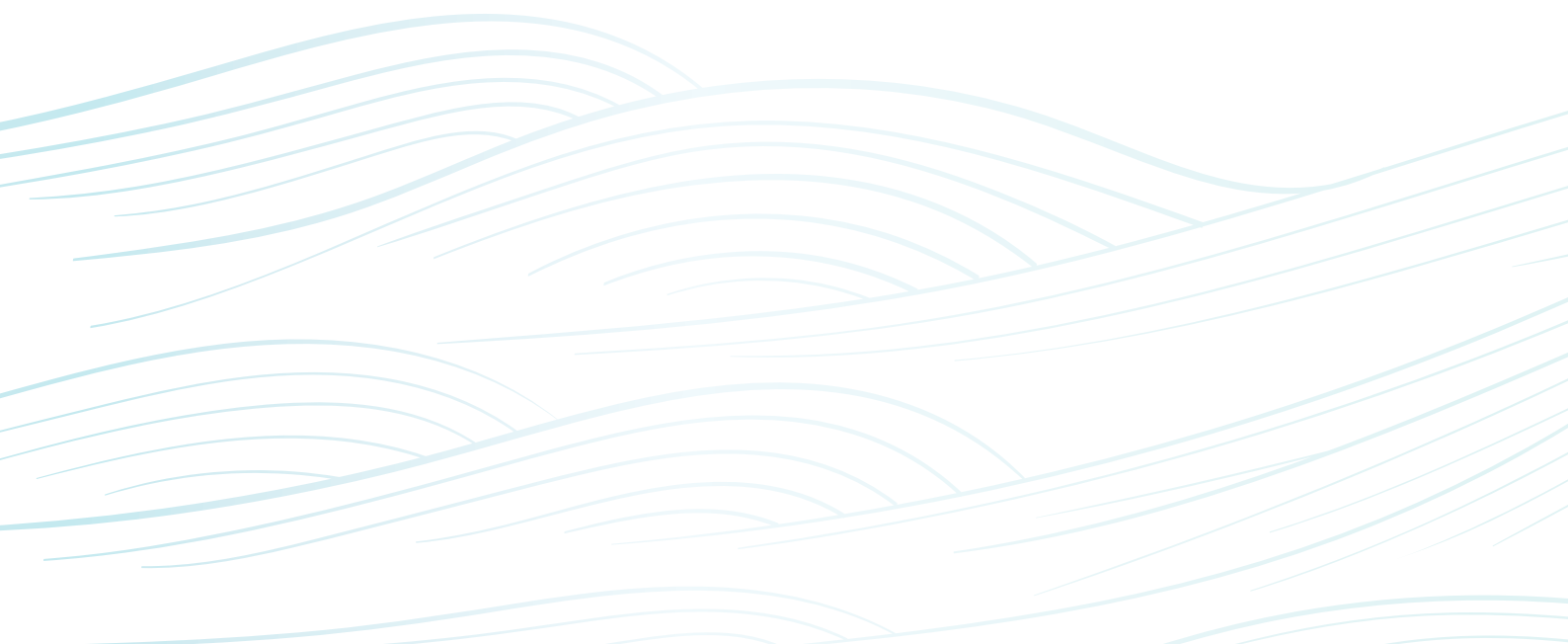
The Board is satisfied with the management approach towards identification and prioritisation of material topics and has provided resources to manage the governance of sustainability.

We conduct a materiality assessment annually to ensure that our sustainability efforts across each aspect of ESG align with matters that are important to our business and stakeholders. Our four steps approach on materiality assessment as follows:

- | | |
|------------|--|
| Identify | Through focus group discussion, we identified potential material topics. |
| Prioritise | Prioritisation of the material sustainability factors and identification of key sustainability factors to be reported. |
| Validate | The prioritised material issues were validated internally. |
| Review | Follow up with stakeholders to get feedback on the material topics reported to improve future sustainability report. |

We conducted a high-level benchmarking exercise on a universe of topics to shortlist the key topics where our company created significant economic, environmental, social and governance impacts. We took into consideration the material topics and future challenges of our industry as identified by our peers and competitors. This includes relevant laws, regulations and international agreements of strategic significance to our Group.

Our material issues are identified based on the significance of economic, environmental, social and governance impacts and the degree of influence they have on stakeholder assessments and decisions. We develop our material topics through stakeholder feedback, new trends in sustainability, challenges faced by the industries and our own business goals. We therefore focus our sustainability efforts and reporting on these issues. We continue to focus on our previously identified material issues as they remain relevant to the Group.



