



Singapore Kitchen Equipment Limited

2021

A large, abstract graphic of a map of Singapore is the central focus of the page. The map is composed of a network of black lines connecting various points, with some points highlighted in orange, green, and blue. To the left of the map, there is a dense cluster of colorful dots in various colors (red, yellow, green, blue, purple, pink) and small black lines radiating outwards, creating a sense of dynamic energy and connectivity.

SUSTAINABILITY REPORT



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SUSTAINABILITY REPORT

WE HAVE LEVERAGED ON OUR ACCUMULATED EXPERIENCE OVER THE PAST TWO YEARS TO OVERCOME THE CHALLENGES WHILE MAKING PROGRESS IN STRENGTHENING OUR RESILIENCE AND POSITIONING FOR THE ANTICIPATED RECOVERY.

BOARD STATEMENT

Singapore Kitchen Equipment Limited (hereafter referred to as “SKE” or the “Group” or the “Company”) would like to present the annual Sustainability Report (the “Report”) which covers our Group’s sustainability performance from 1 January 2021 to 31 December 2021 (“FY2021” or “Reporting Period”).

This Report was prepared in accordance with the GRI standards: Core Option and covers the Group’s key sustainability issues, the management’s approach and related performance.

For the FY2021 Sustainability Report, the Board of Directors has reappointed the steering committee spearheaded by Ms Charlene Koh with a working committee comprising senior staff at our Singapore Headquarters and our subsidiary in Johor Bahru, Malaysia.

Meanwhile, the Board underwent a renewal process in September 2021. New board members are Mr Lim Chee San who is our Board and Nominating Committee Chairman, Mr Ang Chiang Meng who is our Audit Committee Chairman and Mr Alvin Choo Kok Kiong who is our Remuneration Committee Chairman. The Board takes yearly sustainability reporting seriously, and stakeholder concerns and feedback are duly discussed to implement improvements in our business strategies, products, and service quality.

During the reporting period, the world continued to grapple with the 2019 Novel Coronavirus (“COVID-19”) pandemic. While global vaccination drives strengthened populations and mitigated the worst of the pandemic’s effects, new virus variants necessitated repeated lockdowns and rounds of booster vaccination to maintain that bulwark. Progress in overcoming the pandemic was uneven and its aftermath was keenly felt. Economies were slow to mend as supply chains disrupted by recurring lockdowns also spiked transportation costs leading to inflation of prices that have trickled down to consumers. Further exacerbating matters are geopolitical tensions such as the Russia-Ukraine war which has impacted energy prices and heightened overall uncertainty.

This has translated to a more challenging operating environment for the Group. We have leveraged on our accumulated experience over the past two years to overcome the challenges while making progress in strengthening our resilience and positioning for the anticipated recovery. This was made possible through the continued dedication, hard work and sacrifices of our staff, and the support from our customers and partners.

In light of the challenges this year, the Board would like to once again express its appreciation to all parties who helped with the compilation of this Report. We continue to welcome stakeholders’ feedback. Please send your comments and suggestions to Ms Charlene Koh at charlene@qson.com.sg.

BOARD OF DIRECTORS

SUSTAINABILITY REPORT

STAKEHOLDER ENGAGEMENT

Our Group has always focused on creating sustainable value for our stakeholders. We have actively engaged them through the following channels:

Stakeholders	Engagement Platforms	Frequency	Key Concerns
Shareholders & Investors	Annual General Meeting	Annually	Profitability and Sustainability
	Annual Report	Annually	
	Corporate Announcements	Regularly	
Customers & Consumers	Corporate Website	Timely corporate news release	Prompt service support
	Events & Functions	Annually	
	Email Queries	Daily	
	Hotline	Daily	
	Customer Surveys	Annually	
Employees	Morning Briefing Sessions	Daily	Manpower, Skill Sets, Staff incentives and welfare
	Departmental meetings	Weekly	
	HOD Coordinating Meetings	Monthly	
	Work Plans	Annually	
	Staff Seasonal Parties	On festive days	
	Seminars and Talks	Quarterly	
	Special Skills Trainings	As and when required	
Suppliers & Service Providers	Emails at all levels	Daily	Prompt Delivery and Payment
	Face to Face meetings	Monthly	
	Review and feedback	Quarterly	
Government & Regulators	SGX	4-6 times annually	Compliance, News Updating, Economic Growth and Announcement
	ACRA	Half Yearly	
	Trade / Industry Events	Quarterly	
	Government Agencies	Monthly	
Local Community	Year End Dinner Party	Annually	Willingness in CSR and Voluntarism
	Donations	Annually	
	Participating in Social & Charitable Activities	Twice a Year	
	Seminars and Talks	As and when	

Figure 1 How we engaged our Stakeholders

SUSTAINABILITY REPORT

MATERIAL FACTORS

Our materiality assessment process for FY2021 involved the Group’s Senior Management in identifying sustainability factors deemed material to our businesses and our stakeholders. This is to ensure that our resources are better deployed to create sustainable value for our stakeholders. The content below shows 10 key factors that are prioritised by the working committee:

- | | |
|---|--|
| 1. Sustainable Business Performance (Economic) | 6. Strategy and Analysis regarding Sustainability (Economic) |
| 2. Product Quality & Satisfaction (Economic & Environmental) | 7. Business Continuity Management (ESG) |
| 3. Occupation Health and Safety (Social) | 8. Robust Corporate Governance Framework and Compliance (Governance) |
| 4. Business Ethics, Anti-Corruption (Governance) | 9. Labour and Industrial Relations (Social) |
| 5. Inclusive Workplace and Talent Development (Social)/ Equal Opportunity in Promotion (Social) | 10. Community Engagement (Social) |

Other Factors that are less significant to the Group at the moment include:

- | | |
|---|--|
| 1. Waste Management (Environmental) | 5. Indirect Economic Impact (Economic) |
| 2. Electricity & Water Conservation (Environmental) | 6. Succession Planning (Social) |
| 3. Emissions (Environmental) | 7. Innovation & Technology Leadership (Economic) |
| 4. Human Rights (Social) | |

