



**STEADY** AND **UPWARD**

# Sustainability Report

## About this report

### Reporting scope and boundaries

The indicators and performance data in this report covers AnnAik Limited and its subsidiaries as a Group which corresponds to our Corporate Structure in the Annual Report. The Group ("AnnAik"), refers to the Company, AnnAik Limited and the entities which AnnAik has direct managerial control.

This year, this report focuses on AnnAik's sustainability performance across business divisions in Singapore. 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.

We are currently carrying out a preliminary risk assessment of how climate change will affect our operations based on the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") and will disclose our approach to addressing climate-related risk and opportunities in our next Sustainability Report. Please refer to the TCFD Index on page 34 for the TCFD recommendations context index.

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 2023 to 31 December 2023 ("FY2023"). We have included comparative historical data in this report that are 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 on our sustainability reporting process has been performed.

### Accessibility and Publication Information

The Group is committed to environmental conservation efforts and, as such, will refrain from printing any copies of this sustainability report. However, hard copies will be made available upon request by members of the Group. A current electronic edition of the report is available at: the Company's website [www.annaik.com](http://www.annaik.com) and on SGXNet.

### Feedback

Our stakeholder's feedback is important to us. Please address all feedback to our Investor Relations team at [kkng@annaik.com](mailto:kkng@annaik.com) and [cheeseng@annaik.com](mailto: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 so as to balance economic prosperity with our Corporate Social Responsibility together.

Our Sustainability Report 2023 ("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 the aim of the TCFD is to improve transparency of organisations' climate-related risks and opportunities so that investors can make informed decisions on where to deploy their capital. For this Sustainability Report, we have adopted the recommendations of the TCFD on a phased approach, as well as continue reporting on our Scope 1 greenhouse gas emissions to understand and monitor our baseline emissions in order to set realistic targets. We endeavour to share our progress towards meeting all the recommendations of the TCFD in our next Sustainability Report.

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 today 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 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, as well as the construction and supply of rural wastewater treatment equipment and system in the PRC.

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

<b>Name</b>	AnnAik Limited ("AnnAik")
<b>HQ Location</b>	52 Tuas Avenue 9, Singapore 639193
<b>Geography</b>	AnnAik has operations in 3 countries. It has offices, operating facilities and manufacturing facilities in Singapore, China and Malaysia.
<b>Legal Form</b>	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 shareholding <sup>(1)</sup> .

#### Organisation Scale

Number of employees

46<sup>(2)</sup>



No. of key operating subsidiaries

16



#### Revenue

	Manufacturing \$'000	Distribution \$'000	Environmental \$'000	Sub-total \$'000
Revenue from continuing operations	4,133	30,186	13,340	47,659

#### Workforce

	Male	Female	Total
Singapore	24	22	46

#### External Initiatives

- ISO 9001:2015 Quality Management
- Practice Workplace Safety
- Attained BizSafe Level 3
- NS MARK GOLD
- Employers' Pledge of Fair Employment Practices

#### Membership of Associations

- 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

Note 1: For indirect interest if any, kindly refer to AnnAik Limited Annual Report 2023

Note 2: Only Singapore division employees have been included in this report

## Sustainability Report

### ● Our Vision



To be a global leader in stainless steel piping products, known for our outstanding quality and unique upstream and downstream capabilities, from manufacturing to distribution to engineering construction and environmental business.



### ● 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.



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

## 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.

	FY2022 Amount \$'000	FY2023 Amount \$'000	Variance Amount \$'000
Direct economic value generated	82,725	47,659	(35,066)
Economic value distributed*	(75,378)#	(43,024)	32,354
Economic value retained	7,347	4,635	(2,712)

\*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.

# The above amount has been restated as the financial results of Pioneer Group have been presented separately as "Profit from discontinued operations" following the proposed disposal of 51% equity interest in Pioneer Environmental Technology Pte. Ltd.

For a detailed breakdown of the FY2023 financial results and variance reasons, please refer to the relevant sections in AnnAik Limited Annual Report FY2023.



