



**PROVIDING ENERGY RESPONSIBLY  
ADDING VALUE DILIGENTLY**



**SUSTAINABILITY  
REPORT  
2022**

## Board Statement

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

Sustainability Report 2022 ("Sustainability Report") is prepared with reference to the Global Reporting Initiative ("GRI") Standards. This Sustainability Report focuses on environmental, social and governance factors that have been carefully selected to be material factors, given the Group's key stakeholders.

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

## Organization 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, China and Malaysia.

**Legal Form** AnnAik has been publicly listed on the Catalist Board of Singapore Exchange. Currently the largest shareholder of AnnAik is Mr Ow Chin Seng, who holds approximately 33.33% of shareholding<sup>(1)</sup>.

**Organization Scale** Number of employees

52<sup>(2)</sup>



No. of key operating subsidiaries

19



**Revenue**

	Manufacturing \$'000	Distribution \$'000	Environmental \$'000	Sub-total \$'000
Total Revenue	3,021	63,763	21,026	87,810

**Workforce**

	Male	Female	Total
Singapore	29	23	52

**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 2022

Note 2: Only Singapore division employees have been included in this 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 agents, representatives and consultants, the principles and standards in the Code are intended to enhance investor confidence and rapport, and to ensure that decision-making is ethically and properly carried out in the best interests of the Group. The Code is reviewed from time to time and updated to reflect changes to the existing systems or the environment in which the Group operates.

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

## 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.

## Governance Structure

Sustainability Governance is led by the Board of Directors and supported by all levels of the Group. Sustainability is a journey. 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.



Oversees the sustainability direction, strategies, policies



Advises and supports the Board on sustainability matters, strategies, policies

Overall management and monitoring of sustainability performance and targets



Implement sustainability initiatives and provide feedback on improvements

## 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 simultaneously</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 management approach towards identification and prioritisation of material topics and has provided resources to manage the governance of sustainability.

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 include 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 facing the industries and our own business goals. We therefore focus our sustainability efforts and reporting on these issues. Based on our internal review in FY2022, we have refined and included additional relevant identified factors.

The Group will implement and formulate quantitative targets on each of the identified factors in phases.

Material Topic	Material factor
	Economic
	Economic Performance
	Diversity and Equal Opportunities
	Employment
	Training and Education
	Protecting Human Rights
	Occupational Health and Safety
	Local Communities
	Social
	Energy Consumption
	Reduce, Reuse and Recycle
	Environmental
	Whistle Blowing Policy
	Anti-Corruption
	Operational Risk
	Governance
	Financial Risk

## 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	 
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	

# SUSTAINABILITY REPORT

## Contributing to Sustainable Development

ESG Factors	GRI Standards	SDGs
Environmental	GRI 302: Energy 2016	 
Environmental	GRI 305: Emissions 2016	
Social	GRI 406: Non-discrimination 2016 GRI 408: Child labour 2016 GRI 409: Forced or Compulsory Labour 2016	 

## 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.

	FY2021 Amount \$'000	FY2022 Amount \$'000	Variance Amount \$'000
Direct economic value generated	99,571	87,810	(11,761)
Economic value distributed*	(94,519)	(80,463)	(14,056)
Economic value retained	5,052	7,347	2,295

\*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 FY2022 financial results and variance reasons, please refer to the relevant sections in AnnAik Limited Annual Report FY2022 and the Announcement made on 27 February 2023.



# 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, AnnAik has 52 employees<sup>(1)</sup>.

Item	Composition	Male		Female		Total	
		No	%	No	%	No	%
Age	Under 30	2	6.9	6	26.2	8	15.4
	31 ~ 40	2	6.9	7	30.4	9	17.3
	41 ~ 50	9	31.0	5	21.7	14	26.9
	Above 50	16	55.2	5	21.7	21	40.4
	Sub total	29	100	23	100	52	100
Education Background	Primary School	3	10.4	1	4.3	4	7.6
	Secondary School	11	37.9	11	47.8	22	42.3
	College	5	17.3	4	17.4	9	17.3
	Degree	7	24.2	7	30.5	14	26.9
	Master	1	3.4	0	0	1	1.9
	PhD	2	6.8	0	0	2	4.0
	Sub total	29	100	23	100	52	100
Employment Contract	Permanent	29	100	23	100	52	100

Gender Diversity (%)		Male	Female
FY2022		56	44
FY2021		57	43

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

### 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. In prior years, AnnAik introduced the Employee Share Option Scheme to motivate employees to have long-term careers with us. This reward scheme contributes a win-win situation for both our organisation and our employees.

In addition to the government regulated annual leave, the Group also provides childcare leave for employees with children. During the reporting period, 4 male employees and 4 female employees have taken childcare leave. The aforementioned employees are currently employed under the Group.

## Social

### Training and Education

In current modern business environment, 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, external training and so on.

External training or programmes included the following.