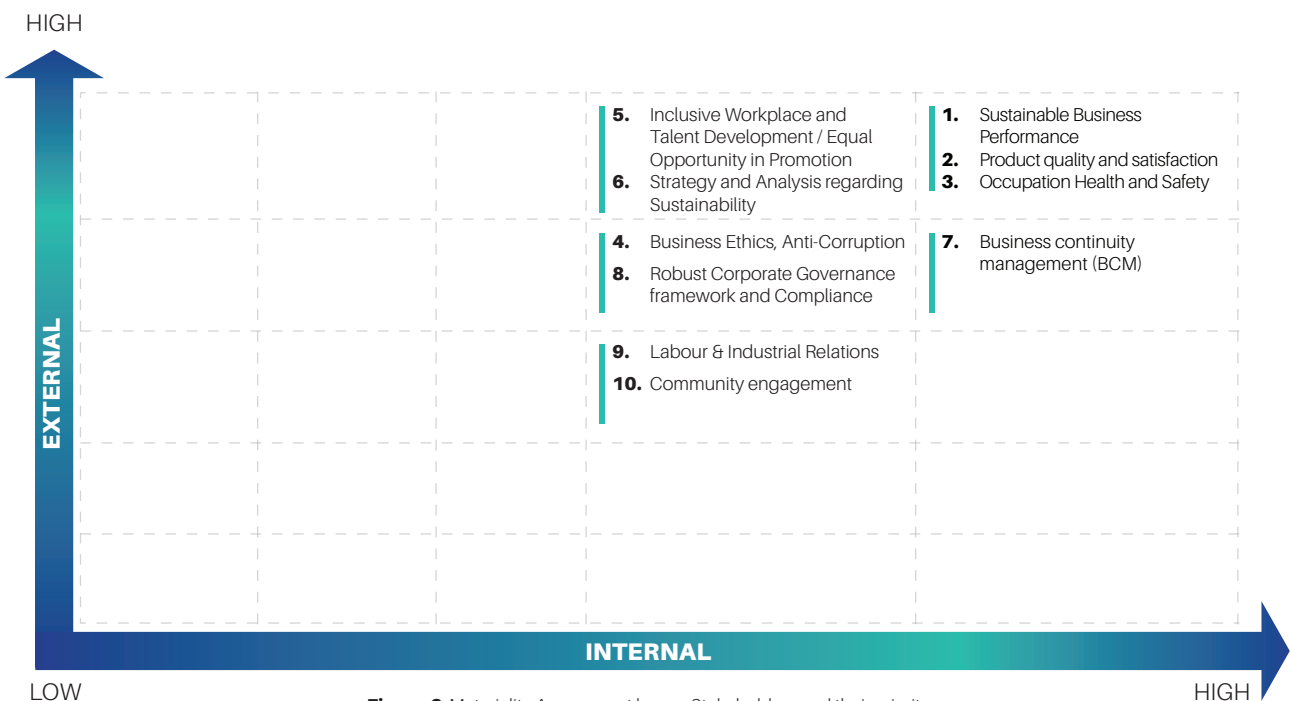


Figure 2 Materiality Assessment by our Stakeholders and their priority

Each of these topics was discussed among the selective groups separately and collectively in some subjects which are elaborated.

ECONOMIC

Our Business

Singapore Kitchen Equipment Limited ("SKE"), operating under trade name Q'son, is one of Singapore's leading one-stop commercial and industrial kitchen solution providers for the F&B and hospitality industries. Listed on the Catalist Board of SGX since 22 July 2013, SKE specialises in design and consultancy, equipment fabrication, installation and distribution and after-sales service support. The Group also has maintenance and servicing teams to provide integrated and ad hoc repair services, regardless of model, brand, type, and source of purchase for our customers.

Today, SKE is a brand name that is synonymous with quality, efficiency, and reliability. Some of our customers for the year include SFI Manufacturing Pte Ltd, Fei Siong Food Management Pte Ltd, Boustead Projects E&C Pte. Ltd., Commonwealth Concepts Pte. Ltd., Dim Sum Pte. Ltd., Dian Xiao Er Group Pte. Ltd., Vista F&B Services Pte. Ltd., Alexandra Hospital, Kong Meng San Phor Kark See Monastery, and Far Ocean (2015) Pte. Ltd.



We manage two house brands namely InnoFlame (a spectrum of Chinese, gas-powered cooking ranges) and Qoolux (a range of industrial refrigeration products). Over the years, we have also worked with third-party kitchen equipment manufacturers and OEM brands to secure distribution rights to better serve our plethora of clients from different industries.

Economic Performance

Below is a summary of our financial performance over the last five years:

Income Statement	2017	2018	2019 (restated)	2020	2021
Revenues (S\$'000)	30,725	33,561	33,106	22,019	27,774
Profit/(loss) after tax (S\$'000)	1,298	680	(143)	964	334
Earnings/(loss) per share (Cents)-diluted	0.85	0.45	(0.08)	0.62	*0.21
Dividend per share (Cents)	1.00	0.75	NA	NA	NA
Staff head count (In Numbers)	242	248	259	152	164
Productivity per employee (S\$)	126,963	135,327	127,824	144,862	169,354

Figure 3 Financial Performance (2017-2020) (as previously disclosed in prior years' Annual Reports).
* The figures for 2021 are unaudited and audited figures will be reflected in our Annual Report 2021, to be published.

Industrial Standards

We have been awarded with certificates from various governmental agencies such as LGSW (Licensed Gas Service Workers from City Gas), OHSAS - bizSAFE Star (Occupational Health and Safety Assessment Series), ISO 45001 (WHS - Work, Health & Safety), Confined Space Assessor, Building and Construction Safety Supervisor level, Work At Height Supervisor level and Safety Officer level. All employees operating in our factory in Malaysia are full-time staff who are on permanent contracts. We also constantly invest in research and development through our hardware research team, enabling us to scale up business to new heights.



ENVIRONMENTAL

Electricity And Water Conservation

We have guidelines in place to ensure efficient use of electricity by installing power-saving Light-Emitting Diode (LED) lights at our factories and offices. Employees will consciously turn off all power switches not in use during lunch and tea breaks. Air-conditioning temperature is also maintained at 24 degrees Celsius at all times. These measures help to control the wastage of energy when it is not in use.

The period under review saw more relaxed versions of safe distancing restrictions in both Singapore and Malaysia, allowing us to ramp up our operational activities thus leading to a surge in usage of water and electricity. This is in comparison to the previous financial year where the Circuit-breaker Measures in Singapore and the Movement Control Order in Malaysia significantly limited activity which translated to lower usage of water and electricity for the year.

