



AA GROUP HOLDINGS  
LTD

# **SUSTAINABILITY REPORT**

## **2017**

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## BOARD'S STATEMENT

The Board of Directors (the “Board” or “Directors”) of AA Group Holdings Ltd (the “Company or “Group”) is pleased to publish our inaugural Sustainability Report 2017 (“Report”).

Sustainability is becoming a key component for companies to promote transparency on listed companies’ environmental, social and governance (“ESG”) practices. The Board believes that sustainability is integral to the Group’s strategy and operation and are making an effort to improve our business operations in a manner that considers the environmental and social impact while achieving sustainable profit growth.

During the reporting year of 2017, the Company had acquired businesses whose main business activities are those of leasing of property and provision of property related services, manufacturing and supply of construction-related materials. The Company had, in the same year divested its previous core business - manufacturing and supply of high precision cold forged loudspeaker parts.

In the pursuit of growth, we remain committed to the conserving of the environment and the development of our people. This Report plays an imperative role in helping us create transparency, accountability and progress towards sustainable growth.

As we venture into new markets and sectors, we remain vigilant in the conduct of our businesses and continue to actively engage our stakeholders to meet their concerns and needs. The success of our sustainability journey requires continual efforts and we are confident that together with our stakeholders, we are able to formulate strategies to build a sustainable business.

We would like to take this opportunity to extend our gratitude to the directors, stakeholders and business partners for their unwavering support and dedication this past year. We look forward to scale greater heights and to the journey that lies ahead of us.

*For and on behalf of  
the Board of Directors of  
AA Group Holdings Ltd*

**Lai Choong Hon**  
*Executive Director*

## ABOUT THE REPORT



This Report is prepared in line with the Global Reporting Initiative (“GRI”) Standards: Core reporting framework. Due to the GRI Standards’ universal application, it was selected as a guideline for the Report to allow comparability of our performance over the years.

Unless specified otherwise, this Report covers our ESG performance and initiatives for our Group's operations in Singapore for the period from 1 January 2017 to 31 December 2017. We have excluded our business operations in Malaysia as it does not have a significant representation on the Group's value chains in the reporting year of 2017. Please refer to page 89 of our Annual Report 2017 for details of our Discontinued Operations.

As this is our first year of reporting, we have not sought external assurance for the information disclosed in this Report. We may consider to have our report verified by an independent third party in the near future.

As part of our environmental conservation efforts, this Report is only available online on SGX. We want to share our sustainability journey and we welcome stakeholders to submit their feedback to us at our office address as stated on the last page of this report.

## ABOUT THE GROUP

### Group's Profile

#### 3 primary business activities in Singapore:

- Leasing of property and provision of property related services;
- Manufacturing of articles of concrete, cement and plaster;
- Supply and manufacturing of ready-mix concrete products.

#### Operations:

- 1 management office in Singapore
- 1 operational plant in Singapore

#### Nature of Legal Entity:

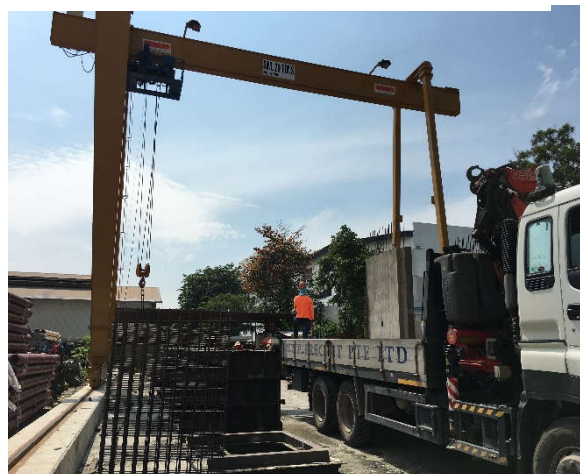
- Public Limited Company

#### Total Sales Amount in 2017:

- SGD 11,185,000

#### Total Number of Employees:

- 51



### Memberships and Certifications







- The Company and subsidiary, Engineering Manufacturing Services (S) Pte. Ltd. (“EMS”) are both members of the Singapore Business Federation.
- Other certifications held by our subsidiaries are as shown below:

