



AEI CORPORATION LTD  
Sustainability Report 2020



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## Corporate Profile

AEI Corporation Ltd (“Company” and together with its subsidiaries, “Group”), headquartered in Singapore, was founded in 1983. The Company, an investment holding company, has been listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”) since 11 February 2004. AEI Corporation Ltd’s wholly-owned subsidiary, AEI Corporation (Singapore) Pte Ltd, is the sole aluminium extruder in Singapore with cutting-edge technology production facilities.

The Group comprises four main core business segments, namely (i) Electronics, (ii) Precision Engineering components, (iii) Construction and Infrastructure and a new business segment (iv) Beverages.

AEI Group offers precision aluminium extrusions and machining services catering to electronics and precision engineering industries. It also produces a wide range of aluminium extruded products for the construction industry.

In line with the Group’s strategic plans to seek a new business that has significant potential for revenue and profitability growth, the Group has, on 31 December 2020, announced on SGXNET its proposed acquisition of 100% shareholding interest in MTBL Global Pte Ltd. (“MTBL”), subject to the terms and conditions of the sale and purchase agreement. MTBL owns the exclusive global distribution rights (excluding mainland China) to market and sell one of the world’s most valuable spirit brands, Moutai Bulao, up to 31 December 2027.

The proposed acquisition of MTBL presents a great opportunity for the Group to not only enter the beverage industry but also to acquire a business that employs innovative marketing and leverages on technology for sustainability and growth. MTBL has co-developed smart vending machines that will leverage on IT concept, digital networking infrastructure and big data collection and analysis. MTBL will continue to expand its product range to be marketed through its smart vending machines as well as other sales channels. The proposed acquisition of MTBL is subject to various conditions, including the approval of shareholders at an EGM to be held in 2021.

**Figure 1: AEI’s four key strengths**



For more information, please visit our website: [aei.com.sg](http://aei.com.sg)

## Board Statement

We are pleased to present AEI's fourth Sustainability Report and share our commitment to and progress in sustainability in Financial Year 2020.

Today, AEI Group continues to be the sole aluminium extruder with production facilities in Singapore. In recognition of our unique opportunity and responsibility to our clientele, we are committed to delivering products that meet their needs and expectations. While doing so, we also acknowledge the importance of operating responsibly in an increasingly values-based economy, and the need to integrate Environmental, Social and Governance ("ESG") considerations into our business to maximise value to our shareholders and stakeholders.

ESG management and performance at AEI is overseen by the Board, which works closely with Senior Management to define the impacts of ESG issues on our business and our stakeholders including our employees, suppliers, investors and the local communities in which we operate. In our annual review to prioritise the material ESG matters that are most relevant to our operations, we have concluded that the same matters identified in FY2018 remain relevant to the Group in FY2020. As the business continues to evolve and expand, the Board and Senior Management will also reassess our material ESG matters to ensure we manage associated ESG risks and opportunities well. Moving forward, the Board will also actively review the future business direction of the Group to create sustainable and shared value for all our stakeholders in the long run.

Following from last year's report, the COVID-19 pandemic has continued to cause disruptions to the global economy. AEI has taken several steps to safeguard our business operations and ensure that our business is not materially affected by the situation. Above all, AEI is committed to protecting the health and well-being of all our stakeholders, particularly our employees and has taken swift actions to manage the impacts of the pandemic as outlined in the "Our Response to COVID-19" section of this report.

As always, we are thankful for our stakeholders' unwavering confidence in us. AEI looks forward to their continued support as we work towards creating shared value for all.

## About this Report

This Sustainability Report has been prepared in accordance with the SGX-ST Mainboard Listing Rules (711A and 711B) and international reporting framework, Global Reporting Initiatives (“GRI”) Standards – “Core” option and its reporting principles. In line with SGX’s objectives, the Company adopts a phased approach towards sustainability.

This report complements the financial performance of the Group, which can be found in our Annual Report. The reporting period covered in this report is from 1 January to 31 December 2020 (“FY2020”), with relevant prior year (“FY2019”) performance disclosed for comparative purposes. The data collected in this report includes our wholly owned subsidiaries in Singapore as follows:

- AEI Trading and Investments Pte Ltd
- AEI (China) Holdings Pte Ltd
- AEI Corporation (Singapore) Pte Ltd

As Ascent Bridge (Singapore) Pte Ltd was newly incorporated in 2020 as a wholly-owned subsidiary of the Company, it is in the process of establishing its sustainability governance structure and data collection processes. As such, its sustainability performance will only be disclosed in the next sustainability report.

## External Assurance




This report has not been externally assured and we will consider obtaining external assurance in future as our sustainability reporting matures.

## Contact Us

Any feedback, suggestions and enquiries can be directed to Ms Lum Soh Ping, Chief Financial Officer at [splum@aei.com.sg](mailto:splum@aei.com.sg).