Sustainability Report

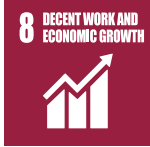



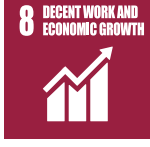
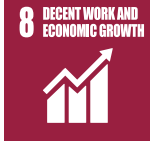

Materiality Assessment

Material Topic		Material Factor
	Economic	Economic performance
		Diversity and equal opportunities
	Social	Employment
		Training and education
		Protecting human rights
		Occupational health and safety
		Local communities
	Environmental	Energy consumption and emissions reduction
		Reduce, reuse and recycle
	Governance	Whistle blowing policy
		Anti-corruption
		Operational risk
		Financial risk
		Supply chain management

Sustainability Report

Contributing to Sustainable Development

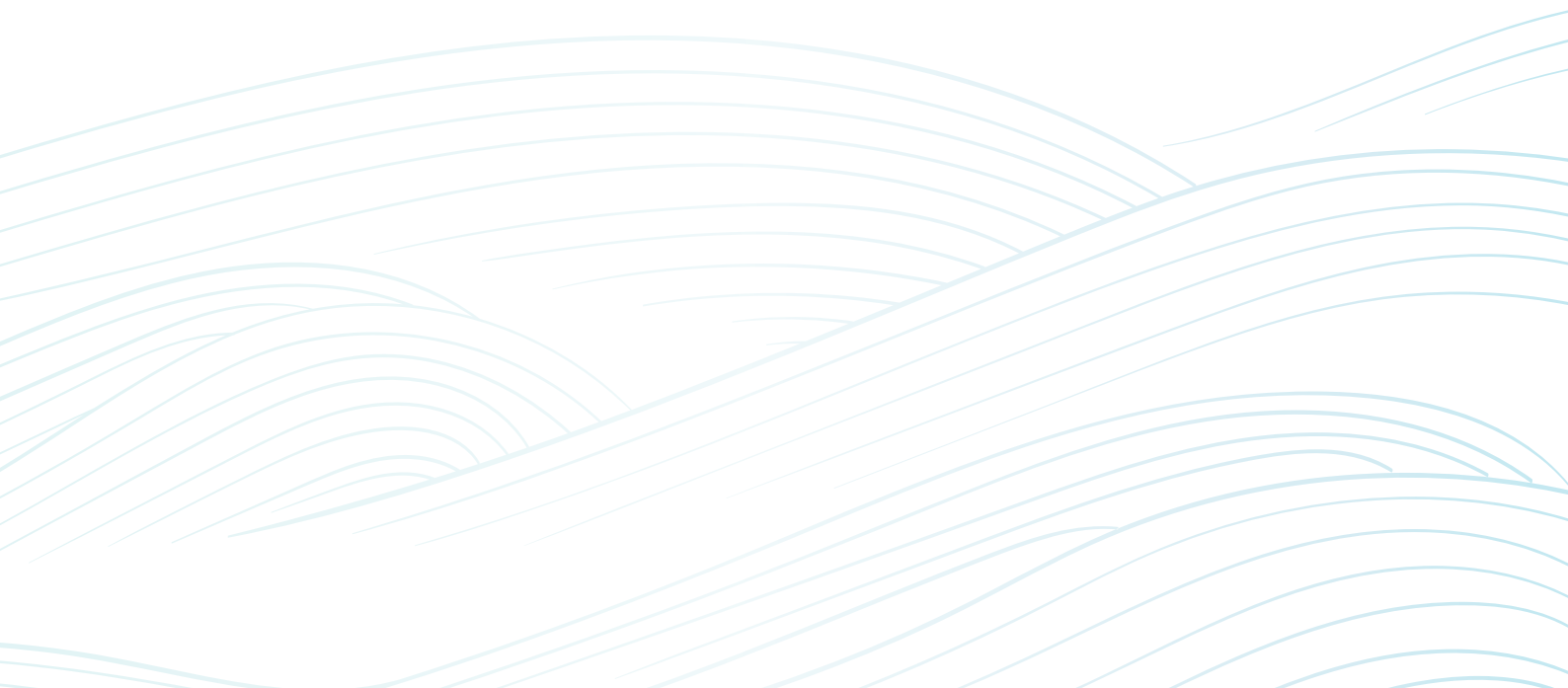
We continue to integrate the SDGs into our materiality process to guide our contribution to sustainable development. In the table below, we provide an overview of how our material topics align with the relevant SDGs, zooming in on a target level to provide a sharper focus on the areas we can impact.

ESG Factors	GRI Standards	SDGs
Economic	GRI 201: Economic Performance 2016	
Social	GRI 401: Employment 2016 GRI 405: Diversity and Equal Opportunity 2016 GRI 413: Local Communities 2016	 
Social	GRI 404: Training and Education 2016	 
Social	GRI 403: Occupational Health and Safety 2018	
Governance	GRI 2-27: Compliance with laws and regulation GRI 205: Anti Corruption 2016 GRI 414: Supplier Social Assessment 2016	

Sustainability Report

Contributing to Sustainable Development

ESG Factors	GRI Standards	SDGs
Environmental	GRI 302: Energy 2016	 
Environmental	GRI 305: Emissions 2016 GRI 306: Waste 2020	
Social	GRI 406: Non-Discrimination 2016 GRI 408: Child Labour 2016 GRI 409: Forced or Compulsory Labour 2016	 



Sustainability Report

Economic

Economic Performance

AnnAik firmly believes that focus on financial sustainability is critical and we are fully committed to the highest standards of corporate governance. The Group's basic principle is that long-term profitability and shareholders' value is ensured by taking into account the interests of all stakeholders, such as shareholders, employees, suppliers and society as a whole.