Name & Address of Site	Certification
W&P Corporation Pte. Ltd. 12 Seletar North Link, Singapore 797617	SS EN 206: 2014
W&P Corporation Pte. Ltd. 60 Benoi Road #03-01, Singapore 629906	ISO 9001:2015
W&P Precast Pte. Ltd. 32 Seletar North Link, Singapore 797612	ISO 9001:2005
W&P Precast Pte. Ltd. 12 Seletar North Link Singapore 797617	BizSAFE Level 3

Name of Company	BCA Certification
W&P Corporation Pte. Ltd.	SYO1B Ready-mixed concrete - L2
W&P Precast Pte. Ltd.	CW02 Civil Engineering - C3
W&P Precast Pte. Ltd.	General Builder Class 2

## STAKEHOLDER ENGAGEMENT

Our sustainability strategy was derived by consulting our stakeholders on issues vital to our business. Our stakeholders are important to us as they provide valuable insights and allow management to identify areas and new opportunities for improvement.

Stakeholder	Topics	Engagement Methods	Frequency
<b>Customers</b> 	<ul style="list-style-type: none"> <li>❖ Quality assurance</li> <li>❖ Customer's satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>❖ Meetings</li> <li>❖ Feedback via phone/emails</li> </ul>	Perpetual
<b>Employees</b> 	<ul style="list-style-type: none"> <li>❖ Feedback and concerns</li> <li>❖ Productivity and performance</li> </ul>	<ul style="list-style-type: none"> <li>❖ Regular staff meetings</li> </ul>	Ad-hoc
<b>Government / Regulator</b> 	<ul style="list-style-type: none"> <li>❖ Corporate governance</li> <li>❖ Regulatory compliance</li> </ul>	<ul style="list-style-type: none"> <li>❖ Regulatory guidelines and requirements</li> </ul>	Perpetual
<b>Industry Association</b> 	<ul style="list-style-type: none"> <li>❖ Memberships</li> </ul>	<ul style="list-style-type: none"> <li>❖ Singapore Business Federation</li> </ul>	Perpetual
<b>Investors &amp; Media</b> 	<ul style="list-style-type: none"> <li>❖ Annual report</li> <li>❖ Sustainability report</li> </ul>	<ul style="list-style-type: none"> <li>❖ AGM</li> <li>❖ SGX announcements</li> </ul>	Annual
	<ul style="list-style-type: none"> <li>❖ Financial results and business performance</li> </ul>	<ul style="list-style-type: none"> <li>❖ SGX announcements</li> </ul>	Half-yearly
	<ul style="list-style-type: none"> <li>❖ Group's announcements and press releases</li> </ul>	<ul style="list-style-type: none"> <li>❖ EGM</li> <li>❖ SGX announcements</li> <li>❖ Media release and interviews</li> </ul>	Ad-hoc
<b>Suppliers</b> 	<ul style="list-style-type: none"> <li>❖ Procurement practices</li> <li>❖ Quality assurance inspection</li> </ul>	<ul style="list-style-type: none"> <li>❖ Meetings</li> <li>❖ Feedback via phone/emails</li> </ul>	Perpetual