- 01 AN OVERVIEW OF SELECTED FRSs
- 02 ASSESS CONFINED SPACE FOR SAFE ENTRY AND WORK
- 03 FORENSIC ACCOUNTING & FRAUD DETECTION
- 04 GST – UNDERSTANDING INPUT TAX RECOVERY RULES
- 05 LED – ENVIRONMENTAL, SOCIAL & GOVERNANCE ESSENTIALS
- 06 OCCUPATIONAL FIRST AID COURSE
- 07 OCCUPATIONAL FIRST AID REFRESHER COURSE
- 08 SUPERVISE CONSTRUCTION WORK FOR WSH
- 09 WORKPLACE SAFETY AND HEALTH IN CONSTRUCTION SITES
- 10 LED 7 – NOMINATING COMMITTEE ESSENTIALS
- 11 LED 8 – REMUNERATION COMMITTEE ESSENTIALS



### Training Hours

Category	FY2021 (Actual)	FY2022 (Target)	FY2022 (Actual)	FY2023 (Target)
Number of training days by each headcount (days)	0.7	2	1.5	2

Due to work commitments, the target was not met. Nevertheless, we have shown an improvement from 0.7 days in FY2021 to 1.5 days in FY2022.

### 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.

### Upholding Freedom of Association

We respect our employees' rights to freedom of association and collective bargaining 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 authority legislative requirements and integrate 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 FY2021 and FY2022, 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	FY2021 (Actual)	FY2022 (Target)	FY2022 (Actual)	FY2023 (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 \$48,500 to various beneficiaries and charity drives in FY2022.

## 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 eco friendly 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 significant 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

The Group has implemented various good practices to reduce energy consumption in the Singapore office and warehouse as below. Old electronic equipment are replaced with equipment that are energy saving and environmental 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. For example, we are in the process of assessing installing solar PV systems on the roof of the office building and the warehouse building at 52 Tuas Ave 9. The installed capacity will produce an estimated 900,000kWh a year and can cater to 100% of the Group's electricity usage, while the remaining can be sold back to grid as a substantial green source.

AnnAik's energy consumption for FY2021 and FY2022 are as follows:

Electricity Consumption (kWh)	FY2021 (Actual)	FY2022 (Target)	FY2022 (Actual)	FY2023 (Target)
To maintain our monthly electricity consumption	141,315	141,000	140,754	140,000

Company has met the target set for FY2022.

Scope 2 GHG Emissions (kgCO <sub>2</sub> ) – indirect	FY2021 (Actual)	FY2022 (Target)	FY2022 (Actual)	FY2023 (Target)
GHG Emissions (kgCO <sub>2</sub> )	57,332	57,204	57,104	57,104

As a result of our increased focus on energy-saving measures, our absolute carbon emissions have met the target .

# 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 paper which were printed on one-side for internal purposes, using two-sided printing option to print paper, implementing paperless working environment e.g. e-invoices and e-statements to customer.

Category	FY2021 (Actual)	FY2022 (Target)	FY2022 (Actual)	FY2023 (Target)
Usage of A4 paper (pieces)	250,000	237,500	150,000	150,000

Company has met the target set for FY2022.

2. 

Category	FY2021 (Actual)	FY2022 (Target)	FY2022 (Actual)	FY2023 (Target)
Printing of calendar (copies)	620	600	600	550

Company has met the target set for FY2022.

### Other environmental conservation efforts

Company has migrated most of our servers to cloud computing to reduce emissions and also with effect from FY2022, the company will no longer print its annual report and circular 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 the SGX website.

AnnAik is required to commence mandatory climate reporting with effect from FY2024, in accordance with TCFD disclosures. The Company has noted this requirement and is currently working towards compliance on these disclosures.

## Governance

### Risk Management

The Group ensures that a rigorous procedure is in place to adequately and effectively manage risks faced by its business divisions during the course of daily operations and long-term business planning. This is done by 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 risks factors.

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 law 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

## Governance

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

Category	FY2021 (Actual)	FY2022 (Target)	FY2022 (Actual)	FY2023 (Target)
No of cases	–	–	–	–

Zero cases reported on the number of incidents of corruption and action taken for FY2021 and FY2022.

### 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.

### 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 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 cases

Category	FY2021 (Actual)	FY2022 (Target)	FY2022 (Actual)	FY2023 (Target)
No of cases	–	–	–	–

Zero cases reported on the number of incidents of regulatory, non compliance cases and significant reportable risk breaches cases.

## GRI Index

GRI Standard Disclosure Number	Title Disclosure	Page/Reference
<b>GRI 2: General Disclosures 2021</b>		
GRI 2-1	Organisational details	12
GRI 2-2	Entities included in the organisation's sustainability reporting	10
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GRI 2-4	Restatements of information	None in FY2022
GRI 2-5	External assurance	10
GRI 2-1	Activities, value chain and other business relationships	14
GRI 2-2	Employees	20
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GRI 2-20	Process to determine remuneration	40-43
GRI 2-21	Annual total compensation ratio	Information not disclosed due to commercial sensitivity
GRI 2-22	Statement on sustainable development strategy	3
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