



SINGAPORE KITCHEN EQUIPMENT LIMITED

Sustainability Report 2020



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SUSTAINABILITY REPORT

“

We will continue our core sustainable strategies: **STAY CUSTOMER CENTRIC** to enhance greater local business support, **SEEK AND KEEP THE BEST TALENTS** in the field to consolidate our human capital, **GO DIGITAL** for innovative and smart kitchen solutions, **BUNDLE PROJECTS WITH SERVICE SUPPORT** to serve our customers better and **VENTURE INTO NEW MARKETS** and new areas of growth.

”

BOARD STATEMENT

Singapore Kitchen Equipment Limited (hereafter referred to as “SKE” or the “Group” or the “Company”) would like to present the annual Sustainability Report (the “Report”) which covers our Group’s performance from 1 January 2020 to 31 December 2020 (the “Reporting Period”).

This Report covers the Group’s key sustainability issues, the management’s approach and related performance, and is prepared in accordance with the GRI standards: Core Option.

Certain disclosures in the Report will be disclosed in the Annual Report 2020, which has been delayed due to additional audit procedures.

For the Sustainability Report in FY2020, our Board of Directors continued to appoint a steering committee spearheaded by Ms Charlene Koh and a working committee comprising senior staff at our Singapore Headquarters and our subsidiary in Johor Bahru, Malaysia.

During this Reporting Period, the Board members remained the same. The Board takes yearly sustainability reporting seriously, and all concerns of the stakeholders are duly discussed which have been implemented in our business strategies to enhance our quality and capabilities.

However, the 2019 Novel Coronavirus (“COVID-19”) outbreak in FY2020 seized countries across the globe, posing unprecedented challenges to economies worldwide. Our operations in Singapore and Malaysia had also been greatly affected. With the Circuit Breaker measures (“CB Measures”) in Singapore during April to June, and the Movement Control Order (“MCO”) in Johor Bahru, Malaysia, between March to December, our production operations came to a halt due to a huge drop in project orders for stainless steel products. Our factories were shuttered, keeping only a few bare minimum production staff. As such, both qualitative and quantitative data collected for this Report would present a one-off scenario that is very different from that of past years.

Through the experience of the events in FY2020, we are, now more than ever, aware of the importance of sustainability in every aspect to ensure business continuity and the ripple effect our decisions and actions can cause. Looking ahead, we will continue our core sustainable strategies: Stay customer-centric to enhance greater local business support, seek and keep the best talents in the field to consolidate our human capital, go digital for innovative and smart kitchen solutions, bundle projects with service support to serve our customers better and venture into new markets and new areas of growth.

Last but not least, the Board would like to thank all parties who participated in the compilation of this Report and welcome our stakeholders’ feedback to us pertaining to our Sustainability Report. Please feel free to send your comments and suggestions to Ms Charlene Koh at charlene@qson.com.sg.

BOARD OF DIRECTORS

SUSTAINABILITY REPORT

STAKEHOLDER ENGAGEMENT

Our Group has always focused on creating sustainable value for our stakeholders. We have actively engaged them through the following channels:

| Stakeholders | Engagement Platforms | Frequency | Key Concerns |
|--|---|-------------------------------|---|
| Shareholders & Investors | Annual General Meeting | Annually | Profitability and Sustainability |
| | Annual Report | Annually | |
| | Corporate Announcements | Regularly | |
| Customers & Consumers | Corporate Website | Timely corporate news release | Prompt service support |
| | Events & Functions | Annually | |
| | Email Queries | Daily | |
| | Hotline | Daily | |
| | Customer Surveys | Annually | |
| Employees | Morning Briefing Sessions | Daily | Manpower, Skill Sets, Staff incentives and welfare |
| | Departmental meetings | Weekly | |
| | HOD Coordinating Meetings | Monthly | |
| | Work Plans | Annually | |
| | Staff Seasonal Parties | On festive days | |
| | Seminars and Talks | Quarterly | |
| | Special Skills Trainings | As and when required | |
| Suppliers & Service Providers | Emails at all levels | Daily | Prompt Delivery and Payment |
| | Face to Face meetings | Monthly | |
| | Review and feedback | Quarterly | |
| Government & Regulators | SGX | 4-6 times annually | Compliance, news Updating, Economic growth and Announcement |
| | ACRA | Half Yearly | |
| | Trade / Industry Events | Quarterly | |
| | Government Agencies | Monthly | |
| Local Community | Year End Dinner Party | Annually | Willingness in CSR and Voluntarism |
| | Donations | Annually | |
| | Participating in Social & Charitable Activities | Twice a Year | |
| | Seminars and Talks | As and when | |