	FY2023 Amount \$'000	FY2024 Amount \$'000	Variance Amount \$'000
Direct economic value generated	47,659	47,644	(15)
Economic value distributed*	(43,024)	(43,868)	(844)
Economic value retained	4,635	3,776	(859)

*Note: Economic value distributed refers to the total sum of our company's operating costs, employee wages and benefits, payments to providers of capital, and community investment.

For a detailed breakdown of the FY2024 financial results and variance reasons, please refer to the relevant sections in AnnAik Limited Annual Report ("AR") FY2024.

Sustainability Report

Social

Our People

AnnAik understands 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, AnnAik is committed to offer equal opportunities, staff benefits and career development for all persons and genders. The Group does this to attract and retain good people in our company.

Diversity and Equal Opportunities

AnnAik is committed to ensure equality of opportunities, which means treating people fairly and without bias. Discrimination due to gender, age, racial, religious, social class or nationality is not tolerated in our workplace. We recruit individuals with the necessary competencies, experience and qualifications without any discrimination.

As at 31 December 2023 and 31 December 2024, AnnAik has 46 and 75 employees respectively.

Item	Composition	As at 31 December 2023						Malaysia					
		Singapore				Total		Male		Female		Total	
		No	%	No	%	No	%	No	%	No	%	No	%
Age	Under 30	1	4	6	27	7	15	NA*					
	31 - 40	2	8	5	23	7	15						
	41 - 50	9	38	5	23	14	31						
	Above 50	12	50	6	27	18	39						
	Sub total	24	100	22	100	46	100						
Highest Educational Background	Primary School	3	12	1	5	4	9						
	Secondary School	12	50	11	50	23	50						
	College	4	17	4	18	8	17						
	Degree	4	17	6	27	10	22						
	Master	1	4	-	-	1	2						
	Sub total	24	100	22	100	46	100						
Employment Contract	Permanent	24	100	22	100	46	100						

* Information was only available from the year 2024.

Sustainability Report

Social

Item	Composition	As at 31 December 2024						Malaysia					
		Singapore				Total		Male		Female		Total	
		No	%	No	%	No	%	No	%	No	%	No	%
Age	Under 30	1	4	4	17	5	10	9	53	3	33	12	46
	31 - 40	3	12	8	35	11	22	2	12	4	45	6	23
	41 - 50	9	34	5	22	14	29	5	29	1	11	6	23
	Above 50	13	50	6	26	19	39	1	6	1	11	2	8
	Sub total	26	100	23	100	49	100	17	100	9	100	26	100
Highest Educational Background	Primary School	3	12	1	4	4	8	6	35	0	0	6	23
	Secondary School	12	46	14	61	26	54	10	59	2	22	12	46
	College	5	19	2	9	7	14	1	6	1	11	2	8
	Degree	5	19	6	26	11	22	-	-	6	67	6	23
	Master	1	4	-	-	1	2	-	-	-	-	-	-
	Sub total	26	100	23	100	49	100	17	100	9	100	26	100
Employment Contract	Permanent	26	100	20	87	46	94	17	100	8	89	25	96
Gender Diversity (%)								Male		Female			
FY2024 (Singapore and Malaysia)								57		43			
FY2023 (Singapore only)								52		48			

Employment

Benefits for Full Time Employees

AnnAik provides benefits to full-time employees in the form of medical, accidental, life, hospitalisation, travel insurance, dental, and training course. This reward scheme contributes a win-win situation for both our organisation and our employees.

In addition to annual leave, the Group also provides childcare leave for employees with children. During the reporting period, 4 male employees and 5 female employees have taken childcare leave (FY2023: 3 male employees and 6 female employees). The Group had a return-to-work rate of 89% and all these employees remain employed with the Group. The remaining 11% left due to natural attrition, including resignations and career transitions. The Group will continually work toward building a pro-parent workplace by enhancing our Group welfare practices and culture.

Sustainability Report

Social

Training and Education

AnnAik recognises the need to continuously upgrade our employees' skillsets to compete in this competitive business environment.

Every year, AnnAik organises several training courses which include the new employee induction programme, professional skills refresher and advancement programme and supporting qualification training and technical management education. These programmes are implemented through lectures, knowledge exchange, conferences, external training and so on.

