Asiatic Group

Nurturing For Tomorrow

Sustainability Report FY2019

Table Of Contents

02 Board Statement

03 About the Report

04 Year in Review

05 Corporate Profile

08 Our Sustainability Approach

11 Regulatory Compliance

13 Workforce Health and Safety

17 Energy Efficient Operations and GHG Emissions

19 GRI Content Index

Board Statement

The Board of Directors ("the Board") is pleased to present Asiatic Group (Holdings) Limited's (and its subsidiaries, collectively known as "the Group" or "Asiatic") second Sustainability Report. This report summarises the Group's progress in the management of our material Environmental, Social and Governance ("ESG") matters, while demonstrating our ceaseless commitment in upholding responsible business practices to deliver long-term value for our key stakeholders.

As a board, we consider ESG matters integral to the Group's strategic formulation. Leveraging on sustainability reporting, it has enabled us to strategically review our business in the context of the material ESG impact, alongside a phased disclosure of our performance with insights into the sustainability-related opportunities and challenges ahead.

Following the foundation that was laid in our inaugural Sustainability Report, we continue to work closely with the management team to oversee and monitor our non-financial performance.

About the Report

Reporting Framework

This report has been prepared with reference to Global Reporting Initiatives ("GRI") 2016 standards. The GRI has been selected as the framework for reporting as it is internationally-recognised and provides a standardised approach for Asiatic to report on its material ESG matters. Reference has also been drawn from the Sustainability Reporting Guide of Practice Note 7F of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist ("Catalist Rules") in meeting the primary components as set out in Rule 711B of the Catalist Rules.

Reporting Scope

The scope of this report encompasses our energy operations in Cambodia and the provision of fire protection solutions in Singapore. We have adopted a phased approach for reporting, with Table 1 presenting the subsidiaries' operations that are covered in this report. As we mature in our journey towards sustainability, we will consider further expanding scope of our reporting to include other operations.

Unless otherwise stated, this report covers Asiatic's non-financial performance for the period 1st April 2018 to 31st March 2019 ("FY2019"), with relevant prior year data ("FY2018") included for comparison where available.

Table 1: Operations under the FY2019 reporting scope

Singapore	**Fire Protection Solutions**
	Asiatic Fire System Pte Ltd
Cambodia	**Energy Operations**
	Colben Energy (Cambodia) Ltd Phnom Penh Power Plant Sihanoukville Power Plant
	Colben Energy (Cambodia) PPSEZ Ltd Phnom Penh Special Economic Zone (PPSEZ) Power Plant

External Assurance

External assurance was not sought for this Sustainability Report, however, we will consider doing so in the future as Asiatic's sustainability reporting practice progresses over time.

Feedback

We value all feedback from our stakeholders as it enables the Group to optimise our approaches and performance in sustainability. Please send your comments and suggestions to sustainability@asiatic.com.sg.