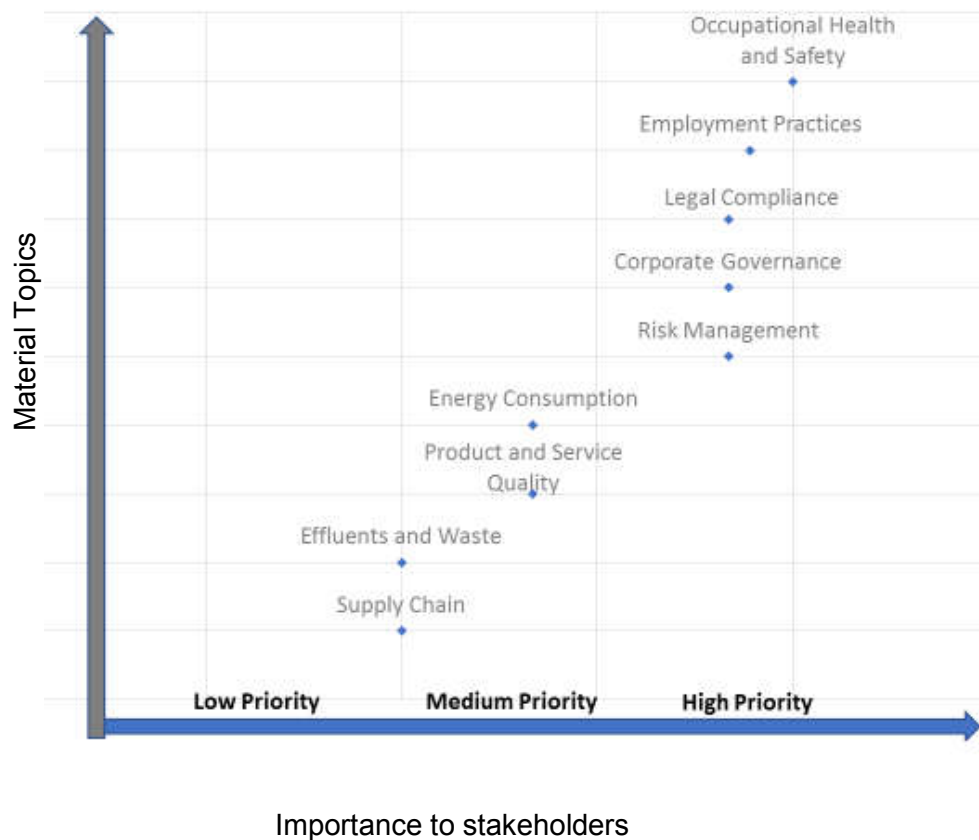
## MATERIALITY ASSESSMENT

We have conducted a materiality assessment that allowed us to identify the material topics that are significant to our businesses and to both internal and external stakeholders. The materiality assessment was guided by an external sustainability consultant and includes inputs from our management, key representatives from various business units as well as internal and external stakeholders.

### Reporting Framework




An extensive list of material topics was evaluated and then ranked according to their importance from both internal and external stakeholder's perspectives.

The materiality assessment took into account the GRI guidelines and the material topics were consolidated and prioritised using a materiality matrix shown below.



## List of Material Topics

The material topics that are significant to the Group's operations in Singapore are presented below. For each material topic, we report on the relevance of it to our business and stakeholders.

Key Aspects	Stakeholders	Material Topics
<b>Governance</b> 	Investors Government / Regulator Government / Regulator	Corporate Governance Risk Management Legal Compliance
<b>Social</b> 	Employees Employees	Employment Practices Occupational Health and Safety
<b>Environmental</b> 	Customers / Suppliers Customers / Suppliers Suppliers Customers / Suppliers	Effluents and Waste Energy Consumption Supply Chain Product and Service Quality

Moving forward, we will continue to evaluate these material topics in line with the changing business landscape and our business directions. We will strengthen our existing sustainability framework, set improvement targets and aim to reach these targets in the subsequent years.

We look forward to further engage with our stakeholders. The perspectives of our stakeholders will help us evaluate and fine tune our approach to better manage our business in a sustainable way.