## Key Highlights of the Year

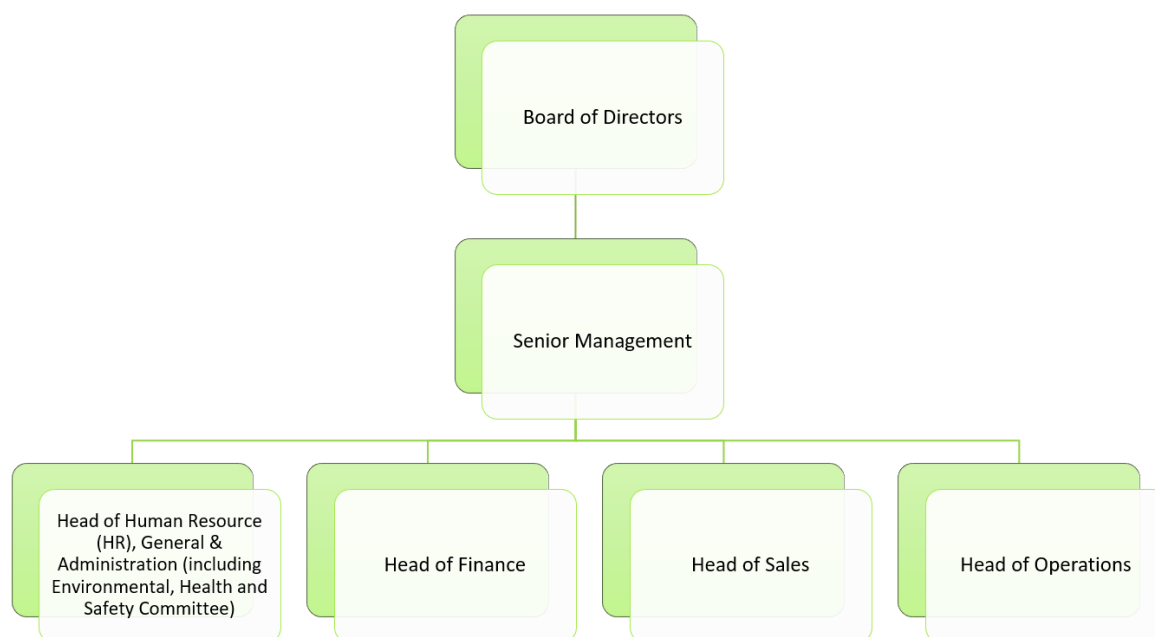
For the reporting period up to 31 December 2020,

| <b>Economic</b><br>   | <b>Health &amp; Safety</b><br>  | <b>Environment</b><br>  |
|--|--|--|
| <p>Revenue of \$9.9 million, an increase of 9% from FY2019</p> <ul style="list-style-type: none"> <li>•</li> </ul> <p>Maintained ISO 9001:2015 Quality Management System</p> | <p>Maintained 0 fatalities</p> <ul style="list-style-type: none"> <li>•</li> </ul> <p>Obtained ISO 45001:2018 Occupational Health and Safety Management System</p> | <p>Maintained ISO 14001:2015 Environmental Management System</p> <ul style="list-style-type: none"> <li>•</li> </ul> <p>Zero environmental incidents in FY2020</p> |

## Sustainability Governance Structure

AEI’s sustainability efforts are guided by our Board of Directors. The Board ensures that sustainability thinking is integrated into the Group’s strategies and provides direction for the formulation of policies and best practices. Senior Management and department heads are jointly responsible for the execution of sustainability in AEI’s daily operations. To ensure that priority is given to the ESG matters that are most relevant to the Group, the Board reviews them at least once a year.

**Figure 2: Governance structure**



## Stakeholder Engagement

AEI values the relationships we have developed with our stakeholders and their feedback and insights. We are proactive in engaging with them to better understand their needs and concerns and learn from their suggestions. In FY2020, due to the disruptions from COVID-19, AEI engaged in more frequent communication with our stakeholders to ensure that our stakeholders’ wellbeing were taken care of and to maintain smooth business operations during the challenging period. Table 1 below provides details about our stakeholder engagement approach during the year.

**Table 1: AEI’s Stakeholder engagement table**

| Key Stakeholder Groups | Matters important to our stakeholders   | AEI’s approach  | Frequency   |
|------------------------|---|---|-------------|
| Regulators             | <ul style="list-style-type: none"> <li>Compliance with applicable laws and regulations</li> <li>Impact of ESG matters on employees and the community</li> </ul> | Seek clarification with relevant regulatory agencies via email  | As required |
| Employees              | <ul style="list-style-type: none"> <li>Career Progression</li> <li>Remuneration</li> <li>Conducive and safe working environment</li> </ul>                      | Employee appraisals   | Annual      |
|                        |   | Communication via emails and bulletin boards on workplace health and safety matters, particularly on COVID-19 safety restrictions | As required |
|                        |   | Open communication on adjustments in working hours and pay due to manpower  | As required |

|           |   |   |             |
|-----------|---|---|-------------|
|           |   | shortages as a result of restrictions on international movement in response to COVID-19 and change in business demand                   |             |
| Customers | <ul style="list-style-type: none"> <li>• Product Quality</li> <li>• Competitive Pricing</li> </ul>  | Communication via email on production specifications and requirements   | As required |
|           |   | Quotations provided on pricing  | As required |
|           |   | Meetings and discussions  | As required |
| Suppliers | <ul style="list-style-type: none"> <li>• Payment</li> <li>• Continuing orders</li> </ul>  | Adherence to stipulated credit-terms  | As required |
|           |   | Negotiation of competitive fees and prices in return for a longer-term contract   | As required |
|           |   | Frequent conversations on supply chain disruptions due to COVID-19 to anticipate shortfall of raw materials for use in AEI's production | As required |
| Investors | <ul style="list-style-type: none"> <li>• Growth of business</li> <li>• Dividend</li> <li>• Impact of COVID-19 on financial performance</li> </ul> | Annual Report and Sustainability Report   | Annual      |
|           |   | Financial results announcements, including the expected impact of COVID-19 on operations  | Biannual    |
|           |   | Announcements and circulars on SGX website  | As required |



## Materiality Assessment

In 2018, we conducted our first materiality assessment to identify AEI’s material ESG matters. Both internal and external stakeholders’ perspectives were considered in the process, which is summarised in Figure 3 below. Five material matters across three focus areas were prioritised, and they remain relevant in FY2020, forming the basis of this report. As the Group is actively pursuing business diversification as part of its expansion strategy, we will continue to review these matters and update them where necessary to ensure that the right ESG matters are considered and managed.

