



ASIA ENTERPRISES HOLDING LIMITED

2021

SUSTAINABILITY REPORT

CORPORATE PROFILE

Asia Enterprises Holding Limited (“Asia Enterprises” or the “Company”, and together with its subsidiaries, the “Group”) is a major distributor of a comprehensive range of steel products to industrial end-users in Singapore and the Asia-Pacific region.

With operating history dating back to 1973, Asia Enterprises boasts a wide range of products that is complemented by its value-added services to offer ‘one-stop’ solutions and just-in-time delivery to its customers. Today, the Group has a ready inventory consisting of more than 1,200 steel products that it supplies to over 700 active customers involved primarily in marine and offshore, oil and gas, construction, engineering/fabrication and manufacturing industries. The Group has forged a strong reputation as a reliable distributor of steel products to the marine and offshore industries.

Asia Enterprises presently owns two facilities in Singapore – a multi-storey warehouse and a steel processing plant-cum-warehouse – with a total combined land area of 33,769 square metres. To complement its steel distribution business, the Group also provides precision steel processing services.

The Group was listed on the Main Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 1 September 2005.

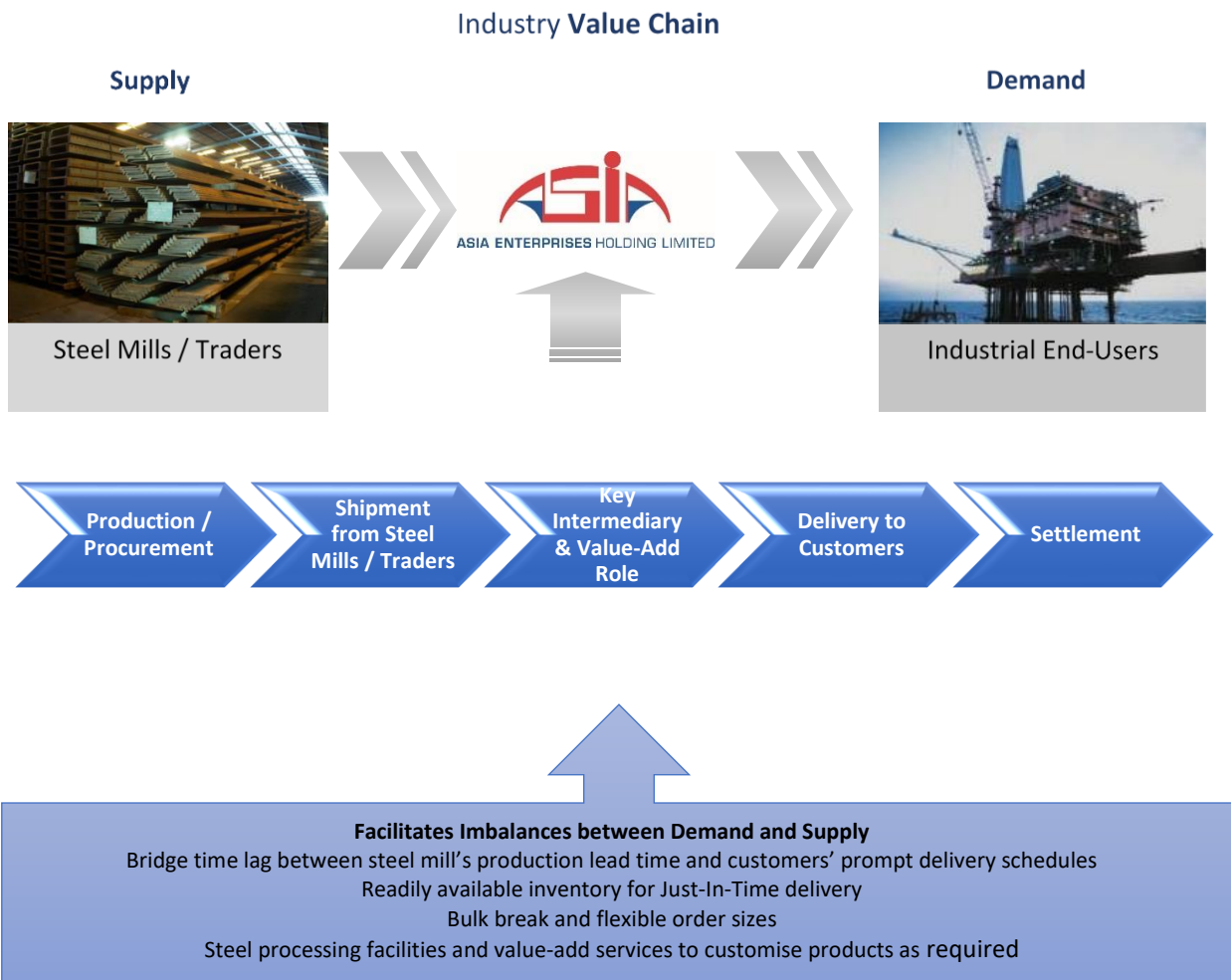


OUR BUSINESS

As a steel distributor, Asia Enterprises’ key role is to bridge the gap and facilitate imbalances of demand and supply of steel products between steel mills and industrial end-users.

The majority of industrial end-users typically purchase a large variety of steel products in relatively small quantities and require intermittent deliveries that are made promptly or on a just-in-time basis. Steel producers, on the other hand, manufacture a limited variety of products, require minimum order sizes of substantial quantities and have long production and shipment lead times.

As a crucial link between steel producers and steel users, we source and procure steel products in large quantities and comprehensive varieties. Through efficient and effective deployment of financial, human and logistics resources, we have the capability to provide readily available inventory in flexible order sizes, with customization and value-added services where required, to industrial end users.