S$37.7M

Group Revenue in 2019

176

Employees

in Cambodia and Singapore

Zero

Work-related injuries, fatalities and illnesses

Zero

instances

of non-compliance

with environmental and socioeconomic laws and regulations

Carbon intensity of

0.82

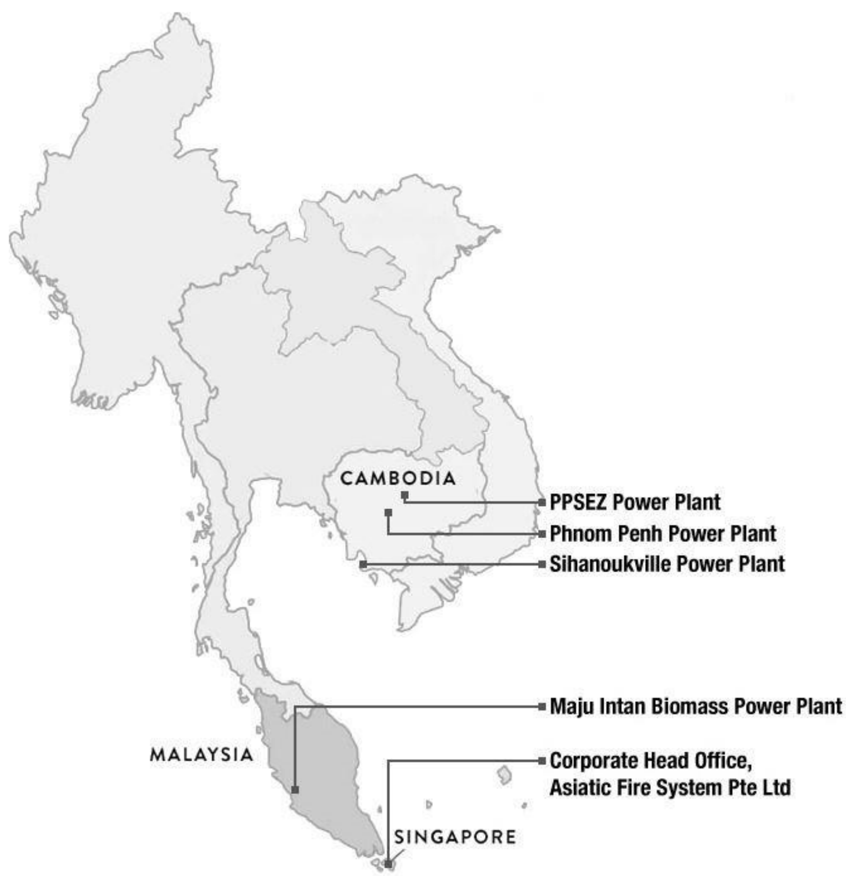
tCO_2/MWh

from power plants in Cambodia

Corporate Profile

Our Business

Figure 1. Asiatic's geographical presence



Since April 2003, the Group has been listed on SESDAQ (now known as the Catalist). We take pride in our reputation as an engineering management specialist driven by innovation, and in our responsibility for developing Energy, Controlled Power and Fire Protection Solutions in South-East Asia.

Asiatic's niche business areas lie in Energy Services (Planning, Development & Provision) and Fire Protection Solutions. Our operations span across Cambodia, Singapore and Malaysia, with our headquarters based in Singapore.

Energy Services (Planning, Development & Provision)

We provide energy services for communities and industries, with operations predominantly in Cambodia. The Phnom Penh Power Plant and Sihanoukville Power Plant under Colben Energy (Cambodia) Ltd provide electricity to the national grid, while the PPSEZ Power Plant under Colben Energy (Cambodia) PPSEZ Ltd delivers electricity to factories and industrial facilities located within the 360-hectare PPSEZ premise. In total, these three operational power plants in Cambodia have a combined installed capacity to generate more than 45 Megawatts ("MW").

Figure 2. Colben Energy's three operational power plants in Cambodia

Figure 3. Maju Intan biomass power plant in Malaysia

As the future of energy steers towards alternative, renewable sources of energy, the Group has also invested in a biomass power plant in Malaysia in 2012, to generate energy from biomass waste. The Maju Intan Biomass Power Plant in Perak, Malaysia uses empty fruit bunches, a waste residue from palm oil extraction, to generate electricity. From this process, the power plant has an installed capacity of 12.5MW.

Operating as an EPC (Engineering, Procurement and Construction) and O&M (Operation and Maintenance) contractor, we engage in the following activities across our entire value chain of power generation and transmission to local distribution:

- Planning and Development
- Capital Structuring
- Engineering, Procurement and Construction Contractor
- Operations and Maintenance Operators