Figure 3: Materiality assessment process

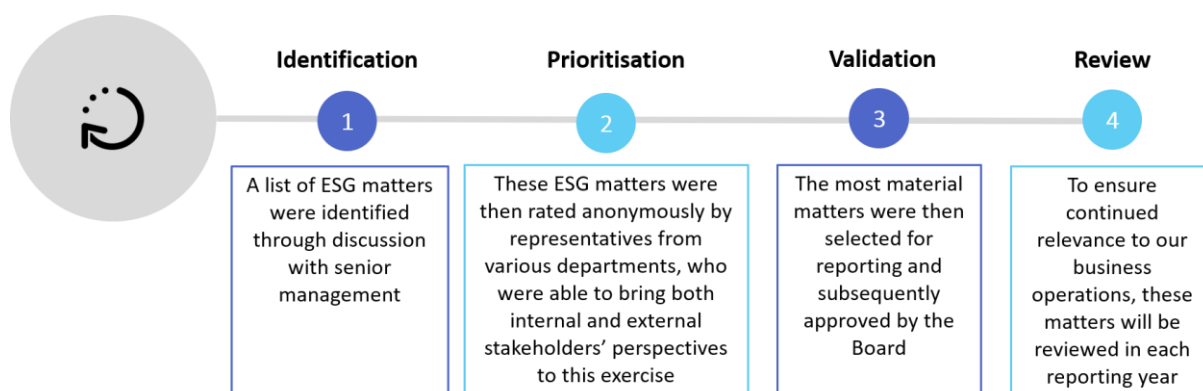


Table 2: AEI’s material ESG matters

| Focus Area                    | ESG Matters                                | Mapped GRI Topics  | Concerned Stakeholders              |
|-------------------------------|--|--|-------------------------------------|
| Managing Corporate Governance | Ethics, Bribery and Corruption             | Anti-corruption [GRI 205-3]                                | Regulators, Suppliers and Investors |
| Our Social Responsibility     | Employee Training                          | Employment [GRI 404-1]                                     | Employees                           |
|                               | Workplace Health and Safety                | Occupational Health and Safety [GRI (2018) 403-1 to 403-9] | Employees, Regulators               |
| Sustainable Environment       | Waste Disposal Management                  | Waste [GRI (2020) 306-1 to 306-3]                          | Regulators and Investors            |
|                               | Energy Use and associated Carbon Emissions | Energy [GRI 302-1], Emissions [GRI 305-1]                  | Regulators and Customers            |

## AEI's Response to COVID-19

A year after the onset of COVID-19, the global economy continues to face significant uncertainty and adversity. To safeguard the interests of our stakeholders and shareholders, AEI has during the year taken a series of actions to maintain smooth operations, as detailed in the table below.

| Area of impact    | Description of impact   | Mitigating actions  |
|-------------------|---|---|
| Financial         | Our financial position was negatively impacted due to the disruptive impacts of COVID-19 on our supply chain as well as unpredictability in market demand.  | <ul style="list-style-type: none"> <li>The Group has sought to diversify and recently announced our proposed acquisition of MTBL Global Pte. Ltd., which we believe will have potential to drive the Group's revenue and profitability in the next year and beyond. Please refer to our <a href="#">Annual Report</a> for our operations review as well as financial position and activities.</li> <li>AEI implemented pay cuts for our employees for the year. As a show of togetherness and leadership, pay cuts have been taken across the board, with higher management leading by example by taking a higher percentage cut of over 50%.</li> </ul>  |
| Manpower          | AEI experienced manpower shortages with the restrictions on global travel and international border closures.  | <ul style="list-style-type: none"> <li>Cross-trained our employees to work in several different roles as and when required during this period, allowing for greater flexibilities in our production line</li> </ul>   |
| Health and safety | During the "Circuit Breaker" lockdown period in Singapore that resulted in temporary halt of many businesses, AEI's manufacturing operations were deemed essential and thus allowed to continue to operate amidst the pandemic. | <ul style="list-style-type: none"> <li>To curb virus spread within our premises and to provide a safe environment for our employees, safe management and distancing measures were duly observed in accordance with the national regulations.</li> <li>Some examples of these measures include: <ul style="list-style-type: none"> <li>Temperature taking twice daily by all employees</li> <li>Distribution of masks to our production workers</li> <li>Staggered lunch and tea breaks</li> <li>Safe distancing measures within production facilities</li> </ul> </li> <li>Our efforts in maintaining a clean and safe workplace have paid off, and we have not been in breach of any COVID-19 restrictions that led to penalties by the relevant authorities. There were thus no suspensions to our business during the reporting year.</li> </ul> |

As we look towards a gradual recovery of the economy, we aim to maintain and build upon our business resilience and ensure smooth continuity of our manufacturing operations.

## Managing Corporate Governance

### Ethics, Bribery and Corruption

|               |   |                         |   |
|---------------|---|-------------------------|---|
| <b>Policy</b> | - Whistle-blowing Policy<br>- Interested Persons Transaction Policy<br>- Insider Trading Policy | <b>Perpetual Target</b> | Maintain a record of zero incidents of corruption |
|               |   | <b>2020 Status</b>      | Achieved  |

AEI recognises that strong and effective corporate governance is integral to cultivating a culture of ethics and integrity. AEI has put in place several corporate governance policies with the overall objective of guiding our governance processes, helping us regulate risk and instilling an ethical mindset in our employees. These policies are in line with the revised Code of Corporate Governance 2018 issued under the Monetary Authority of Singapore.

#### ***Whistle-blowing Policy***

AEI’s whistle-blowing policy is communicated to all employees upon employment. The whistle-blowing policy encourages all employees to raise concerns about improprieties or potential improprieties confidentially, without fear of reprisals. All reports will be treated with full confidentiality to protect the identity and interest of the whistle-blowers. Employees can report such matters to their immediate supervisors or the HR department, who are then required to forward the issues to the Audit Committee Chairman. Following investigations, the Chairman will then review the matter and report its findings to the Board. Thereafter, appropriate actions will be taken to ensure that similar occurrences are not repeated. In 2020, there were zero whistle-blowing cases received.

#### ***Interested Persons Transaction Policy***

This policy is established with internal procedures and controls to ensure that transactions with interested persons are properly reviewed, approved, and conducted at arm’s length basis.