SUSTAINABILITY REPORTING

This Sustainability Report covers the period from 1 January to 31 December 2021.

BOARD STATEMENT

Asia Enterprises Group recognizes the importance of and seeks continuous improvement to the sustainability of our business. The Board regularly conducts reviews of the business environment that we operate in and considers sustainability issues as an integral part of its formulation of the Group's strategy.

On a day-to-day basis, the management monitors and oversees the sustainability execution and efforts of the Group, and makes regular reports directly to the Board.

Over and above the financial reports which track the financial health of the Group, the Sustainability Report is intended to provide supplementary information on the Group, with a focus on material economic, environmental, social and governance ("EESG") factors that impact the business now and in the future. Taken together, the combined financial and sustainability reports provide a holistic assessment of the business environment and the quality of management of Asia Enterprises.

SCOPE OF REPORT

This report is prepared in accordance with SGX-ST Listing Rules 711a and 711b – Sustainability Reporting Guide. The structure is oriented towards the Global Reporting Initiative ("GRI") Standards 2016: Core Option issued by the Global Sustainability Standards Board.

In line with our approach of integrating sustainability into our operations, we aim to periodically gather feedback and suggestions from our stakeholders and perform a structured process of materiality assessment to identify, rate, prioritise and validate sustainability risks and opportunities.

Data provided for FY2020 in our Sustainability Report will form a baseline upon which our subsequent reporting will make comparison. We continue to refine the quality of our data collection to enhance subsequent reporting and transparency going forward.

More information on our risk management can be found in the Risk Management section (pages 26 - 27) of our Annual Report 2021 ("AR 2021").

The disclosures taken into account can be found in the GRI Content Index starting from pages 18 – 21 of this report.

SUSTAINABILITY REPORTING

The table below summarises our approach to stakeholder engagement:

Key Stakeholder	How We Engage Them	Key Topics and Concerns Raised
Customers	Regular visits, meetings, phone calls and e-mails	<u>Economic</u> 1. Financial performance 2. Product quality 3. Inventory holding and credit management 4. Fluctuations in steel prices 5. Fluctuations in foreign exchange rates 6. Cyclical movements in industries that our customers operate <u>Environment</u> 7. Electricity and water conservation, waste management 8. Climate change <u>Social</u> 9. Health and safety 10. Wage and hiring 11. Training and development 12. Work-life balance <u>Governance</u> 13. Regulatory compliance and corporate governance 14. Succession planning 15. Threat of cyber-attacks 16. Business conduct and ethics
Suppliers	Regular meetings, phone calls and e-mails	
Employees and Directors	Department meetings, company events, phone calls, e-mails and performance appraisals Board, Audit Committee, Remuneration Committee and Nominating Committee meetings	
Shareholders and Financial Community	Annual general meetings, results briefing sessions, roadshows, investment seminars, open house	

Materiality Assessment

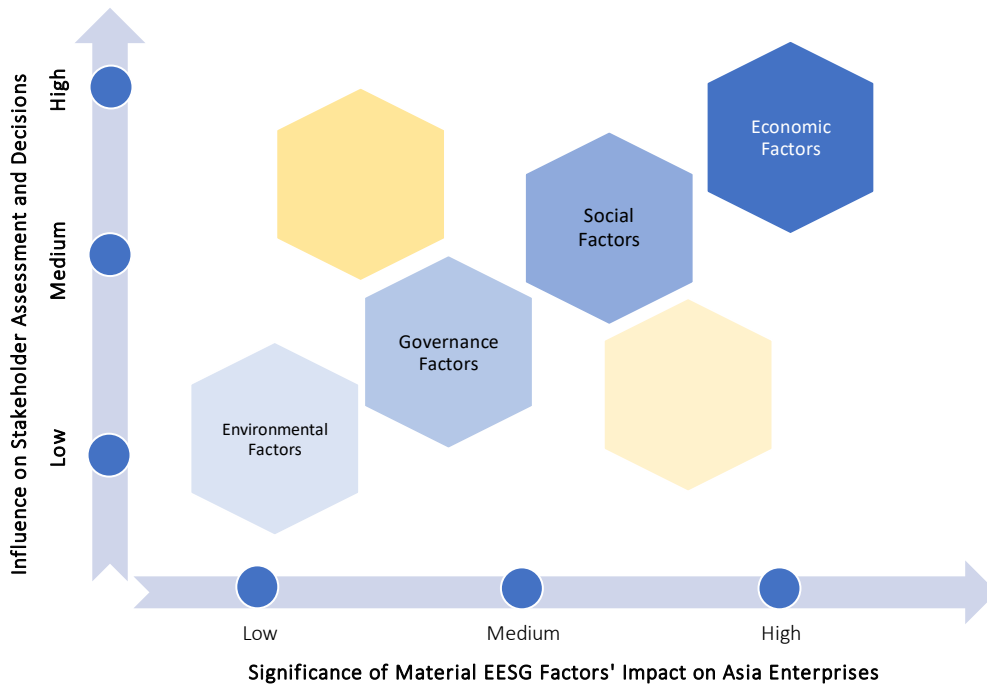
Our materiality definition is guided by GRI Standards 2016. Material sustainability factors are defined as those that:

1. reflect significant economic, environmental, social and governance impact on Asia Enterprises; and/or
2. substantively influence the assessments and decisions of stakeholders