Figure 1 How we engaged our Stakeholders

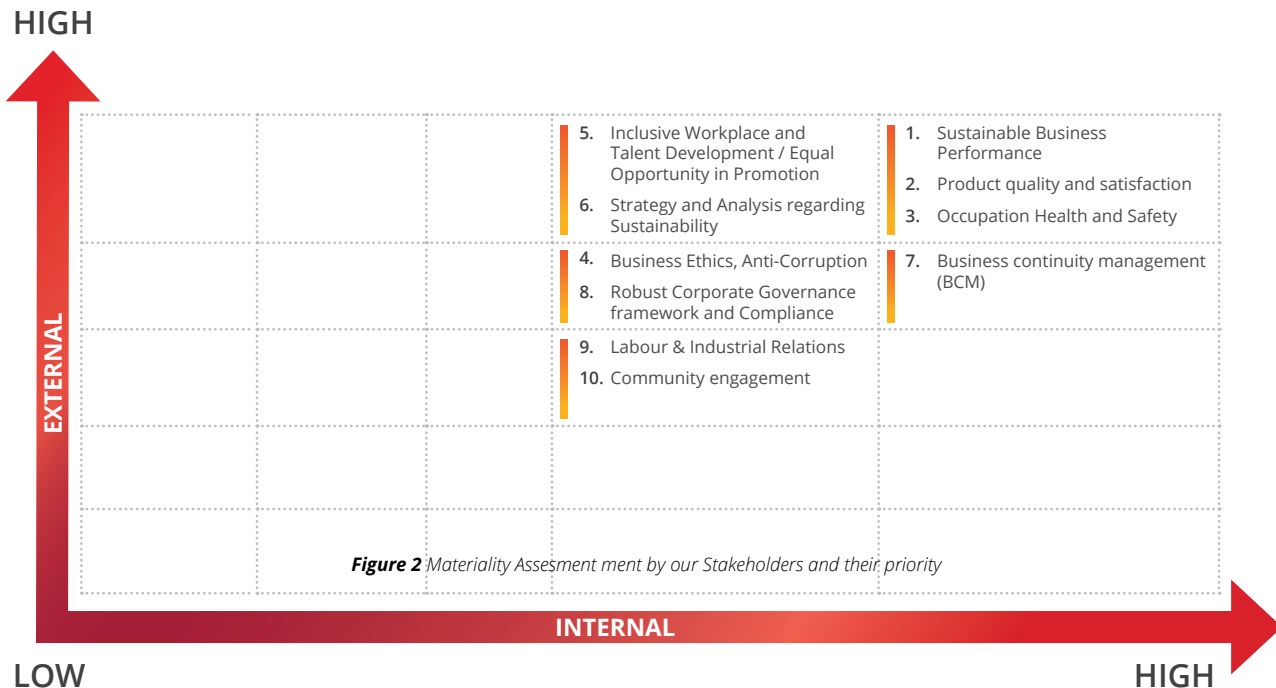
MATERIAL FACTORS

Our materiality assessment process for FY2020 involved the Group’s Senior Management in identifying sustainability factors deemed material to our businesses and our stakeholders. This is to ensure that our resources are better deployed to create sustainable value for our stakeholders. The content below shows 10 KEY FACTORS that are prioritized by the working committee:

- | | |
|---|---|
| 1 Sustainable Business Performance (Economic) | 6 Strategy and Analysis regarding Sustainability (Economic) |
| 2 Product Quality & Satisfaction (Economic & Environmental) | 7 Business Continuity Management (ESG) |
| 3 Occupation Health and Safety (Social) | 8 Robust Corporate Governance Framework and Compliance (Governance) |
| 4 Business Ethics, Anti-Corruption (Governance) | 9 Labour and Industrial Relations (Social) |
| 5 Inclusive Workplace and Talent Development (Social)/Equal Opportunity in Promotion (Social) | 10 Community Engagement (Social) |

Other Factors that are less significant to the Group at the moment include:

- | | |
|--|---|
| 1 Waste Management (Environmental) | 5 Indirect Economic Impact (Economic) |
| 2 Electricity & Water Conservation (Environmental) | 6 Succession Planning (Social) |
| 3 Emissions (Environmental) | 7 Innovation & Technology Leadership (Economic) |
| 4 Human Rights (Social) | |



Each of these topics was discussed among the selective groups separately and collectively in some subjects which are elaborated.

SUSTAINABILITY REPORT

ECONOMIC

Our Business

Singapore Kitchen Equipment Limited ("SKE"), operating under trade name Q'son, is one of Singapore's leading one-stop commercial and industrial kitchen solution providers for the F&B and hospitality industries. Listed on the Catalist Board of SGX since 22 July 2013, SKE specialises in design and consultancy, equipment fabrication, installation and distribution and after-sales service support. The Group also has maintenance and servicing teams to provide integrated and ad hoc repair services, regardless of model, brand, type and source of purchase for our customers. Today, SKE is a brand name that is synonymous with quality, efficiency and reliability.

Some of our customers for the year include renowned brands such as Park Royal Collections Hotel, San Shu Gong Private Dining, Swensen's, La Jia Restaurant, Fei Siong, Crave, and Lily's, just to name a few.

We manage two house brands namely InnoFlame (a spectrum of Chinese, gas powered cooking ranges) and Qoolux (a range of industrial refrigeration products). Over the years, we have also worked with third-party kitchen equipment manufacturers and OEM brands to secure distribution rights to better serve our plethora of clients from different industries.



Economic Performance

Below is a summary of our financial performance over the last five years:

| Income Statement | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---------|---------|---------|---------|------|
| Revenues (S\$'000) | 26,207 | 30,725 | 33,561 | 33,022 | * |
| Profit/(loss) after tax (S\$'000) | 2,568 | 1,298 | 680 | (89) | * |
| Earnings/(loss) per share (Cents)-diluted | 1.71 | 0.85 | 0.45 | (0.05) | * |
| Dividend per share (Cents) | 0.25 | 1.00 | 0.75 | NA | * |
| Staff head count (In Numbers) | 232 | 242 | 248 | 259 | * |
| Productivity per employee (S\$) | 112,961 | 126,963 | 135,327 | 127,498 | * |

Figure 3 Financial Performance (2016-2019) (as previously disclosed in prior years' Annual Reports).

* The figures for 2020 will be reflected in our Annual Report 2020, to be published.

Industrial Standards

We have been awarded with certificates from various governmental agencies such as LGSW (Licensed Gas Service Workers from City Gas), OHSAS – Bizsafe Star (Occupational Health and Safety Assessment Series), ISO 45001 (WHS – Work, Health & Safety), Confined Space Assessor, Building and Construction Safety Supervisor level, Work At Height Supervisor level and Safety Officer level. All employees operating in our factory in Malaysia are full-time staff who are on permanent contracts. We also constantly invest in research and development through our hardware research team, enabling us to scale up business to a new height.



