

SUSTAINABILITY REPORT 2023



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1. Board Statement

The current Board of Directors as at the date of this report was reconstituted on 16 January 2024. Accordingly, none of the current directors were involved in any of the sustainability and environment, social and governance (“ESG”) matters in the business and strategy of ASTI Holdings Limited (the “Company” or “ASTI”, and together with its subsidiaries, the “Group”) and its subsidiaries in the course of the financial year ended 31 December 2023 (“FY2023”), save for the review of this report prepared with the assistance of Baker Tilly Singapore. Sustainability and ESG matters for FY2023, including the scope, focus and subject matters of this report, were considered and determined under the supervision of the previous Board of Directors (“Board”). Further, as set out in its announcement dated 24 January 2024, the Company is in the process of reviewing the corporate and business dealings and transactions of the Group under the previous Board of Directors, and there may be a possibility that findings from such review might not be consistent with the contents of this report.

The Company’s seventh (7th) sustainability report for FY2023 (“Report”) is subject to the disclaimer above. Reference to the Board refers to the previous Board of Directors who was in place in FY2023.

In FY2023, we continued to face challenges posed by political tensions, inflation, escalating interest rates, rising business costs and also the ongoing threat - climate change. We are conscious of our responsibilities as a corporate citizen and recognise the importance of our contribution towards climate and the environment we operate in.

The Board oversees the sustainability performance of ASTI, with support from the Sustainability Steering Committee (“SSC”). Sustainability related matters are considered by the Board as it reviews the strategic plans for ASTI in the longer term.

Our sustainability strategy is headed by our SSC and supported by the Sustainability Task Force (“STF”). The SSC provides direction coupled with an effective sustainability governance framework to identify, assess, and manage the ESG issues that are important to us and our stakeholders.

We endeavour to consider sustainability in all our strategic decisions and will continue to engage our stakeholders and monitor the ESG factors and economic performance (collectively “Material Factors”) that are material to the continuity of our business. We seek your support as we continue this sustainable journey to pivot our business and emerge stronger.

This report details the efforts and performances in meeting the sustainability goals and targets during FY2023. The report details our approach, practices, and performance around the Material Factors that have identified.



2. About this Report

2.1. Reporting Scope and Period

This Report, published annually, covers the Company's policies, practices, initiatives, performance, and goals in relation to Material Factors for the period of 1 January to 31 December 2023 and includes data and information from said period relating to ASTI, its subsidiaries and our services and products.

Our operations are located in Southeast Asia, Greater China, the United States of America, and the United Kingdom. As at the date of this report, Telford Group ("Telford") continues to have the highest impact on sustainability amongst ASTI other businesses.

Save for the information presented in Section 4.5 Governance, all data and information reported in this Report pertain only to the Telford business in Philippines as the majority of Telford operations are based in the Philippines ("Telford Philippines"). Disclosures under Section 4.5 Governance on anti-corruption and corporate governance matters relate to the entire Group and are subject to the disclosures found in the Board Statement on Page 3 of this report.

Telford Philippines is 100% fully owned subsidiary of ASTI Holdings Limited with 1,931 employees as at 31 December 2023. The financial figures presented in this report is based on unaudited financial results of Telford Philippines. The operations in Telford Philippines accounted to approximately 54% of the Group's revenue. Prior year statistics of Telford Philippines operations are included in this Report for comparison. We will consider to include other entities in the subsequent reporting period.

2.2. Framework

This Report is written in compliance with the requirements of SGX-ST Listing Rules 711A and 711B and has been prepared **with reference** to the Global Reporting Initiative ("GRI") Standards 2021. Further details regarding the respective GRI Standards disclosures selected can be found in the **GRI Content Index** provided at the end of this report.

Additionally, we adopt a phased approach as we continue our efforts in managing climate-related risks. This report includes ASTI's climate-related disclosures according to the recommendation of the Task Force on Climate-related Financial Disclosures ("TCFD") based on the efforts to date. Further details regarding the alignment of ASTI's climate-related disclosures with the respective TCFD recommendations can be found in the **TCFD Content Index** provided at the end of this report.

The GRI and TCFD frameworks have been selected as these are two of its internationally recognised sustainability reporting standards. The use of GRI and TCFD frameworks ensures comparability of our report with industry peers.

We have reviewed SGX Core ESG Metrics and included these metrics relating to the material topics identified wherever relevant.

2.3. Feedback

For any enquires, comments or feedback regarding both our sustainability performance and report, please send them to enquiries@astigp.com.

3. Sustainability Governance

3.1. Sustainability Strategy

The Board and Management recognise the importance and the growing expectations on sustainability and strive to consider sustainability in the strategic decisions we make as well as the day-to-day operations of the business amidst the challenges that we face.

3.2. Sustainability Governance Structure



Board of Directors (the “Board”)

The Board oversees the sustainability performance of ASTI, with support from the Sustainability Steering Committee (“SSC”). Sustainability related matters are considered by the Board as it reviews the strategic plans for ASTI in the longer term.

Sustainability Steering Committee (“SSC”)

Our sustainability strategy is headed by our Sustainability Steering Committee (“SSC”). The SSC provides strong direction coupled with an effective sustainability governance framework to identify, assess, and manage the ESG issues that are important to us and our stakeholders.

The SSC is led by the CEO supported by senior management of ASTI and Telford. They provide advice and assistance to the Board in ensuring that policies and procedures related to ESG issues are aligned with ASTI’s business strategy.