#### ***Insider Trading Policy***

We have an Insider Trading Policy, which details restrictions for Directors and employees of the Company on trading in AEI’s securities and use of insider information.

#### **Performance**

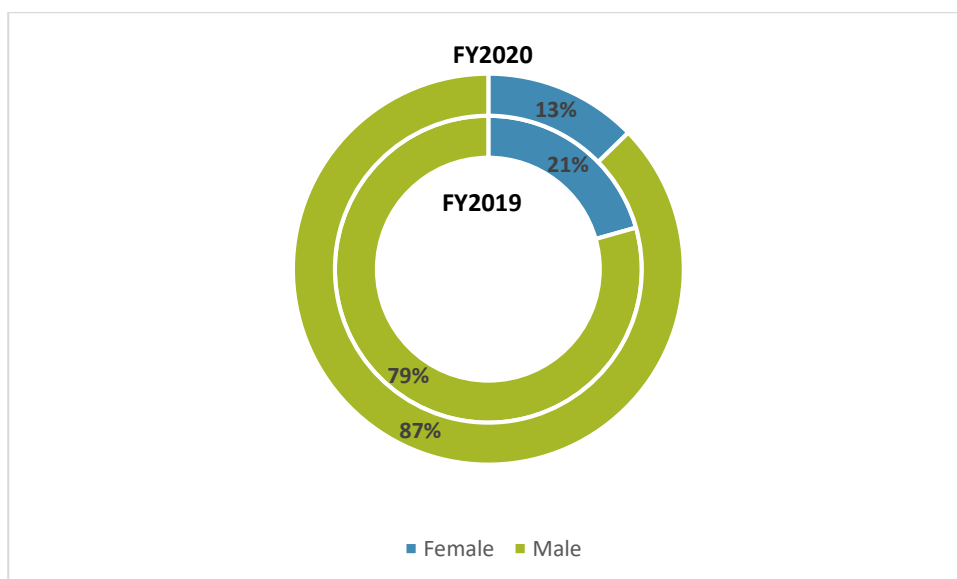
We are pleased to report that we continue to maintain a record of zero incidents of corruption and no breach of laws and corporate governance requirements for FY2020. We will continue to strive to maintain this positive track record.

## Our Social Responsibility

AEI's employees are a critical asset in our business, and COVID-19 has reminded us of the need to respect, take care of our employees and keep them engaged. In line with all relevant labour laws and regulations, we adopt fair hiring practices based on merit and provide suitable candidates work opportunities regardless of their race, religion or ethnicity.

As at 31 December 2020, the size of AEI's workforce remained at 63 full-time employees, the same as in FY2019. All employees are based in Singapore and employed under permanent contracts. As illustrated in Figure 4 below, the percentage of female employees decreased slightly due to natural attrition and turnover.

**Figure 4: Percentage composition of total employees by gender**



## Employee Training

|                 |                                   |               |   |
|-----------------|-----------------------------------|---------------|---|
| <b>Policies</b> | Quality Policy<br>Training Policy | <b>Target</b> | AEI is currently reviewing its training targets |
|-----------------|-----------------------------------|---------------|---|

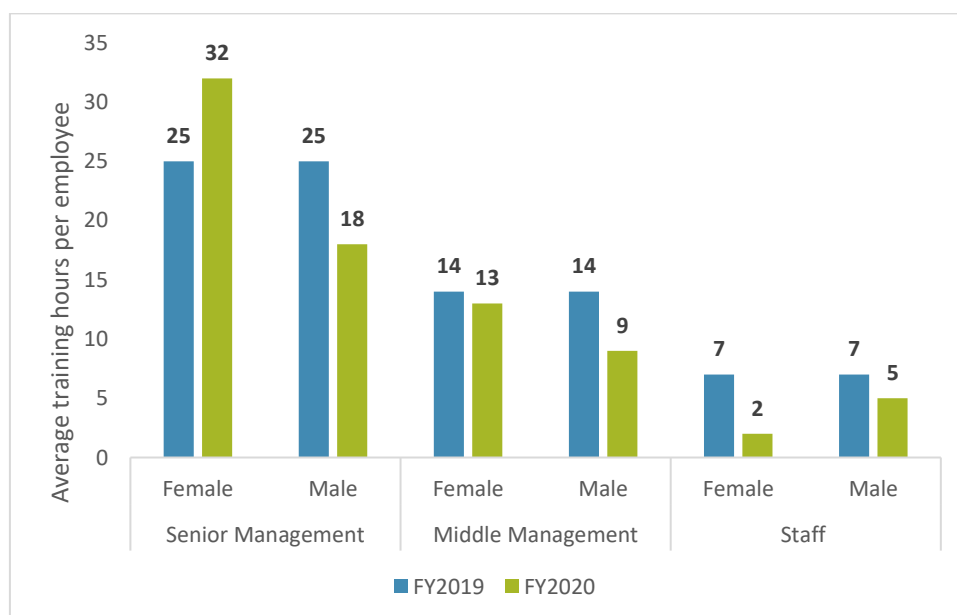
We highly value the skillsets and knowledge our employees bring to the table as they carry out their work duties. Training our workforce continues to be a priority as we believe that the additional experience and skill each employee gains will not only boost his individual knowledge and skillset, but also benefit our operational efficiencies.

All new employees are introduced to the organisation via a mandatory orientation programme, which will entail the relevant internal teams and Environment, Health and Safety (“EHS”) Committee provide briefings on AEI’s business objectives, corporate values and ethics and sustainability direction.

Throughout the year, trainings are organised with a focus on building subject matter expertise relating to work requirements. This focus is guided by our organisation’s commitment to provide quality products and services to meet our customers’ needs and satisfaction, as set out in our Group’s Quality Policy. The policy was developed as part of our adoption of the ISO9001:2015 Quality Management System standard to which we are certified.