ENVIRONMENTAL

Electricity and Water Conservation

We have guidelines in place to ensure efficient use of electricity by installing power-saving Light-Emitting Diode (LED) lights at our factories and offices. Employees will consciously turn off all power switches not in use during lunch and tea breaks. Air-conditioning temperature is also maintained at 24 degrees Celsius at all times. These measures help to control the wastage of energy when it is not in use. As a result of the CB Measures as well as MCO, production capacity was greatly reduced, thus we record a sharp drop in the usage of water and electricity for the year.

Tables 1 & 2 below show the total actual energy consumption in Malaysian Ringgit and the emissions intensity per metric ton in our Malaysia factory.

| Year | Actual Consumption (KWh) of the Plant | Turnover (MYR) | (KWh/MYR) |
|---------|---------------------------------------|----------------|-----------|
| 2017 | 137,984 | 9,101,717 | 0.0152 |
| 2018 | 135,710 | 8,662,017 | 0.0157 |
| 2019 | 149,850 | 9,304,023 | 0.0161 |
| 2020 | 99,812 | 4,736,181 | 0.0211 |
| Average | 130,839 | 7,950,984 | 0.0165 |

Table 1 KWh Consumption vs the Revenue (KWh/\$ represents energy consumed per monetary unit of sales)

| Year | Total direct CO ² or Carbon Equivalent Emissions (Metric Tons) | Total indirect CO ² or Carbon Equivalent Emissions (Metric Tons) | Turnover (MYR) | Emissions Intensity (MT/MYR'000) |
|------|---|---|----------------|----------------------------------|
| 2017 | NA | 97.6 | 9,101,717 | 0.01072 |
| 2018 | NA | 96.0 | 8,662,017 | 0.01108 |
| 2019 | NA | 106.0 | 9,304,023 | 0.0113 |
| 2020 | NA | 70.6 | 4,736,181 | 0.0149 |

Table 2 Emissions Intensity
<https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>

SUSTAINABILITY REPORT

In our commitment to electricity and water conservation, we adopted the following measures and initiatives:

- Installation of sensor water taps in toilets to prevent water wastage. Switching off office lights in the common areas and offices when not in use.
- Putting up signages at light switches as a reminder to switch off the lights when not in use.
- Use and deploy water-efficient tap filters on all our taps in the building to cut down water usage.
- Maintaining the air-conditioning temperature at 24 degrees Celsius at all times.
- Designated staff to patrol and check that air-conditioners and lightings are turned off after office hours.
- The implementation of Work-from-home ("WFH") due to CB measures and CMO.

Work Place Air and Environment

Our production plants do not cause any health hazards or air pollution. Nonetheless, we had installed heavy duty exhaust fans to ensure that the air circulation is maintained at fresh and healthy levels. We strongly urge our employees to go for annual medical check-ups to make sure that they remain healthy at work.

Waste Management

To ensure environmental-friendly processes are strictly carried out, we engage licensed companies to dispose of our waste, including scraps and discharges. We also make known to our customers that certain parts of our products must be properly disposed or decommissioned after use. Clear instructions are always attached to the manual of our products for easy reference.

Supply Chain

We are very stringent in our dealings with our suppliers. We ensure that proper evaluation procedures are reported in our assessment checklist which include their business conduct, labour practices, safety & health and environmental management. These practices enable us to conduct smoother supply and quality control as well as management of cash flow and cost-savings.

Compliance

We are not aware of any violations to laws and regulations pertaining to the environmental aspects. Our Malaysia factory has satisfied inspections by the relevant authorities, Jabatan Keselamatan Dan Kesihatan Pekerjaan Johor ("JKKP"). Policies and standard operating procedures are put in place to ensure environmental compliance such as

- Making sure suppliers have obtained the required environmental certifications;
- Employees are well informed of the policies and procedures in the event of contamination;
- Products are labelled with the environmental requirements;
- All materials used are within the limit of environmental requirements;
- Equipment used are environmentally-friendly; and
- Applying precautionary principles to reduce or avoid negative impact on the environment.

Occupational Health and Safety

SKE is ISO 9001:2008 certified. There was no injury at all in FY2020. SKE has zero tolerance for injuries. Having a clean record in Y2020 will be the defining standard as SKE continuously work towards an accident-free environment for our workers. It is part of our daily routine to conduct morning meetings to refresh and reinforce workplace health and safety practices. Key measures adopted to manage health and safety in the workplace environment are as follows:

- A set of safety rules and regulations is in place;
- Safety committee is established and safety inspections are performed regularly;
- Briefings and talks on occupational safety are organised regularly; and
- Accidents are tracked and monitored regularly.

SOCIAL

INCLUSIVE WORKPLACE AND TALENT DEVELOPMENT

Our Corporate Culture:

- SKE is non-discriminatory, practising and providing equal opportunities for all employees.
- We believe in talent retention and rewarding our employees at all levels. SKE provides competitive remuneration based on merits.
- We ensure a safe and healthy working environment for all our employees. We are OHSAS and ISO 45001 certified.
- We support human rights and against all forms of forced and child labour and prejudice, and all employees are engaged full-time and trained for their roles and responsibilities.
- We believe in continual training and career development for all staff. Our employees are provided with skill and technical training at our Malaysia plant (3 to 4 hours per month).
- We cultivate an inclusive culture where employees are motivated, engaged and connected via our monthly and quarterly company activities. We welcome employees of all nationalities and we currently have employees from 8 different countries.
- We encourage our employees to exercise their rights of freedom of association though we do not have a collective bargain agreement. Our employees are given at least one month's notice prior to any substantial operational changes affecting them.
- We support the TAFEP (Tripartite Alliance for Fair & Progressive Employment Practices) guidelines in re-employment of senior workers as we value their loyalty, experience and long service.
- We encourage more females to join our workforce though we are operating in a relatively brute labour-intensive industry. Currently, 29% of our employees are female.