Provision of Fire Protection Solutions

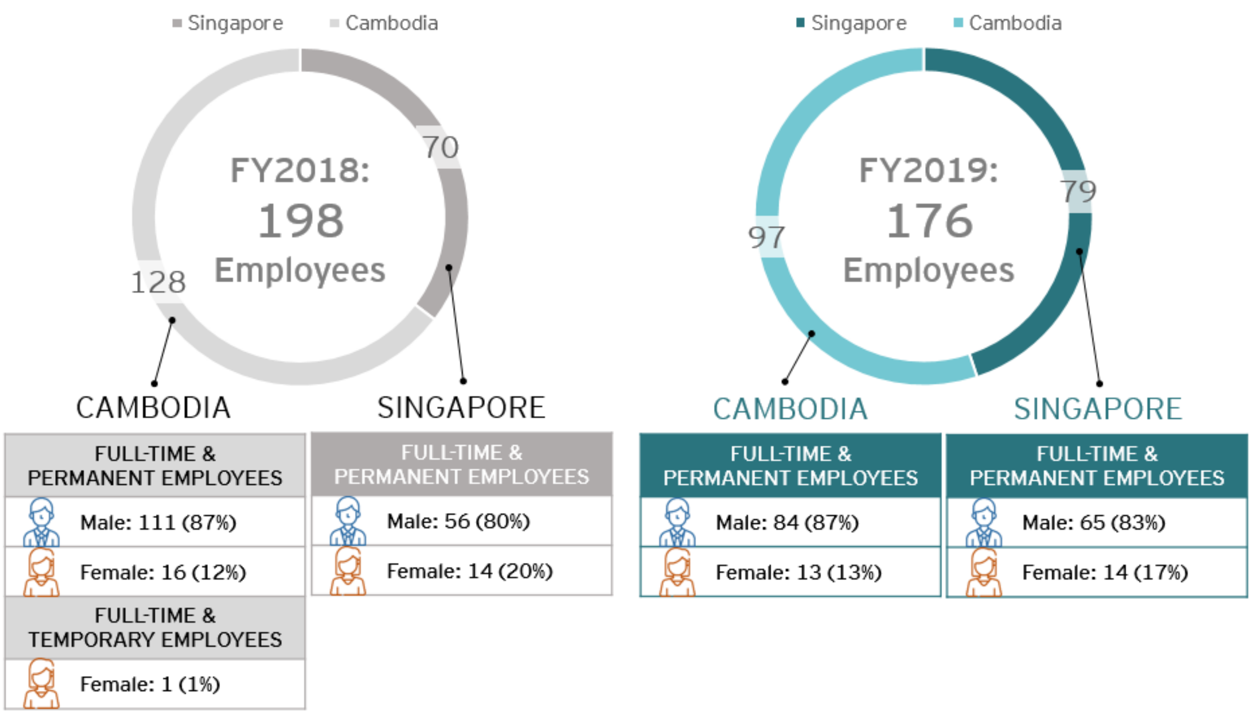
Figure 4. Asiatic's range of Fire Protection Solution

Asiatic's operation in Singapore is a specialised and well-established fire-fighting equipment manufacturer and service provider, geared with comprehensive fire-fighting and fire protection solutions offered to meet the needs of households, industrial complexes, office buildings and retail outlets, as well as marine and offshore industries. Driven by its mission to provide quality, customer-centric and innovative solutions to the market, our value chain begins from the procurement of raw materials and supplies, to production, sales, and after-sales services of our products.

Our People

At Asiatic, we attribute our success to our people. We seek to promote and build an inclusive and diverse workplace, and to cultivate a collaborative environment to enhance our employees' productivity and efficiency. We believe that our focus on developing our employees will contribute greatly to the growth of the Group.

Figure 5. Asiatic's Employee Profile



Across our operations in Singapore and Cambodia, the combined strength of our workforce amounted to 176 as at end of FY2019, with 55% of our employees based in Cambodia. The decrease in the overall number of employees by 11% in FY2019 is mainly attributed to the changes in contractual demands in our operations in

Cambodia. The Group is also observed to have a higher proportion of male (85%) to female employees (15%), largely due to the nature of our business which has a tendency to attract the fomer.

At Asiatic, we are committed to providing equal employment opportunities based on merit, regardless of the ethnicity, religion, age or gender of the individual. In addition to that, we strictly adhere to a no child labour and forced labour practice in our hiring process.

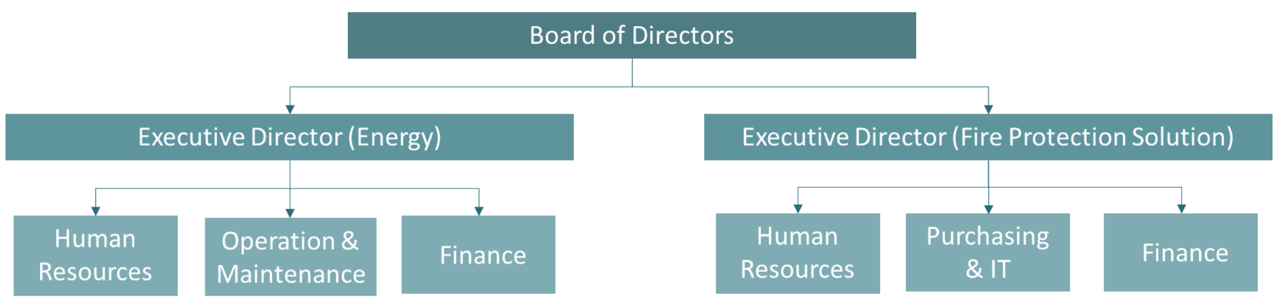
Our Sustainability Approach

Sustainability Governance

The Group's sustainability approach is driven by the directives and inputs from the Board. As the core body responsible for the integration of sustainability principles, the Board sets the strategic direction for sustainability growth across our operations. The executive directors of energy and fire protection solution business are involved in the formulation of sustainability policies and initiatives. Together, they work collaboratively in driving key sustainability initiatives.