External training or programmes encompass, but are not limited to the following:

- 1 2024 Wee Cho Yaw Business Forum
- 2 Advanced Leaders Modules
- 3 Asean Next: The Future of Business
- 4 CPA Australia Learning Insights
- 5 Decoding China's Two Sessions 2024
- 6 Dialogue with SMS for MOM Dr Koh Poh Koon
- 7 Ethics And Financial Reporting Standards (FRSs) Updates For Finance Professionals
- 8 FutureChina Dialogue
- 9 FutureChina Global Forum
- 10 Hunan-Sing Investment and Trade Cooperation Forum
- 11 Improve Your Team and Your Own Productivity at Work
- 12 ISO 9001 : 2015 Training
- 13 JB-Singapore RTS Link: Revisiting Opportunities
- 14 JB-Singapore RTS Link: Unveiling the Opportunities of Johor Bahru
- 15 Keppel Urban Solutioning Seminar
- 16 Ms. Shi Wei, GM of Bank of China Singapore Branch
- 17 Occupational First Aid Course
- 18 OSH Coordinator Training
- 19 Penetrant Testing Level 1
- 20 Professional Ethics in Focus (127642496) - Online
- 21 Prominent Business Leaders Dialogue Series
- 22 Seizing Business Opportunity in Johor, Singapore
- 23 SFRS (I) Updates 2024
- 24 Sustainability and Ethics with IESBA and CPA Australia
- 25 The Ocean Collective Summit
- 26 VECONAC Asean Business Forum
- 27 WSQ Operate Forklift
- 28 Your Path to Understanding AI

Sustainability Report

Social

Training Hours

Category	FY2023 (Actual) ¹	FY2024 (Target) ^{1,2}	FY2024 (Actual) ³	FY2025 (Target)
Number of training hours by each headcount	16	24	16	16

The average training hours per employee decreased in FY2024 due to higher overall participation, as more employees attended training programs compared to the previous year. While the total training hours increased, the per-employee average declined given a broader distribution of participating employees. This reflects our commitment to broadening access to skill development opportunities across the organisation, ensuring more employees benefit from continuous learning and professional growth.

¹ For presentation purpose, the average training per employee for FY2023 Actual and FY2024 Target are shown in training hours instead of training days.

² Target set for FY2024 apply specifically to the Singapore site.

³ The information provided pertains to both Singapore and Malaysia.

Protecting Human Rights

We uphold nationally and internationally accepted human rights principles and values. All employees are required to abide by our Code of Conduct that bars discrimination, child labour and forced labour. Our HR policy prohibits any discrimination based on nationality, age, race, religion, language, gender or marital status. In our assessment, the risk of child labour and forced labour is extremely low in our own operations. We do not assess these risks in our supply chain as we do not have much control or influence in those areas. We are, however, committed to staying vigilant when dealing with suppliers, and we operate a performance rating system whereby our suppliers are periodically assessed. AnnAik sets out requirements for all employers in Singapore to consider the workforce fairly for job opportunities and states that employers should not discriminate on characteristics that are not related to the job, such as age, gender, nationality or race.

There were no instances of discrimination, child labour or forced labour in FY2023 and FY2024.

Upholding Freedom of Association

We respect our employees' rights to freedom of participating in association and collective bargaining agreements in accordance with local laws. Currently, our employees are not part of any labour union.

Sustainability Report

Social

Occupational Health and Safety

We prioritise the importance of a safe and healthy work environment to control potential hazards in the workplace. Due to the business nature, it is of utmost importance to ensure a safe and healthy environment for all our employees as well as external parties who come to our facilities. We safeguard our employee's health and safety by following key Workplace Safety and Health Policy established that comply with legal and regulatory requirements and integrated to adopt benchmark practices based on MOM/WSHC industry guidelines where practicable.

Our safety and health policies, practices and performance are regularly reviewed by the management.

In FY2023 and FY2024, no injury case was reported at the premises, and there was no fatal incident. Management takes an extremely serious view of workplace safety, and all accidents are thoroughly investigated; where appropriate. Our goal is to maintain a zero-fatality incident rate.

Category	FY2023 (Actual)	FY2024 (Target) ²	FY2024 (Actual) ³	FY2025 (Target)
Number of injuries	–	–	–	–
Lost day rate ¹	–	–	–	–
Work related fatalities	–	–	–	–

¹ Lost day rate refers to the number of man-days lost for every million hours worked.

² Target set for FY2024 apply specifically to the Singapore site.

³ The information provided pertains to both Singapore and Malaysia.

Local Communities

As a responsible corporate citizen, we view supporting local community initiatives important. We have contributed approximately \$53,000 to various beneficiaries and charity drives in FY2024.

Sustainability Report

Climate-Related Risks and Opportunities

In FY2024, we are committed to supporting the recommendations by the TCFD and disclosed our climate-related financial disclosures in the key areas as recommended by the TCFD.