## 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 2022 and 31 December 2023, AnnAik has 52 and 46 employees respectively.<sup>(1)</sup>

Item	Composition	Male		2022 Female		Total		Male		2023 Female		Total	
		No	%	No	%	No	%	No	%	No	%	No	%
Age	Under 30	2	7	6	26	8	15	1	4	6	27	7	15
	31 ~ 40	2	7	7	30	9	17	2	8	5	23	7	15
	41 ~ 50	9	31	5	22	14	27	9	38	5	23	14	31
	Above 50	16	55	5	22	21	41	12	50	6	27	18	39
	Sub total	29	100	23	100	52	100	24	100	22	100	46	100
Highest Educational Background	Primary School	3	11	1	4	4	8	3	12	1	5	4	9
	Secondary School	11	38	11	48	22	42	12	50	11	50	23	50
	College	5	17	4	17	9	17	4	17	4	18	8	17
	Degree	7	24	7	31	14	27	4	17	6	27	10	22
	Master	1	3	0	0	1	2	1	4	0	0	1	2
	PhD	2	7	0	0	2	4	0	0	0	0	0	0
	Sub total	29	100	23	100	52	100	24	100	22	100	46	100
Employment Contract	Permanent	29	100	23	100	52	100	24	100	22	100	46	100
Gender Diversity (%)								Male		Female			
FY2023								52		48			
FY2022								56		44			

Note 1: Only Singapore division employees have been included in this report

## Sustainability Report

### Social

#### Employment

##### Benefits for Full Time Employees

AnnAik provides benefits to full-time employees in the form of medical, accidental, life, hospitalisation, travelling 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, 3 male employees and 6 female employees have taken childcare leave (FY2022: 4 male employees and 4 female employees). The Group had a return-to-work rate of 100% and all these employees remain employed with the Group. The Group will continually work toward building a pro-parent workplace by enhancing our Group welfare practices and culture.

##### Training and Education

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

Everyyear, 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 (SMEICC) CONFERENCE SERIES 2023
- 2 17TH SING-ZHEJIANG ECON & TRADE COUNCIL
- 3 2023 SHANXI BRAND SILK ROAD JOURNEY
- 4 2023 ZHEJIANG ENTREPRENEURS SUMMIT
- 5 A PRACTICAL GUIDE TO USE LINKEDIN TO ENHANCE YOUR PROFESSIONAL PROFILE
- 6 ARE CFOS UNCOMFORTABLE WITH DIGITAL & TECH BUDGETS
- 7 BEYOND FINANCE AND GENERATIVE AI
- 8 BUSINESS ETHICS – REAL WORLD APPLICATIONS
- 9 CHATGPT – INTRODUCTION
- 10 CHINA (GUANGDONG)-SIN ECON & TRADE CORPN CONF
- 11 CHINA ASEAN BUSINESS LEADERS SUMMIT
- 12 CLIMATE REPORTING FUNDAMENTALS FOR LISTED COMPANIES
- 13 CPA LEARNING ONLINE – APR 23
- 14 DIALOGUE WITH MINISTER FOR TRADE & INDUSTRIES
- 15 DIALOGUE WITH MINISTER OF SUSTAINABILITY
- 16 FUJIAN-SIN ECON TRADE & FINANCIAL COOPERATION
- 17 FUTURECHINA GLOBAL FORUM 2023/AWARD DINNER
- 18 GOING FOR GOLD: ACHIEVING BUSINESS AGILITY
- 19 GOING GREEN FROM THE LENSES OF SINGAPORE AND MALAYSIA
- 20 GOODS AND SERVICES TAX WORKSHOP
- 21 HOW BUSINESS CAN OPTIMISE ITS ENERGY CONSUMPTION AND SUPPORT SUSTAINABILITY OBJECTIVES
- 22 HOW DOES DEVELOPING TECH ADD VALUE TO FINANCE PROFESSIONALS

## Sustainability Report

### Social

23	INDONESIA ECONOMIC OUTLOOK & ELECTION CYCLE
24	LED 9: ESG ESSENTIALS
25	MEETING WITH ESG
26	MY FIRM, MY FUTURE – VIRTUAL MASTERCLASS SERIES – MODULE 1 – CULTURE & EMPLOYER BRAND
27	MY FIRM, MY FUTURE – VIRTUAL MASTERCLASS SERIES – MODULE 3 – TEAM DEVELOPMENT STRATEGY
28	MY FIRM.MY FUTURE. MODULE ONE – CULTURE AND EMPLOYER BRAND
29	MY FIRM.MY FUTURE. MODULE THREE – TEAM DEVELOPMENT STRATEGY
30	MY FIRM.MY FUTURE. MODULE TWO – PROCESS FOR YOUR PEOPLE
31	POWERING UP YOUR RISK AND COMPLIANCE MANAGEMENT WITH DATA AND ANALYTICS
32	RIDING THE WAVE OF AI
33	SEIZING INDONESIA'S POTENTIAL: STRATEGIES FOR GROWTH AND COMPLIANCE
34	SHENZHEN LUOHU DISTRICT'S VISIT
35	SINGAPORE BUDGET 2023
36	SINGAPORE-CHINA TRADE & INVESTMENT FORUM 2023
37	SIN-GUANGDONG COLLABORATION COUNCIL
38	SPECIALIST DIPLOMA IN CLOUD COMPUTING (ARCHITECTURE)
39	TECHNICAL UPDATE ON IFRS 2023
40	UNDERSTANDING ESG DATA
41	WHY CORPORATE FINANCE NEEDS TO UNDERSTAND ESG