To ensure that training is delivered effectively, AEI’s Human Resources Department has established a training policy to deliver a structured training programme to all employees. The policy lays out the process to identify key training areas required to improve production efficiencies, which typically include quality requirements, environmental risks and impacts, safety procedures and emergency responses, and technical knowledge such as the operating, repairing and maintenance of key equipment and machineries. These trainings are primarily led by external training professionals who can share in-depth knowledge and expertise.

**Figure 5: Average training hours by employee category and gender**



In FY2020, most training programmes had to be postponed due to COVID-19. As the majority of our training programmes require hands-on learning, they could not be replaced by virtual sessions. As such, the number of trainings decreased across all staff and managerial levels during the year. As the situation improves, AEI will resume our training programmes where possible while observing the necessary safe management measures.

To evaluate the effectiveness of our training plans and identify training needs, we continue to administer our annual “Skill Test” for each individual employee to identify areas of competencies in their knowledge and skillset levels as well as address areas for improvement. The results of the Skill Test also serve as one of the inputs to evaluate and determine the following:

- Adequacy of training received
- Basis for promotion
- Suitability of scope of work for employee
- Appropriate salary range

In 2020, 100% of our employees took the Skill Test and received performance appraisals. As highlighted in our response to COVID-19, due to the financial impacts from the pandemic this year, AEI implemented pay cuts for all employees, and seek to make adjustments as soon as financially feasible.

## Workplace Health & Safety

|               |   |                         |   |
|---------------|---|-------------------------|---|
| <b>Policy</b> | Environmental Health & Safety (“EHS”) Action Plan | <b>Perpetual Target</b> | Zero fatality rate in the reporting year                                  |
|               |   | <b>2020 Status</b>      | Achieved  |
|               |   | <b>Perpetual Target</b> | Achieve Workplace Minor Incident Rate (“WMIR”) below the industry average |
|               |   | <b>2020 Status</b>      | Not achieved  |
|               |   | <b>2020 Target</b>      | Obtain ISO45001:2018 Occupational Health & Safety Certification in 2020   |
|               |   | <b>2020 Status</b>      | Achieved  |

Workplace health and safety (“WHS”) is of utmost importance to us due to the nature of our business where machineries are in use daily. We believe in the promotion of Total WHS where our employees’ wellbeing is holistically taken care of. This goes beyond providing a safe work environment, and includes promoting good health and productivity at work.

This year, as industry average Accident Frequency Rate (“AFR”) and Accident Severity Rate (“ASR”) are no longer disclosed in the Workplace Safety and Health National Statistics Report 2020, AEI has introduced a new target - “To achieve Workplace Minor Incident Rate (“WMIR”) below the industry average” to monitor its performance in WHS.

### Environmental Health & Safety (“EHS”) Committee

Work safety and environmental issues at AEI are overseen by the EHS Committee. The main responsibilities of the EHS include identifying environmental and health and safety hazards at the workplace, implementing EHS management programs and promoting the EHS Action Plan across the organisation. The EHS Committee also sets relevant EHS targets and meets monthly to review AEI’s performance against these yearly targets.

### Environmental Health & Safety (EHS) Action Plan

At AEI, we inculcate a Total WHS culture through our EHS Action Plan, which is developed and executed by the EHS Committee. The plan provides a tiered approach to encourage healthy and safe work practices through building awareness and proactively implementing relevant measures (Figure 6).

Figure 6: Four tiers of AEI’s EHS Action Plan

|                               |  |
|-------------------------------|--|
| <b>Communication</b>          | <ul style="list-style-type: none"> <li>Disseminate information and promote awareness of workplace health and safety</li> <li>Share information on potential risks at the workplace or when handling machinery</li> <li>Emphasise importance of adhering to precautionary steps and instructions during times of emergency</li> </ul> |
| <b>Training</b>               | <ul style="list-style-type: none"> <li>Conduct in-house and external EHS training for all employees</li> <li>Training is available throughout the year</li> </ul>  |
| <b>Proactive Action</b>       | <ul style="list-style-type: none"> <li>Focus on improving productivity and quality of the workplace environment</li> <li>Developed Quality EHS (“QEHS”) Improvement Suggestion Scheme</li> </ul>   |
| <b>Reward and Recognition</b> | <ul style="list-style-type: none"> <li>Implement and monitor EHS statistics against set targets</li> <li>Conduct plan and equipment inspections to ensure operational excellence</li> <li>Carry out internal and external audits and management reviews</li> <li>Involve staff in emergency response plans and drills</li> </ul>     |

Under the EHS Action Plan, we have implemented the QEHS Improvement Suggestion Scheme whereby employees are encouraged to provide feedback to improve AEI’s workplace safety practices. We have also engaged a Panel Clinic, with several convenient locations across Singapore, to provide non-occupational healthcare services for our employees.

Our Total Work WHS culture extends beyond our employee to our external business relationships. Contractors are required to sign a “Contractor EHS Guidelines” document, and fully comply with the stipulations as set out.

As part of our Total WHS measures, AEI has identified the high noise levels at our factories to be a potential health risk to our employees. As such, we provide employees with annual free audiometry assessments conducted by a certified audiometrician and designated workplace doctor to detect any potential hearing losses early, so that they have the chance to seek timely treatment.

**Hazard identification and incident investigation**

AEI uses a risk assessment process to identify potential hazards and evaluate risks based on probability and severity, upon which risk controls are applied to reduce the risk level. AEI has also implemented the EHS Hazard Reporting Programs where employees are encouraged to report work-related hazards and hazardous situations to their Heads of Departments or at the safety meetings, ensuring no reprisals for the reporting employee. All reported hazardous situations will be investigated, and actions taken as appropriate to reduce hazard risks.

Upon the occurrence of a workplace incident, AEI has a specific incident investigation process that stipulates the actions to be taken. All workplace incidents are reported and investigated to identify the causes of the incident, and relevant measures are implemented to rectify and reduce the reoccurrence of such incidents in the future.