The Group undertook a climate scenario analysis to identify and assess climate-related risks and opportunities for all our operations using the Representative Concentration Pathway ("RCP") adopted by the Intergovernmental Panel on Climate Change ("IPCC") as follows:

Scenario	Description
IPCC RCP 2.6/1.5°C	This scenario is in line with Paris Agreement to limit global warming to below 2°C by 2100 as a result of efficiency enhancement and behaviour changes as key mitigation strategy
IPCC RCP 8.5/4°C	The 'business-as-usual' scenario assumes that greenhouse gas ("GHG") emissions continue to rise with significant increases in global temperatures, as no concerted efforts are made to reduce GHG emissions

Our preliminary identification of the climate-related risks and opportunities – using short term (next 5 years), medium term (next 5 – 10 years) and long term (beyond 10 years) timeframes – is described in the table below.

Scenario	Scenario Description	Qualitative Impacts	Impact on Group's Operation	Possible Actions
Physical Risks (i.e. climate-related risks as businesses transition to a low-carbon economy)				
IPCC RCP 2.6/1.5°C	Extreme weather events (short-term)	<ul style="list-style-type: none"> – Increased severity of extreme weather events – Rising insurance costs due to climate risks 	<ul style="list-style-type: none"> – May disrupt supply chains and consequentially procurement delays – Higher costs impacting overall profitability 	<ul style="list-style-type: none"> – Review and assess the value chain for vulnerabilities – Evaluate risk mitigation strategies, including diversified suppliers and locations
IPCC RCP 2.6/1.5°C IPCC RCP 8.5/4°C	Gradual changes in weather patterns (medium to long-term)	<ul style="list-style-type: none"> – Rising global temperatures affecting raw material availability and production efficiency 	<ul style="list-style-type: none"> – Increased energy and cooling costs for manufacturing facilities 	<ul style="list-style-type: none"> – Invest in energy-efficient technologies and alternative cooling methods

Sustainability Report

Climate-Related Risks and Opportunities

Scenario	Scenario Description	Qualitative Impacts	Impact on Group's Operation	Possible Actions
Transition Risks (i.e. climate-related risks that can result in physical damage)				
IPCC RCP 2.6/1.5°C IPCC RCP 8.5/4°C	Regulatory changes (medium to long-term)	<ul style="list-style-type: none"> – Increased reporting requirements due to climate change – Increased compliance costs and operating costs – Introduction of new environmental regulations or carbon pricing affecting manufacturing practices 	<ul style="list-style-type: none"> – Potential operation shifts to adapt to stricter regulations, affecting current production methods – Increased operating costs due to compliance investments 	<ul style="list-style-type: none"> – Continue to monitor the development of carbon taxation applied to our industry – Seek guidance from experienced legal counsel specialising in environmental law to ensure compliance, address potential liabilities, and respond effectively to legal challenges
IPCC RCP 2.6/1.5°C IPCC RCP 8.5/4°C	Market demand shift (medium to long-term)	<ul style="list-style-type: none"> – Shift towards low-carbon or recycled stainless steel driven by customer and investor pressure – Industries vulnerable to climate change may become less attractive to investors 	<ul style="list-style-type: none"> – Higher demand for eco-friendly and certified products, requiring process adaptation – Rising capital costs for maintaining infrastructure to manage climate risks 	<ul style="list-style-type: none"> – Seek sustainable financing options and build ESG-aligned investment strategies
	Energy transition risks (medium to long-term)	<ul style="list-style-type: none"> – Gradual shift away from fossil fuel-based energy sources in manufacturing 	<ul style="list-style-type: none"> – Increased electricity costs due to renewable energy transition 	<ul style="list-style-type: none"> – Invest in on-site renewable energy sources and energy efficiency improvements

Sustainability Report

Climate-Related Risks and Opportunities

Description	Qualitative Impacts	Impacts on Group's Operations	Possible Actions
Opportunities			
Resource efficiency (short to medium-term)	<ul style="list-style-type: none"> – Reduced waste generation and improved sustainability performance 	<ul style="list-style-type: none"> – Enhanced regulatory compliance and reduced waste disposal costs 	<ul style="list-style-type: none"> – Implement circular economy practices, including recycling and reuse of stainless-steel scrap
Market demand for sustainable products (short to medium-term)	<ul style="list-style-type: none"> – Increased market share, improved brand reputation and access to eco-conscious consumer segments 	<ul style="list-style-type: none"> – Expanded customer base in growing eco-conscious markets, driving revenue growth 	<ul style="list-style-type: none"> – Develop and market low-carbon or recycled stainless steel products
Diversify the supply chain (short to medium-term)	<ul style="list-style-type: none"> – Increased flexibility and adaptability in the supply chain 	<ul style="list-style-type: none"> – Improved ability to respond to market shifts and environmental challenges 	<ul style="list-style-type: none"> – Explore partnerships with climate-resilient suppliers and consider local sourcing to mitigate global supply chain risks

The resilience of an organisation's strategy is dependent on its ability to adapt and thrive in the face of challenging circumstances and emerging risks. The climate scenario analysis is crucial in providing insights on the potential extent of the climate-related risks exposure to our businesses as well as the potential opportunities.