SUSTAINABILITY REPORT

OUR WORK FORCE CHARACTERISTICS

| Work Force (Group) | 2019 | 2020 |
|--|---------|---------|
| Senior Management | 8 | 7 |
| Sales & Marketing | 15 | 11 |
| Procurement | 2 | 2 |
| Service & Maintenance | 97 | 59 |
| Administration | 25 | 14 |
| Finance | 7 | 10 |
| Project & Production | 93 | 42 |
| Design | 10 | 5 |
| General Support | 2 | 2 |
| Monthly training hour per staff | 4 hours | 4 hours |
| Monthly training hour per worker | | |
| 1. Singaporean | 46 | 41 |
| 2. Malaysian | 84 | 56 |
| 3. Indonesian | 1 | 1 |
| 4. Burmese | 27 | 6 |
| 5. Bangladeshi | 21 | 13 |
| 6. Filipino | 2 | 1 |
| 7. Vietnamese | 4 | 2 |
| 8. Chinese (PRC) | 74 | 32 |
| Most commonly-used language - English | 40% | 40% |
| Most commonly-used language - Chinese | 60% | 60% |
| Frequency of social gatherings per year - Casual | 4 | - |
| Frequency of social gatherings per year - Formal | 1 | - |
| Frequency of social gatherings per year - Charitable | 2 | - |
| Entry-level Employee's Wages (Local) | \$2,200 | \$2,200 |
| Entry-level Employee's Wages (Foreign workers) | \$1,100 | \$1,100 |

Workers Ratio (Group)

MALE

2019: 210

2020: 116



FEMALE

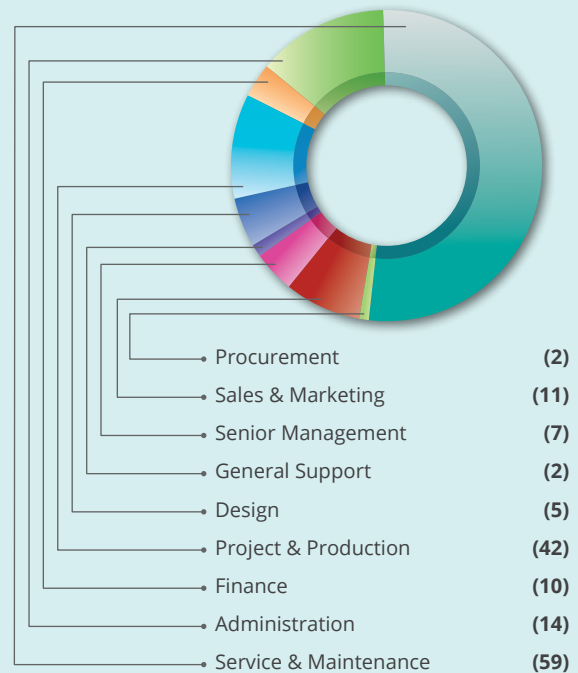
2019: 210

2020: 36

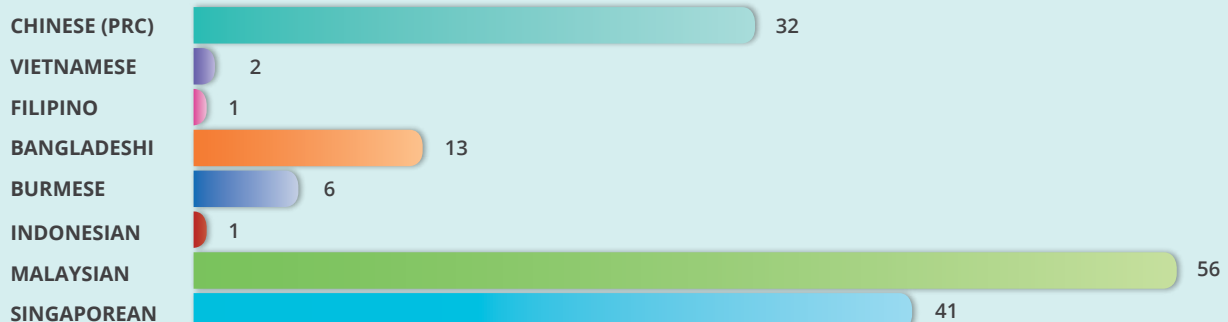


| | 2019 | 2020 |
|----------------|------|------|
| Age - below 40 | 212 | 107 |
| Age - above 40 | 47 | 45 |

Employee by Department 2020



Employee by Nationalities 2020



ORGANISATION CHART OF SKE GROUP



Our Labour Force (Malaysia Plant)

Our kitchen equipment products are mostly manufactured in Johor Bahru (Plentong), Malaysia, a 30-minute drive from the Singapore Causeway. Our approximately 25,000 sq ft factory has laser bending machines, CNC machines, milling machines and related automated production equipment. Headed by a factory manager, 4 supervisors and 57 foreign production workers from 8 countries, the daily operation in two shifts include the planning, fabricating, welding and polishing

processes. The Japanese Kaisen management system is practised at our factory. Every completed part is documented and placed orderly at the designated locations for the next production process. Finished products are packed and transported by trucks and lorries to the Singapore warehouse on a twice-weekly basis.

Not all our workers have a technical background. All unskilled workers will be trained and coached by a senior technician before working on a particular job independently. Every worker is required to go for 4 hours' training monthly on

their job-related courses. 80% of them are below the age of 40. They speak English, Mandarin and Malay. The factory manager organises activities monthly to build cohesiveness and team spirit. The morale of the workers at the plant is high.

Based on orders and designs from Singapore HQ, the factory runs independently with excellent cost control measures. Due to Malaysian tariff increase on the imported steel sheets from China, the key material procurement has been directed to Malaysian local suppliers.