## Performance

Through the implementation of good WHS practices throughout the year, we achieved our target of zero work-related fatalities. As a testament of AEI’s commitment towards good health and safety practices, we continue to seek to ensure that our implemented health and safety management system matches international standards. This year, AEI has successfully obtained the ISO 45001:2018 (Occupational Health and Safety Standard), which is an updated revision to the OHSAS 18001:2007 previously held.

We had one reportable incident in FY2020 that resulted in a minor laceration for one worker and seven man-days loss. This led to a WMIR<sup>1</sup> of 1587 which was above the industry average of 921<sup>2</sup>. AEI promptly followed up on the incident in accordance with our stipulated procedures, including a thorough investigation and review, filing of the incident report, and implementing preventive measures.

We also monitor our employees’ absentee rates to track the effectiveness of our Total WHS initiatives (Table 3). In FY2020, the absentee rates for both female and male employees showed slight improvements from the previous year. In keeping with the local regulations in response to COVID-19, we also emphasise that all employees and workers who show symptoms of COVID-19 infection such as fever, cough, runny nose should seek immediate medical attention and comply with guidelines should they be issued with medical certificates.

*Table 3: Absentee data and rates*

| Absentee days and rates                          | Female |        | Male   |         |
|--|--------|--------|--------|---------|
|  | FY2019 | FY2020 | FY2019 | FY2020  |
| Total number of working days scheduled in a year | 3,380  | 2,080  | 13,000 | 14,3000 |
| Total absent days in a year                      | 61     | 9      | 162    | 131.5   |
| Absentee rate                                    | 1.80%  | 0.4%   | 1.25%  | 0.9%    |

<sup>1</sup> WMIR is calculated by (No. of Workplace Minor Injuries / No. of Workers) x 100,000) as per the Ministry of Manpower (“MOM”) in Singapore

<sup>2</sup> MOM Workplace Safety and Health Report 2020 – Number of workplace minor injuries by selected industry, 2019 and 2020

## Sustainable Environment

AEI is a responsible steward of the environment, and we recognise that optimisation of our waste disposal processes as well as energy usage in our operations can play a part in limiting our impact on the wider environment.

AEI's EHS Action Plan covers not only workplace health and safety, but also has the added objective of maintaining high standards of environmental management. In FY2020, AEI has successfully maintained our ISO14001:2015 certification, which reflects our commitment in ensuring that our facility is not only compliant with the required regulations, but also meets the international environmental standards.

### Waste Disposal Management

|               |   |                         |  |
|---------------|---|-------------------------|--|
| <b>Policy</b> | Environmental Health & Safety (EHS) Action Plan | <b>Perpetual Target</b> | Zero environmental incidents (i.e. spillage of chemical and discharge of wastewater) |
|               |   | <b>2020 Status</b>      | Achieved   |

Waste management and disposal is governed under the EHS Action Plan, and the EHS Committee meets monthly to review our performance against the yearly targets. Our high quality management standards also reduce waste overall as it potentially increases the quantity of finished goods that pass quality inspection at the end of our production chain.

Our extrusion-processing phase generates both non-hazardous and hazardous waste. We implement proper waste management approaches and also constantly seek to improve the efficiency of our waste disposal process to minimise negative impacts on the natural landscape and biodiversity.

As part of our extrusion-processing operations, our production facility generates non-hazardous aluminium scrap as a by-product. This by-product is typically weighed and sold to our subsidiary, AEI Trading and Investments Pte Ltd, which then on-sells them to external third parties. This not only allows us to generate greater value for our stakeholders, but also reduces waste generation along our value chain.

AEI's operations also produce minimal hazardous waste such as soda and lubricant which are carefully stored in underground tank storages or built-in tanks within the machinery. A waste collector licensed by the National Environment Agency retrieves this waste in drums, and disposes of this waste in accordance with regulations; this is done once every few years only when a certain threshold volume is met due to the relatively minute quantities produced. As such, we do not foresee any significant environmental impact from this waste stream. AEI tracks the amount of hazardous waste we produce by keeping records of billed invoices from the licensed waste collector.

## Performance

In FY2020, the total amount of aluminium scrap generated and sold amounted to 768 MT.<sup>3</sup> The amount of such scrap generated varies largely with the amount of sales of extruded components during the year.

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<sup>3</sup> The amount of soda and lubricant waste generated for 2020 is not available, as the last collection and disposal of accumulated hazardous waste by the NEA-licensed waste collector was done in 2017.

## Energy Use and Associated Carbon Emissions

|               |                 |                    |   |
|---------------|-----------------|--------------------|---|
| <b>Policy</b> | EHS Action Plan | <b>2021 Target</b> | AEI is currently reviewing its energy and emissions targets |
|---------------|-----------------|--------------------|---|

Given the nature of our business, AEI is conscious of our energy usage. We seek to be efficient in energy usage to reduce our carbon footprint and achieve cost savings. As part of our EHS Action Plan, we continuously monitor and assess our energy consumption through monthly plant and equipment inspections to ensure that they are operating at optimal efficiency. Subject to demand, job orders are batched to maximise electricity usage efficiency.

