ACESIAN PARTNERS LIMITED

Incorporated in Singapore
(Co. Reg. No.: 199505699D)

SUSTAINABILITY REPORT 2019

CORPORATE PROFILE

Founded in Singapore in 1998, Acesian Partners Limited ("Acesian") is a multi-disciplinary group serving as a one-stop provider for environmental solutions and integrated services to diverse industries including the semiconductor, wastewater treatment, chemical, pharmaceutical and biotechnological industries. The Company was successfully listed on the SGX Sesdaq (now known as Catalist) in February 2005. In late 2015, we set up our latest business unit, Information Communication Technologies ("ICT"), dedicated to meet the needs of the audio-visual industry and providing a one stop solution to our contractors, consultants and customers, where our products range from simple video conferencing solution to large-scale command centre to integrated video wall set up.



Venturi Valve

FM APPROVED
FM Approvals
Member of the FM Global Group

BOARD STATEMENT ON OUR SECOND SUSTAINABILITY REPORT ("SR")

Acesian is committed to sustainability and with our vision and values in mind, we are making effort to incorporate the key principles of environment, social and governance (ESG) into our businesses. Having considered sustainability issues as part of its strategic formulation, the Board determined the material ESG factors and overseen the management and monitoring of the material ESG factors.

We recognise that creating sustainable value for our stakeholders remains at the core of our business to ensure success and longevity of the business. Apart from achieving business goals based on good business fundamentals and conducts, Acesian is committed to performance with integrity and adopting a balanced approach to managing expectations between business growth, meeting the needs of our stakeholders, governance, environment as well as development and welfare of our people and communities.

Our sustainability strategy involves multi-stakeholder considerations and we endeavour to monitor and evaluate our ESG efforts and intend to focus on continuous improvement that balance today's needs with longer term developments.

We look forward to having our stakeholders' support as we pursue sustainability practices.

Yours faithfully,
For and on behalf of the Board,

Wong Kok Chye
(Chief Operating Office and Executive Director)
15 May 2020

REPORTING LOCATIONS, BOUNDARIES AND PERIOD

For the purpose of this report which covers the financial year 2019 ("FY2019"), we focus primarily on our business operations in Singapore and Malaysia on issues that impact business growth and are of utmost importance to our stakeholders. A sustainability report will be published annually in accordance with our SR Policy and uploaded on the SGXNet.