Tables 1 & 2 below show the total actual energy consumption in Malaysian Ringgit ("MYR") and the emissions intensity per metric ton in our Malaysia factory.

Year	Actual Consumption (KWh) of the Plant	Turnover (MYR)	(KWh/MYR)
2018	135,710	8,662,017	0.0157
2019	149,850	9,304,023	0.0161
2020	99,812	4,736,181	0.0211
2021	123,498	8,829,970	0.0140
Average	127,218	7,883,048	0.0161

Table 1 KWh Consumption vs the Revenue (KWh/MYR represents energy consumed per monetary unit of sales)

Year	Total direct CO ₂ or Carbon Equivalent Emissions (Metric Tons)	Total indirect CO ₂ or Carbon Equivalent Emissions (Metric Tons)	Turnover (MYR)	Emissions Intensity (MT/MYR'000)
2018	NA	96.0	8,662,017	0.0111
2019	NA	106.0	9,304,023	0.0113
2020	NA	70.6	4,736,181	0.0149
2021	NA	53.4	8,829,970	0.0061

Table 2 Emissions Intensity (<https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>)

SUSTAINABILITY REPORT

In our commitment to electricity and water conservation, we adopted the following measures and initiatives:

- Installation of sensor water taps in toilets to prevent water wastage. Switching off office lights in the common areas and offices when not in use.
- Putting up signages at light switches as a reminder to switch off the lights when not in use.
- Use and deploy water-efficient tap filters on all our taps in the building to cut down water usage.
- Maintaining the air-conditioning temperature at 24 degrees Celsius at all times.
- Designated staff to patrol and check that air-conditioners and lightings are turned off after office hours.
- The implementation of Work-from-home (“WFH”) due to CB measures and CMO.

Work Place Air and Environment

Our production plants do not cause any health hazards or air pollution. Nonetheless, we had installed heavy duty exhaust fans to ensure that the air circulation is maintained at fresh and healthy levels. We strongly urge our employees to go for annual medical check-ups to ensure that they remain healthy at work. Furthermore, all our offices in Singapore and Malaysia have been installed with 6 and 3 units of Air Purifier Systems respectively to decarbonise and increase air quality.

Waste Management

To ensure environmental-friendly processes are strictly carried out, we engage licensed companies to dispose of our waste, including scraps and discharges. We also make known to our customers that certain parts of our products must be properly disposed or decommissioned after use. Clear instructions are always attached to the manual of our products for easy reference.

Supply Chain

We are very stringent in our dealings with our suppliers. We ensure that proper evaluation procedures are reported in our assessment checklist which include their business conduct, labour practices, safety & health and environmental management. These practices enable us to conduct smoother supply and quality control as well as management of cash flow and cost-savings.

Supply chain efficacy was a key issue during the period under review. In anticipation of supply chain challenges, the Group applied a revised stocking strategy that mitigated most of the disruption. The Group traditionally experiences a slowdown of orders during the first and second quarters of a year. However, the Group opted to stock up six months’ worth of inventory of

fast-moving products and critical spare parts in January 2021, and again in March. This allowed us to maintain a healthy inventory to leverage upon as material shortages, labour crunch and escalating freight costs became the bane for most businesses. We were able to supply, install and service without much disruption.

This strategy proved effective again in October 2021, where we ramped up our purchasing in anticipation of significant supply shortages. This paid off as by December 2021, many manufacturers had announced a six-to-nine-month lead time for delivery. Our early purchases locked in prices and helped the Group avoid a 7%-18% spike in prices that kicked in for orders placed between November 2021 and January 2022.

Compliance

We are not aware of any violations to laws and regulations pertaining to the environmental aspects. Our Malaysia factory has satisfied inspections by the relevant authorities, Jabatan Keselamatan Dan Kesihatan Pekerjaan Johor (“JKKP”). Policies and standard operating procedures are put in place to ensure environmental compliance such as:

- Making sure suppliers have obtained the required environmental certifications;
- Employees are well informed of the policies and procedures in the event of contamination;
- Products are labelled with the environmental requirements;
- All materials used are within the limit of environmental requirements;
- Equipment used are environmentally-friendly; and
- Applying precautionary principles to reduce or avoid negative impact on the environment.

For the period under review, SGX has announced a phased approach for mandatory climate reporting based on the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”). The initial phase applies to all issuers with the financial year commencing between 1 January 2022 and 31 December 2023 on a ‘comply or explain’ basis. Climate reporting will then become mandatory for issuers in the financial, energy, agriculture, food, and forest products industries in the following year. Thereafter it will apply to issuers in the materials and buildings, and transportation industries.

While SKE is not included in the range of industries required to perform mandatory reporting in the coming years, we are cognisant of the growing importance and global drive to fight climate change. The Board and steering committee continue to explore avenues to do our part in fighting climate change.

SUSTAINABILITY REPORT

Occupational Health and Safety

SKE is ISO 9001:2008 certified. Staff safety and health is of paramount importance to us and we have zero tolerance policy for injuries and our goal is to maintain an accident-free environment. Despite best efforts, we recorded two separate injuries at the workplace with one staff receiving a cut on an index finger and another staff receiving a cut on a ring finger. Both have since recovered and all staff are reminded to observe safety requirements.

Aside from the above, we continue to conduct daily morning meetings to keep workplace health and safety practices top

of mind among our staff. Key measures adopted to manage health and safety in the workplace environment are as follows:

- A set of safety rules and regulations is in place;
- Safety committee is established and safety inspections are performed regularly;
- Briefings and talks on occupational safety are organised regularly; and
- Accidents are tracked and monitored regularly.