Sustainability Task Force (“STF”)

The SSC is supported by the STF, which is responsible for driving sustainability initiatives and programmes across Telford. STF comprises of management personnel involved in various divisions including Finance and Information Technology.

3.3. Stakeholder Engagement

We strongly believe that stakeholders are an integral part of our sustainability efforts, as such; it is of utmost importance that we engage with our stakeholders to gain valuable insights and understand the sustainability issues that they are most concerned with, helping to shape our sustainability strategy and grow our business sustainably. Our stakeholders include individuals or groups that have interests that are affected or could be affected by our operations.

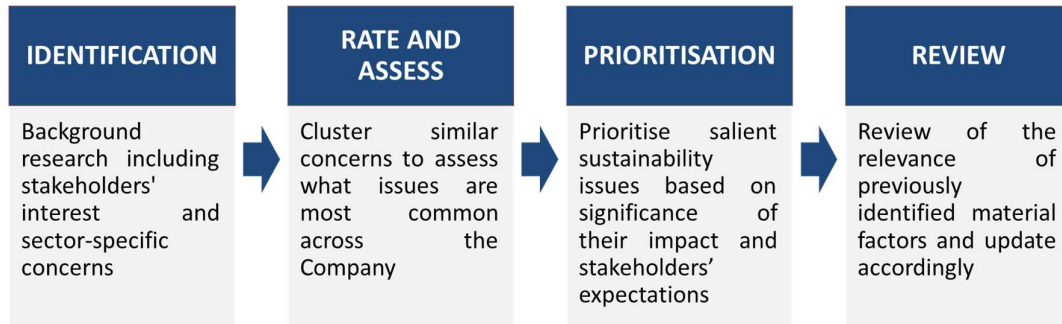


Our approach to stakeholder engagement is as follows:

Key Stakeholders	Key Topics of Concern	Mode of Engagement	Frequency of Engagement
Investors and Shareholders	<ul style="list-style-type: none"> ▪ Financial performance ▪ Business performance and outlook ▪ Corporate Governance ▪ Compliance with laws and regulations 	Media releases	Ad-hoc
		SGX's announcements	Ad-hoc
		Annual general meeting ("AGM") for Shareholders	Annually
		Annual report	Annually
		Circulars	Ad-hoc
		Sustainability report	Annually
Employees	<ul style="list-style-type: none"> ▪ Career development ▪ Employee engagement ▪ Staff bonding ▪ Health and safety ▪ Talent attraction and retention ▪ Training and education ▪ Diversity and equal opportunities 	Company handbook	Employees are briefed on the handbook during on boarding. Softcopy of handbook is available on a server for employees when requested. An acknowledgement form is signed on the day the employee received the handbook.
		New employee orientation	First week of work
		Training	Employees are given an average of 36 training hours per year depending on job requirements
		Whistle blowing policy	Ad-hoc
		Diversity and equal opportunities	Employees of different age groups and genders are employed.
		Performance evaluation	The management performs yearly staff evaluations
Customers	<ul style="list-style-type: none"> ▪ Customer satisfaction ▪ Quality of facilities and services ▪ Health and safety impact of product 	On premise support and feedback	Daily, as and when required
		Customer satisfaction survey	Surveys conducted for feedback throughout the year
Suppliers	<ul style="list-style-type: none"> ▪ Ability to make prompt payments ▪ Business performance and outlook ▪ Fair selection process 	Supplier selection process	Prior to supplier selection
		Supplier assessment	Annually
		Meeting with suppliers to discuss better ways of working	Annually

4. Materiality Assessment

Annually, the Board conducts an exercise together with the SSC, to review the relevance of ASTI’s Material Factors to identify any shift in priorities among stakeholders and examine any emerging areas of concern. In determining the Material Factors, we referenced GRI’s guidance and undertook the following four-step process:



The Material Factors reported in FY2023 continue to reflect our business directions and remain our focus for our sustainability journey. We have reviewed SGX Core ESG metrics and included the metrics relating to the material topics identified wherever relevant.

We will continue to assess these Material Factors on regular basis to ensure their relevance and importance to our business.

4.1. Overview of Material Factors

The table below shows the corresponding topic specific GRI standards and relevant United Nations Sustainable Development Goals (“UN SDGs”) for each Material Factor identified.

	Material Factors	Relevant Topic-specific GRI Standards	Relevant UN SDGs
Environmental	Energy and Emissions	GRI 302: Energy 2016 GRI 305: Emissions 2016	
Economic	Economic Performance	GRI 201: Economic Performance 2016	

	Material Factors	Relevant Topic-specific GRI Standards	Relevant UN SDGs
Social	Talent Attraction and Retention	GRI 102: General Disclosure 2016 GRI 401: Employment 2016	 
	Training and Education	GRI 404: Training and Education 2016	 
	Occupational Health and Safety	GRI 403: Occupational Health and Safety 2018	  
	Customer Health and Safety	GRI 416: Customer Health and Safety 2016	
	Supplier Assessment	GRI 414: Supplier Social Assessment 2016	 
	Compliance with Laws and Regulations	GRI 2-27: Compliance with laws and regulations	
	Cyber Security	GRI 418: Customer Privacy 2016	
	Diversity and Equal Opportunities	GRI 102: General Disclosures 2016 GRI 405: Diversity and Equal Opportunity 2016	  
Governance	Anti-corruption	GRI 205: Anti-corruption 2016	
	Corporate Governance		



4.2. Environmental

4.2.1. Energy and Emissions

Management Approach

The majority of greenhouse gas (“GHG”) emissions within our operation arise from the combustion of petrol and diesel fuel (Scope 1 emissions) and electricity usage in our manufacturing process (Scope 2 emissions).