#### Training Hours

Category	FY2022 (Actual)	FY2023 (Target)	FY2023 (Actual)	FY2024 (Target)
Number of training days by each headcount (days)	1.5	2	2	3

We have shown an improvement from 1.5 days in FY2022 to 2 days in FY2023 and the target was met.

#### 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 FY2022 and FY2023.

## Sustainability Report

### Social

#### 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.

#### 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/WHSHC industry guidelines where practicable.

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

In FY2022 and FY2023, 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	FY2022 (Actual)	FY2023 (Target)	FY2023 (Actual)	FY2024 (Target)
Number of injuries	—	—	—	—
Lost day rate <sup>1</sup>	—	—	—	—
Work related fatalities	—	—	—	—

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

#### Local Communities

As a responsible corporate citizen, we find it important to support local community causes. We have contributed approximately \$54,000 to various beneficiaries and charity drives in FY2023.



# 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. In the future, we are looking to implement additional initiatives to minimise our energy consumption. We are on track to install solar photovoltaic (PV) systems on the roof of the office building and the warehouse building located at 52 Tuas Ave 9 and anticipate its completion by April 2024. As the installation works are currently underway, the current installed capacity will produce approximately 360.76 kilowatt peak power ("kwp") a year and can cater to 100% of the Group's electricity usage, while the remaining can be sold back to the grid as a substantial green source.

AnnAik's energy consumption and GHG Emissions for FY2022 and FY2023 are as follows:

	FY2022 (Actual)	FY2023 (Target)	FY2023 (Actual)	FY2024 (Target)
To maintain our fuel consumption (Litres)	NA*	NA*	16,000	16,000
To maintain our electricity consumption (kWh)	140,754	140,000	142,568	140,000

	FY2022 (Actual)	FY2023 (Target)	FY2023 (Actual)	FY2024 (Target)
Scope 1 GHG Emissions (kgCO <sub>2</sub> ) – direct	NA*	NA*	36,960	36,000
Scope 2 GHG Emissions (kgCO <sub>2</sub> ) – indirect	57,104	57,104	57,840	56,798

The Company has not met the target set for its electricity consumption for FY2023 mainly due to longer operational hours to fulfill customer orders with shorter lead time.

\* Information was only available from the year 2023.

## Sustainability Report

### Environmental

#### 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	FY2022 (Actual)	FY2023 (Target)	FY2023 (Actual)	FY2024 (Target)
Usage of A4 paper (pieces)	150,000	150,000	180,000	150,000

The Company did not meet its FY2023 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	FY2022 (Actual)	FY2023 (Target)	FY2023 (Actual)	FY2024 (Target)
Printing of calendar (copies)	600	550	900	600

The Company was unable to meet its FY2023 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.

#### 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](http://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](mailto: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

### ● Target

For the Sustainability Factors identified, we have set targets for FY2024 as follows:

Sustainability Factor	Target for FY2024
<b>Economic</b>	
Economic performance	Maintain or improve economic value generated subject to market conditions
<b>Social</b>	
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
<b>Environmental</b>	
Energy efficiency	Maintain or reduce energy consumption and to use more renewable source of electricity to reduce carbon footprint
Recycle	Reduce, reuse and recycle paper
Emissions reduction	Reduce carbon emissions
<b>Governance</b>	
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
<b>GRI 2: General Disclosures 2021</b>		
GRI 2-1	Organisational details	13
GRI 2-2	Entities included in the organisation's sustainability reporting	11
GRI 2-3	Reporting period, frequency and contact point	11
GRI 2-4	Restatements of information	21
GRI 2-5	External assurance	11
GRI 2-6	Activities, value chain and other business relationships	29
GRI 2-7	Employees	22
GRI 2-8	Workers who are not employees	None applicable
GRI 2-9	Governance structure and composition	15
GRI 2-10	Nomination and selection of the highest governance body	44, 45
GRI 2-11	Chair of the highest governance body	42-43
GRI 2-12	Role of the highest governance body in overseeing the management	12, 36
GRI 2-13	Delegation of responsibility for managing impacts	15
GRI 2-14	Role of the highest governance body in sustainability reporting	12, 15
GRI 2-15	Conflicts of interest	14, 37
GRI 2-16	Communication of critical concerns	57-58
GRI 2-17	Collective knowledge of the highest governance body	38-39
GRI 2-18	Evaluation of the performance of the highest governance body	45-46
GRI 2-19	Remuneration policies	49-50
GRI 2-20	Process to determine remuneration	47-50
GRI 2-21	Annual total compensation ratio	Information not disclosed due to commercial sensitivity
GRI 2-22	Statement on sustainable development strategy	12
GRI 2-23	Policy commitments	12, 15
GRI 2-24	Embedding policy commitments	16-20
GRI 2-25	Processes to remediate negative impacts	15, 51-55
GRI 2-26	Mechanisms for seeking advice and raising concerns	28
GRI 2-27	Compliance with laws and regulations	28
GRI 2-28	Membership associations	13
GRI 2-29	Approach to stakeholder engagement	16
GRI 2-30	Collective bargaining agreements	25
<b>GRI 3: Material Topic 2021</b>		
GRI 3-1	Process to determine material topics	17
GRI 3-2	List of material topics	18
GRI 3-3	Management of material topics	17