SOCIAL

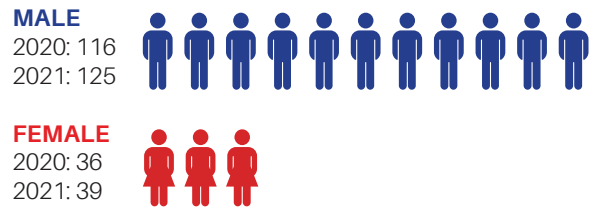
Inclusive Workplace and Talent Development

- SKE is non-discriminatory, practising and providing equal opportunities for all employees.
- We believe in talent retention and rewarding our employees at all levels. SKE provides competitive remuneration based on merits.
- We ensure a safe and healthy working environment for all our employees. We are OHSAS and ISO 45001 certified.
- SKE continually provides a non-discriminatory environment for staff to upskill and upgrade themselves through Company sponsored courses like the Licenced Electric Worker Cert (LEW), Licensed Gas Service Worker (LGSW), Safety Officer, Electrical Technology, Mechanical Technology and skills development courses like welding and plumbing. Other industry courses like Work At Height (WAH), Confined Space Assessor (CSA) and Scaffolding Work (SW) under MOM's the Workplace Safety & Health (WSH) act. Our staff understands the significance of these accreditations which will translate to higher safety, skill and remuneration.
- We support human rights and against all forms of forced and child labour and prejudice, and all employees are engaged full-time and trained for their roles and responsibilities.
- We believe in continual training and career development for all staff. Our employees are provided with skill and technical training at our Malaysia plant (3 to 4 hours per month).
- We cultivate an inclusive culture where employees are motivated, engaged and connected via our monthly and quarterly company activities. We welcome employees of all nationalities and we currently have employees from 8 different countries.
- We encourage our employees to exercise their rights of freedom of association though we do not have a collective bargain agreement. Our employees are given at least one month's notice prior to any substantial operational changes affecting them.
- We support the TAFEP (Tripartite Alliance for Fair & Progressive Employment Practices) guidelines in reemployment of senior workers as we value their loyalty, experience and long service.
- We encourage more females to join our workforce though we are operating in a relatively brute labour-intensive industry. Currently, 24% of our employees are female.

OUR WORK FORCE CHARACTERISTICS

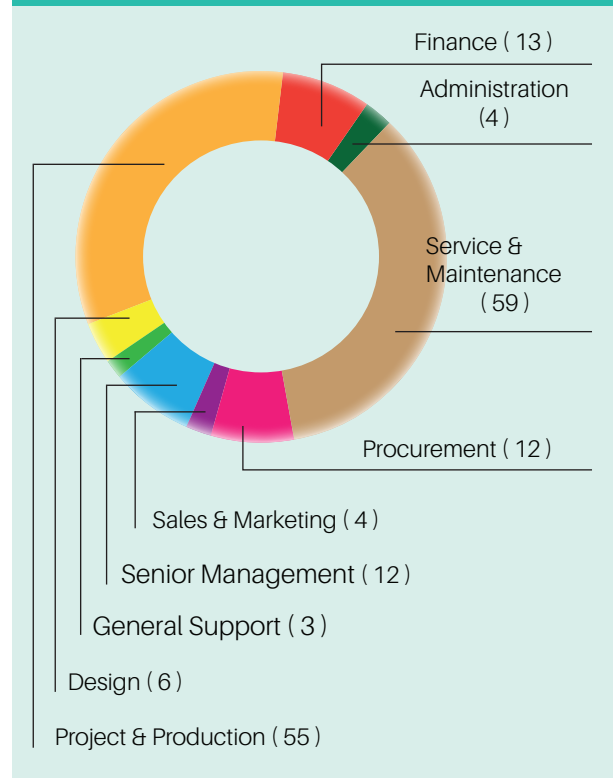
Work Force (Group)	2020	2021
Senior Management	7	4
Sales & Marketing	11	13
Procurement	2	6
Service & Maintenance	59	58
Administration	14	9
Finance	10	12
Project & Production	42	55
Design	5	4
General Support	2	3
Monthly training hour per staff	4 hours	4 hours
Monthly training hour per worker		
1. Singaporean	41	35
2. Malaysian	56	62
3. Indonesian	1	2
4. Burmese	6	6
5. Bangladeshi	13	14
6. Filipino	1	2
7. Vietnamese	2	2
8. Chinese (PRC)	32	41
Most commonly-used language - English	40%	40%
Most commonly-used language - Chinese	60%	60%
Frequency of social gatherings per year - Casual	-	-
Frequency of social gatherings per year - Formal	-	-
Frequency of social gatherings per year - Charitable	-	-
Entry-level Employee's Wages (Local)	S\$2,200	S\$2,200
Entry-level Employee's Wages (Foreign workers)	S\$1,100	S\$1,100

Workers Ratio (Group)