SUSTAINABILITY REPORT

LABOUR FORCE (MALAYSIA PLANT)

All Employees

| | 2019 | 2020 |
|--------------------|------|------|
| Management Staff | 5 | 5 |
| Production Workers | 52 | 31 |

Age

| | | |
|--------------------|----|----|
| Below 40 years old | 45 | 29 |
| Above 40 years old | 12 | 7 |

Diversity/Nationality of all Employees

| | | |
|---------------|----|----|
| Malaysian | 30 | 10 |
| Vietnamese | 4 | 19 |
| Bangladeshi | 16 | 2 |
| Burmese | 25 | 5 |
| Chinese (PRC) | 1 | 1 |

Mostly commonly-used languages

| | | |
|----------|----|----|
| Mandarin | 24 | 17 |
| Malay | 52 | 20 |

Production Worker Ratio

| | 2019 | 2020 |
|--------|------|------|
| Male | 74 | 36 |
| Female | 2 | 1 |

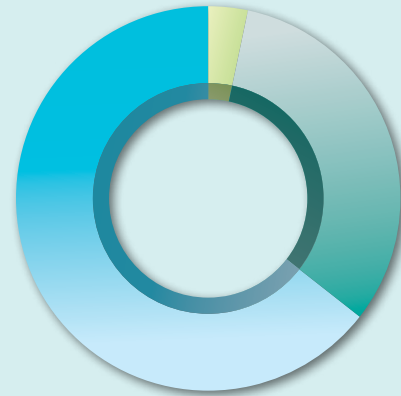
Job Functions

| | | |
|-------------------------------|----|----|
| Supervisors | 5 | 5 |
| Equipment Fabrication Workers | 7 | 3 |
| Material Planning | 20 | 8 |
| Office Workers | 4 | 2 |
| Polishing Workers | 14 | 6 |
| Welding Workers | 26 | 13 |

Employee Entry Wages

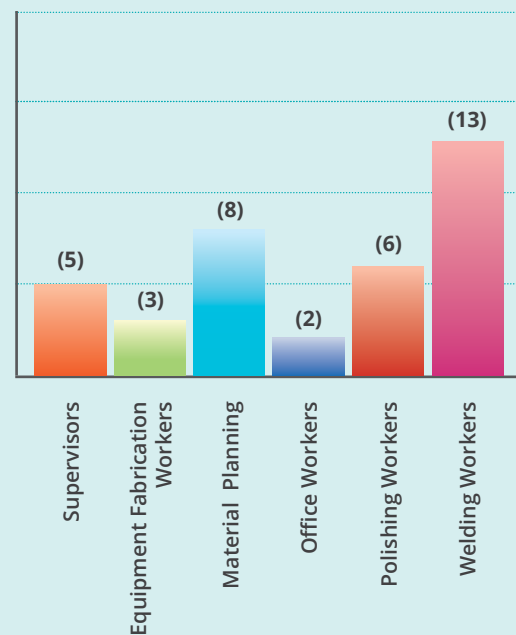
| | | |
|------------------|---------|---------|
| Malaysian Locals | RM1,500 | RM1,500 |
| Foreign Workers | RM1,100 | RM1,100 |

Production Workers @ Malaysia Plant 2020

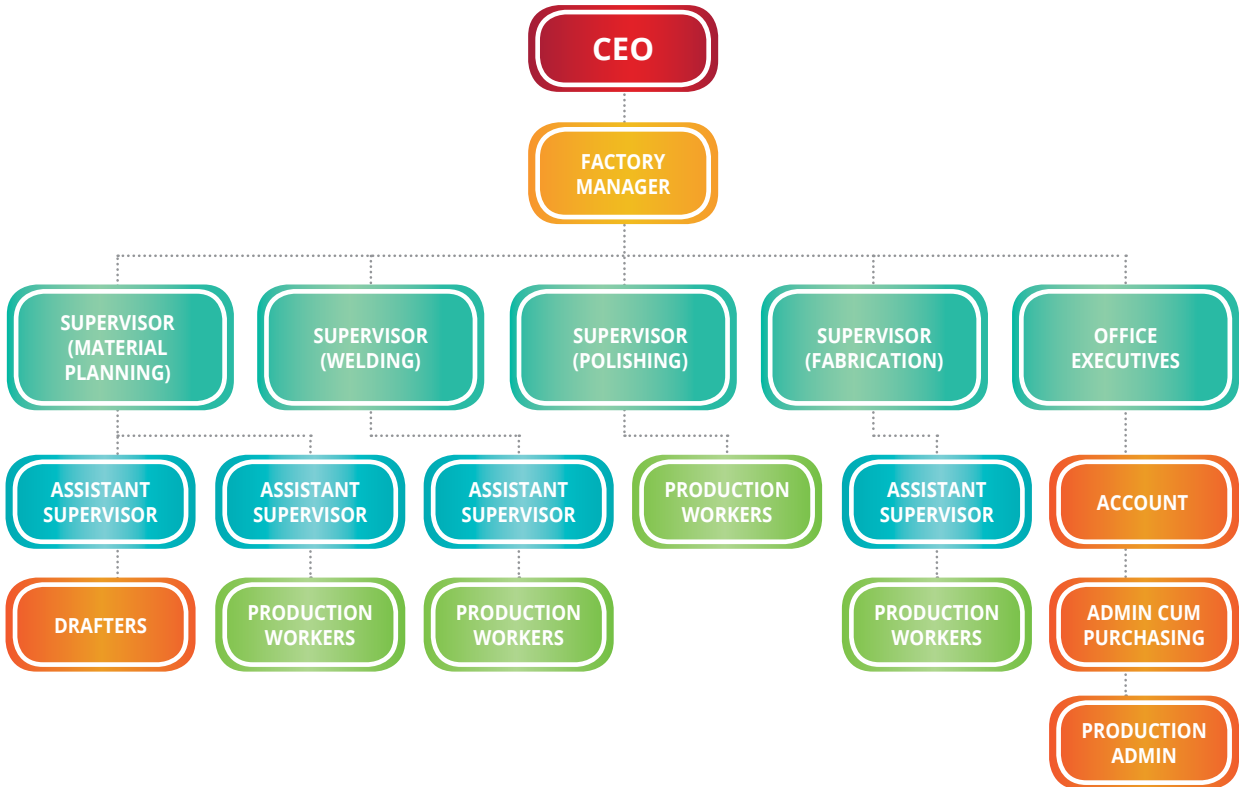


- Skilled (20)
- Semi-Skilled (10)
- Unskilled (1)