### Performance

Figure 7: Total electricity consumption ('000 kWh) and intensity (kWh/kg)

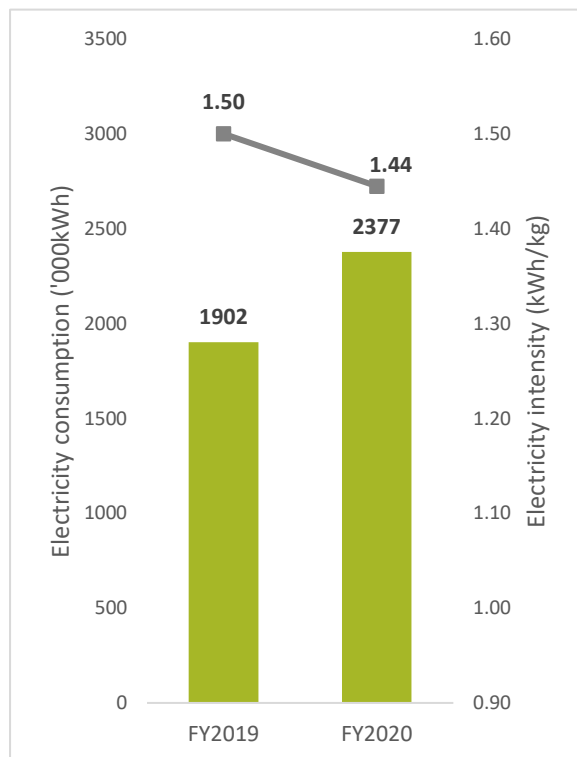
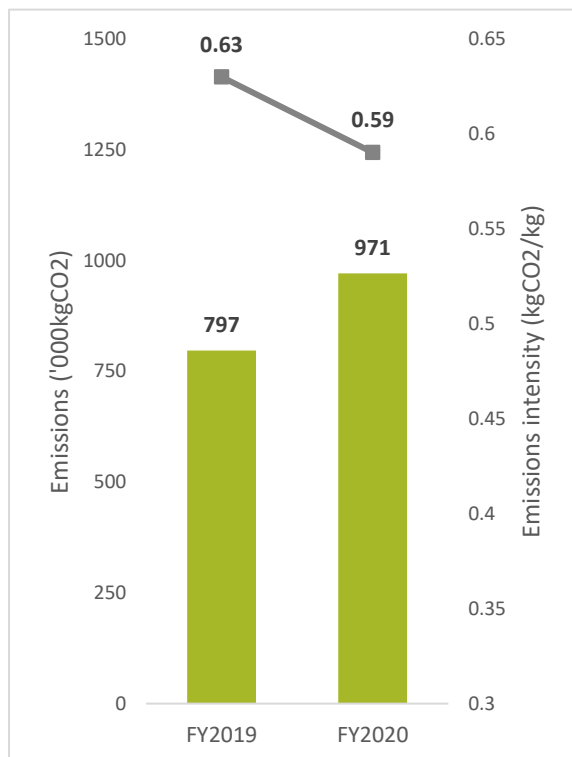


Figure 8: Total carbon emissions ('000 kgCO<sub>2</sub>) and intensity (kgCO<sub>2</sub>/kg)



In FY2020, the total electricity consumption and emissions<sup>4</sup> (Scope 2) increased by 25% and 22% respectively as compared to the year before. This is due to split team arrangements as a result of COVID-19, resulting in longer operating hours at our production facilities. On the other hand, the electricity and emissions intensities decreased by 4% and 6% respectively from FY2019 due to change in product mix.

<sup>4</sup> Carbon emissions were obtained by multiplying the total electricity consumption with Singapore's grid emission factor from the Energy Market Authority, Singapore Energy Statistics Report 2020

## GRI Content Index

| GRI 2016 Standards Disclosure Reference                       | Description  | Section of Report / Reasons for Omission  | Page Reference |
|---|--|---|----------------|
| <b>GRI 101: Foundation 2016, GRI 102: General Disclosures</b> |  |   |                |
| <b>Organisational Profile</b>                                 |  |   |                |
| <b>102-1</b>  | Name of the organisation                                     | Corporate Profile   | 2              |
| <b>102-2</b>  | Activities, brands, products, and services                   | Corporate Profile   | 2              |
| <b>102-3</b>  | Location of headquarters                                     | Corporate Profile   | 2              |
| <b>102-4</b>  | Location of operations                                       | Corporate Profile   | 2              |
| <b>102-5</b>  | Ownership and legal form                                     | Corporate Profile;<br>About the Report  | 2<br>4         |
| <b>102-6</b>  | Markets served   | Corporate Profile   | 2              |
| <b>102-7</b>  | Scale of the organisation                                    | Corporate Profile   | 2              |
| <b>102-8</b>  | Information on employees and other workers                   | Our Social Responsibility<br><br>Third-party workers engaged by AEI do not perform a significant portion of the organisation's activities.  | 11-13          |
| <b>102-9</b>  | Supply chain   | Corporate Profile   | 2              |
| <b>102-10</b>   | Significant changes to the organisation and its supply chain | There were no significant changes during the year that had an impact on the reporting scope of AEI's 4 <sup>th</sup> Sustainability Report. |                |
| <b>102-11</b>   | Precautionary Principle or Approach                          | AEI does not subscribe to the precautionary approach but considers environmental risks and impacts in its operations.                       |                |
| <b>102-12</b>   | External Initiatives   | AEI does not commit to external initiatives.  |                |
| <b>102-13</b>   | Membership of Associations                                   | AEI is not a member of any associations.  |                |
| <b>Strategy</b>   |  |   |                |
| <b>102-14</b>   | Statement from senior decision-maker                         | Board Statement   | 3              |
| <b>Ethics and Integrity</b>                                   |  |   |                |
| <b>102-16</b>   | Values, principles, standards, and norms of behaviour        | Corporate Profile   | 2              |
| <b>Governance</b>   |  |   |                |
| <b>102-18</b>   | Governance structure   | Sustainability Governance Structure   | 5              |
| <b>Stakeholder Engagement</b>                                 |  |   |                |
| <b>102-40</b>   | List of stakeholder groups                                   | Stakeholder Engagement  | 6-7            |
| <b>102-41</b>   | Collective bargaining agreements                             | None of AEI's employees are covered under collective bargaining agreements.   |                |
| <b>102-42</b>   | Identifying and selecting stakeholders                       | Stakeholder Engagement  | 6-7            |
| <b>102-43</b>   | Approach to stakeholder engagement                           | Stakeholder Engagement  | 6-7            |
| <b>102-44</b>   | Key topics and concerns raised                               | Stakeholder Engagement  | 6-7            |