Initiatives taken to reduce energy consumption and GHG emissions in our operations include:

- Canteen closure during non-break hours; and
- Consolidation of office and production area to reduce power consumption.

ASTI places great emphasis on improving energy and emissions performance through energy conservation initiatives. At Telford Philippines, electricity consumption is closely monitored monthly to ensure maximum efficiency. In addition, training with reference to the Energy Efficiency and Conservation Act of Philippines is conducted annually and for all new joiners.

Despite our efforts to minimise energy consumption, we observed an increase in consumption in FY2023 notwithstanding the decrease in turnover of Telford Philippines due to the replanning of floor area and office spaces, including purchase of facilities equipment to support new product line. Moving forward, we will explore alternative solutions, such as use of renewable energy sources, to reduce our carbon footprint.

Table 1: Energy and Emission data at Telford Philippines for FY2022 and FY2023.

	FY2022	FY2023	% change
Energy consumption			
▪ Diesel consumption (litre)	6,174	7,831	27%
▪ Electricity consumption (kWh)	6,147,627	8,487,155	38%
Energy consumption intensity			
▪ Diesel consumption intensity (litre/ m ² floor area)	0.53	0.68	27%
▪ Electricity consumption intensity (kWh/ m ² floor area)	532	734	38%
GHG emissions			
Scope 1 emissions ¹ (tonnes CO ₂ e)	17	21	27%
Scope 2 emissions ² (tonnes CO ₂ e)	4,027	5,560	38%
Total GHG emissions (tonnes CO ₂ e)	4,044	5,581	38%
GHG emissions intensity (tonnes CO ₂ e/ m ² floor area)	0.35	0.48	38%

¹ GHG emissions from the consumption of diesel fuel (Scope 1 emissions) are calculated based on the Intergovernmental Panel on Climate Change Guidelines for National Greenhouse Gas Inventories.

² GHG emissions from electricity purchased by the Company (Scope 2 emissions) are calculated based on the latest emissions factor published by the Department of Energy Philippines.



Targets and performance		
Target for FY2023		Performance in FY2023
We will continue to explore energy reduction initiatives and endeavour to maintain energy and GHG intensity within 10% of FY2023's levels as we continue to expand our operations in Telford Philippines.		Target was not met in FY2023 due to replanning of factory and office space, including purchase of facilities equipment to support new product line, which increased energy consumption. The management is looking into tapping into alternative renewable energy sources.
Short-term Targets (in 1-2 years)	Medium-term Targets (by 2030)	Long-term Targets (by 2050)
<ul style="list-style-type: none"> Reduce reliance on non-renewable and high GHG emission energy sources. Perform Scope 3 assessment. 	<ul style="list-style-type: none"> Reduce GHG emission levels and emission intensities by 30% from FY2023 baseline. Track Scope 3 emissions. 	<ul style="list-style-type: none"> Achieve net zero emissions.

4.3. Economic

4.3.1. Economic Performance

For the full year ended 31 December 2023, a revenue of \$20.5 million (FY2022: \$24.7 million) was recorded; a decrease of \$4.2 million (17%) from the previous corresponding year ended 31 December 2022 mainly due to a decline in revenue generated in FY2023 compared to the last financial year due to downturn of the semiconductor industry.

It is our belief that in order to deliver value for all our stakeholders, particularly our shareholders, we have to focus on achieving a strong financial position. We will continue to re-evaluate our business and to build resilience throughout our business operations for long-term sustainable growth.

The distribution of economic value generated in FY2023 is as follows:

Year		FY2022 S\$ 'million	FY2023 S\$ 'million
Economic value generated (Revenue)		24.7	20.5
Economic value distributed	Operating costs	(9.3)	(8.9)
	Employee wages and benefits	(10.5)	(10.4)
	Payments to providers of capital	(0.2)	(0.7)
	Payments to governments	(0.6)	(0.2)
Economic value retained		4.0	0.3

The above figures are based on unaudited figures of Telford Philippines. The audited financial performance of the Group for FY2023 will be announced by 31 July 2024 as the Company has been granted an extension of time by the Singapore Exchange Securities Trading Limited (the "SGX-ST"). Please refer to the Company's announcement dated 12 March 2024 for details.

Targets and performance	
Perpetual target	Performance in FY2023
We will strive to increase the economic performance of the entity to pre-COVID levels in the subsequent years.	Economic value generated in FY2023 did not meet pre-COVID levels in FY2023 because of the downturn of the semiconductor industry that affects the revenue generated in Telford Philippines.



4.4. Social

4.4.1. Talent Attraction and Retention

We pride ourselves on our highly-motivated and engaged workforce. Our success is dependent on the commitment of our workforce. We are committed to providing equal and fair employment opportunities as we believe a diverse talent is essential for the growth and innovation in our business.

Management Approach

We monitor our human resources (“HR”) data, including turnover, overtime, vacation balances and the number of training days on a regular basis. We believe in a transparent talent acquisition system and offer our employees competitive compensation and a range of other benefits.

We gather feedback and comments from the employees who leave the company through the exit interviews. This gives us insights to improve our recruitment and talent retention system. Our career development initiatives focus on providing all our employees with a clear line of sight of their career growth. We strive to promote a culture of continuous performance appraisal for all job grades, encouraging constructive and open communication between managers and their staff. We have also adapted through the usage of technology (e.g. Zoom) to ascertain that transparent and open virtual communication channels remain accessible to all employees.