## GOVERNANCE

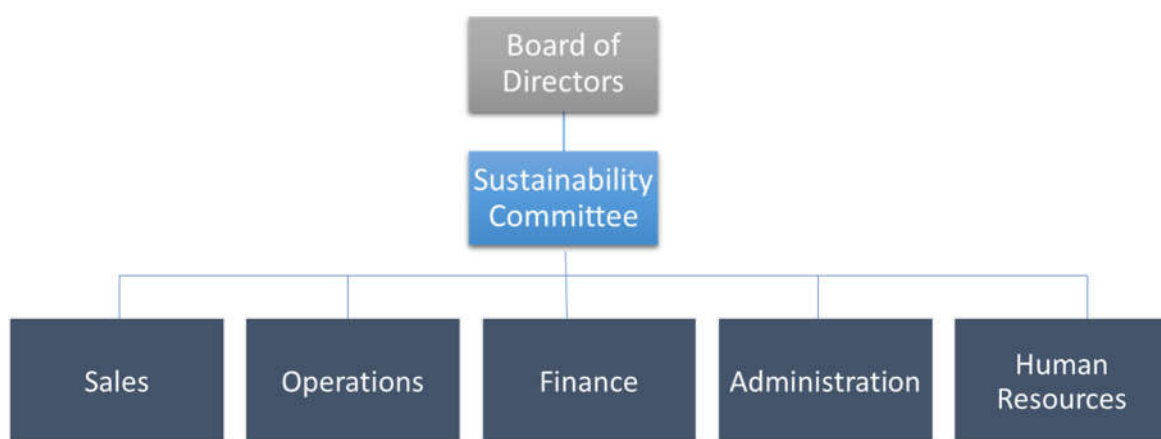
We believe that upholding a high standard in governance and ethical conduct is fundamental to the Group's growth and vital to the sustainability of the Group. We conduct our business in an ethical and honest manner and approach issues of corruption and bribery in a manner that is consistent with the values of the Group.

### Corporate Governance

The Board recognises the significance of good corporate governance, accountability and transparency and complies with the Singapore's Code of Corporate Governance as required under the Singapore Exchange Listing Rules. We have a robust Board of Directors, Audit and Risk Committee, Nomination Committee and Remuneration Committee which segregates various duties and functions to ensure the Group remains compliant to regulations.

Please refer to page 13 to 48 of our Annual Report 2017 for more details of our Corporate Governance practices.

In addition, a Sustainability Committee consisting of representatives from various business units have been established. Under the guidance of the Board, the Sustainability Committee will assist to increase transparency and accountability towards our Group's sustainable business practices in the coming years.



## **Risk Management**

The Audit and Risk Committee (“ARC”) is responsible for the governance of risks and the overall internal control framework by ensuring that the Group maintains a robust system of risk management and internal controls. The ARC works closely with the senior management and reports to the Board.

On a regular basis, key representatives from various business units report to the senior management and the senior management reviews the Group's business and operational activities to identify and mitigate significant business risks. The senior management reports to the ARC on any significant matters arising from the business.

On a bi-annual basis, the ARC convenes a meeting with the Group's internal and external auditors, to discuss the key areas affecting the business and re-evaluate the relevancy of the current internal control policies and procedures. If there are any weak areas of internal controls, appropriate measure would be conveyed to the senior management and senior management is to take appropriate measures to rectify the situation and put in place an updated policies and procedures. The ARC will follow up on the actions taken by the senior management and any recommendations given by both the internal and external auditors.

By identifying and mitigating these risks, the Group will be able to take a balanced approach to manage risks and make more informed decisions to better protect and safeguard the interests of our stakeholders.

For the year under review, the Board believes that the Group's framework for managing risks remains appropriate.

## **Legal Compliance**

The Board meets on a regular basis to ensure that the Group meets all regulatory requirements. Due to our senior management's active monitoring, we have not had any records of non-compliance cases.

As we have been actively engaging our continuing sponsor and complying to all reporting requirements under the Singapore Exchange as well as the rules and regulations in Singapore, there were no non-compliance cases recorded during the reporting year of 2017.

For the year under review, the Board believes that the Group's compliance controls remain appropriate and we strive to maintain zero incident of non-compliance record in the subsequent years.

## SOCIAL

### Employment Practices

Our workforce consists of full-time employees under our payroll, and we ensure that each employee is treated fairly to promote welfare and talent retention. We are fully compliant with the Singapore Government's Employment Practices listed under the Ministry of Manpower to ensure we remain competitive against similar industry players.