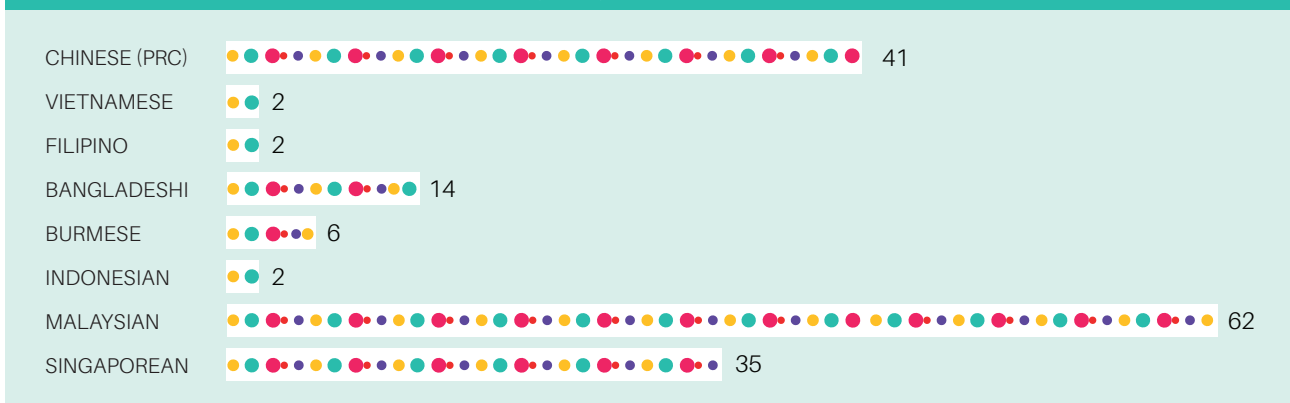


	2020	2021
Age - below 40	107	116
Age - above 40	45	48

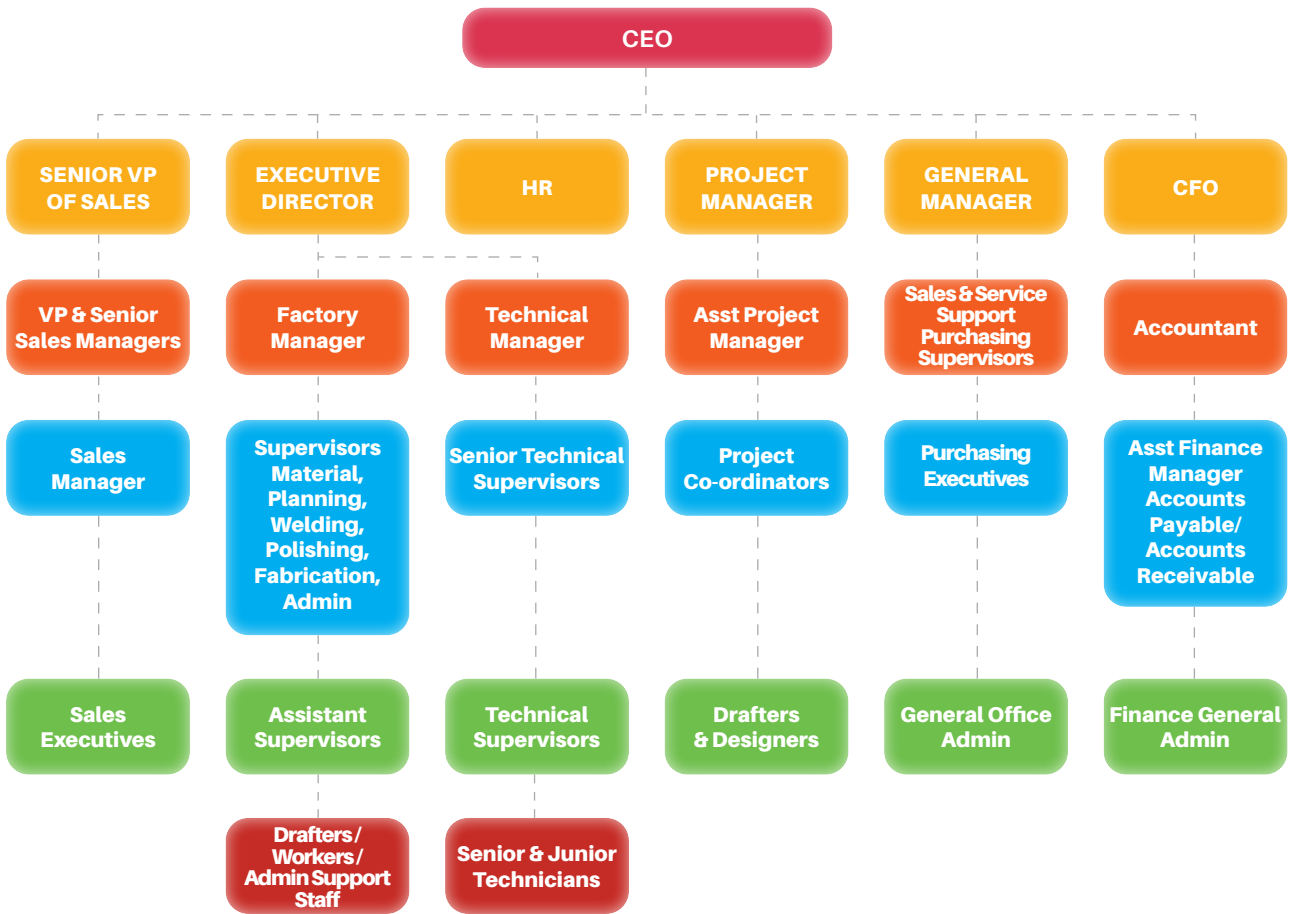
Employee by Department 2021



Employee by Nationalities 2021



ORGANISATION CHART OF SKE GROUP



OUR LABOUR FORCE (MALAYSIA PLANT)

Our kitchen equipment products are mostly manufactured in Johor Bahru (Plentong), Malaysia, a 30-minute drive from the Singapore Causeway. Our approximately 25,000 sq ft factory has laser bending machines, CNC machines, milling machines and related automated production equipment. Headed by a factory manager, 5 supervisors and 37 foreign production workers from 8 countries, the daily operation in two shifts include the planning, fabricating, welding and polishing processes. The Japanese Kaizen management system is practised at our factory. Every completed part is documented and placed orderly at the designated locations for the next production process. Finished products are packed and transported by trucks and lorries to the Singapore warehouse on a twice-weekly basis.

Not all our workers have a technical background. All unskilled workers will be trained and coached by a senior technician before working on a particular job independently. Each worker is required to go for 4 hours' training monthly on their job-related courses. 80% of them are below the age of 40. They speak English, Mandarin and Malay. The factory manager organises activities monthly to build cohesiveness and team spirit. The morale of the workers at the plant is high.

Based on orders and designs from Singapore HQ, the factory runs independently with excellent cost control measures. Due to Malaysian tariff increase on the imported steel sheets from China, the key material procurement has been directed to Malaysian local suppliers.

Labour Force (Malaysia Plant)

All Employees	2020	2021
Management Staff	5	5
Production Workers	31	37

Age

Below 40 years old	29	33
Above 40 years old	7	9

Diversity/Nationality of all Employees

Malaysian	10	24
Vietnamese	19	2
Bangladeshi	2	10
Burmese	5	5
Chinese (PRC)	1	1

Most commonly-used languages

Mandarin	17	20
Malay	20	22

Production Workers

	2020	2021
Skilled	20	35
Semi-Skilled	10	2
Unskilled	1	0

Production Worker Ratio

Male	36	39
Female	1	3

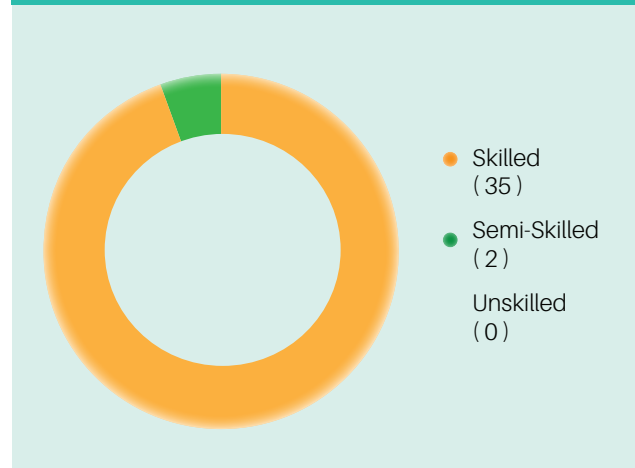
Job Functions

Supervisors	5	6
Equipment Fabrication Workers	3	3
Material Planning	8	10
Office Workers	2	5
Polishing Workers	6	6
Welding Workers	13	12