The respective head of departments in the energy and fire protection solutions provides further support by monitoring the adherence and execution of all sustainability policies and practices on the working-level, which includes tracking the performance of the Group's material matters.

Figure 6. Asiatic's sustainability governance structure



Stakeholder Engagement

Asiatic fully recognises that engaging our key stakeholders on a regular basis is key to the sustainability of our business. Our stakeholders play a crucial role in influencing the Group's sustainability journey through feedback and concerns raised. We strive to address our stakeholders' evolving needs by providing channels that are readily accessible for feedback as well as for honest and open interactions with them. Our approach towards stakeholder engagement is summarised in Table 2 below.

Table 2. Our stakeholder engagement approach

Key stakeholder groups	Key interests	Asiatic's approach in addressing key interests	Frequency of engagement
 **Employees**	• Career development and progression opportunities • Safe workplace environment	• New-joiner induction programme	As required
		• Employee performance review	Annually
		• Safety training	As required
 **Customers**	• Product quality and on-time delivery	Customer satisfaction survey	Regular
		Discussions via email or phone calls	As required
		Face-to-face meetings or discussions	As required
 **Suppliers**	• Fair and transparent business conduct	Discussions via email or phone calls	As appropriate
		Face-to-face meetings or discussions	As required
 **Investors and Regulators**	• Compliance with applicable laws and regulations • Strong corporate governance • Sustainable business growth	• Annual report	Annually
		• Annual General Meeting ("AGM")	Annually
		• SGX announcements	As required
		• Sustainability report	Annually

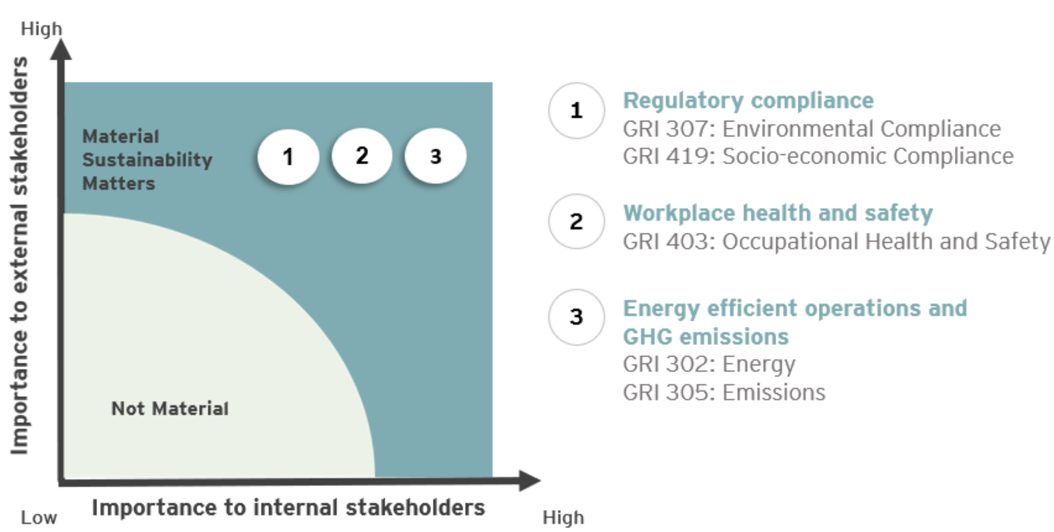
Materiality Assessment

Asiatic considers material sustainability matters as ESG matters that significantly impact the Group's operations and key stakeholders. In the prior year, a materiality assessment workshop was conducted to identify and prioritise Asiatic's material ESG matters. These matters are subsequently reviewed on an annual basis to ensure their relevance to the Group.

Figure 7. Materiality assessment approach

From our materiality assessment process in FY2018, we have identified three material ESG matters as reflected in Figure 8 below. As there are no major changes in our operations, the material matters identified remain relevant for reporting in FY2019.