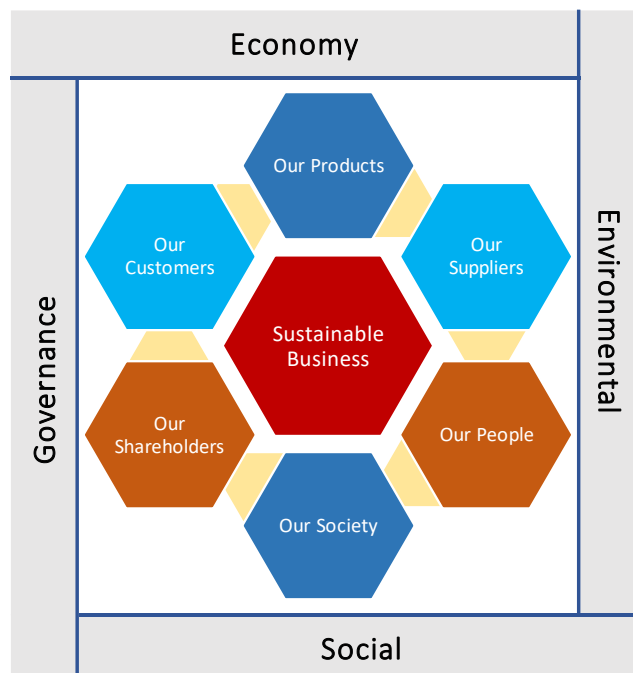
SUSTAINABILITY REPORTING

The material sustainability factors are assessed by the management and ranked accordingly in the Material Factors Matrix as follows:

Material Factors Matrix



For this Report, we have identified, rated, prioritised and validated the following material sustainability factors:



SUSTAINABILITY REPORTING

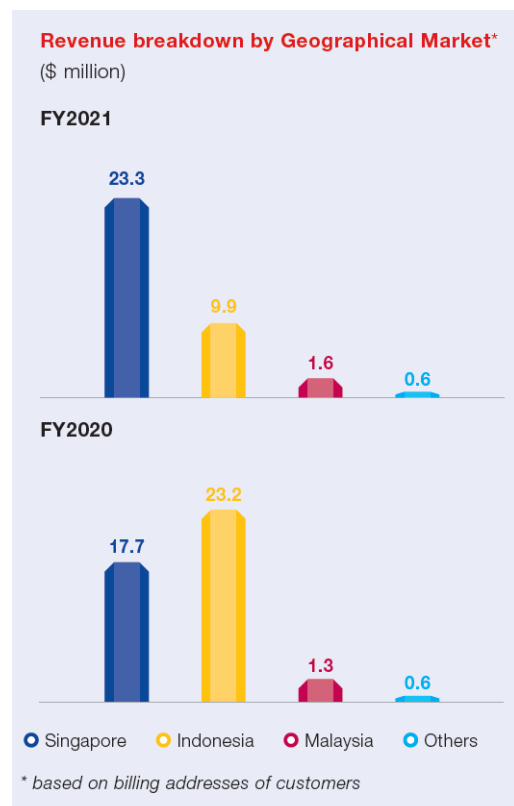
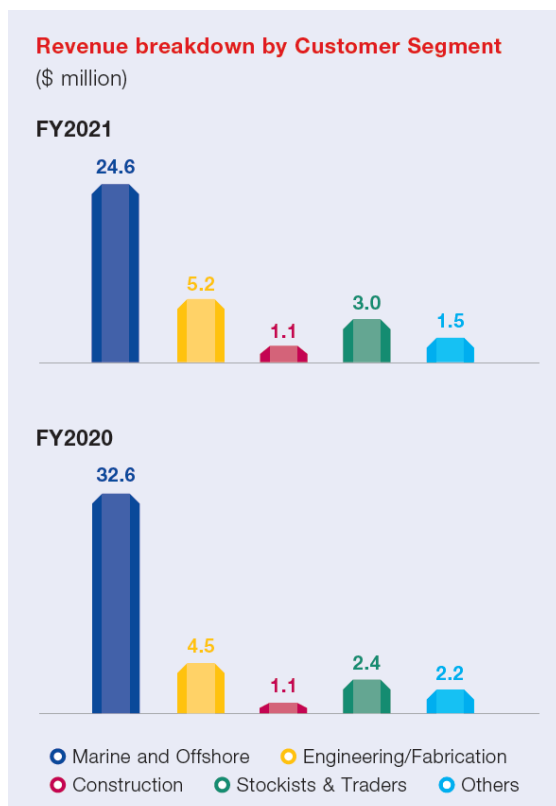
OUR CUSTOMERS

Throughout the Group’s operating history, we have established a diverse pool of more than 700 active customers in the Asia-Pacific region, with Singapore, Indonesia and Malaysia being the primary destinations of our products. Operating out of Singapore, we are able to capitalize on the island state’s status as a major transshipment hub which allows us unrivalled connectivity to every major port in the world.

We distribute our products to industrial end-users engaged in businesses such as marine and offshore, oil and gas, construction, engineering/fabrication as well as manufacturing industries. While we are not reliant on any single customer, we do have a higher concentration of revenue generated by customers from the marine and offshore segment.

Through regular and close collaboration with our customers, we have built a good understanding of their business requirements. As a result, our Group is able to formulate optimal solutions that help our customers to achieve their goals.

We commit to supplying our customers with high quality products on time, every time. The partnerships we forge with our customers is built on trust, respect and mutual benefit.