These initiatives provide clear insight to our employees to take ownership of their careers and progress with acquired skill sets. Our annual employee appraisals are based on the career development framework. We believe in instituting an engaging appraisal system where a discussion with employee is initiated on their personal development and long-term goals. Our full-time employees are provided with benefits which include health care insurance coverage and meal allowances, as well as life insurance for employees with over 5 years of service.

The table below provide a breakdown of the average annual rates of new employee hires and employee turnover, by gender and age group.³

Year	FY2022	FY2023
New employees hired, during the year	2,213	682
Rate of new hire⁴	86%	35%
By gender		
▪ Female	1,747 (79%)	480 (70%)
▪ Male	466 (21%)	202 (30%)
By age group:		
▪ Below 30 years old	1,402 (63%)	424 (62%)
▪ Between 30 to 50 years old	811 (37%)	257 (38%)
▪ Above 50 years old	-	1 (0%)
Employee turnover, during the year	1,671	1,415
Turnover rate⁵	65%	73%
By gender:		
▪ Female	1,433 (79%)	946 (67%)
▪ Male	238 (21%)	469 (33%)

³ Total new hires and turnovers and total number of employees include permanent and contract staff.

⁴ Rate of new hire is calculated by the number of new hires during the Reporting Period divided by the total number of employees at the end of the Reporting Period.

⁵ Employee turnover rate is calculated by the number of employees who left the Group during the Reporting Period divided by the total number of employees at the end of the Reporting Period including contract workers who left upon the expiry of their respective employment contracts.



Year	FY2022	FY2023
By age group:		
▪ Below 30 years old	1,082 (65%)	912 (64%)
▪ Between 30 to 50 years old	586 (35%)	498 (35%)
▪ Above 50 years old	3 (0%)	5 (0%)
Total employees, by year end	2,566	1,931

Targets and performance	
Perpetual target	Performance in FY2023
We will endeavour to maintain the turnover rate through increased talent training.	Target for FY2023 was not met. Telford Philippines saw a higher turnover rate than prior year due to reduction in Year-on-Year revenue.

4.4.2. Diversity and Equal Opportunities

Management Approach

Diversity and the provision of equal opportunity form the foundation of our HR policies. These policies allow us to provide a transparent and inclusive environment for our employees and nurture job satisfaction. We do not discriminate during our recruitment process and ensure to adopt fair practices for all the deserving candidates, including persons with disabilities, and offer remuneration as per market standards.

As at 31 December 2023, we had a workforce of 1,928 (FY2022: 1,932) permanent employees and 3 (FY2022: 634) temporary employees. We have downsized our operations in FY2023 due to reduction in Year-on-Year revenue. The breakdown of our workforce is as follows:

Year	As at 31 December 2022	As at 31 December 2023
Total employees	2,566	1,931
By gender:		
▪ Female	1,940 (76%)	1,442 (75%)
▪ Male	626 (24%)	489 (25%)
By age:		
▪ Below 30 years old	1,388 (54%)	861 (45%)
▪ Between 30 to 50 years old	1,161 (45%)	1,049 (54%)
▪ Above 50 years old	17 (1%)	21 (1%)

In addition, ASTI had established its Board Diversity Policy and continues to explore opportunities to provide greater board diversity. The composition of the Board in FY2023 is as outlined in the table below.

Year	As at 31 December 2022	As at 31 December 2023
Total Board members	6	5
By gender:		
▪ Female	-	-
▪ Male	6 (100%)	5 (100%)
By age:		
▪ Below 30 years old	-	-
▪ Between 30 to 50 years old	-	1 (20%)
▪ Above 50 years old	6 (100%)	5 (80%)

Targets and performance	
Target for FY2023	Performance in FY2023
<ul style="list-style-type: none"> For FY2023, we aim to continue to provide fair and competitive remuneration based on merit. The Board will continue to explore opportunities to provide greater board diversity in FY2023 in accordance with its established Board Diversity Policy. 	<ul style="list-style-type: none"> We continue to abide by our HR policies and achieved zero reported incidents of discrimination in FY2023. When appointing or re-appointing Directors, the Board is guided by, among others, our Board Diversity Policy.
Perpetual target	
We seek to achieve greater board diversity while maintaining the talent and skillsets to serve the Company, shareholders and other stakeholders.	

4.4.3. Training and Education

We strongly believe our success depends on the right pool of talent in the organisation, as such, we believe that constantly upgrading and refreshing the skills of our employees keeps us in the forefront of the industry.

Management Approach

Our HR department assesses the current and future skills requirements for our business operations and designs learning and development programmes to meet these requirements. These programmes are tailored to meet the needs of employees and enhance their personal and professional development. All employees are required to undergo and pass certification trainings prior to deployment. In addition, online trainings were conducted by our in-house learning and development team on a regular basis for Telford Philippines employees.

During the Reporting Period, our employees attended a total of 9,897 hours of training (FY2022: 6,648 hours). Each employee received an average of 11.9 hours of training (FY2022: 10.8 hours). The breakdown of average training hours by gender and employee category is as follows:

Year	FY2022	FY2023
Average training hours per employee	10.8	11.9
By gender:		
▪ Female	10	12
▪ Male	14	10
By employee category:		
▪ Management	7.5	15.1
▪ Employees	10.9	11.8

We continue to monitor the training needs and progress of our employees allowing them the opportunity to take ownership of their career development.

Targets and performance	
Target for FY2023	Performance in FY2023
We target to maintain or exceed the average number of training hours per employee as compared to FY2022.	In FY2023, we have provided more training opportunities for our employees. Each employee attended an average of 11.9 hours of training (FY2022: 10.8 hours) which equates to an increase of 10% from FY2022.