Job Functions of Production Workers 2020



QSON INDUSTRIES (M) SDN. BHD. ORGANISATION CHART



EMPLOYEES' ENTRY WAGES

We adhere to the wage laws of Singapore and Malaysia. In Singapore, the entry wages are S\$2,200 for local and S\$1,100 for foreign workers. In Malaysia, the entry wages are Malaysian RM1,500 for local and RM1,100 for foreign workers. On average, we paid higher entry wages than the required minimum to attract and retain employees. Our turnover was low in the past and the replacement is fast. We strictly abide by the manpower laws and regulations. All new employees will receive their lawful benefits upon meeting the national labour law requirements.

DIVERSITY IN THE WORKFORCE

We embrace diversity and have employees from different backgrounds and is not gender or age biased. We have representation from different nationalities in Singapore and Malaysia. Besides Singaporeans and Malaysians, there are 5 other nationalities in our Group including Vietnamese, Chinese, Bangladeshi, Filipinos and Burmese. The most common languages used are Chinese, English and Malay. This diversity in the workforce allows our organisation to be more vibrant and innovative with each employee offering different experiences and background.



SUSTAINABILITY REPORT



EMPLOYEES' BENEFITS

We have in place programmes to encourage healthy workforce through sports, social and health education talks and activities. Our employees' welfare benefits include fully-paid outpatient medical treatments, hospitalisation and insurance coverage, workmen compensation insurance as well as medical and hospitalisation leave. Our Group supports government pro-family policies and follows statutory regulations in both Singapore and Malaysia with regards to parental and childcare leave.

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

However, due to COVID-19 and its impacts on the economy and our business, we were forced to execute a pay cut exercise between the months of March to December 2020 to mitigate the drastic fall in revenue during the worst of the pandemic.

TRAINING AND EDUCATION

We believe that our greatest assets are our people and that the skill sets and knowledge of our staff is the crux of our success. Therefore, we invest in trainings, learning initiatives and development to expand our staff competencies. On average, our workers received 20 hours of training a year depending on their job requirements. In the coming years, we plan to increase average training hours gradually based on the recommendations of each department's needs.

In FY2020, as staff were mandated to WFH or telecommute under the CB Measures, we took this opportunity to let them undergo training seminars to upskill their capabilities and prepare them for the job and orders that will come in with the ceasing of the CB Measures and MCO. During the period of March to August 2020, about 80% of our staff underwent relevant and related courses, especially for service training. Through video-conference training sessions, the technical team was able to be "factory-trained" virtually by manufacturers and principals from our overseas suppliers. It was an effective and cost-containing way to train our team.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

Our Group strives to take the lead as a good example in being good and responsible corporate social citizens. We encourage our employees to give back to the society through community service projects and/or donations to the less fortunate.

With the pandemic rampant globally and travel bans in FY2020, we could not carry on with our CSR efforts overseas for volunteer work to build homes, schools, and community wells in the undeveloped countries.

Instead, we ramped up our CSR initiatives in the local community, having volunteer staff scheduled to deliver packed food from the local soup kitchens to the low-income residences of different constituencies.

SKE also provides bursaries to needy students through various partner universities without bond each year. We believe in education for the locals to ensure a brighter tomorrow for themselves and their next generation. In the year, we gave out tertiary education bursary sponsorships to 5 deserving students of the Singapore Institute of Technology who were in need.

GOVERNANCE

Corporate Governance

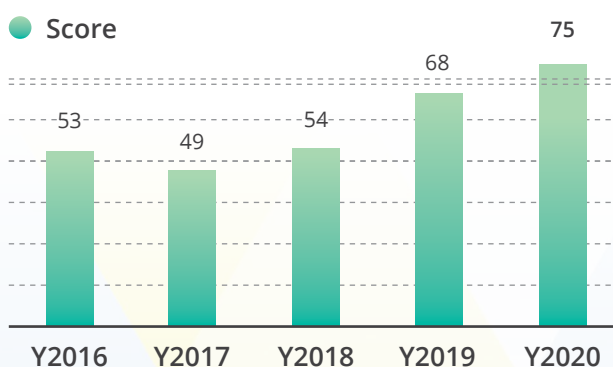
A high standard of corporate governance is integral in ensuring sustainability of the Group's business as well as safeguarding shareholders' interests and maximising long-term value. Our overall Singapore Governance and Transparency Index (SGTI) score assessed by the National University of Singapore Business School was 75 for FY2020, an improvement from 68 for FY2019.

Whistle-Blowing and Anti-Corruption Policy

The Group has in place a Whistle-Blowing Policy that provides a channel to employees and other parties to report in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting or other matters. Our stakeholders and public can contact us at a dedicated line 64723049 or email to whistle@qson.com.sg to raise any concerns.

| SGTI Year | Rank | Score |
|-----------|------|-------|
| 2020 | - | 75 |
| 2019 | 167 | 68 |
| 2018 | 305 | 54 |
| 2017 | 324 | 49 |
| 2016 | 237 | 53 |

Figure 4 SGTI scores 2016-2020



Risk Management

The Group outsourced its internal audit functions to a well-established, mid-tier local accounting firm. On an annual basis, the internal auditors prepare the internal audit plan for the Audit Committee's (the "AC") approval. These audits are conducted to assess the adequacy and effectiveness of the Group's risk management and the internal control systems, including financial, operational, compliance and information technology controls. Concerted efforts were made to rectify lapses and non-compliance issues reported by the internal auditors.