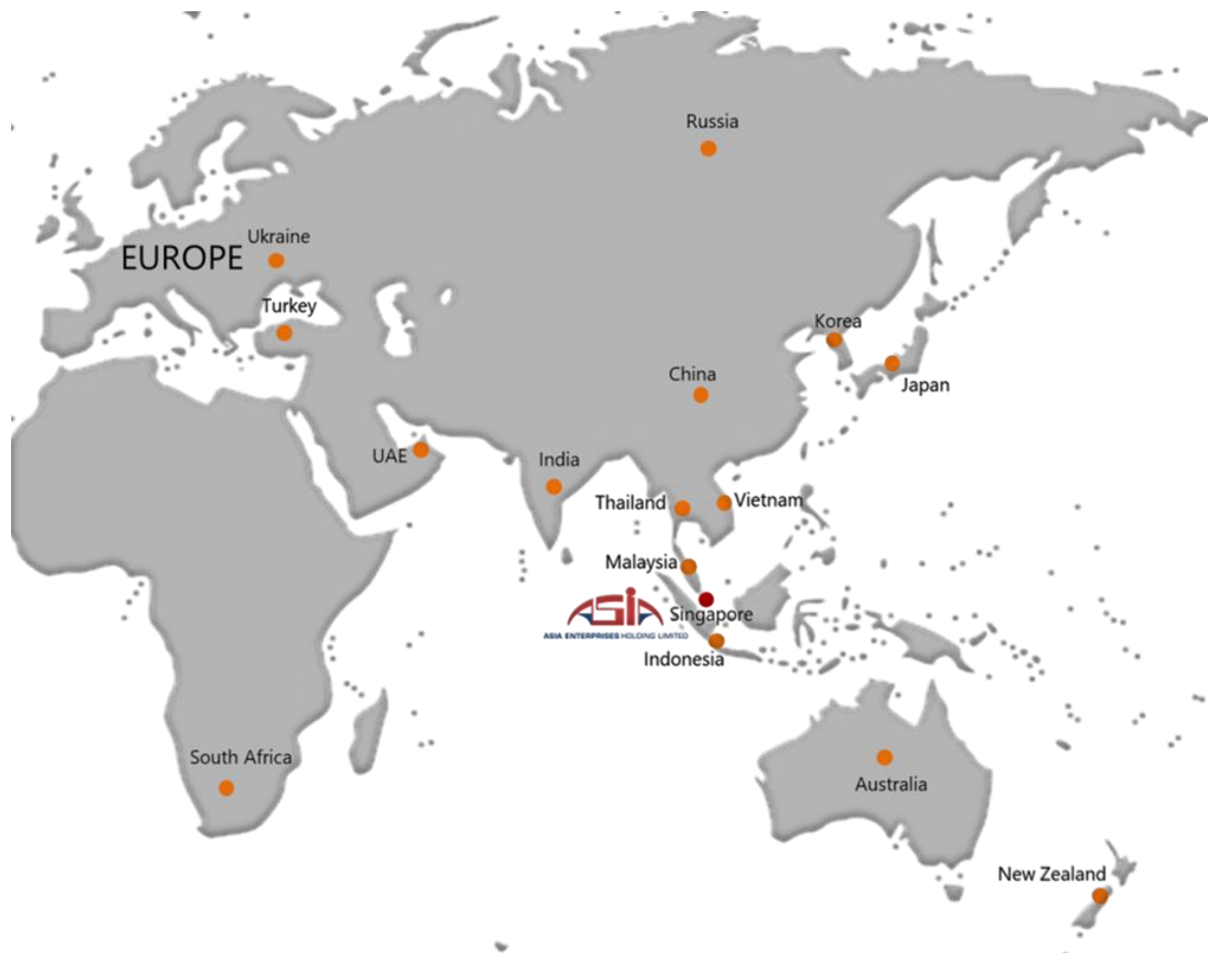


SUSTAINABILITY REPORTING

OUR SUPPLIERS

We source our products from major steel mills worldwide, directly or through international steel traders. We purchase carbon steel plates, profiles, beams, pipes and coils globally. Over the past 48 years, we have established close working relationships with these suppliers. Our strong rapport with them provides us with timely access to critical industry trends and information, competitive prices for quality products and timely delivery of products. We also share feedback from customers with our suppliers to help them improve subsequent product offerings.

We expect our business partners to conform to acceptable social and environmental standards. Our Code of Conduct forms the basis for our contracts with our suppliers and we regularly assess their contractual performance.



SUSTAINABILITY REPORTING

OUR PEOPLE

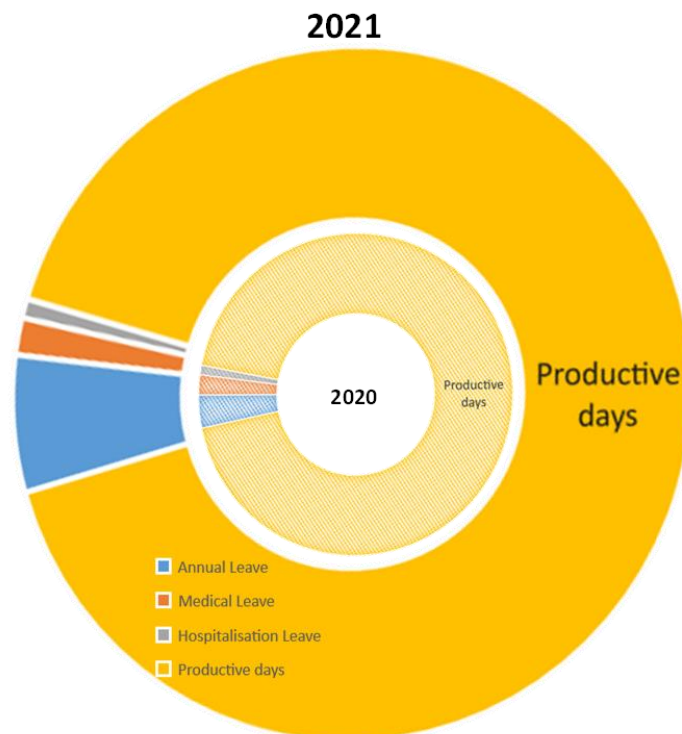
We operate out of Singapore. Our colleagues form the core of our organization and are fundamental to our business success. Our Board comprises professionals with legal, financial and business experience. The sustainability of our business is attributable to the efforts of our experienced and committed Board, management team and colleagues. Our years of operation have enabled us to build a wealth of experience and extensive product knowledge, as well as a good understanding of the industries in which our customers operate.