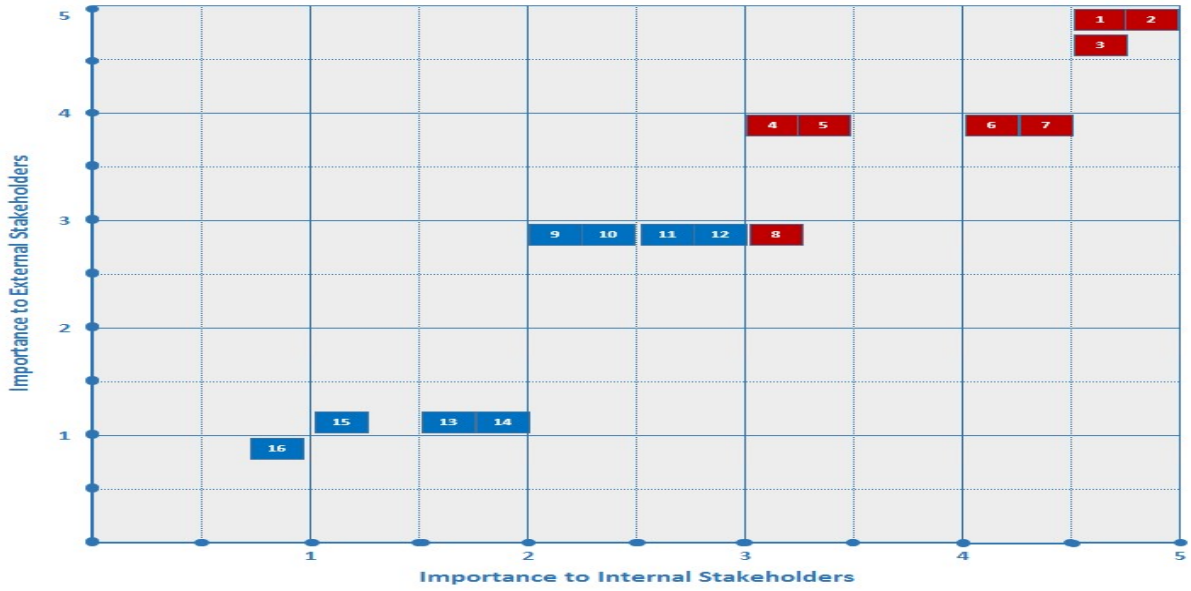
DEFINING OUR MATERIALITY ISSUES

From the results of our engagement with key stakeholders, we have performed a materiality analysis to identify challenges and issues that are important to our stakeholders and which are relevant to our businesses today and taking into consideration of the following:

a) Those risks ranked as high impact and likelihood of occurrence to the Group, and;
b) Those that are ranked as high and critical by both our internal and external stakeholders for sustainability issues.

Accordingly, we focus our sustainability efforts and reporting on these issues. These issues were further deliberated and narrowed down through our engagement process with stakeholders. The senior management then reviewed the list of issues, identified and prioritised the material issues based on importance to our stakeholders and the sustainability impact to our businesses.

OUR MATERIALITY MATRIX

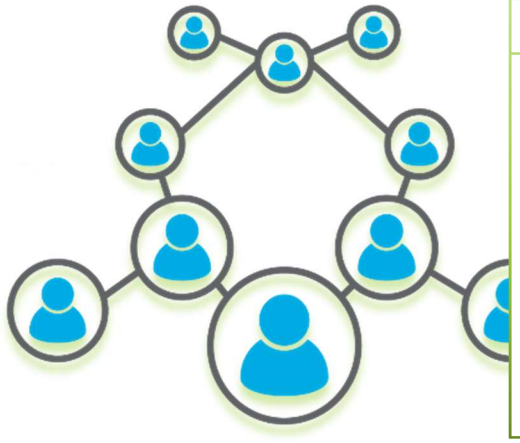


ISSUE

1	Legal compliance and corporate governance
2	Service quality and responsibility
3	Health and safety
4	Economic contribution to society
5	Anti-corruption and anti-fraud
6	Training and staff development
7	Labour management relations
8	Diversity and equal opportunities
9	Water management
10	Supply chain and procurement practices
11	Wages and local hiring
12	Business partners engagement
13	Energy management
14	Water conservation
15	Environmental impact assessment and mitigation
16	Climate change and emission

SUSTANABILITY REPORTING FRAMEWORK

In preparing this sustainability report, we were guided by the Global Reporting Initiative ("GRI") Standards: Core option, a globally-recognised and generally accepted standard for sustainability reporting. Unless otherwise stated, the report covers the Economic, Social and Governmental (ESG) performance of Acesian's main activities in Singapore and Malaysia.



STAKEHOLDER ENGAGEMENT

We value input from all our stakeholders and use a variety of channels to engage with them. We assess and identify stakeholders as groups that have an impact, or have the potential to be impacted by our business. Their key concerns and expectations are tabulated in below table.

Key stakeholder	How we engage them	Key topics
GOVERNMENT AND REGULATORS 	• SGX Half-Yearly Announcements • Annual Reports • Sustainability Reporting • Ongoing dialogues	• Employment practices • Workplace safety and health • Regulatory compliance • Environmental compliance
CUSTOMERS 	• Direct engagement, ongoing dialogues and feedback	• Offer premium product / service at competitive pricing • Safe and reliable product • Project timeliness • Customer health and safety
EMPLOYEES 	• Management committee • Open annual performance appraisal system to link performance with remuneration • Training and education opportunities	• Competitive remuneration and benefits • Career development and trainings • Ethical and conduct • Job security
INVESTORS AND SHAREHOLDERS 	• Annual reports • SGX half yearly announcement • AGM / EGM	• Financial performance • Corporate governance • Business and growth strategies

ECONOMIC

Economic Contribution to Society

The financial year 2019 has been challenging for the Group amid a host of uncertainties (notably in relation to the US-China trade war and the sluggish economy) which have weighed on our business activities and performance. Our business revamp and other restructuring measures (which were first taken in 2018) helped us to weather the long-drawn-out trade war and soften the negative impact on the business and profitability.