Figure 8. Asiatic's materiality matrix



Regulatory Compliance

Our Perpetual Target

To have

zero

confirmed cases of non-compliance

Why is it important for us?

The Group recognises the importance of having strong corporate governance and complying with laws and regulations in the countries we operate in. We believe that a good corporate governance enables us to effectively manage the Group's risks and opportunities, protect our reputation as a business, and more importantly, deliver a long-term value for our stakeholders.

We understand that any substantiated cases of non-compliance would have detrimental financial and reputational impacts on our business. Thus, Asiatic has a strong commitment towards upholding a high standard of corporate governance, in alignment with the Code of Corporate Governance 2012 and Code of Corporate Governance 2018 for financial years commencing from 1 April 2019 onwards.

Achieved in
FY2019

Our Approach

Policies	Our corporate governance framework provides a foundation on the Group's corporate governance practices. The Quality Policy in our fire protection solutions business embodies our commitment to comply with relevant laws and regulations.
Commitments and Target	We strive to always comply with all applicable socio-economic and environmental regulations. The Group has a perpetual target of zero confirmed cases of non-compliance with regulatory requirements.

To achieve a high standard of corporate governance, we have in place our corporate governance framework, which comprises oversight by the Board and the various Board committees, the involvement of independent external auditors, as well as a set of robust internal controls and processes that are internally audited by an accredited external party. The audit review procedures conducted yearly include checks on compliance with appropriate legislation and regulations, and the management of all corporate risks identified.

The Quality Policy, as adhered to by our fire protection solution business, also reflects our stance towards maintaining strong corporate governance practices. It was developed as part of the Group's established Quality Management System ("QMS"), which is ISO 19001:2015 certified. Through our QMS, we ensure that our operations are in line with the applicable statutory regulations and professional services of consistent quality are provided to our customers.

The Group also has in place a whistle-blowing policy which provides a direct avenue for all internal and external stakeholders to raise concerns on all matters relating to misconduct, including actions of non-compliance and improprieties in financial reporting, in writing to asiatic@asiatic.com.sg. All feedback received will be kept in confidence, and are directly handled by the audit committee, who ensures that an independent and fair investigation is carried out with appropriate follow-up actions.

The management conducts an annual review of all policies and where there are changes, employees will be promptly informed. At Asiatic, our employees are expected to adhere faithfully to all ethical and legal requirements to preserve the Group's integrity.

Our Performance

In FY2019, we are glad to share that there were no confirmed cases of non-compliance and no complaints received under our whistle-blowing channels.

In addition, the Company acknowledges that that it has not complied with the Companies Act to hold the annual general meeting for the financial year ended FY2019 by 31 August 2019. This is a result of a delay to the finalisation of FY2019 results attributed to the complexities of the valuation of the convertible bonds for Colben Energy Holdings (Maju Intan) and difficulties faced in the recruitment of a qualified personnel in our finance department[1]. This non-compliance case will accordingly be reflected in our next Sustainability Report for reporting period ending 31 March 2020. Proactive measures have been taken to prevent the same breach from occuring in the future, as we remain committed to achieving zero non-compliance cases with regulatory requirements.

[1] Please refer to the these announcements for further information:
https://links.sgx.com/FileOpen/AGH_Further%20extension.ashx?App=Announcement&FileID=571810 (26 July 2019) and
https://links.sgx.com/FileOpen/AGH_AGM_clean.ashx?App=Announcement&FileID=574149 (13 August 2019)

Workforce Health and Safety

Our Perpetual Target

To have

zero

work-related incidents and illnesses at our workplace

Achieved in FY2019

Why is it important for us?

Asiatic puts the health and safety of our people first. We strive to keep our workplace safe and healthy for our employees, sub-contractors and visitors, and we believe that it is our duty as employers to create a safe working environment for all.

The Group understands that any failure in maintaining safety at our workplace has adverse impacts on our employees and to our business' reputation. Thus, the management place great emphasis in enforcing extensive precautionary measures to ensure safety standards are met in our day-to-day operations.

Our Approach

Policy	Asiatic's occupational health, safety and security policy sets out our commitment to preventing all work-related injuries and illness. Through this policy, we are committed to identify and prevent risks in our operations, implement appropriate safe work practices, and provide relevant training to our employees.
Commitments and Target	As a group, we have a perpetual target of zero work-related incidents and illnesses in our workplace.