We aim to provide a working environment that is safe, fair, compassionate, supportive and stimulating for our colleagues. Our goal is for everyone in our Group to realise their full potential and contribute positively to the society and our organization.

Health and Safety

To elevate the importance of workplace safety and to sustain a high level of safety awareness, we implemented OHSAS 18001:2007 occupational health and safety management system in 2012 with accreditation by Lloyds UKAS. In 2021, we obtained approval for ISO 45000:2018. With clear guidance on safety measures, we aim to maintain a clean record for workplace accidents.

Productive Man Days



SUSTAINABILITY REPORTING

Fair Employment

We do not condone any personal discrimination based on nationality, age, gender or religion and support the growth of a fair and inclusive workplace. We continue to engage employees who reach statutory retirement age in our workforce for as long as they can contribute to the Group.

We aim to provide comprehensive compensation for all our colleagues and follow fair employment practices. As part of our hiring and retention strategy, we identify, recognize, remunerate and reward quality employees based on their merits and performances. Over and above statutory provisions, we also reward our colleagues for their commitment and service with special bonuses when they reach their tenth, twentieth, thirtieth and fortieth anniversaries of service with the Group.

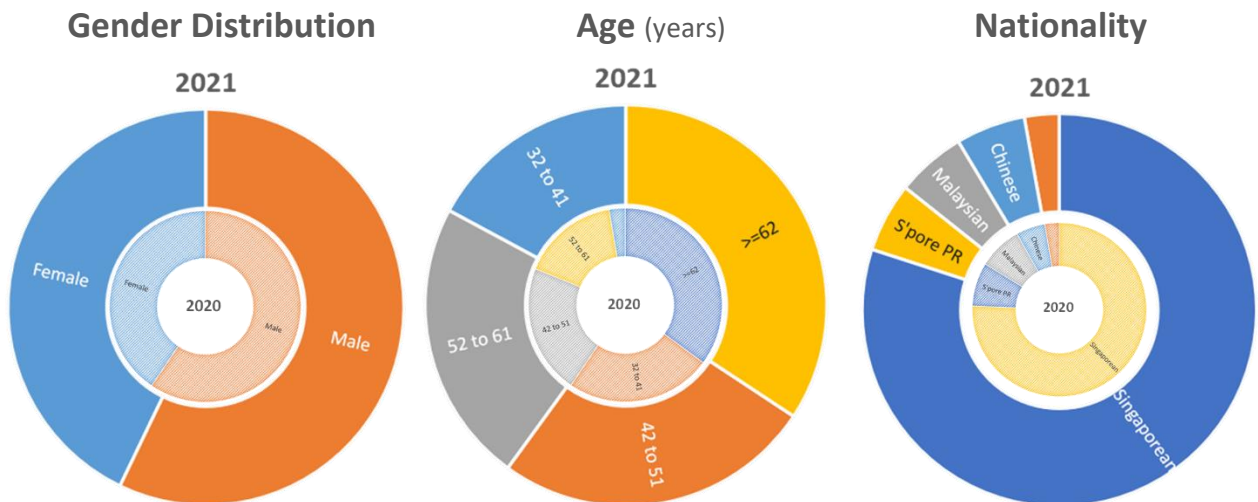
Training and Development

We believe in continuous improvement of skills and capabilities so as to maintain high levels of productivity and quality of our services. We encourage on-the-job training and the attendance of externally conducted courses and seminars. Going forward, we hope to implement a more structured training and development programme for the different functional roles of our employees.

	FY 2021	FY 2020
Average training hours per employee	22.78	8.22

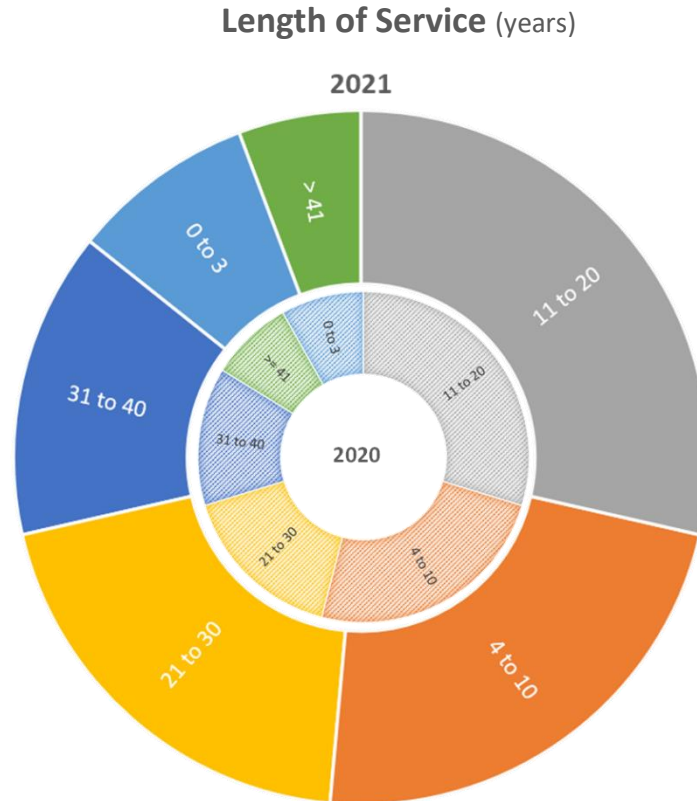
Diversity and Equality

While we operate in a male dominant industry, we have secured significant female representation in our workforce, management team and Board. We embrace gender diversity and equal opportunities in our non-discriminatory organization, where remuneration is ascertained based on the individual's work performance and not on gender.