Employee Entry Wages

Malaysian Locals	RM1,500	RM1,500
Foreign Workers	RM1,100	RM1,200

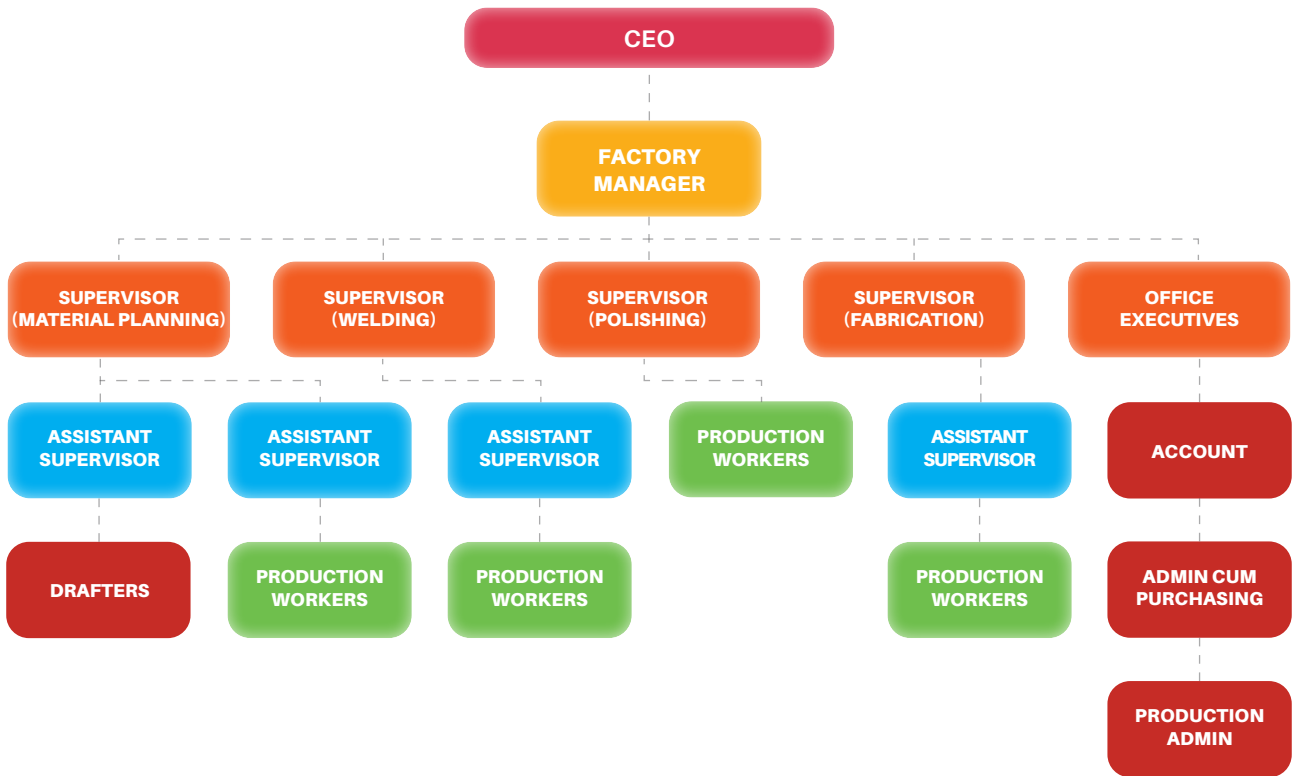
Production Workers @ Malaysia Plant 2021



Job Functions of Production Workers 2021



QSON INDUSTRIES (M) SDN. BHD. ORGANISATION CHART



EMPLOYEES' ENTRY WAGES

We adhere to the wage laws of Singapore and Malaysia. In Singapore, the entry wages are S\$2,200 for local and S\$1,100 for foreign workers. In Malaysia, the entry wages are Malaysian RM1,500 for local and RM1,100 for foreign workers. On average, we paid higher entry wages than the required minimum to attract and retain employees. Our turnover was low in the past and the replacement is fast. We strictly abide by the manpower laws and regulations. All new employees will receive their lawful benefits upon meeting the national labour law requirements.

For the year under review, employee wages were largely unchanged. Due to manpower constraints, production staff were called upon to fully utilise their overtime. This allowed the Group to better manage the manpower limitations albeit at a higher cost as overtime pay ranges between 1.5 to 2 times of basic pay.

DIVERSITY IN THE WORKFORCE

We embrace diversity and have employees from different backgrounds and is not gender or age biased. We have representation from different nationalities in Singapore and Malaysia. Besides Singaporeans and Malaysians, there are 5 other nationalities in our Group including Vietnamese, Chinese, Bangladeshi, Filipinos and Burmese. The most common languages used are Chinese, English and Malay.

This diversity in the workforce allows our organisation to be more vibrant and innovative with each employee offering different experiences and background.

EMPLOYEES' BENEFITS

We have in place programmes to encourage healthy workforce through sports, social and health education talks and activities. Our employees' welfare benefits include fully paid outpatient medical treatments, hospitalisation and insurance coverage, workmen compensation insurance as well as medical and hospitalisation leave. Our Group supports government pro-family policies and follows statutory regulations in both Singapore and Malaysia with regards to parental and childcare leave.

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

For FY2021, employee benefits remained unchanged. In line with government controls to limit the spread of COVID-19, the Group observed various requirements including flexible work arrangements and work from home arrangements, percentage of staff allowed in the factory and number of hours allowed for operations.

SUSTAINABILITY REPORT

As most of our backend support teams working remotely, the Company depended heavily on digitised systems of resource and manpower planning, customer engagement and remote monitoring of projects. The Company had further strengthened on cybersecurity and data protection. This is important to assure our customers on the safety of their data and at same time, reduced our downtime in carrying out our work. The Company will continue to upgrade and improve our network system to manage emerging and new threats.