At Asiatic, we operate based on the belief of "prevention over cure". With this in mind, we have in place several workplace health and safety procedures for our energy operations in Cambodia. In Singapore, our risk management process has been developed with reference to Workplace Safety and Health (**"WSH"**) Risk Management Regulation[2] and WSH Code of Practice[3] to minimise workplace hazards and risks within our

[2] The Workplace Safety and Health (Risk Management) Regulation is part of Singapore's Workplace Safety and Health Act.

[3] The Code of Practice was developed and published by Workplace Safety and Health Council in collaboration with the Ministry of Manpower, Singapore.

operations. It outlines the necessary roles and responsibilities in our organisation and further, provides guidance on the identification of hazards, evaluation of risks, and implementation of mitigation measures to eliminate or control risks identified.

Accordingly, a risk management committee was established to oversee the implementation of the risk management procedures. Comprising both managerial and senior staff-level employees, the committee carries out regular discussions and reports to the senior management on significant findings and developments regarding workplace health and safety, as required during the year. Figure 9 below summarises the flow of Asiatic's risk management process.

Figure 9. Asiatic's risk management process

To that end, Asiatic undergoes external audit annually to gain assurance that the Group has met satisfactory workplace health and safety outcomes. We seek to rectify any gaps found during the audits and actively monitor for progressive improvements that can be achieved over time. As a testament to our ongoing efforts, we have attained several certifications, demonstrating our commitment in providing a safe workplace for our people as listed in Table 3 below.

Table 3. Current health and safety certification

Asiatic Fire Service – Singapore	
Certification	**Description**
ISO 9001:2015 Quality Management System	This certification sets out the requirement for quality management system and maps out what an organisation need to implement to demonstrate its ability to consistently deliver quality products and services to their customer that meet relevant laws and regulations.
BizSAFE level 3 Risk Management	This certification sets out the criteria for risk management in an organisation and becomes an essential step in complying with the requirement in the Workplace Safety and Health Act (WSHA).

Further, risk management-related trainings and certification courses are provided to select employees at least once every two years. These employees are expected to impart the relevant knowledge and skills learnt for others to similarly excel in their roles assigned and mitigate the occurrences of work-related injuries. We also plan to conduct fire drills and evacuation exercises regularly to instill increased alertness and emergency preparedness in all our employees. It will provide a refresher on the safety practices, precaution measures, and emergency exit routes that employees are required to be aware of.

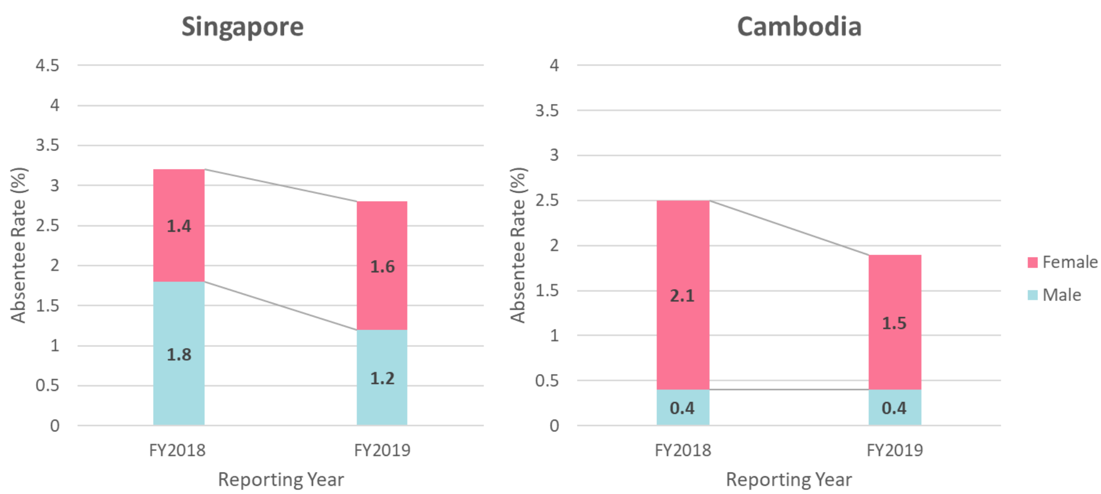
At Asiatic, we believe that building a safe and healthy work environment is a shared responsibility. All employees are encouraged to be proactive in preventing any work-related injuries or illness. We expect employees to maintain a clean and orderly work area, report any incidents, participate in safety improvement activities, and work with our contractors to ensure the implementation of the safety management system, among others.