SUSTAINABILITY REPORTING

As a testament to our efforts, we have high staff retention with 69% (FY2020: 68%) of our colleagues having worked in the Group for more than 10 years.



The Board, which comprises members with diverse skill sets, meets regularly to receive updates on significant governance, economic and financial issues. The Board also actively discusses and deliberates strategies for the Group. Please refer to AR 2021 – Board of Directors (page 5).

SUSTAINABILITY REPORTING

OUR SHAREHOLDERS

We are a publicly traded company and have over 1,000 shareholders. We communicate regularly with our shareholders and the wider investing community via public announcements on SGXNet and our corporate website, general meetings, investment seminars and briefings and company visits. Financial announcements and presentations are uploaded to our website in a timely manner. We actively encourage open communication with the investing community.

Corporate Governance

The management is vigilant in ensuring that the Group strictly complies with all relevant legal and regulatory requirements, as well as the Group’s operating policies and procedures. There have been no reports or notifications in relation to any material non-compliance of the Group since its listing in 2005.

The Board is committed to upholding high standards of corporate governance, accountability and transparency, as guided by the Code of Corporate Governance, to protect and enhance the interests of shareholders. Please refer to our AR 2021 - Corporate Governance Report (pages 8 - 25).

Financial Performance

The Group’s economic performance is pivotal to our ability to continue as a going concern and is of the utmost importance. We are committed to ensuring that our shareholders are rewarded financially for their investment in the Group. The Group has been consistently distributing dividends to shareholders. In the last 16 years, the Group has consistently paid an annual dividend representing at least 40% of its yearly earnings.

Dividend Payments (cents per share)



SUSTAINABILITY REPORTING

OUR PRODUCTS AND SERVICES

The sustainability of our economic performance hinges upon our ability to provide products and services that continue to be relevant to the market.

Steel is a basic commodity with a wide spectrum of applications due to its durability, strength, versatility and relatively low cost. It is used in the construction of homes, buildings, road, bridges, in transportation in the form of ships, vehicles, trains, containers, in home appliances and telecommunication equipment etc. Once produced, steel is infinitely recyclable without any loss of its inherent properties. It is *the* most recycled and recyclable material on Earth.

Steel is produced to different grades and qualities. Due to the discerning requirements of our customers, we practice responsible sourcing from a network of established and reliable steel mills. These suppliers not only produce material that conforms to international standards but also do so in an economically competitive, socially and environmentally responsible manner.

Product Quality

Depending on our customers' requirements, the products that we supply conform to the requirements set forth by international accredited standards such as European Standards (EN), American Society for Testing and Materials (ASTM), Japanese Industrial Standards (JIS), American Bureau of Shipping (ABS) and/or DNV GL, a merger of Det Norske Veritas (of Norway) and Germanischer Lloyd (of Germany).

Quality Assurance

We enforce strict quality controls by inspecting and checking all steel materials upon receipt and before delivery to customers. As an additional quality assurance to our customers, our inventory management and steel service operations system is certified to ISO 9001:2015 quality management system. All products are traceable to their respective sources and are accompanied with test certificates issued by the producers. Where possible, we procure from steel mills that have qualified factory production control systems attested by an independent third-party certification agency.

Value-added Services

As a supplementary service to our customers, we also operate a steel service centre that customizes hot rolled, cold rolled, electro galvanized and hot-dipped galvanized steel coils into specific dimensions for our customers' production needs. Where required, we engage third party contractors to provide further value-added services as required by our customers.

SUSTAINABILITY REPORTING

Inventory Holding

The Group's two storage and steel processing facilities have a combined land area of 33,769 square metres. To maintain the quality and lifespan of our steel products, they are stored in these covered warehouses to protect them against weathering elements. We also operate a fleet of prime movers, trailers and trucks which takes care of our day-to-day delivery needs. We use SAP Business One as an enterprise resource planning tool.

Our capital investment in warehousing, logistics and processing facilities enable us to maintain a wide variety of steel products for prompt delivery to our customers. It frees our customers from the need to invest in space, equipment and the financial burden of holding inventory.



Digitalisation

Digitalization as an enabler of sustainability improves resource efficiency and performance through flexible and smart use of technology. We support the government's digital initiative and have adopted a suite of automation tools from e-payment solutions to HR automation system for productivity, skills upgrade and efficiency. By re-designing work flow, the use of digital tools has transformed work processes and conserved resources.

Restrictions due to COVID-19 also led the Group to adopt online collaboration to avoid unnecessary travel and physical contact. The Group has enhanced resource capabilities and work processes to enable seamless offsite operations, include offline monitoring where necessary, thus enhancing the Group's business operation sustainability.

Digitalisation is key to ensuring business continuity.

SUSTAINABILITY REPORTING

OUR SOCIETY

We recognize the importance of attaining high standards of responsibility to the society at large and to manage the impact of our business on the environment and community. We aim to continuously contribute to society, to support and assist the less fortunate, to improve their quality of life and to promote a better future.