The Human Resource Policies and Procedures ("HRPP") formulated by the Human Resource team have been applied universally across all the business units to ensure consistency of internal practices among all business units. The HRPP documents the employee's benefits and governs our non-discriminatory hiring policies and merit-based promotion policies .

Similarly, employees or contractors have the discretion to air their grievances on unfair labour practices. The procedure of grievance communication within the Group involves reporting to the Supervisor, Department Head, Senior Management and subsequently to the Ministry of Manpower.

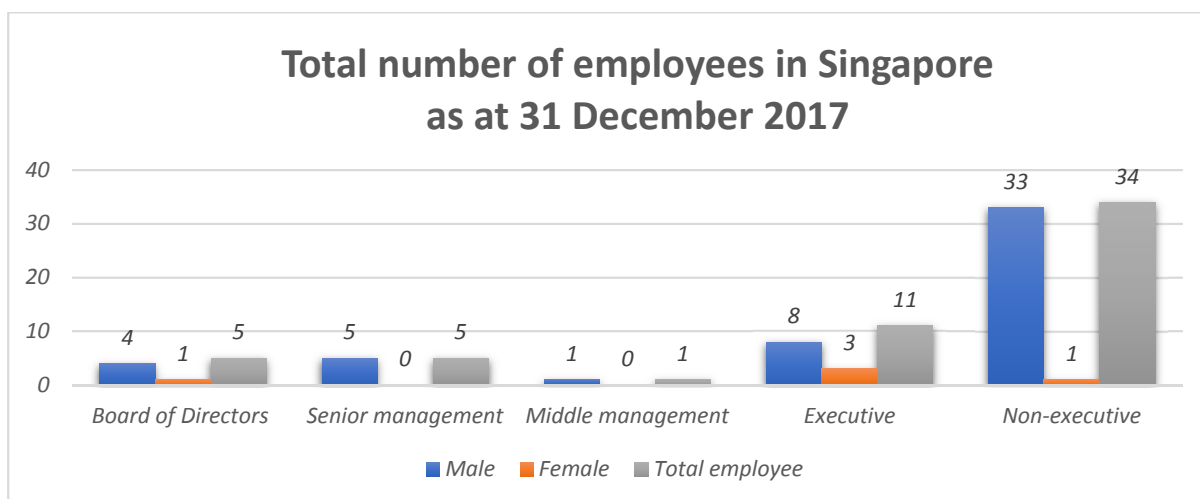
The Group has a whistle-blowing policy in place since 2008 and has been constantly updated to stay relevant. The policies and procedures for raising any concerns is communicated to all employees of the Group during orientation for the new employee. Please refer to page 42 of the Annual Report 2017 for more details.

#### ➤ Workforce diversity and fair employment

The Group recognises the value of diversity and all qualified candidates will be considered without discrimination of gender, nationality, age and religion in our recruitment process. Before hiring each qualified candidate, we conduct verification on the candidate's background. Whilst we expect our employees to constantly challenge and improve themselves, we also require our employees to treat each other with respect and honesty.

We have a total number of 51 employees in Singapore and 5 directors on the Board. The chart below shows the breakdown of employees at each level as well as the directors on the Board.

We acknowledge that there are more male employees as compared to female employees due to the nature of the industry and the businesses we are in. However, we currently have a female director on our Board and this shows the steps taken towards creating a greater gender balance within the Group. Moving ahead, we endeavour to create more opportunities to attract more female applicants to the company and the Group.



➤ **Valuing our employees**

The Group regards its employment practices as one of its top priority because it creates job satisfaction, which in turn lowers turnover rates and increases productivity. Employees are entitled to a variety of benefits, such as medical leave and paid annual leave. In addition, the Group offers competitive pay packages that are benchmarked to the market and rewards each employee based on their competency and performance.

As part of our commitment towards providing transparent and merit-based compensation package, we disclose the remunerations of our directors and our key management personnel on page 34 of our Annual Report 2017.

At the same time, we promote an open communication environment where employees can directly raise concerns with their supervisors through different platforms and channels, thereby creating an environment where our employees feel valued and respected.