On a brighter note, several long-standing legal disputes (which had plagued the Group and impeded our business development for years) had been resolved and brought to a closure through the signing of a global settlement on a "drop hands" basis ("**Global Settlement**") on 12 December 2019. The Global Settlement allows us to reorient and focus our internal resources on strengthening fundamentals and seizing growth opportunities for transformation.

Year (S$ '000)	FY2019	FY2018
Revenue	12,252	20,544
Profit attributable to shareholders (PATMI)	(7,160)	1,121
Net Tangible Assets per Share (cents)	1.22	2.65
For comparative purposes, ASPL is excluded from the PATMI		
Year (S$ '000)	**FY2019**	**FY2018**
Profit attributable to shareholders (PATMI) excluding ASPL	(909)	1,752

Given the challenging business landscape, the Group recorded a net loss of S$7.2 million for the year ended 31 December 2019 ("**FY2019**") as operating revenue declined S$8.3 million or 40.4% to S$12.3 million. The net loss was largely attributable to the one-off assets write-off, on a net basis, of Acesian Star Pte Ltd ("**ASPL**") arising from the Global Settlement. Correspondingly, ASPL registered a net loss of approximately S$6.2 million in FY2019. Excluding ASPL's losses, the Group would have narrowed its net loss after tax to S$0.9 million; such loss being partly due to legal expenses and judicial managers' professional fees (incurred in connection with the legal disputes) of S$1.0 million. For more details, please refer to our annual report FY2019.

Target FY2020:
To mitigate losses and drive profitability

The unprecedented COVID-19 outbreak poses a great challenge not only to the Group but also the global economy. In order to curb the spread of the COVID-10, the government of Malaysia and Singapore imposed closure of all non-essential businesses nationwide ("Closure") which have rendered sluggishness in the Group's businesses in the first half of FY2020. The turmoil stemming from COVID-19, on initial assessments as at the date of this SR, have inflicted considerable stress on our business and brought about significant losses during the Closure periods. The full extent of the implications and economic fallout from the COVID-19 outbreak remain to be seen. Given that the COVID-19 situation is evolving and in these unpredictable times, we aim to mitigate damages and losses, and take the best efforts to drive profitability despite the challenges.

" The awareness of stakeholders' presence is essential, as it is a precondition for taking their interests and rights into account. We will continue to strengthen the financial health of the Group through a sustainable growth, building partnerships with our stakeholders and a balanced approach to risk management. Furthermore, we strive to contribute and make a positive difference to the welfare of our people and society through our economic presence. "

LEGAL COMPLIANCE AND CORPORATE GOVERNANCE

We believe in creating long-term value for our stakeholders through commitment to high standards of corporate governance. Compliance with legislation and standards including corporate governance, environmental, health and safety, product quality and safety, and social responsibility are important issues of interest to our stakeholders. The Group is committed to ensuring legal compliance in all areas of our business and uphold high standards of ethical business conduct.

For more details on our corporate government practices, please refer to our 'Corporate Governance Report' section in our annual report 2019.

Code of Ethics and Principles of Business Integrity

We believe that reputation for integrity is the cornerstone of the public's faith and trust in us. We seek to conduct our business in an ethical manner and in accordance with the legal standards and best practices. Apart from setting out the code of ethics, the management is constantly reminding employees to abide by the code of ethics in our business dealings through various means such as meetings, group chats and sharing of articles and news.