Regulatory Governance

We are cognisant of the need to continuously evolve ourselves, to keep up with the government's initiatives. In line with the government's directive to sustain business operations in land-scarce Singapore, we completed the re-development of our largest warehouse, invested heavily in equipment and re-designed our operations flow. The facility has achieved land intensification by increasing the built-up area on its existing plot of land and, by re-designing our workflow, throughput has been increased tremendously.

Business Conduct and Ethics

At Asia Enterprises, the Board and management regard ethics and integrity very seriously. Any misconduct or non-compliance is dealt with severely. We are governed by a Code of Conduct ("Code") that covers:

- Social responsibility
- Legal compliance
- Corruption
- Data protection
- Whistle blowing
- Dealing in securities
- Conflicts of interest

The Code governs appropriate behaviour by all members of the Group, including staff, directors and substantial shareholders. We expect all members to adhere to the Code. Members are periodically reminded of the consequences of non-compliance. Through the Whistle-Blowing Policy, an avenue for reporting of inappropriate behaviour or conduct is provided, with the assurance of protection from possible retaliation or victimisation.

To prevent insider trading, members are regularly reminded not to deal in the shares of the Company, especially when they may be in possession of sensitive information, at all times. Particularly, members are not allowed to trade in the 30-day periods prior to the release of our financial results.

SUSTAINABILITY REPORTING

Corporate Social Responsibility

At Asia Enterprises, we are mindful that an organization must strive to attain high standards of Corporate Social Responsibility (“CSR”) as it pursues its economic goals and to develop a sustainable growth path for long term success. The Group observes CSR practices to manage the impact of our business on the environment and community.

We believe in giving back to the society, to support and assist the less fortunate in our community. We have been making annual contributions to charitable and voluntary welfare organisations that support different social causes. These institutions are selected based on the causes they support and their standing as an approved Institution of Public Character (“IPC”). Our employees are also encouraged to give back through donations or to participate in community services.

	FY 2021	FY 2020
Donations to IPC as a percentage of profit for the year	1.3%	3.4%

The Group wishes to further enhance its resolve to return back to the society by pledging up to S\$1m in charitable giving and in kind over the next 20 years. The focus of our distribution will be in areas relating to healthcare for the elderly and frail, education for youth and under-privileged children and for the betterment of our environment. The Board will set-up a separate committee to oversee the selection of recipients and the distribution of funds.

Sustainable Environment

The production of steel has a significant carbon footprint and while steel is our base product offering, we are not involved in the manufacturing of steel products, so its environmental impact is beyond our control and the boundaries of this report. Once produced, however, steel is an environmentally friendly product due to its durability, ease of transportation, low material wastage and is infinitely recyclable. In this respect, steel, as a product, is a permanent resource that results in both energy efficiency and conservation of the earth’s natural resources.

We strive to store and transport all our steel products in a safe and responsible manner that does not pose any risks to our surrounding environment and community. Our fleet of transport vehicles comply with acceptable Euro IV and V emission requirements and together with steel processing and lifting equipment, undergo regular maintenance to ensure optimal performance and to prolong their useful life spans. Our drivers are required at all times to ensure that their loads are safely lashed and secured and to practice safe driving.

Our warehouse adopts an “airy” design that allows for natural lighting and air-flow throughout the storage area. The equipment and electrical devices installed take into account the need for energy efficiency and durability. Its multi-storey design also intensifies land usage, effectively increasing the gross floor area by 72.5%.

SUSTAINABILITY REPORTING

In addition, the Group promotes conservation of resources through Reduce, Reuse and Recycle. We strongly encourage efficient usage of electricity, water and paper at the workplace and proper disposal of scrap metals to scrap collectors for recycling purposes. Where possible, packaging material is recycled or made of recyclable material. To further bring forward the conservation of resources initiative, the Group has commissioned the installation of solar panels at our facilities to harvest solar power for energy efficiency.

We aim to do our part towards the conservation of natural resources, against global warming and climate change.

COVID-19

The economic uncertainties that came about with the outbreak of COVID-19 continued to take its toll in 2021. As vaccination becomes more available in countries worldwide and with the development of medication to counter its effects, we are hopeful that economic activities and sentiments will gradually improve. COVID-19 has brought about a new normal in the way we work, socialise and live. The disruption that it has brought about in the supply chain may have a long-lasting impact on the ways businesses operate around the world.

The Group has implemented measures to ensure the well-being of its employees by arranging for employees who are able to work from home to do so. For those who are required at the workplace, the Group has strict protocols for safe distancing and baseline sanitation and hygiene. The Group will continue to support flexible work procedures such as work-from-home scheme and online or digital collaboration. Reduced work trips will help to reduce carbon footprint and allow for more efficient use of time.