Targets and performance	
Perpetual target	
We will provide training according to the training calendar and endeavour to continue to increase the average number of training hours per employee annually.	

4.4.4. Occupational Health and Safety

Keeping our employees safe is our top priority as we believe that our employees deserve a safe workplace environment. We adhere to global and industrial standards and guidelines while providing a safe and positive working environment for our employees.

Management Approach

ASTI has established a Safety Handbook for all its operations and cascades the workplace health and safety requirements to all of Telford overseas offices including Telford Philippines. We also provide emergency response training and regular internal and external health and safety training for our employees. This helps our employees identify health and safety hazards and respond to incidents such as accidents, injuries, and health hazards. The inhouse health and safety team regularly attend courses to keep themselves up to date with the changes in the standards and guidelines.

The health and safety training provide to employees include the following:

- Basic Safety Training for all new employees;
- Basic Life Support for First Aiders; and
- Basic Occupational Health and Safety accredited to Safety Officers through 48 hours of training.

Fire drills are conducted twice a year to ensure that our employees are familiar with emergency procedures during a fire. Regular inspections on fire extinguishers are conducted and signed off. We display emergency evacuation plans in our premises which are visible to all our employees and occupants. They are instructed to follow the evacuation plan during an emergency.

Regular maintenance and quality checks are carried out on our machines, equipment, and work areas within our premises for any health and safety risks. Our health and safety team conducts safety drills to identify any potential hazards and monitors the effectiveness of local risk controls implemented.

As our production personnel operate off client premises, our production personnel are also required to abide by the workplace health and safety requirements of our clients.

During the Reporting Period, we recorded zero (FY2022: zero) workplace fatalities, zero (FY2022: zero) high-consequence work-related injuries, two (FY2022: one) recordable work-related injuries and zero (FY2022: zero) work-related ill-health cases. We have taken steps to minimise risks such as providing PPE and safety procedures re-awareness, and will continue to work towards reducing both the occurrence and severity of workplace accidents.

Targets and performance	
Perpetual target	Performance in FY2023
ASTI aims to have no workplace incident leading to fatalities or permanent disability during the year	We met our target set for zero workplace fatalities or permanent disability for FY2023.



4.4.5. Customer Health and Safety

Management Approach

Since the beginning of its conception, ASTI has always emphasised a customer-centric culture which propels us to achieve world-class recognition. Trust and customer loyalty are twin objectives that ASTI constantly seeks to achieve with our clients. By fervently improving ourselves, we strive to be responsive to changing customer demands. In addition, we always view our customers' health and safety as our responsibility and implement stringent checks on the quality and safety of our products and services. We continuously engage our customers to obtain feedback on our goods and services and share feedback with our suppliers where relevant.

During the Reporting Period, we had zero (FY2022: zero) incidents of non-compliance concerning the health and safety impacts of products and services.

Targets and performance	
Perpetual target	Performance in FY2023
No incident of non-compliances with regulatory standards and voluntary codes related to the health and safety of customers	We have met our target and maintained zero incidents of non-compliance concerning health and safety impacts of products and services.

4.4.6. Supplier Assessment

Management Approach

Our suppliers form an important part of our value chain as they contribute to our sustainability goals and business success. Sustainable procurement is important for us to continue adding value to our stakeholders by maintaining transparency in our value chain and ensuring smooth-sailing, high quality and prompt production and delivery of our products.

We carry out due diligence of all our suppliers based on our strict requirements on social criteria in terms of sustainable practices, such as environmental and ethical practices, as well as quality, and pricing where we ensure that our suppliers deliver top-quality raw materials and products. All vendors of Telford Philippines are required to abide by Telford Philippines' Code of Conduct and Ethics Commitment.

We continuously monitor and update our supplier selection process online and ensure that only the best raw materials are used in the production process. Our current suppliers of raw materials for our production of equipment are monitored on an annual basis based on their performance. Any supplier that fails to meet the expected quality and delivery requirement is removed from the list of raw material suppliers. At Telford Philippines, an Annual External Providers General Assembly is held to relay feedback from our customers to our suppliers and also explore new ways of working with our suppliers.

Targets and performance	
Target for FY2023	Performance in FY2023
We target to work with our suppliers to achieve zero non-compliance.	Telford Philippines met our target in ensuring that all our suppliers complied with our requirements. We had performed annual review of their performance with regards to product quality, delivery, and response to complaints.



Targets and performance
Perpetual target
Continue supplier screening to ensure 100% screening of new suppliers for social standards i.e. environmental, ethical practices and social assessment. The screening is adjusted according to the goals of the Company. It is important to determine the financial and social transparency of the various suppliers.

4.4.7. Compliance with Laws and Regulations in Philippines

Management Approach

Compliance with the applicable laws and regulations forms one of the most important pillars for sustainable growth and is an essential component of corporate governance in any organisation. Telford Philippines constantly keeps abreast with changes in the evolving regulatory landscape and considers risks and opportunities relating to its business operations. This includes ensuring that all policies and procedures outlined in the Company Handbook comply with the local law and regulatory requirements in Philippines. By ensuring that all our employees adhere to company’s values to act with integrity and conduct business in accordance with the highest ethical standards, we are able to create a positive working environment while delivering our products and services.

Targets and performance	
Perpetual target	Performance in FY2023
No incident of non-compliance with regulatory standards and laws.	We have met our target in FY2023 with zero incidents of non-compliance with laws and regulations in Philippines.