Through our climate scenarios analysis, we concluded that unmitigated climate risks (under warming scenario 2: > 4°C warming) may result in major financial impact by FY2035. Under warming scenario 1: 1.5°C, there may be moderate level of financial impact in the medium and long-term arising from the combined effects of carbon tax increase, shift in consumer preference, rising expectation of stakeholders, increased cost of operating expenses and potential revenue loss. We incorporated these findings and considerations into our strategy and decision-making.

Sustainability Report

Environmental

Environmental Protection

AnnAik conducts 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 adopted one of the best practices by supporting vendors that are ecofriendly and not purely based on initiative that generate savings to the Group.

We have implemented a precautionary approach to manage our environmental impact proactively. Our environmental focus is on reducing our carbon emissions and improving resource efficiency and recycling. We make efforts to reduce our energy and paper usage within our Singapore operations. In line with our sustainability commitment, we have established environmental targets and carefully monitor our performance against these targets. Management reviews monthly performance reports, and corrective actions are implemented where required. Our employees make important contributions to our goals of reducing the use of energy and paper. An annual refresher training enables our employees to understand our environmental commitment and learn their role in achieving our targets.

Energy Consumption and Emissions Reduction

The Group continues to implement various practices to reduce energy consumption in the Singapore office and warehouse as below. Old electronic equipment are replaced with equipment that are energy efficient and environmentally friendly. All staff are reminded to switch off lighting, air conditioner and other electrical appliances when not in use to reduce energy consumption. A dedicated team of energy champions conducts checks to ensure machines and office printers are switched off to reduce energy wastage. We have successfully completed the installation of solar photovoltaic (PV) systems at our Malaysia site in January 2024, followed by our Singapore site in April 2024. These systems are designed to generate approximately 382.23 kilowatt peak power ("kwp") annually, covering 100% of the Group's electricity needs, with the excess energy of 215,741 kWh from Singapore and 8,557 kWh from Malaysia being sold back to the grid as a renewable energy source. We have successfully met our sustainability goals for solar energy generation.

While these initiatives are aimed at reducing our reliance on non-renewable energy, we observed an increase in overall energy consumption from fuel use during the year. This was primarily due to higher operational activities which require fuel-based energy. Moving forward, we remain committed to enhancing our energy efficiency. We will continue to explore and implement additional measures to optimise energy usage and further reduce our carbon footprint.

AnnAik's energy consumption and GHG Emissions for FY2023 and FY2024 are as follows:

	Energy consumption from fuel use (litres)				Energy consumption from electricity use (kWh)			
	FY2023 (Actual)	FY2024 (Target)	FY2024 (Actual)	FY2025 (Target)	FY2023 (Actual)	FY2024 (Target)	FY2024 (Actual)	FY2025 (Target)
Singapore operations								
Non-renewable	16,000	16,000	17,222	16,000	142,568	140,000	26,948	-
Renewable	NA	NA	NA	NA	NA*	NA*	33,907	45,000
Malaysia operations								
Non-renewable	NA*	NA*	5,294	5,000	NA*	NA*	-	-
Renewable	NA	NA	NA	NA	NA*	NA*	41,784	40,000

Sustainability Report

Environmental

	Scope 1 GHG emissions (kgCO ₂) – direct [#]				Scope 2 GHG emissions (kgCO ₂) – indirect [^]			
	FY2023 (Actual)	FY2024 (Target)	FY2024 (Actual)	FY2025 (Target)	FY2023 (Actual)	FY2024 (Target)	FY2024 (Actual)	FY2025 (Target)
Singapore operations	36,960	36,000	39,782	37,000	57,840	56,798	10,933	–
Malaysia operations	NA*	NA*	12,229	12,000	NA*	NA*	–	–

* Information was only available from the year 2024

Gasoline emission factor – 2.3100 kgCO₂ per litre [Source: Canada National Inventory Report]

^ Electricity emission factor – 0.4057 kgCO₂ per kWh [Source: Singapore's Grid Emission Factor]

Reduce, Reuse and Recycle

In order to achieve the goal of environmental continuous improvement, AnnAik's commitments are as follows:

1. Reduce paper usage by reusing and recycling papers which were printed on one-side for internal purposes, using two-sided printing option to print documents, implementing paperless working environment e.g. e-invoices and e-statements to customer.

Category	Usage of A4 paper (pieces)			
	FY2023 (Actual)	FY2024 (Target)	FY2024 (Actual)	FY2025 (Target)
Singapore	180,000	150,000	220,000	200,000
Malaysia	NA*	NA*	91,198	90,000

The Company did not meet its FY2024 target. While the Company usually opts for recycled paper in its printing practices, due to a reduced volume of recycled paper available during the reporting period, the Company consumed more A4 paper for printing of documents.

2.

Category	Printing of calendar (copies)			
	FY2023 (Actual)	FY2024 (Target)	FY2024 (Actual)	FY2025 (Target)
Singapore	900	600	750	700
Malaysia	NA*	NA*	300	250

The Company was unable to meet its FY2024 target due to an increase of printing of calendar (featuring the logo and branding elements) for its business partners to enhance its brand visibility and outreach during the financial year.