## Occupational Health and Safety

The health and safety of our employees is the most highly ranked concerns of the senior management. The senior management recognises the responsibility to provide a safe and healthy working environment for our employees and ensures that all business units remain compliant to workplace health and safety requirements. At the same time, all employees are reminded regularly to follow safety requirements.

When there is an accident, there is a procedure of reporting and follow-up. All cases are reported to the supervisors and plant manager. Investigations will be carried out to ensure corrective actions have been implemented.

We have procedures in place for all operations on site and we aim to maintain "Zero Accident" record at all sites with these initiatives:

1. Appoint Safety Officer to educate and identify safety gaps and work towards closing all safety gaps.
2. Develop standard operation procedure (SOP) manual and display the SOP explicitly at all sites with safety rules embedded in all the work processes to ensure that safety rules are strictly and consistently observed.
3. Organize regular in-house safety training and have safety instruction diagrams available visibly near or on starting equipment.
4. Provide external safety training to supervisors to upgrade their skills and to keep abreast of latest safety rules and procedures.

Our operations in Singapore have obtained BizSAFE Level 3 certification for workplace health and safety. There were no cases of injuries, lost-time injuries and fatality recorded during the reporting year of 2017. We endeavour to maintain this record through continuous efforts of reviewing and managing risks at the workplace.



## ENVIRONMENTAL

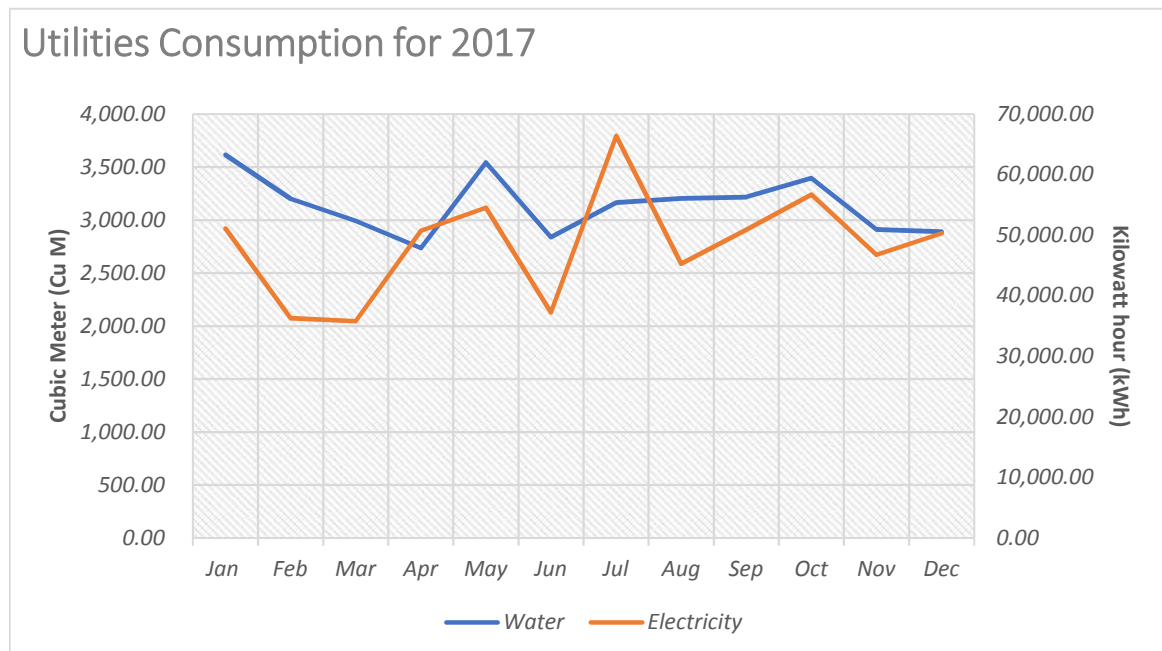
We have always conducted our business in a responsible manner towards the environment while adding value to our stakeholders. We believe that environmentally-friendly practices complement business efficiency. Employees are encouraged to reduce, reuse, recycle and advocate corporate social responsibility towards the environment. The use of recycled paper in office, oil trap controls and the proper disposal of scheduled wastes are encouraged to minimise pollution to the environment.