4.4.8. Environmental Compliance in Philippines

Management Approach

Environmental laws in Philippines covers externalities caused by air, water, land and noise pollution. Telford Philippines strives for full legal and regulatory compliance, which includes not only socioeconomic regulations, but also environmental laws required for the maintenance of our licence.

Telford Philippines has established policies governing waste disposal to ensure compliance with regulatory requirements, and to minimise pollution and ensure proper waste disposal (for e.g. general waste, hazardous waste, recyclable waste) for its facilities. Telford Philippines does waste monitoring through Environment Health and Safety Committee where the waste is collected and disposed with the supervision of the assigned officer with the certification of Philippine Economic Zone Authority (“PEZA”). Telford Philippines documents and reports on wastewater discharge analysis, noise testing and ambient and air emissions in compliance with the requirements of the Department of Environment and Natural Resources (“DENR”).

Telford Philippines pays special attention to ensuring staff members are well-trained in containing spill incidents, if they do occur. Yearly trainings, such as safety awareness training and spill drill, are being conducted to provide additional awareness to our employees, to ensure they are well-aware of the right protocol to follow when spill incidents occur.

Our Environmental, Health, and Safety Team keep ourselves updated with any new regulations on environmental compliance which is applicable to our business, by sharing on the latest regulatory requirements during team meetings.



Targets and performance	
Perpetual target	Performance in FY2023
We will continue to monitor the environmental laws applicable to our business to achieve zero incidents of non-compliance with laws and regulations.	We have met our target in FY2023 with zero incidents of non-compliance with environmental laws and regulations in Philippines.

4.4.9. Cyber Security

Management Approach

Cyber security at Telford Philippines is handled by the IT department in Telford Philippines. We routinely update our Active Antivirus Server to protect all our data on our computers and servers. We have also put in place firewall protection that is continuous kept up to date. In addition, daily back up is in place to allow for easy resumption of operations in case of any unforeseen disruptions.

On access control, access rights are only granted to authorised users for specific data folders in the data server as required. Users are also made to reset their password annually to reduce the possibility of unauthorised access of their account.

Employees have limited access to the server so that in the case of any malware, there will a lower chance of disrupting the data and operating system of the server. These controls seek to mitigate Telford Philippine’s cyber security risk. During the Reporting Period, there were zero (FY2022: zero) incidents of cyber security breaches.

Targets and performance	
Perpetual target	Performance in FY2023
No incident of data and cybersecurity breaches.	We have met our target and maintained zero incidents of cyber security breaches in FY2023.

4.5. Governance⁶

4.5.1. Anti-corruption

Management Approach

At all ASTI offices, we do not condone financial crime and are constantly on the looking out for any tell-tale signs of corruption which leads to dishonest business practices such as conflict of interests, accepting gifts or any other forms of bribes, and divulging confidential or insider information.

All employees are required to abide by the Code of Conduct and policies on corruption within the Group. During employee orientation, all employees go through a mandatory induction programme, where they are briefed on the Code of Conduct, which includes information on workplace ethics and our whistle-blowing policy. We encourage our employees to raise or report their concerns regarding suspected fraud, corruption, dishonest practices or other inappropriate activities through our whistleblowing channels in a fair, respectful and timely manner. Disciplinary and/or other actions will be taken against employee who is found guilty of fraud, dishonesty, or criminal conduct.

Targets and performance	
Perpetual target	Performance in FY2023
Zero confirmed cases which are unethical, fraudulent, or corrupt in nature.	We have met our target and there were no incidents of corruption in FY2023.

⁶ Disclosures under the Governance section on anti-corruption and corporate governance matters relate to the entire Group and are subject to the disclosures found in the Board Statement on Page 3 of this report.



In FY2023, the Board is not aware of any whistle blowing reports received.

Notwithstanding the above, as set out in its announcement dated 24 January 2024, among others, the Company has embarked on a process of reviewing the corporate and business dealings and transactions of the ASTI Group. In the event any cases of unethical, fraudulent or corrupt conduct are uncovered in the course of such review (regardless of which prior period such conduct took place), the Company intends to carry out such investigations, and take such disciplinary and/or other actions, as may be appropriate in the circumstances.

4.5.2. Corporate Governance

Management Approach

We strive to have good corporate governance to ensure transparency and accountability at the Group to protect and enhance value for our stakeholders. We recognise that good corporate governance processes are essential for enhancing corporate sustainability. To promote ethical behaviour, employees are always required to adhere to the Group’s policies and procedures.

According to the announcement dated 24 January 2024, which states the work that the Group under the new Board will be undertaking, the new Board will continue to emphasise the importance of good corporate governance. The new leadership team will continue to enhance our corporate governance practices and work towards protecting and enhancing value for all our stakeholders.

Targets and performance	
Perpetual target	Performance in FY2023
Continue to enhance our corporate governance practices.	The current Board is unable to comment on this target in view of the ongoing review by the Group of the corporate and business dealings and transactions of the Group as announced by the Group on 24 January 2024. Such review covers corporate governance matters over, inter alia, the course of FY2023.

5. TCFD Report

As the world rallies to limit global temperature rise to below 1.5°C as set out in the Paris Agreement, we seek to do our part as well to reduce GHG emissions in our business activities. We are working towards developing strategies to build climate resilience in our operations, and the first step is to understand the potential risks and opportunities from climate change.