Anti-Corruption

The Group maintains a zero tolerance policy against bribery, corruption or other malpractices which covers employees, business partners and other stakeholders. In FY2019, the Group has not received any reportable incidence of corruption or bribery cases in the reported period.



Target FY2020:
To maintain zero tolerance against corruption

Compliance with Laws and Regulations

Our Group's continuing policy and commitment is that our business be conducted in accordance with all relevant laws and regulations and industry standards. Our management team aspire to achieve in their efforts to ensure that they are aware of and take steps to comply with legal and regulatory requirements. In FY2019, there is no incidence of non-compliance with the relevant laws and regulations.



Target FY2020:
To achieve full compliance with laws and regulations

ENVIRONMENT

Health and Safety

The health and safety is fundamental and its significance is bolstered given the COVID-19 situations. We are committed to striving towards zero harm and carrying out our business activities in a sustainable manner and adopting the best practices. We work hard to ensure product quality and safety, aiming to meeting or exceed industry standards and win the trust of our customers. The lost days of 13 days was in relation to injury of a production worker due to mishandling of a floor fan and necessary steps and corrective actions were undertaken.

Year		Lost days rate
2019	Actual	0.1%
	Target	0%

Target FY2020:
To achieve zero accidence of health and safety issue

The construction of our newly-expanded manufacturing facility which completed in early 2018, with the health, quality and safety in mind, has not only elevated the production capacity by three-fold, there have also been significant improvement in quality, efficiency and productivity. We have also invested substantially in machineries and equipment that helped to mitigate air pollutants and with noteworthy improvement in health and safety throughout the manufacturing process.

We recognise that effective quality systems training program is necessary to ensure that personnel involved in quality assurance have the skills needed to perform their responsibilities. The quality control process was redeveloped resulting in improved quality and delivery speed.









SOCIAL

Our People

Our employees are our greatest assets and we strive to improve our employees' productivity and level of competency through continuous training and collaborative teams. We are committed to creating and maintaining a conducive environment in which all employees are treated with respect and differences are highly valued. Our Group advocates a policy of fair employment opportunities and provides competitive remuneration packages. We cultivate ownership and empowerment of our employees and adopted an open and transparent performance appraisal exercise as well as provides platforms and opportunities for career development.

Diversity and Equality

We value diversity and consider the benefits of diversity, including diversity of skills, experience, gender, ethnicity and other relevant factors. We reward our employees based on merit, in the context of the skills, experience, knowledge and performance.

Year	Gender	Manufacturing, distribution and services	Engineering services	Corporate	Group
2019	Female	15%	13%	67%	20%
	Male	85%	87%	33%	80%
2018	Female	17%	5%	57%	18%
	Male	83%	95%	43%	82%

In 2019, the female employees represented 20% of our full-time headcount at group level and 67% at our corporate office. Due to the nature of our business, we have more male than female at operational level.

Employee Retention

Our recruitment policy is based on meritocracy, prerequisite skills and academic qualifications required to perform the required job scope. It is geared toward attracting and retaining suitable talents to support our business growth. We reward good work performance by offering competitive remuneration packages and staff remuneration is compensated based on performance, expected roles and responsibilities. An open annual performance appraisal system to link performance with remuneration is adopted. The retention rate set for FY2019 of 70% has been achieved.

Year		Retention rate
2019	Actual	71%
	Target	70%

Target FY2020:
To aim to achieve 75% retention of employees
(an increase of 5% from FY2019)

Social Affairs and Activities

Employees are the lifeblood of our company and collectively will predominantly dictate the future trajectory of our business. With this in mind, we endeavour to provide them with a conducive work environment to ensure they use their work hours in a productive and effective manner. We are contemplating a renovation / facelift in 2019 and employee participation is encouraged. As an effort to increase the employees' level of engagement and foster communication, various social activities were organised in 2019 such as Langkawi (Malaysia) outing, Kukup (Malaysia) outing, Christmas Party, Health Screening, Moon Cake Festival, Chinese New Year Celebration.