We have engaged TRS Forensics Pte Ltd as our internal auditor. The AC will review the findings of the internal auditor and will ensure that the Group follows up on the internal auditor's recommendations raised during the audit process.

On 15 September 2020, following an investigation by the Corrupt Practices Investigation Bureau ("CPIB") on certain transactions, the Group engaged the internal auditor to conduct an independent review on the risk management and internal controls surrounding the transactions under investigation by CPIB. The AC will review the findings highlighted by the internal auditor from the internal audit and independent review conducted and will take necessary steps to ensure that the Group follows up on the internal auditor's recommendations to address any internal control gaps. Concerted efforts will be made by the Group to rectify any lapse and non-compliance reported by the internal auditor.

On 22 March 2021, the Company announced that the AC has after the announcement of the FY2020 unaudited financial results engaged in further discussions with its statutory auditors, BDO LLP, and after further discussions, requested that additional review and verification be carried out. The AC will review the outcome of the additional review and take such steps that may be required including making the requisite announcements.

SUSTAINABILITY REPORT

The Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) will provide a letter of assurance for the financial year to confirm that the financial records have been properly maintained and the financial statements give a true and fair view of the Company’s operations and finances. The CEO and key management personnel or Executive Director, Mr Lee Chong Hoe will also provide a letter of assurance for the financial year to confirm the adequacy and effectiveness of the Company’s risk management and internal control systems.

Investor Relations

We welcome all stakeholders to approach us and support the sustainability of our business. Investors can reach us via our Company website at www.singaporekitchenequipmentltd.com, read our Company’s latest information at www.sgx.com or actively participate at the AGM.



MEASURES AND TARGETS FOR 2020/2021

For FY2020, the CB Measures as well as MCO had caused our sales and production to be pretty much flat through the year. However, the issues we face are often recurring, thus the policies, measures and targets that we set are also repetitive in helping us tackle the various issues to ensure sustainability in our business.

| Sustainability Concerns | Issues | Policies, Measures & Targets |
|--|--|--|
| Environmental / Economic / Governance / | <ul style="list-style-type: none"> Welding jobs, which constitutes a vast majority of our new equipment fabrication and servicing jobs in the market, can be tedious, hazardous and has restrictive outputs. | <ul style="list-style-type: none"> There is an available automatic laser machine in the market. It is a state-of-the-art equipment that is highly efficient but cost is prohibitive. We are planning to tap on government funding to purchase these efficient tools. The funding programme was set to take place in 1Q 2020, but all plans had been disrupted by the onset of COVID-19. We are looking into restarting these plans as soon as operationally possible. |
| Social (Talents) | <ul style="list-style-type: none"> With the growth of the company and the rising number of projects, experienced project or site supervisors are much needed. Currently, project supervisors are handling 7 to 8 projects at the same time as compared to the normal capacity of 5 to 6 projects. | <ul style="list-style-type: none"> We tap on the current pool of technicians to become project coordinators. The HR department actively seeks to fill both positions and continual training is given. Technicians are easier to recruit than project coordinators. |

| Sustainability Concerns | Issues | Policies, Measures & Targets |
|------------------------------|--|---|
| | <ul style="list-style-type: none"> • Sales persons are difficult to recruit from the open market and new sales personnel will take time to acquire the necessary skills even when trainings are provided. With the drop in our sales and revenue for FY2020, the need for experienced sales persons will be of increased importance to bring in higher sales. • Market will remain highly competitive as the F&B and hospitality industries are expected to take a downturn. Margins may be compromised, and higher volume sales will be required to meet the bottom line. | <ul style="list-style-type: none"> • Referrals or recommendations from staff are highly encouraged and incentivised. For each successful referral having worked for 1 year, the company will pay a referral fee of S\$1,000 to the referrer. • The HR department will source for talents from the related industries by offering better incentives and better promotion opportunities to persons with track records. • Some or many suppliers, vendors and manufacturers may or will be re-sourced for better cost management. |
| Social (Supply Chain) | <ul style="list-style-type: none"> • Due to new import duty on steel products from China, our alternative cheaper source of supply has been disrupted. Currently, our supply is from local milling contractors. Moreover, with COVID-19, production and shipment has been affected. | <ul style="list-style-type: none"> • Two measures will be taken to stabilise the supply chain and control cost <ul style="list-style-type: none"> - To look out for additional suppliers to ensure quality suppliers and fair prices - To check with authorities for relevant incentives and re-export of finished goods. • Target - The purchasing team will source for at least three suppliers for the affected materials |

PERFORMANCE TRACKING AND REPORTING

Within the Group, we will track our progress on these material factors by systematically identifying relevant information and data, while conducting Gap Analysis to ensure the expectations of our stakeholders match the Company's. In addition, we will set performance targets to align our strategies, ensuring that we maintain the right course in our path to sustainability.