We are committed to conduct our operations in accordance with the applicable environmental laws and regulations. The management assesses regulatory risks and takes preventive measures to ensure regulatory compliance.

### Energy Consumption

We are committed to take measures to minimise our overall energy consumption and improve energy efficiency to reduce the environmental impact of our operations.

Our utilities consumption for the period under review is presented below. We remind all employees regularly to switch off all lights, aircon and equipment when they leave the office to minimize energy consumption.



## **Effluents and Waste**

Our operational processes result in various forms of effluents and waste. We enforce stringent controls on the management of waste generated from our operations. All waste generated are collected by a licensed waste collector. At the same time, we strive to go beyond compliance by minimizing our waste and treating the waste responsibly before safe disposal.

In the reporting year of 2017, there were no incidence of non-compliance with laws and regulations resulting in significant fines and we strive to maintain this record in the subsequent years.

## **Supply Chain**

Supply chain is an integral aspect of our business. Raw materials are purchased from local suppliers and these products are transported to our plant to produce concrete and precast or sold through brokers, wholesalers, contractors and retailers.

In line with our commitment to safeguard the environment, it is important for us to procure materials from suppliers with environmentally-friendly practices and from suppliers who remain compliant to rules and regulations such as fair labour practices and product governance.

## **Product and Service Quality**

We have a stringent quality assurance system in place. All our products are manufactured according to industry standards and regular compliance review is conducted to ensure all our products receive proper certification of compliance. In the reporting year of 2017, we did not receive any formal complaints about our product or service quality, and we endeavour to maintain this clean record in the subsequent years.



# GRI CONTENT INDEX

## General Standard Disclosures

Profile disclosure	Description	Cross-reference/ direct answer
<b>Strategy and analysis</b>		
<b>General Disclosures 102 -14</b>	Statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability	BOARD'S STATEMENT
<b>Organisation profile</b>		
<b>General Disclosures 102-1</b>	Name of the organisation	AA Group Holdings Ltd
<b>General Disclosures 102-2</b>	Primary brands, products, and/or services	Annual Report 2017 (Page 2)
<b>General Disclosures 102-3</b>	Location of organisation's headquarters	60 Benoi Road #03-02, Singapore 629906
<b>General Disclosures 102-4</b>	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	<ul style="list-style-type: none"> <li>• 1 management office in Singapore</li> <li>• 1 operational plant in Singapore</li> </ul>
<b>General Disclosures 102-5</b>	Nature of ownership and legal form	Public listed company on the Catalist Board of the Singapore Exchange Securities Trading Limited
<b>General Disclosures 102-6</b>	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries)	Annual Report 2017 (Page 1)
<b>General Disclosures 102-7</b>	Scale of the reporting organisation	Annual Report 2017 (Page 1)
<b>General Disclosures 102-8</b>	Total workforce by employment type, gender, employment contract and region	Employment Practices
<b>General Disclosures 102-9</b>	Description of the organisation's supply chain	Supply Chain
<b>General Disclosures 102-10</b>	Significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain	Annual Report 2017 (Page 2)