| Reporting Practice |  |                            |       |
|--------------------|--|----------------------------|-------|
| 102-45             | Entities included in the consolidated financial statements | About this Report          | 4     |
| 102-46             | Defining report content and topic Boundaries               | Materiality Assessment     | 8     |
| 102-47             | List of material topics                                    | Materiality Assessment     | 8     |
| 102-48             | Restatements of information                                | No restatements were made. |       |
| 102-49             | Changes in reporting                                       | No changes in reporting.   |       |
| 102-50             | Reporting period   | About this Report          | 4     |
| 102-51             | Date of most recent report                                 | May 2020                   |       |
| 102-52             | Reporting cycle  | Annual                     |       |
| 102-53             | Contact point for questions regarding the report           | Contact Us                 | 4     |
| 102-54             | Claims of reporting in accordance with the GRI Standards   | About this report          | 4     |
| 102-55             | GRI content index  | GRI Content Index          | 20-23 |
| 102-56             | External assurance   | External Assurance         | 4     |

| Material ESG Matters   |       |   |   |                 |
|--|-------|---|---|-----------------|
| GRI Standards Disclosure Reference (2016 unless otherwise specified) |       | Description   | Section of Report / Reasons for Omission                        | Page Reference  |
| <b>Material matter: Ethics, Bribery and Corruption</b>               |       |   |   |                 |
| <b>GRI 103: Management Approach</b>                                  | 103-1 | Explanation of the material topic and its boundary  | About this Report; Materiality Assessment; Corporate Governance | 4<br>8<br>10    |
|  | 103-2 | The management approach and its components          | Ethics, Bribery and Corruption                                  | 10              |
|  | 103-3 | Evaluation of the management approach               | Ethics, Bribery and Corruption                                  | 10              |
| <b>GRI 205: Anti-corruption</b>                                      | 205-3 | Confirmed incidents of corruption and actions taken | Ethics, Bribery and Corruption                                  | 10              |
| <b>Material matter: Employees Training and Advancement</b>           |       |   |   |                 |
| <b>GRI 103: Management Approach</b>                                  | 103-1 | Explanation of the material topic and its boundary  | About this Report; Materiality Assessment; Employee Training    | 4<br>8<br>12-13 |
|  | 103-2 | The management approach and its components          | Employee Training   | 12-13           |
|  | 103-3 | Evaluation of the management approach               | Employee Training   | 12-13           |
| <b>GRI 404: Training and Education</b>                               | 404-1 | Average hours of training per year per employee     | Employee Training   | 12-13           |
| <b>Material matter: Workplace Health and Safety</b>                  |       |   |   |                 |
|  | 103-1 | Explanation of the material topic and its boundary  | About this Report; Materiality Assessment;                      | 4<br>8          |

|   |       |   |  |                 |
|---|-------|---|--|-----------------|
| <b>GRI 103: Management Approach</b>                   |       |   | Workplace Health and Safety  | 14-16           |
|   | 103-2 | The management approach and its components  | Workplace Health and Safety  | 14-16           |
|   | 103-3 | Evaluation of the management approach   | Workplace Health and Safety  | 14-16           |
| <b>GRI 403 (2018): Occupational Health and Safety</b> | 403-1 | Occupational health and safety management system  | Workplace Health and Safety  | 14-16           |
|   | 403-2 | Hazard identification, risk assessment, and incident investigation  | Workplace Health and Safety  | 14-16           |
|   | 403-3 | Occupational health services  | Workplace Health and Safety  | 14-16           |
|   | 403-4 | Worker participation, consultation, and communication on occupational health and safety                       | Workplace Health and Safety  | 14-16           |
|   | 403-5 | Worker training on occupational health and safety   | Workplace Health and Safety  | 14-16           |
|   | 403-6 | Promotion of worker health  | Workplace Health and Safety  | 14-16           |
|   | 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | Workplace Health and Safety  | 14-16           |
|   | 403-8 | Workers covered by an occupational health and safety management system  | Workplace Health and Safety  | 14-16           |
|   | 403-9 | Work-related injuries   | Workplace Health and Safety  | 14-16           |
| <b>Material matter: Waste Disposal Management</b>     |       |   |  |                 |
| <b>GRI 103: Management Approach</b>                   | 103-1 | Explanation of the material topic and its Boundary  | About this Report; Materiality Assessment; Waste Disposal Management | 4<br>8<br>17-18 |
|   | 103-2 | The management approach and its components  | Waste Disposal Management  | 17-18           |
|   | 103-3 | Evaluation of the management approach   | Waste Disposal Management  | 17-18           |
| <b>GRI 306 (2020): Waste</b>                          | 306-1 | Waste generation and significant waste-related impacts  | Waste Disposal Management  | 17-18           |
|   | 306-2 | Management of significant waste-related impacts   | Waste Disposal Management  | 17-18           |

|  |       |  |   |              |
|--|-------|--|---|--------------|
|  | 306-3 | Waste generated                                    | Waste Disposal Management   |              |
| <b>Material matter: Energy Use and Associated Carbon Emissions</b> |       |  |   |              |
| <b>GRI 103: Management Approach</b>                                | 103-1 | Explanation of the material topic and its boundary | About this Report; Materiality Assessment; Energy Use & Associated Carbon Emissions | 4<br>8<br>19 |
|  | 103-2 | The management approach and its components         | Energy Use & Associated Carbon Emissions  | 19           |
|  | 103-3 | Evaluation of the management approach              | Energy Use & Associated Carbon Emissions  | 19           |
| <b>GRI 302: Energy</b>   | 302-1 | Energy consumption within the organisation         | Energy Use & Associated Carbon Emissions  | 19           |
| <b>GRI 305: Emissions</b>  | 305-1 | Energy indirect (Scope 2) GHG emissions            | Energy Use & Associated Carbon Emissions  | 19           |