TRAINING AND EDUCATION

We believe that our greatest assets are our people and that the skill sets and knowledge of our staff is the crux of our success. Therefore, we invest in training, learning initiatives and development to expand our staff competencies. On average, our workers received 20 hours of training a year depending on their job requirements. In the coming years, we plan to increase average training hours gradually based on the recommendations of each department's needs.

For FY2021, training hours averaged 95 hours for eight of our staff that were designated. This excludes one of our staff whose Licensed Electrical Worker ("LEW") is still ongoing and on track to graduate by the end of 2023.

Our recent efforts in developing our people bore fruit during the period under review as manpower shortages were an increasing concern for businesses. SKE had arranged for intensive cross-training of our 78 technical staff during every weekend from January to June 2021. Our technical staff were trained inhouse by senior supervisors and by manufacturers'

service managers, strengthening their expertise in gas/electric, hot/cold equipment, cold room/production/industrial equipment and installation & troubleshooting. This allowed them to swiftly step up to customer needs during the period under review and was thus a key factor in our financial performance for the fiscal year.

Our emphasis on skills improvement continued despite the manpower shortage with training sessions conducted once in 2 months on weekends instead of on a monthly basis.

CORPORATE SOCIAL RESPONSIBILITY

Giving back to the community continues to be a key focus for the Group and we believe in giving back via community service projects and/or donations to the needy.

Despite facing constraints arising from safe-distancing and group size limitations, we continued to explore means to contribute to society. As travel restrictions were still in place, our efforts centred on local needs. For the year under review, we have worked closely with the Willing Hearts charity, offering free consultancy, design, installation and service of their new soup kitchen. At various points in the year 20 staff of the Group had in their personal capacity, volunteered for food preparation, food packing and meals delivery. Our CEO Sally Chua is among the volunteers. The work was carried out on weekdays between 5am to 7am. The kitchen is expected to be operational in the first quarter of 2022. It will supply up to 15,000 meals a day to the poor and need, regardless of race, religion or nationality.



GOVERNANCE



Corporate Governance

A high standard of corporate governance is integral in ensuring sustainability of the Group's business as well as safeguarding shareholders' interests and maximising long-term value. For the period under review, SKE was not given a Singapore Governance and Transparency Index (SGTI) score as trading of its shares were voluntarily suspended since August 2021.

Whistle-Blowing and Anti-Corruption Policy

The Group has in place a Whistle-Blowing Policy that provides a channel to employees and other parties to report in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting or other matters. Our stakeholders and public can contact us at a dedicated line 64723049 or email to whistle@qson.com.sg to raise any concerns.

Risk Management

The Group outsourced its internal audit functions to a well-established accounting firm. On an annual basis, the internal auditors prepare the internal audit plan for the Audit Committee's (the "AC") approval. These audits are conducted to assess the adequacy and effectiveness of the Group's risk management and the internal control systems,

including financial, operational, compliance and information technology controls. Concerted efforts were made to rectify lapses and non-compliance issues reported by the internal auditors.

We have engaged Baker Tilly TFW LLP as our internal auditor. The AC will review the findings of the internal auditor and will ensure that the Group follows up on the internal auditor's recommendations raised during the audit process.

On a separate note, the investigation by the Corrupt Practices Investigation Bureau investigation ("CPIB") on several transactions has come to a close. On March 2022, the Corrupt Practices Investigation Bureau investigation ("CPIB") called for a meeting and issued a letter stating that no further action would be taken. Further details including follow-up actions undertaken by SKE can be found in our 2020 Sustainability Report.

Investor Relations

We welcome all stakeholders to approach us and support the sustainability of our business. Investors can reach us via our Company website at www.singaporekitchenequipmentltd.com, read our Company's latest information at www.sgx.com or actively participate at the AGM.

SUSTAINABILITY REPORT

MEASURES AND TARGETS FOR 2021/2022

Sustainability Concerns	Issues	Policies, Measures & Targets
Environmental / Economic / Governance /	<ul style="list-style-type: none"> Welding jobs, which constitutes a vast majority of our new equipment fabrication and servicing jobs in the market, can be tedious, hazardous and has restrictive outputs. 	<ul style="list-style-type: none"> The Group has resumed and accomplished its plan of acquiring a state-of-the-art automatic laser machine. The machine has been in operation since the first quarter of 2021 and contributed notably to improving work efficiency. We will continue to identify new tools and means to build a safer and more efficient working environment.
Social (Talents)	<ul style="list-style-type: none"> With the growth of the company and the rising number of projects, experienced project or site supervisors are much needed. Currently, project supervisors are handling 7 to 8 projects at the same time as compared to the normal capacity of 5 to 6 projects. 	<ul style="list-style-type: none"> We tap on the current pool of technicians to become project coordinators. The HR department actively seeks to fill both positions and continual training is given. Technicians are easier to recruit than project coordinators. Referrals or recommendations from staff are highly encouraged and incentivised. For each successful referral having worked for 1 year, the company will pay a referral fee of S\$1,000 to the referrer.
	<ul style="list-style-type: none"> Salespersons are difficult to recruit from the open market and new sales personnel will take time to acquire the necessary skills even when training is provided. While our performance has improved for FY2021, we continue to recognise the need for experienced salespersons to continue driving long term growth. 	<ul style="list-style-type: none"> The HR department will source for talents from the related industries by offering better incentives and better promotion opportunities to persons with good track records.
	<ul style="list-style-type: none"> Manpower poaching has become more prevalent in FY2021 in light of the critical manpower shortage. 	<ul style="list-style-type: none"> Talent retention strategies include: <ol style="list-style-type: none"> Upskilling of staff Cross-training to enable staff to be deployed across departments and typically will increase their remuneration package. Increase staff welfare and benefits to include annual vacations (pending Group profitability) Provide flexi-work arrangements for staff who require it

SUSTAINABILITY REPORT

Sustainability Concerns	Issues	Policies, Measures & Targets
	<ul style="list-style-type: none"> While economies are steadily re-opening, the market is expected to remain highly competitive especially for F&B and hospitality industries. Margins also risk being squeezed by rising inflation and a and higher volume sales will be required to meet the bottom line. 	<ul style="list-style-type: none"> Some or many suppliers, vendors and manufacturers may or will be re-sourced for better cost management.
Social (Supply Chain)	<ul style="list-style-type: none"> Due to new import duty on steel products from China, our alternative cheaper source of supply has been disrupted. Currently, our supply is from local milling contractors. Moreover, with COVID-19, production and shipment has been affected. 	<ul style="list-style-type: none"> Measures taken to stabilise the supply chain and control cost: <ol style="list-style-type: none"> Look out for greater diversity of suppliers to ensure quality suppliers and fair prices Check with authorities for relevant incentives and re-export of finished goods Monitor macroeconomic developments and maintain high inventory to overcome supply chain limitations Target - The purchasing team will source for at least three suppliers for the affected materials

PERFORMANCE TRACKING AND REPORTING

Within the Group, we will track our progress on these material factors by systematically identifying relevant information and data, while conducting Gap Analysis to ensure the expectations of our stakeholders match the Company's. In addition, we will set performance targets to align our strategies, ensuring that we maintain the right course in our path to sustainability.