* Information was only available from the year 2024.

Other environmental conservation efforts

Company has migrated most of our servers to cloud computing to reduce emissions and only print its annual report and circular upon shareholder's request, as part of our environmental conservation efforts, as Company recognises that urgent, global action is required to curb the rise in temperatures and mitigate the risks of climate changes. The electronic edition of the annual report is available at www.annaik.com and on SGXNet.

Sustainability Report

Governance

Risk Management

The Group ensures that rigorous procedures are 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 holding Senior Management meetings on a regular basis.

On a quarterly basis, the Senior Management will provide updates to the Board in areas of concern, if any, that may arise in relation to the Group's key risk factors (including climate-related risks).

In addition, the Group has also requested its internal auditors, to take such risk factors into consideration when drawing up the annual internal audit plan, so as 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 applicable and relevant laws and standards and/or requirements issued by regulators, the Group tracks regulatory developments on a regular basis.

The Group's Company Secretary, Corporate Lawyer, Sponsor and Auditors advise 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 available for eligible employees.

Overall compensation and benefits structure also follows closely to the basic requirements of 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 of 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 to john.lim@cpa-partnership.com.sg or a letter in writing to the Audit Committee Chairman.

Anti-Corruption

We adopt a zero-tolerance policy towards fraud, corruption and bribery. Any breach of the policy is deemed a material risk to our business operations. Our risk management approach to anti-corruption helps us maintain our integrity, governance, and responsible business practices. This management approach was developed in compliance with the Singapore Prevention of Corruption Act, and is outlined in our Employee Code of Conduct, which all employees are required to abide by.

The anti-corruption policy prohibits the following activities:

- Use of Company funds or assets for any unlawful purpose or to influence others through bribes;
- Make facilitation or 'grease payments' which are intended to service or speed up routine legal government actions such as issuing permits or releasing goods held in customs; and
- Receive/give suppliers rewards, gifts or favours bestowed or promised with the view of perverting the judgment or corrupting the conduct of a person in a position of trust.

Sustainability Report

Governance

Supply Chain Management

Our major suppliers are the manufacturers of our Stainless Steel Distribution Business. Our suppliers are selected based on, amongst others, experience, expertise, product quality and past performances. We have a Procurement Policy and ISO standard in place which provides procurement guidelines such as selection and evaluation of suppliers as well as ensuring adequate diversification of suppliers which results in cost-effectiveness and prevention of operational disruptions.

We generally do not enter into long term exclusive agreements with any of our suppliers as we value the flexibility to evaluate and select our suppliers in accordance with our aforementioned criteria.

Our Directors believe that our business and profitability are not materially dependent on any industrial, commercial or financial contract with any supplier and will not be materially affected by the loss of any single supplier.

Report on the number of incidents of corruption and actions taken:

Category	FY2023 (Actual)	FY2024 (Target)	FY2024 (Actual)	FY2025 (Target)
No of cases	–	–	–	–

There were zero reported cases of incidents of corruption and actions taken for FY2023 and FY2024.

Operational Risk

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 and developed 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 upon conclusion of projects. The Group actively seeks 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 to provide professional advice in relation to operational risks.

For continuous operations, the Group's IT infrastructure is handled by IT professionals to ensure system reliability compliant with stringent security measures 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 devices.

Sustainability Report

Governance

Financial Risk

To mitigate its liquidity risks, the Group employs a tight capital management system to ensure 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 the 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. In anticipation of unforeseen financial losses, the Group 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.

Report on the number of incidents of regulatory, non-compliance cases and significant reportable risk breaches:

Category	FY2023 (Actual)	FY2024 (Target)	FY2024 (Actual)	FY2025 (Target)
No of cases	–	–	–	–

There were zero reported cases of incidents of regulatory, non-compliance cases and significant reportable risk breaches for FY2023 and FY2024.

Remuneration Matters

Linking sustainability performance to executive remuneration is a strategy that may be adopted to align the interests of executives with the long-term sustainability goals of the organisation. This approach helps ensure that our executives are incentivised to make decisions and implement practices that contribute to ESG objectives.

The Group seeks to create a strong incentive structure that motivates leaders to integrate sustainability into their decision-making process, fostering a more responsible and resilient business model. This approach aligns with the growing recognition of the importance of long-term business sustainability and stakeholder value creation.