GRI CONTENT INDEX

GENERAL STANDARD DISCLOSURES

GRI Ref	Disclosure Title	Page References / Information
Organisational Profile		
102-1	Name of the Organisation	Asia Enterprises Holding Limited
102-2	Activities, brands, products, and services	Sustainability Report 2021 ("SR 2021") – Corporate Profile (page 2)
102-3	Location of headquarters	SR 2021 (page 22)
102-4	Countries of operation	SR 2021 – Corporate Profile (page 2)
102-5	Ownership and legal form	Incorporated in Singapore with limited liability
102-6	Markets served	SR 2021 – Our Customers (page 7)
102-7	Scale of the organisation	Annual Report 2021 ("AR 2021") – Financial Highlights (page 4) SR 2021 – Our People (pages 9-11)
102-8	Information on employees and other workers	SR 2021 – Our People (pages 9-11)
102-9	Supply Chain	SR 2021 – Our Business (page 3)
102-10	Significant changes to organisation and its supply chain	SR 2021 – Our Society: Regulatory Governance (page 15)
102-11	Precautionary principle or approach	AR 2021 – Risk Management (pages 26-27); AR 2021 – Corporate Governance: Risk Management and Internal Controls (page 19) SR 2021 – Our Society: Business Conduct and Ethics (page 15)
102-12	External initiatives	1. ISO 9001:2015 2. ISO 45001:2018
102-13	Membership of associations	1. Singapore Metal & Machinery Association 2. Singapore Business Federation
Strategy		
102-14	Statement from senior decision maker	SR 2021 – Board Statement (page 4)
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behaviour	SR 2021 – Our Society: Business Conduct and Ethics (page 15)
Governance		
102-18	Governance structure	AR 2021 – Corporate Governance: Board Matters (pages 8-16); Accountability and Audit (pages 19-22) SR 2021 – Board Statement (page 4) SR 2021 – Our Society: Business Conduct and Ethics (page 15)

GRI CONTENT INDEX

GRI Ref	Disclosure Title	Page References / Information
Stakeholder Engagement		
102-40	List of stakeholder groups	SR 2021 – Scope of Report (pages 4-5)
102-41	Collective bargaining agreements	N/A, our employees are not unionised
102-42	Identifying and selecting stakeholders	SR 2021 – Scope of Report (pages 4-5)
102-43	Approach to stakeholder engagement	SR 2021 – Scope of Report (pages 4-5) AR 2021 – Corporate Governance Report: Shareholder Rights and Communication with Shareholders (pages 22-24)
102-44	Key topics and concerns raised	SR 2021 – Scope of Report (pages 4-5)
Reporting Practice		
102-45	Entities included in the consolidated financial statements	AR 2021 – Notes to the Financial Statements – Note 15: Investments in Subsidiaries (page 58)
102-46	Defining report content and topic boundaries	SR 2021 – Scope of Report (pages 4-5); Materiality Assessment (pages 5-6)
102-47	List of material topics	SR 2021 – Materiality Assessment (pages 5-6)
102-48	Restatements of information	N/A
102-49	Changes in reporting	N/A
102-50	Reporting period	1 January 2021 – 31 December 2021
102-51	Date of most recent report	27 May 2021
102-52	Reporting cycle	Yearly
102-53	Contact point for questions regarding the report	Investor Relations Contact: Octant Consulting Tel: (65) 6296 3583
102-54	Claims of reporting in accordance with GRI Standards	SR 2021 – Scope of Report (pages 4-5)
102-55	GRI Content index	GRI Content Index (pages 18-21)
102-56	External assurance	N/A
Management Approach		
103-1	Explanation of the material topic and its Boundary	SR 2021 – Our Customers, Our Suppliers, Our People, Our Shareholders, Our Products and Services and Our Society (pages 7-17)
103-2	The management approach and its components	SR 2021 – Our Customers, Our Suppliers, Our People, Our Shareholders, Our Products and Services and Our Society (pages 7-17)
103-3	Evaluation of the management approach	SR 2021 – Our Customers, Our Suppliers, Our People, Our Shareholders, Our Products and Services and Our Society (pages 7-17)

GRI CONTENT INDEX

TOPIC-SPECIFIC DISCLOSURES

GRI Ref	Disclosure Title	Page References / Information
Material Aspect: Economic Performance		
201-1	Direct economic value generated and distributed	AR 2021 – Financial Highlights (page 4); Consolidated Statement of Profit and Loss and Other Comprehensive Income (page 34); Statements of Changes in Equity (page 36); Notes to the Financial Statements (pages 38-75)
201-2	Financial implications and other risks and opportunities due to climate change	AR 2021 – Risk Management (pages 26-27)
201-3	Defined benefit plan obligations and other retirement plans	AR 2021 – Notes to the Financial Statements – Note 8: Employees Benefits Expense (page 52) Central Provident Fund (“CPF”) contributions are duly made by the Group on behalf of eligible employees in accordance with the Singapore government’s mandated requirement for all employers.
201-4	Financial assistance received from government	Wage Credit, Special Employment Credit, Job Support Scheme and COVID-19 related rent concessions from lessor
Material Aspect: Anti-Corruption		
205-3	Confirmed incidents of corruption and actions taken	SR 2021 – Our Society: Business Conduct and Ethics (page 15)
Material Aspect: Materials		
301-1	Materials used by weight or volume	SR 2021 – Our Products and Services (pages 13-14)
Material Aspect: Socio-Economic Compliance		
419-1	Non-compliance with laws and regulations in the social and economic area	SR 2021 – Our Society (pages 15-17)
Material Aspect: Employment		
401-1	New employee hires and employee turnover	SR 2021 – Our People (pages 9-11)

GRI CONTENT INDEX

GRI Ref	Disclosure Title	Page References / Information
Material Aspect: Labour/Management Relations		
402-1	Minimum notice periods regarding operational changes	In the event of termination, a minimum notice period of one to three months needs to be fulfilled, depending on the employee's job position.
Material Aspect: Training and Education		
404-2	Programs for upgrading employee skills and transition assistance programs	SR 2021 – Our People: Training and Development (page 10)
404-3	Percentage of employee receiving regular performance and career development reviews	Yearly performance appraisal for all permanent full-time employees
Material Aspect: Diversity and Equal Opportunity		
405-1	Diversity of governance bodies and employees	SR 2021 – Our People: Diversity and Equality (pages 10-11)



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