## Sustainability Report

### GRI Index

GRI Standard Disclosure Number	Title Disclosure	Page/Reference
<b>GRI 201: Economic Performance</b>		
201-1	Direct economic value generated and distributed	21
<b>GRI 205: Anti-Corruption 2016</b>		
205-2	Communication and training about anti-corruption policies and procedures	28
205-3	Confirmed incidents of corruption and actions taken	29
<b>GRI 302: Energy 2016</b>		
302-1	Energy consumption within the organisation	26
<b>GRI 305: Emissions 2016</b>		
305-1	Direct (Scope-1) GHG emissions	26
305-2	Energy indirect (Scope-2) GHG emissions	26
<b>GRI 306: Waste 2020</b>		
306-2	Management of significant waste-related impacts	26
<b>GRI 401: Employment</b>		
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	23
<b>GRI 404: Training and Education</b>		
404-1	Average hours of training per year per employee skills	24
<b>GRI 405: Diversity and Equal Opportunities</b>		
405-1	Diversity and equal opportunities in workplace	22
<b>GRI 403: Occupational Health and Safety</b>		
403-1	Occupational health and safety management system	25
403-2	Hazard identification, risk assessment, and incident investigation	25
403-3	Occupational health services	25
403-9	Work-related injuries	25
<b>GRI 406: Non-Discrimination 2016</b>		
406-1	Incidents of discrimination and corrective actions taken	24
<b>GRI 408: Child Labour 2016</b>		
408-1	Operations and suppliers at significant risk for incidents of child labour	24
<b>GRI 409: Forced or Compulsory Labour 2016</b>		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	24
<b>GRI 413: Local Communities 2016</b>		
413-2	Operations with significant actual and potential negative impacts on local communities	25
<b>GRI 414: Supplier Social Assessment 2016</b>		
414-2	Negative social impacts in the supply chain and actions taken	29

## Sustainability Report

### TCFD Index

TCFD Thematic Areas	Recommended Disclosures	Reference and Remarks
<b>Governance</b>		
Disclose the organisation's governance around climate-related risks and opportunities	a) Describe the board's oversight of climate related risks and opportunities b) Describe management's role in assessing and managing climate-related risks and opportunities	<ul style="list-style-type: none"> <li>SR: Board Statement</li> <li>SR: Governance Structure</li> </ul> SR: Governance Structure
<b>Strategy</b>		
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 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	We are carrying out a preliminary risk assessment of how climate change will affect our operations and will present our strategies and plans in our next Sustainability Report.
<b>Risk Management</b>		
Disclose how the organisation identifies, assesses, and manages climate-related risks	a) Describe the organisation's processes for identifying and assessing climate-related risks 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	We are carrying out a preliminary risk assessment of how climate change will affect our operations and will present our risk management around climate-related risks and opportunities in our next Sustainability Report.
<b>Metrics and Targets</b>		
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 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	We are carrying out a preliminary risk assessment of how climate change will affect our operations and will present our metrics used to assess climate-related risks and opportunities. SR: Environmental – Energy Consumption and Emissions Reduction (Scope 1 and 2 GHG emissions) We will review and develop and report on Scope 3 GHG emissions, as and when appropriate. We are carrying out a preliminary risk assessment of how climate change will affect our operations and will set realistic targets to manage relevant climate-related risks and opportunities in our next Sustainability Report.