Our climate-related disclosure based on the 4 pillars of the Task Force on Climate-related Financial Disclosures (“TCFD”) is set out below:

5.1. Governance

The Board oversees the sustainability performance of ASTI with support from the Sustainability Steering Committee (“SSC”). It considers sustainability matters including the oversight of climate-related risks and opportunities as it reviews the strategic plans for the group in the longer term.

On an annual basis, the Board and Management reviews the performance of the in-scope entity against the targets set. Refer to section 3.2. *Sustainability Governance Structure* for further details.

5.2. Strategy

Our climate strategy is to identify, assess and mitigate potential impacts of climate-related physical risks and transition risks in our business. We also seek to capitalise on climate-related opportunities with the global transition to a lower-carbon economy by 2030 and a net-zero standard by 2050. We expect our strategies to evolve as we progress with a deeper analysis of risks and opportunities over the coming years.

The following is a climate-change scenario analysis through which we have identified and managed our climate-related risks and opportunities:

Scenario	Paris-aligned scenario (below 2°C)	No mitigation scenario (4°C)
Rationale	We selected this scenario to assess the transition impacts in an economy shifting to a low carbon world. It reflects actions required to limit global warming to under 2°C.	We selected this scenario to assess our physical risk under a high-emission scenario, consistent with a future with limited policy changes to reduce emissions.
Underlying model	International Energy Agency's Sustainable Development Scenario	Intergovernmental Panel on Climate Change ("IPCC") Representative Concentration Pathway 8.5
Used to analyse	Transition impacts	Physical impacts
Assumptions	Transition features: <ul style="list-style-type: none"> ▪ Carbon price introduced ▪ Fossil fuel subsidies phased out by 2050 in net-importers and by 2035 in net-exporters ▪ Increased generation from renewable energy 	Physical features: <ul style="list-style-type: none"> ▪ Global emissions continue to rise because of high carbon intensity ▪ Global mean sea level rise of 0.63m by 2100 ▪ High frequency and intensity of heat waves and extreme precipitation events

5.3. Climate-related Risks and Opportunities

Considering the above scenario, we have identified the following risks and opportunities, as well as their impacts on our business should the above scenario materialise:

Risk Type	Impact
Climate-related Risks	
Physical Risks	
Acute <i>Increased severity of extreme weather events</i>	Our factory is located within 40km of an active volcano. Global warming can lead to increased severity of a volcanic eruption. The factory is located on higher grounds which decreases likelihood of flooding.
Transition Risks	
Policy and legal <i>Mandates on and regulation of existing products and services</i>	Increased compliance costs with increased regulations and requirements for sustainability reporting and sustainable production methods.
Market <i>Changing customer behaviour</i>	Customers might want to have products that are produced in a more eco-friendly environment without lowering the quality of the products.

Opportunity	Impact
Climate-Related Opportunities	
Resource efficiency	Regularly measure and monitor KPI at departmental level to determine overall operational efficiency.
Energy source	Adopt cost-efficient technology and to harness on alternative energy sources to ensure long-term sustainability and reduce dependence on one energy source.

5.4. Risk Management

We acknowledge that maintaining a sound system of risk management is imperative to safeguarding the interests of the company and foster trust with our shareholders. To keep abreast of any changes in existing regulatory requirements and maintain good corporate governance, we have formulated an Enterprise Risk Management (“ERM”) Framework to guide the Group’s management approach and mitigate sustainability-related risks.

With this systematic ERM framework in place, the Group’s capabilities in identifying and mitigating any risks, coupled with competencies are continuously enhanced. As part of our annual ERM exercise, ESG risks are considered regular business risks and are identified, assessed, and managed to ensure that these risks remain within our risk appetite.

The table below illustrates our key mitigation strategies for material transition risks:

Climate-Related Risks	
Risk Type	Mitigating Measures
Physical Risks	
Acute <i>Increased severity of extreme weather events</i>	Improve readiness of employees to counter climate-related events.
Transition Risks	
Policy and legal <i>Mandates on and regulation of existing products and services</i>	Continue to invest in automating our production lines to ensure higher quality products that are compliant with environmental laws and regulations.
Market <i>Changing customer behaviour</i>	As customers switch their mindset to purchase an eco-friendlier and environmentally sustainable products, we will continue to source for raw materials that comply with their requirements on sustainability and environmental.

5.5. Metrics and Targets

In addition to our existing metrics and targets, we continue to perform best-suited practices to enhance our disclosures, including our TCFD disclosures. We track, measure and disclose our environmental performance including energy consumption and GHG emissions in this Report. Our environmental metrics are detailed in the section 4.2. *Environmental*.



6. GRI Content Index

Statement of use	ASTI has reported the information cited in this GRI content index for the period 1 January 2023 to 31 December 2023 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organisational details	Reporting Scope and Period, Page 4
	2-2 Entities included in the organisation's sustainability reporting	
	2-3 Reporting period, frequency and contact point	Feedback, Page 4
	2-4 Restatements of information	Not applicable
	2-5 External assurance	Not applicable. In accordance with SGX requirements, our sustainability reporting process is subject to internal review.
	2-6 Activities, value chain and other business relationships	Reporting Scope and Period, Page 4
	2-7 Employees	Social, Page 11
	2-8 Workers who are not employees	We have 28 workers who are not employees in FY2023. They are outsourced security guards.
	2-9 Governance structure and composition	Sustainability Governance Structure, Page 5 Refer to Corporate Governance Report ⁷ for details on the group's overall governance structure.
	2-10 Nomination and selection of the highest governance body	Refer to Corporate Governance Report ⁷ for details.
	2-11 Chair of the highest governance body	Refer to Corporate Governance Report ⁷ for details.
	2-12 Role of the highest governance body in overseeing the management of impacts	Refer to Corporate Governance Report ⁷ for details.
	2-13 Delegation of responsibility for managing impacts	Refer to Corporate Governance Report ⁷ for details.
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Governance Structure, Page 5
	2-15 Conflicts of interest	Refer to Corporate Governance Report ⁷ for details.
	2-16 Communication of critical concerns	Refer to Corporate Governance Report ⁷ for details.
	2-17 Collective knowledge of the highest governance body	In FY2023, the Board attended a sustainability training program.