Our Performance

During this reporting period, the Group recorded zero fatalities, injuries and occupational illnesses in Singapore and Cambodia. We will continue to strive to maintain this record across our operations. Additionally, we track the absentee rate of our employees as an indicator of our workers' wellness and health.[4] In FY2019, we recorded a decrease in the overall absentee rates in Singapore and Cambodia. This is mainly due to lower medical and hospitalisation leaves in both operations during this reporting period. The details of the Group's absentee rates are presented in Figure 10 below.

[4] Absentee rate refers to the percentage of total days of absence (medical leave and hospitalisation leave) over total days scheduled for work per year. To align with this definition, absentee rates in Cambodia for FY2018 are restated in this report.

Figure 10. Employee's absentee rate



Energy Efficient Operations and Greenhouse Gas ("GHG") Emissions

Our Perpetual Target

To conduct a **thorough maintenance regime** at least once a year to help maintain energy efficiency and carbon emissions intensity at our power plants

Why is it important for us?

With risks and impacts of climate change becoming increasingly apparent, governments and companies are seeking urgent action on measures to address the impacts of climate change on their business activities.

Asiatic is aware that its energy business in Cambodia is underpinned by the usage of fossil fuels and we are mindful of its associated environmental impacts. Whilst we acknowledge the challenge for our business to address this matter, we remain committed in providing a stable and reliable energy supply to our customers.

For this material ESG matter and reporting period, we have included our energy operations in Cambodia. We will consider expanding our scope to include other operations as we mature in our sustainability reporting journey.

Achieved in
FY2019

Our Approach

Policy

We believe in investing in good environmental housekeeping practices to curb our environmental footprint and to ensure that we stay compliant with all relevant regulations and laws at countries we operate in.

Commitments and Target[5]

We are committed to managing our environmental footprint whilst ensuring a stable supply of electricity to meet the needs of the communities we serve.

We aim to conduct a thorough maintenance regime at least once a year to help maintain energy efficiency and carbon emissions intensity at our power plants.

[5] Our power plants in Cambodia are generally required to operate during periods of power outage or low power supply from the grid. As generation is on an on-demand basis and not continuous, this thus pose a limiting factor in setting a quantitative target to have substantial reduction in carbon intensity

We actively conduct regular internal inspections and maintenance of the equipment at our power plants. On top of that, a thorough maintenance regime is conducted for each engine once yearly to ensure that they are in optimal condition, and ready for operation on-demand throughout the year. Our inspections enable the respective teams to identify any nonconformity to regulatory standards and act upon them in a timely manner, thereby implementing appropriate measures for improvement. This has allowed us to manage energy consumption levels as well as ensure safe and efficient operations at our power plants.

Our Performance

We are pleased to share that with increased operational efficiency of our power plants during the year, we have achieved a reduction in our carbon emissions intensity by 8%, from 0.89 tCO_2/MWh in FY2018 to 0.82 tCO_2/MWh in FY2019.

During the year, we consumed a total of 261,903 gigajoules ("GJ") of energy from heavy fuel oil, and 4,459 GJ energy from electricity to generate approximately 25.66 Gigawatt-hour ("GWh") of electricity that was sold to our customers. Measured with reference to the Intergovernmental Panel on Climate Change ("IPCC") Guidelines[6], our total carbon emissions for the year amounted to 21,049 metric tons of carbon dioxide ("tCO_2").

We have also achieved our goal in carrying out a thorough maintenance regime for all engines at our power plants for FY2019. We will continue to review and refine our practices as we endeavour to better manage the energy consumption and GHG emissions levels attributed to our business' operations.