SUSTAINABILITY REPORT

GRI STANDARDS CONTENT INDEX

GRI Standards 2016	General Disclosures	Section Reference
Organisation Profile		
102-1	Name of the organisation	Singapore Kitchen Equipment Limited
102-2	Activities, brands, products, and services	Corporate Website, Annual Report 2021
102-3	Location of headquarters	Singapore
102-4	Location of operations	Singapore & Malaysia
102-5	Ownership and legal form	Annual Report 2021
102-6	Markets served	Corporate Website, Annual Report 2021
102-7	Scale of the organisation	Annual Report 2021
102-8	Information on employees and other workers	Pages 7 to 10
102-9	Supply chain	Page 6
102-10	Significant changes to the organisation and its supply chain	None
102-11	Precautionary principle or approach	SKE does not specifically address this issues
102-12	External initiatives	Page 12
102-13	Membership of associations	Singapore Business Federation
Strategy		
102-14	Statement from senior decision-maker	Page 1
102-15	Key impacts, risks, and opportunities	Pages 1 to 2
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behaviour	Page 7, Page 13
102-17	Mechanisms for advice and concerns about ethics	Pages 13 to 14
Governance		
102-18	Governance structure	Annual Report 2021
102-19	Delegating authority	Annual Report 2021
102-20	Executive-level responsibility for economic, environmental	Annual Report 2021
102-21	Consulting stakeholders on economic, environmental and social topics	Page 2 to 3
102-22	Composition of the highest governance body and its committees	Annual Report 2021
102-23	Chair of the highest governance body	Annual Report 2021
102-24	Nominating and selecting the highest governance body	Annual Report 2021
102-25	Conflicts of interest	Annual Report 2021

GRI Standards 2016	General Disclosures	Section Reference
102-26	Role of highest governance body in setting purpose, values, and strategy	Annual Report 2021
102-27	Collective knowledge of highest governance body	Annual Report 2021
102-28	Evaluating the highest governance body's performance	Annual Report 2021
102-29	Identifying and managing economic, environmental and social impacts	Page 2
102-30	Effectiveness of risk management processes	Page 6, Pages 13 to 14, Annual Report 2021
102-31	Review of economic, environmental, and social topics	Pages 3 to 12
102-32	Highest governance body's role in sustainability reporting	Page 1
102-33	Communicating critical concerns	Page 3
102-34	Nature and total number of critical concerns	Page 2
102-35	Remuneration policies	Annual Report 2021
102-36	Process for determining remuneration	Annual Report 2021
102-37	Stakeholders' involvement in remuneration	NA
102-38	Annual total compensation ratio	NA
102-39	Percentage increase in annual total compensation ratio	NA
102-40	List of stakeholder groups	Page 2, Annual Report 2021
102-41	Collective Bargaining Agreements	Page 7
102-42	Identifying and selecting stakeholders	Pages 2 to 3
102-43	Approach to stakeholder engagement	Page 2, Annual Report 2021
102-44	Key topics and concerns raised	Pages 2 to 3
102-45	Entities included in the consolidated financial statements	Annual Report 2021
102-46	Defining report content and topic boundaries	Page 1
102-47	List of material topics	Page 3
102-48	Restatements of information	NA
102-49	Changes in reporting	NA
102-50	Reporting period	1 January to 31 December 2021
102-51	Date of most recent report	2020 Sustainability Report
102-52	Reporting cycle	Annually
102-53	Contact point for questions regarding the report	Page 13
102-54	Claims of reporting in accordance with the GRI Standards	Page 1
102-55	GRI content index	Pages 16 to 18
102-56	External assurance	We may ask external assurance in the future
Economic		
201-1	Direct economic value generated and distributed	Page 4
201-4	Financial assistance received from government	Annual Report 2021
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Page 8

SUSTAINABILITY REPORT

GRI STANDARDS CONTENT INDEX

GRI Standards 2016	General Disclosures	Section Reference
202-2	Proportion of senior management hired from the local community	Pages 8 to 10
205-1	Operations assessed for risks related to corruption	Page 13
205-2	Communication and training about anti-corruption policies and procedures	Page 13
205-3	Confirmed incidents of corruption and actions taken	Nil
Environmental		
302-1	Energy consumption within the organisation	Page 5
306-1	Water discharged by quality & destination	NA
307-1	Non-compliance with environmental laws and regulations	Page 6
308-1	Percentage of new suppliers that were screened using environmental criteria	Page 6
308-2	Negative environmental impacts in the supply chain and actions taken	Nil
Social		
401-1	New employee hires and employee turnover	Pages 8 to 10
401-2	Benefits provided to full time employees that are not provided to temporary or part-time employees	Pages 11 to 12
401-3	Parental leave	Pages 11 to 12
403-1	Workers representation in formal joint managements worker	Page 8
403-2	Injury and incidents	Page 7
403-4	Health & safety topics covered in formal agreements with trade union	Page 7
404-1	Average hours of training per employee	Page 8, Page 12
404-2	Programs for upgrading employee skills and transition assistance programs	Page 12
404-3	Percentage of employees receiving regular performance and career development reviews	Yes, but did not disclose due to sensitivity
405-1	Diversity of governance bodies and employees	Pages 7 to 12
413-1	Operations with local community engagement, impact assessments, and development programs	Page 12
414-1	New suppliers screened using social criteria	Page 6
416-2	Negative social impacts in the supply chain and actions taken	Nil
419-1	Non-compliance with laws and regulations in the social and economic area	Nil

This report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. ("Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST").

This report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this report, including the correctness of any of the statements or opinions made or reports contained in this report.

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