⁷ Corporate Governance Report will be published with the Annual Report at a later date.

GRI STANDARD	DISCLOSURE	LOCATION
	2-18 Evaluation of the performance of the highest governance body	Refer to Corporate Governance Report ⁷ for details.
	2-19 Remuneration policies	Refer to Corporate Governance Report ⁷ for details.
	2-20 Process to determine remuneration	Refer to Corporate Governance Report ⁷ for details.
	2-21 Annual total compensation ratio	Refer to Corporate Governance Report ⁷ for details.
	2-22 Statement on sustainable development strategy	Sustainability Strategy, Page 5
	2-23 Policy commitments	Social, Page 11
	2-24 Embedding policy commitments	Refer to Corporate Governance Report ⁷ for details.
	2-25 Processes to remediate negative impacts	Refer to Corporate Governance Report ⁷ for details.
	2-26 Mechanisms for seeking advice and raising concerns	Stakeholder Engagement, Page 5 Social, Page 11
	2-27 Compliance with laws and regulations	Compliance with Laws and Regulations, Page 16 Environmental Compliance, Page 16
	2-28 Membership associations	Not applicable
	2-29 Approach to stakeholder engagement	Stakeholder Engagement, Page 5
	2-30 Collective bargaining agreements	Collective bargaining agreements apply to selected type of employees across the various locations of ASTI operations.
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Assessment, Page 7
	3-2 List of material topics	Materiality Assessment, Page 7
Economic Performance		
GRI 201: Economic Performance 2016	3-3 Management of material topics	Economic, Page 10
	201-1 Direct economic value generated and distributed	
Anti-corruption		
GRI 205: Anti-corruption 2016	3-3 Management of material topics	Anti-corruption, Page 17
	205-3 Confirmed incidents of corruption and actions taken	Anti-corruption, Page 17
Energy and Emissions		
GRI 302: Energy 2016	3-3 Management of material topics	Energy and Emissions, Page 9
	302-1 Energy consumption within the organisation	Energy and Emissions, Page 9
	302-3 Energy intensity	Energy and Emissions, Page 9
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Energy and Emissions, Page 9
	305-2 Energy indirect (Scope 2) GHG emissions	Energy and Emissions, Page 9
	305-4 GHG emissions intensity	Energy and Emissions, Page 9

⁷ Corporate Governance Report will be published with the Annual Report at a later date.

GRI STANDARD	DISCLOSURE	LOCATION
Talent Attraction and Retention		
GRI 401: Employment 2016	3-3 Management of material topics	Talent Attraction and Retention, Page 11
	401-1 New employee hires and employee turnover	Talent Attraction and Retention, Page 11
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Talent Attraction and Retention, Page 11
Occupational Health and Safety		
GRI 403: Occupational Health and Safety 2018	3-3 Management of material topics	Occupational Health and Safety, Page 14
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety, Page 14
	403-5 Worker training on occupational health and safety	Occupational Health and Safety, Page 14
	403-8 Workers covered by an occupational health and safety management system	Occupational Health and Safety, Page 14
	403-9 Work-related injuries	Occupational Health and Safety, Page 14
	403-10 Work-related ill-health	Occupational Health and Safety, Page 14
Training and Education		
GRI 404: Training and Education 2016	3-3 Management of material topics	Training and Education, Page 13
	404-1 Average hours of training per year per employee	Training and Education, Page 13
Diversity and Equal Opportunity		
GRI 405: Diversity and Equal Opportunity 2016	3-3 Management of material topics	Diversity and Equal Opportunities, Page 12
	405-1 Diversity of governance bodies and employees	Diversity and Equal Opportunities, Page 12
Supplier Assessment		
GRI 414: Supplier Social Assessment 2016	3-3 Management of material topics	Supplier Assessment, Page 15
	414-1 New suppliers that were screened using social criteria	Supplier Assessment, Page 15
Customer Health and Safety		
GRI 416: Customer Health and Safety 2016	3-3 Management of material topics	Customer Health and Safety, Page 15
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Customer Health and Safety, Page 15
Cyber Security		
GRI 418: Customer Privacy 2016	3-3 Management of material topics	Cyber , Page 17
	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Cyber , Page 17

7. TCFD Content Index

Code	TCFD Recommendations	Page Reference
Governance		
TCFD 1(a)	Describe the board's oversight of climate-related risks and opportunities.	Page 18
TCFD 1(b)	Describe management's role in assessing and managing climate-related risks and opportunities.	Page 18
Strategy		
TCFD 2(a)	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Page 19
TCFD 2(b)	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Page 19
TCFD 2(c)	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Page 19
Risk Management		
TCFD 3(a)	Describe the organisation's processes for identifying and assessing climate-related risks.	Page 20
TCFD 3(b)	Describe the organisation's processes for managing climate-related risks.	Page 20
TCFD 3(c)	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Page 20
Metrics and Targets		
TCFD 4(a)	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Page 9
TCFD 4(b)	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions, and the related risks.	Page 9
TCFD 4(c)	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Page 10