[6] Carbon emissions and carbon intensity are calculated with reference to 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

GRI Content Index

GRI Standards Disclosures		Report Section	Page Reference
General Disclosures			
Organisational Profile			
102-1	Name of the organisation	Board Statement	2
102-2	Activities, brands, products, and services	About the Report	3
102-3	Location of headquarters	Corporate Profile	5
102-4	Location of operations	Corporate Profile	5
102-5	Ownership and legal form	Corporate Profile	5
102-6	Markets served	Corporate Profile	5
102-7	Scale of the organization	Corporate Profile	5
102-8	Information on employees and other workers	Corporate Profile (Our People)	7
102-9	Supply chain	Corporate Profile	5
102-10	Significant changes to the organization and its supply chain	Corporate Profile	5
102-11	Precautionary principle or approach	Workforce Health and Safety	13
102-12	External initiatives	Not applicable	-
102-13	Membership of associations	Asiatic is under the following associations: Singapore Manufacturing Federation; Singapore Business Federation; Singapore Metal & Machinery Association; Singapore Building Materials Supplies' Association; Singapore-China Business Association; Singapore Ship-Chandlers Association; Association of Company Emergency Responsive Teams (Singapore)	-
Strategy			
102-14	Statement from senior decision-maker	Board Statement	2
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behavior	Regulatory Compliance	11
102-17	Mechanisms for advice and concerns about ethics	Regulatory Compliance	11

GRI Standards Disclosures		Report Section	Page Reference
Governance			
102-18	Governance structure	Sustainability Governance	8
102-23	Chair of the highest governance body	Sustainability Governance	8
102-25	Conflicts of interest	Stakeholder Engagement	9
102-29	Identifying and managing economic, environmental, and social impacts	Sustainability Governance	8
102-32	Highest governance body's role in sustainability reporting	Sustainability Governance	8
Stakeholder Engagement			
102-40	List of stakeholder groups	Stakeholder Engagement	9
102-41	Collective bargaining agreements	None identified.	-
102-42	Identifying and selecting stakeholders	Stakeholder Engagement	9
102-43	Approach to stakeholder engagement	Stakeholder Engagement	9
102-44	Key topics and concerns raised	Stakeholder Engagement	9
Reporting Practice			
102-45	Entities included in the consolidated financial statements	About the Report	3
102-46	Defining report content and topic Boundaries	About the Report	3
102-47	List of material topics	Materiality Assessment	10
102-48	Restatement of information	Restatement of the absentee rate in Cambodia for FY2018. The restatement is made to align the definition of absenteeism within the Group.	15
102-49	Changes in reporting	There are no changes in reporting.	-
102-50	Reporting period	About the Report	3
102-51	Date of most recent report	31^{st} March 2019	-
102-52	Reporting cycle	On an annual basis.	-
102-53	Contact point for questions regarding the report	About the Report	3
102-54	Claims of reporting in accordance with the GRI Standards	About the Report	3
102-55	GRI content index	GRI content index	19 - 22

GRI Standards Disclosures		Report Section	Page Reference
102-56	External assurance	About the Report	3
Material Topic: Regulatory Compliance			
Management Approach			
103-1	Explanation of the material topic and its boundary	Regulatory Compliance	11 - 12
103-2	The management approach and its components	Regulatory Compliance	11 - 12
103-3	Evaluation of the management approach	Regulatory Compliance	11 -12
Socio-economic Compliance			
419-1	Non-compliance with laws and regulations in the social and economic area	Regulatory Compliance	11 - 12
Environmental Compliance			
307-1	Non-compliance with laws and regulations environmental laws and regulations	Regulatory Compliance	11 - 12
Material Topic: Workplace Health and Safety			
Management Approach			
103-1	Explanation of the material topic and its boundary	Workforce Health and Safety	13 - 16
103-2	The management approach and its components	Workforce Health and Safety	13 - 16
103-3	Evaluation of the management approach	Workforce Health and Safety	13 - 16
Occupational Safety and Health			
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Workforce Health and Safety	13 - 16
Material Topic: Energy Efficient Operations and GHG Emissions			
Management Approach			
103-1	Explanation of the material topic and its boundary	Energy Efficient Operation and GHG Emissions	17 - 18
103-2	The management approach and its components	Energy Efficient Operation and GHG Emissions	17 - 18
103-3	Evaluation of the management approach	Energy Efficient Operation and GHG Emissions	17 - 18

GRI Standards Disclosures		Report Section	Page Reference
Energy			
302-1	Energy consumption within the organization	Energy Efficient Operation and GHG Emissions	17 - 18
Emissions			
305-1	Direct (Scope 1) GHG emissions	Energy Efficient Operation and GHG Emissions	17 - 18
305-2	Energy indirect (Scope 2) GHG emissions	Energy Efficient Operation and GHG Emissions	17 - 18
305-4	GHG Emissions intensity	Energy Efficient Operation and GHG Emissions	17 - 18