SUSTAINABILITY REPORT

GRI STANDARDS CONTENT INDEX

| GRI Standards 2016 | General Disclosures | Section Reference |
|-----------------------------|--|---|
| ORGANISATION PROFILE | | |
| 102-1 | Name of the organisation | Singapore Kitchen Equipment Limited |
| 102-2 | Activities, brands, products, and services | Corporate Website, Annual Report 2020 |
| 102-3 | Location of headquarters | Singapore |
| 102-4 | Location of operations | Singapore & Malaysia |
| 102-5 | Ownership and legal form | Annual Report 2020 |
| 102-6 | Markets served | Corporate Website, Annual Report 2020 |
| 102-7 | Scale of the organisation | Pages 7 to 10, Annual Report 2020 |
| 102-8 | Information on employees and other workers | Pages 7 to 10 |
| 102-9 | Supply chain | Page 6 |
| 102-10 | Significant changes to the organisation and its supply chain | None |
| 102-11 | Precautionary principle or approach | SKE does not specifically address this issues |
| 102-12 | External initiatives | Page 12 |
| 102-13 | Membership of associations | Singapore Business Federation |
| STRATEGY | | |
| 102-14 | Statement from senior decision-maker | Page 1 |
| 102-15 | Key impacts, risks, and opportunities | Pages 1 to 2 |
| ETHICS AND INTEGRITY | | |
| 102-16 | Values, principles, standards, and norms of behaviour | Page 7, Page 13 |
| 102-17 | Mechanisms for advice and concerns about ethics | Pages 13 to 14 |
| GOVERNANCE | | |
| 102-18 | Governance structure | Annual Report 2020 |
| 102-19 | Delegating authority | Annual Report 2020 |
| 102-20 | Executive-level responsibility for economic, environmental | Annual Report 2020 |
| 102-21 | Consulting stakeholders on economic, environmental and social topics | Pages 2 to 3 |
| 102-22 | Composition of the highest governance body and its committees | Annual Report 2020 |
| 102-23 | Chair of the highest governance body | Annual Report 2020 |
| 102-24 | Nominating and selecting the highest governance body | Annual Report 2020 |
| 102-25 | Conflicts of interest | Annual Report 2020 |
| 102-26 | Role of highest governance body in setting purpose, values, and strategy | Annual Report 2020 |
| 102-27 | Collective knowledge of highest governance body | Annual Report 2020 |

| GRI Standards 2016 | General Disclosures | Section Reference |
|--------------------|--|---|
| 102-28 | Evaluating the highest governance body's performance | Annual Report 2020 |
| 102-29 | Identifying and managing economic, environmental and social impacts | Page 2 |
| 102-30 | Effectiveness of risk management processes | Page 6, Pages 13 to 14, Annual Report 2020 |
| 102-31 | Review of economic, environmental, and social topics | Pages 3 to 12 |
| 102-32 | Highest governance body's role in sustainability reporting | Page 1 |
| 102-33 | Communicating critical concerns | Page 3 |
| 102-34 | Nature and total number of critical concerns | Page 2 |
| 102-35 | Remuneration policies | Annual Report 2020 |
| 102-36 | Process for determining remuneration | Annual Report 2020 |
| 102-37 | Stakeholders' involvement in remuneration | NA |
| 102-38 | Annual total compensation ratio | NA |
| 102-39 | Percentage increase in annual total compensation ratio | NA |
| 102-40 | List of stakeholder groups | Page 2, Annual Report 2020 |
| 102-41 | Collective Bargaining Agreements | Page 7 |
| 102-42 | Identifying and selecting stakeholders | Pages 2 to 3 |
| 102-43 | Approach to stakeholder engagement | Page 2, Annual Report 2020 |
| 102-44 | Key topics and concerns raised | Pages 2 to 3 |
| 102-45 | Entities included in the consolidated financial statements | Annual Report 2020 |
| 102-46 | Defining report content and topic boundaries | Page 1 |
| 102-47 | List of material topics | Page 3 |
| 102-48 | Restatements of information | NA |
| 102-49 | Changes in reporting | NA |
| 102-50 | Reporting period | 1 January to 31 December 2020 |
| 102-51 | Date of most recent report | 2019 Annual Report |
| 102-52 | Reporting cycle | Annually |
| 102-53 | Contact point for questions regarding the report | Page 14 |
| 102-54 | Claims of reporting in accordance with the GRI Standards | Page 1 |
| 102-55 | GRI content index | Pages 17 to 18 |
| 102-56 | External assurance | We may ask external assurance in the future |
| ECONOMIC | | |
| 201-1 | Direct economic value generated and distributed | Page 4 |
| 201-4 | Financial assistance received from government | Annual Report 2020 |
| 202-1 | Ratios of standard entry level wage by gender compared to local minimum wage | Page 8 |

SUSTAINABILITY REPORT

| GRI Standards 2016 | General Disclosures | Section Reference |
|----------------------|--|--|
| 202-2 | Proportion of senior management hired from the local community | Pages 8 to 10 |
| 205-1 | Operations assessed for risks related to corruption | Page 13 |
| 205-2 | Communication and training about anti-corruption policies and procedures | Page 13 |
| 205-3 | Confirmed incidents of corruption and actions taken | Nil |
| ENVIRONMENTAL | | |
| 302-1 | Energy consumption within the organisation | Page 5 |
| 306-1 | Water discharged by quality & destination | NA |
| 307-1 | Non-compliance with environmental laws and regulations | Page 6 |
| 308-1 | Percentage of new suppliers that were screened using environmental criteria | Page 6 |
| 308-2 | Negative environmental impacts in the supply chain and actions taken | Nil |
| SOCIAL | | |
| 401-1 | New employee hires and employee turnover | Pages 8 to 10 |
| 401-2 | Benefits provided to full time employees that are not provided to temporary or part-time employees | Page 12 |
| 401-3 | Parental leave | Page 12 |
| 403-1 | Workers representation in formal joint managements worker | Page 8 |
| 403-2 | Injury and incidents | Page 7 |
| 403-4 | Health & safety topics covered in formal agreements with trade union | Page 7 |
| 404-1 | Average hours of training per employee | Page 8, Page 12 |
| 404-2 | Programs for upgrading employee skills and transition assistance programs | Page 12 |
| 404-3 | Percentage of employees receiving regular performance and career development reviews | Yes, but did not disclose due to sensitivity |
| 405-1 | Diversity of governance bodies and employees | Pages 7 to 12 |
| 413-1 | Operations with local community engagement, impact assessments, and development programs | Page 12 |
| 414-1 | New suppliers screened using social criteria | Page 6 |
| 416-2 | Negative social impacts in the supply chain and actions taken | Nil |
| 419-1 | Non-compliance with laws and regulations in the social and economic area | Nil |

This sustainability report has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("Sponsor") in accordance with Rule 226(2) (b) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst. This sustainability report has not been examined or approved by the 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 Mr Eric Wong (Director, Investment Banking). The contact particulars are 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, telephone: +65 6337 5115.



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