Target FY2020:
To maintain / increase the social activities

Outing (Langkawi, Malaysia)



Christmas Party



Chinese New Year



Outing (Kukup, Malaysia)



Moon Cake Festival



Health Screening



Training and development

The Group strives to improve and develop our employees and invests to upgrade our staff skills capability, increase work productivity and interpersonal competencies. This is crucial for building and updating skills needed to support our business operations. We send staff for seminars / training to keep them abreast with knowledge, work skills and technology. In FY2019, we conducted an average training hours per FTE of 4 hours, a drop from 9 hours in FY2018. The drop was due to disposal of a subsidiary in first quarter of FY2019. Excluding the disposed subsidiary, average training hours per FTE in FY2018 was 4 hours.





Target FY2020:
To aim to increase the average training hours per FTE by 5%

	Average hours of training per year per employee				
Year	**Total employees ^**	**No. of days**	**No. of training hours ***	**Average no. of training hours per FTE ^**	**Target**
2019	63	33	262	4	9.5
2018	84	98	783	9	NA

* Assume 8 training hours per day

^ The number of headcount (excluding production workers) represents the full-time employees ("FTE") of the Group as at 31 December

GRI STANDARDS CONTENT INDEX

GRI Standards	Disclosure	Issues of Concern
Organisation Profile		
102-1	Name of the organisation	Acesian Partners Limited
102-2	Activities, brands, products, and services	Annual Report (AR) page 1
102-3	Location of headquarters	Singapore
102-4	Location of operations	Singapore and Malaysia
102-5	Ownership and legal form	Public Listed Company (Limited by Share Capital)
102-6	Markets served	Singapore, Malaysia and Europe
102-7	Scale of the organisation	AR, Corporate Profile (page 1) AR, Financial Review (page 2-3) AR, Twenty Largest Shareholders (page 89) Sustainability Report
102-8	Information on employees and other workers	AR, Board of directors and senior management (page 4-5)
102-9	Supply chain	Not applicable. During the reporting period, the Company assessed supply chain management as non-material in respect to the operations. We will review this annually and may disclose this information in future if assessed to be material.
102-10	Significant changes to the organisation and its supply chain	None
102-11	Precautionary Principle or approach	Not applicable
102-12	External initiatives	None
102-13	Membership of associations	Not applicable
Strategy		
102-14	Statement from senior decision-maker	AR, Letter to Shareholders (page 2-3)
102-15	Key impacts, risks, and opportunities	AR, Letter to Shareholders (page 2-3)
Ethics and Integrity		
102-16	Value, principles, standards, and norms of behaviour	AR, Report of Corporate Governance (page 7-29)
Governance		
102-18	Governance structure of the organization	AR, Report of Corporate Governance (page 7-29)
Stakeholder Engagement		
102-40	List of stakeholder groups	Sustainability Report > Stakeholder Engagement
102-41	Collective bargaining agreements	Not applicable. No employee was covered under any collective bargaining agreement.
102-42	Identifying and selecting stakeholders	Sustainability Report > Stakeholder Engagement
102-43	Approach to stakeholder engagement	Sustainability Report > Stakeholder Engagement
102-44	Key topics and concerns raised	Sustainability Report > Stakeholder Engagement

Reporting Practice		
102-45	Entities included in the consolidated financial statements	AR, Corporate Structure (page 5)
102-46	Defining report content and topic Boundaries	Sustainability Report > Reporting Locations, Boundaries and Period
102-47	List of material topics	Sustainability Report > Stakeholder Engagement
102-48	Restatements of information	Not applicable.
102-49	Changes in reporting	Not applicable.
102-50	Reporting period	Sustainability Report > Reporting Locations, Boundaries and Period
102-51	Date of most recent report	FY2019
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	AR, Corporate Information (page 6)
102-54	Claims of reporting in accordance with the GRI Standards and GRI content Index	This report has been prepared in accordance with the GRI Standards: Core option
102-55	GRI content index	Sustainability Report > GRI Content Index
102-56	External assurance	None