Profile disclosure	Description	Cross-reference/ direct answer
<b>General Disclosures 102-11</b>	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	Annual Report 2017 (Page 2-3)
<b>General Disclosures 102-12</b>	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses	<ul style="list-style-type: none"> <li>• Memberships &amp; certifications</li> <li>• Employment Practices</li> </ul>
<b>General Disclosures 102-13</b>	Memberships in associations (such as industry associations)	Memberships & certifications
<b>Identified material aspects and boundaries</b>		
<b>General Disclosures 102-45</b>	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures	Annual Report 2017 (Page 5-7)
<b>General Disclosures 102-46</b>	Process for defining report content and the aspect boundaries and explain how the reporting principles has been implemented	About the Report
<b>General Disclosures 102-47</b>	List all material aspects identified	Materiality Assessment
<b>Management Approach 103-1</b>	The aspect boundary within the organisation	Materiality Assessment
<b>General Disclosures 102-48</b>	Explanation of the effect of any restatements	Not applicable as this is the first year of reporting
<b>General Disclosures 102-49</b>	Significant changes from previous reporting periods in the scope and aspect boundaries	Not applicable as this is the first year of reporting
<b>Stakeholder engagement</b>		
<b>General Disclosures 102-40</b>	List of stakeholder groups engaged by the organisation	Stakeholder Engagement
<b>General Disclosures 102-42</b>	Basis for identification and selection of stakeholders with whom to engage	Stakeholder Engagement
<b>General Disclosures 102-43</b>	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Stakeholder Engagement

Profile disclosure	Description	Cross-reference/ direct answer
<b>General Disclosures 102-44</b>	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting; report the stakeholder groups that raised each of the key topics and concerns	<ul style="list-style-type: none"> <li>Stakeholder Engagement</li> <li>Employment practices</li> </ul>
<b>Report profile</b>		
<b>General Disclosures 102-50</b>	Reporting period	1 January 2017 – 31 December 2017
<b>General Disclosures 102-51</b>	Date of most recent previous report	Not applicable as this is the first year of reporting
<b>General Disclosures 102-52</b>	Reporting cycle	Annual
<b>General Disclosures 102-53</b>	Contact point for questions regarding the report or its contents	60 Benoi Road #03-02, Singapore 629906 Tel: +65 62687111
<b>General Disclosures 102-54</b>	A. Report the 'in accordance' option the organisation has chosen B. Report the GRI content index for the chosen option	GRI Content Index
<b>General Disclosures 102-56</b>	Policy and current practice with regard to seeking external assurance for the report	About the Report
<b>Governance</b>		
<b>General Disclosures 102-18</b>	Report the governance structure of the organisation, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts	<ul style="list-style-type: none"> <li>Annual Report 2017 (Page 13)</li> <li>Corporate Governance</li> </ul>
<b>Ethics and integrity</b>		
<b>General Disclosures 102-16</b>	Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	Annual Report 2017 (Page 13)

## Specific Standard Disclosures

Profile disclosure	Description	Cross-reference/ direct answer
<b>Economic</b>		
<b>Economic performance</b>		
<b>Economic Performance 201-1</b>	Direct economic value generated and distributed	Annual Report 2017 (Page 4)
<b>Environmental</b>		
<b>Energy</b>		
<b>Energy 302-1</b>	Energy consumption within the organization	Energy Consumption
<b>Water</b>		
<b>Water 303-1</b>	Total water withdrawal by source	Energy Consumption
<b>Social</b>		
<b>Employment</b>		
<b>Employment 401-2</b>	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operations	Employment practices
<b>Occupational health and safety</b>		
<b>Occupational Health and Safety 403-2</b>	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Occupational health and safety
<b>Diversity and equal opportunity</b>		
<b>Diversity and Equal Opportunity 405-1</b>	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	<ul style="list-style-type: none"> <li>Annual Report 2017 (page 34)</li> <li>Employment Practices</li> </ul>
<b>Equal remuneration for men and women</b>		
<b>Diversity and Equal Opportunity 405-2</b>	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Employment Practices

<b>Profile disclosure</b>	<b>Description</b>	<b>Cross-reference/ direct answer</b>
<b>Labour practices grievance mechanisms</b>		
<b>Management Approach 103-2</b>	Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms	Employment Practices
<b>Society</b>		
<b>Compliance</b>		
<b>Socioeconomic 419-1</b>	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Legal Compliance
<b>Product and service labelling</b>		
<b>Marketing and Labelling 417-1</b>	Type of product and service information required by the organization's procedures for product and service information and labelling, and percentage of significant product and service categories subject to such information requirements	Product and Service Quality

**AA GROUP HOLDINGS LTD**  
(Company Registration Number: 200412064D)



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