Sustainability Report

Target

For the Sustainability Factors identified, we have set targets for FY2025 as follows:

Sustainability Factor	Target for FY2025
Economic	
Economic performance	Maintain or improve economic value generated subject to market conditions
Social	
Human Rights	Maintain zero record of child labour and forced labour
Employment	Maintain the ratio for male and female Maintain the ratio based on age Maintain zero record of discrimination
Training & Education	Improve training hours for employee
Occupational Health and Safety	Maintain zero work-related injuries and fatalities
Environmental	
Energy efficiency	Maintain or reduce energy consumption and use more renewable source of electricity to reduce carbon footprint
Recycle	Reduce, reuse and recycle paper
Emissions reduction	Reduce carbon emissions
Governance	
Anti-corruption	Maintain zero incidents of fraud and corruption Maintain zero incidents of non-compliance with relevant anti-corruption laws and regulations

Sustainability Report

GRI Index

GRI Standard Disclosure Number	Title Disclosure	Page/Reference
GRI 2: General Disclosures 2021		
GRI 2-1	Organisational details	4
GRI 2-2	Entities included in the organisation's sustainability reporting	2
GRI 2-3	Reporting period, frequency and contact point	2
GRI 2-4	Restatements of information	None in FY2024
GRI 2-5	External assurance	2
GRI 2-6	Activities, value chain and other business relationships	3, 24, AR 6 - 7
GRI 2-7	Employees	13 - 14
GRI 2-8	Workers who are not employees	Not applicable
GRI 2-9	Governance structure and composition	6, AR 14 - 18
GRI 2-10	Nomination and selection of the highest governance body	AR 19 - 21
GRI 2-11	Chair of the highest governance body	AR 18 - 19
GRI 2-12	Role of the highest governance body in overseeing the management	3, AR 11
GRI 2-13	Delegation of responsibility for managing impacts	6
GRI 2-14	Role of the highest governance body in sustainability reporting	3, 6
GRI 2-15	Conflicts of interest	5, AR 12
GRI 2-16	Communication of critical concerns	AR 33 - 34
GRI 2-17	Collective knowledge of the highest governance body	AR 13 - 14
GRI 2-18	Evaluation of the performance of the highest governance body	AR 21 - 22
GRI 2-19	Remuneration policies	AR 24 - 26
GRI 2-20	Process to determine remuneration	AR 22 - 26
GRI 2-22	Statement on sustainable development strategy	3
GRI 2-23	Policy commitments	3, 6
GRI 2-24	Embedding policy commitments	7 - 11
GRI 2-25	Processes to remediate negative impacts	6, 23, AR 27 - 31
GRI 2-26	Mechanisms for seeking advice and raising concerns	23
GRI 2-27	Compliance with laws and regulations	23
GRI 2-28	Membership associations	4
GRI 2-29	Approach to stakeholder engagement	7
GRI 2-30	Collective bargaining agreements	16
GRI 3: Material Topic 2021		
GRI 3-1	Process to determine material topics	8
GRI 3-2	List of material topics	9
GRI 3-3	Management of material topics	8
GRI 201: Economic Performance		
201-1	Direct economic value generated and distributed	12

Sustainability Report

GRI Index

GRI Standard Disclosure Number	Title Disclosure	Page/Reference
GRI 205: Anti-Corruption 2016		
205-2	Communication and training about anti-corruption policies and procedures	23
205-3	Confirmed incidents of corruption and actions taken	24
GRI 302: Energy 2016		
302-1	Energy consumption within the organisation	21
GRI 305: Emissions 2016		
305-1	Direct (Scope-1) GHG emissions	22
305-2	Energy indirect (Scope-2) GHG emissions	22
GRI 306: Waste 2020		
306-2	Management of significant waste-related impacts	21
GRI 401: Employment		
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	14
GRI 404: Training and Education		
404-1	Average hours of training per year per employee	16
GRI 405: Diversity and Equal Opportunities		
405-1	Diversity and equal opportunities in workplace	13 - 14
GRI 403: Occupational Health and Safety		
403-1	Occupational health and safety management system	17
403-2	Hazard identification, risk assessment, and incident investigation	17
403-9	Work-related injuries	17
GRI 406: Non-Discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	16
GRI 408: Child Labour 2016		
408-1	Operations and suppliers at significant risk for incidents of child labour	16
GRI 409: Forced or Compulsory Labour 2016		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	16
GRI 413: Local Communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	17
GRI 414: Supplier Social Assessment 2016		
414-2	Negative social impacts in the supply chain and actions taken	24

Sustainability Report

TCFD Index

TCFD Thematic Areas	Recommended Disclosures	Reference and Remarks
Governance		
Disclose the organisation's governance around climate-related risks and opportunities	a) Describe the board's oversight of climate related risks and opportunities	The Board oversees the corporate governance structure and sustainability strategy of the Group, including climate-related risks and opportunities. See the Governance Structure section
	b) Describe management's role in assessing and managing climate-related risks and opportunities	Management implements, monitors and reports on ESG performance, including climate-related risks and opportunities. See the Governance Structure section
Strategy		
Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	See the Climate-Related Risks and Opportunities section
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	
Risk Management		
Disclose how the organisation identifies, assesses, and manages climate-related risks	a) Describe the organisation's processes for identifying and assessing climate-related risks	See the Climate-Related Risks and Opportunities section
	b) Describe the organisation's processes for managing climate-related risks	
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	
Metrics and Targets		
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	See the Climate-Related Risks and Opportunities section
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	



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