



PAN ASIAN HOLDINGS LIMITED



**2019  
Sustainability  
Report**



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## STATEMENT FROM THE BOARD

The Board of Directors (the “Board”) and management of Pan Asian Holdings Limited (“PAHL”) and our subsidiaries (collectively the “Group”) recognise that the key to achieving a sustainable business lies with good management of its material environmental, social and governance (“ESG”) factors.

The Group is committed to adopting leading sustainable practices that would in return create sustainable value for its shareholders. Management continue to engage in activities that would bring sustainable and long-term economic benefits to the Group.

The Group, together with the Board is proud to present our third Sustainability Report (the “Report”) for the financial year ended 31 December 2019 (“FY2019”). The Management has also included occupational health and safety in our assessment of material ESG factors, and have implemented relevant measures for our employees at different locations, including sending employees on safety courses to enhance their knowledge on safety measures at work sites, etc. The Board and the management continue our focus on sustainability as an important factor when making business decisions. The management will be responsible in implementing, monitoring and reporting material ESG performance indicators and issues to the Board. The Board has considered sustainability issues as part of its strategic formulation, determined the material ESG factors and overseen the management and monitoring of the material ESG factors.

Sincerely,  
Board of Directors  
Pan Asian Holdings Limited

# ABOUT THIS REPORT

## ***Report Methodology***

We have prepared this Report with reference to the Sustainability Reporting Guide in Practice Note 7F of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalist (“Catalist Rules”) and the Global Reporting Initiative (“GRI”) Standards Sustainability Reporting Guidelines 2016 – Core Option and its reporting principles.

GRI standards continue to be the sustainability reporting framework of choice as it is internationally recognised and widely adopted, enabling us to provide a broad and comparable disclosure of the ESG performance. The GRI content index can be found on pages 15 to 16 in this Report. We have also made reference to our 2019 Annual Report released on the SGXNET on 9 April 2020 (“Annual Report”).

We have not sought external assurance for the disclosures made in this report and may consider doing so in the future.

## ***Report Scope***

This Report covers the sustainability practices and efforts of our Group’s operations in Singapore for FY2019. The section on “Corporate Profile” sets out details of our Group’s businesses and activities.

## ***Report Contact and Feedback***

We welcome any feedback as part of continuous improvement to the reporting of our Group’s sustainability efforts and performance. You may reach us at [ir@panasian.com.sg](mailto:ir@panasian.com.sg).

# ABOUT US

## ***Vision and Mission Statement***

### **Vision**

- In 10 years time, PAHL aspires to be an International company with supply success in more than 50 countries and with no less than 25% market share in each region/ country. To achieve this success, PAHL will align itself to ensure its employees' career cum financial being is improved.

### **Mission**

- To be a leading manufacturer cum representative of world class manufacturer so that we can be a preferred partner to the global industry by ensuring customer satisfaction through providing consistent quality product punctually which shall be by the company's continuous, motivating, challenging and rewarding policy to its committed employees. With the continued success achieved, it will be able to consider to continue to reward its shareholders.

## ***Corporate Profile***

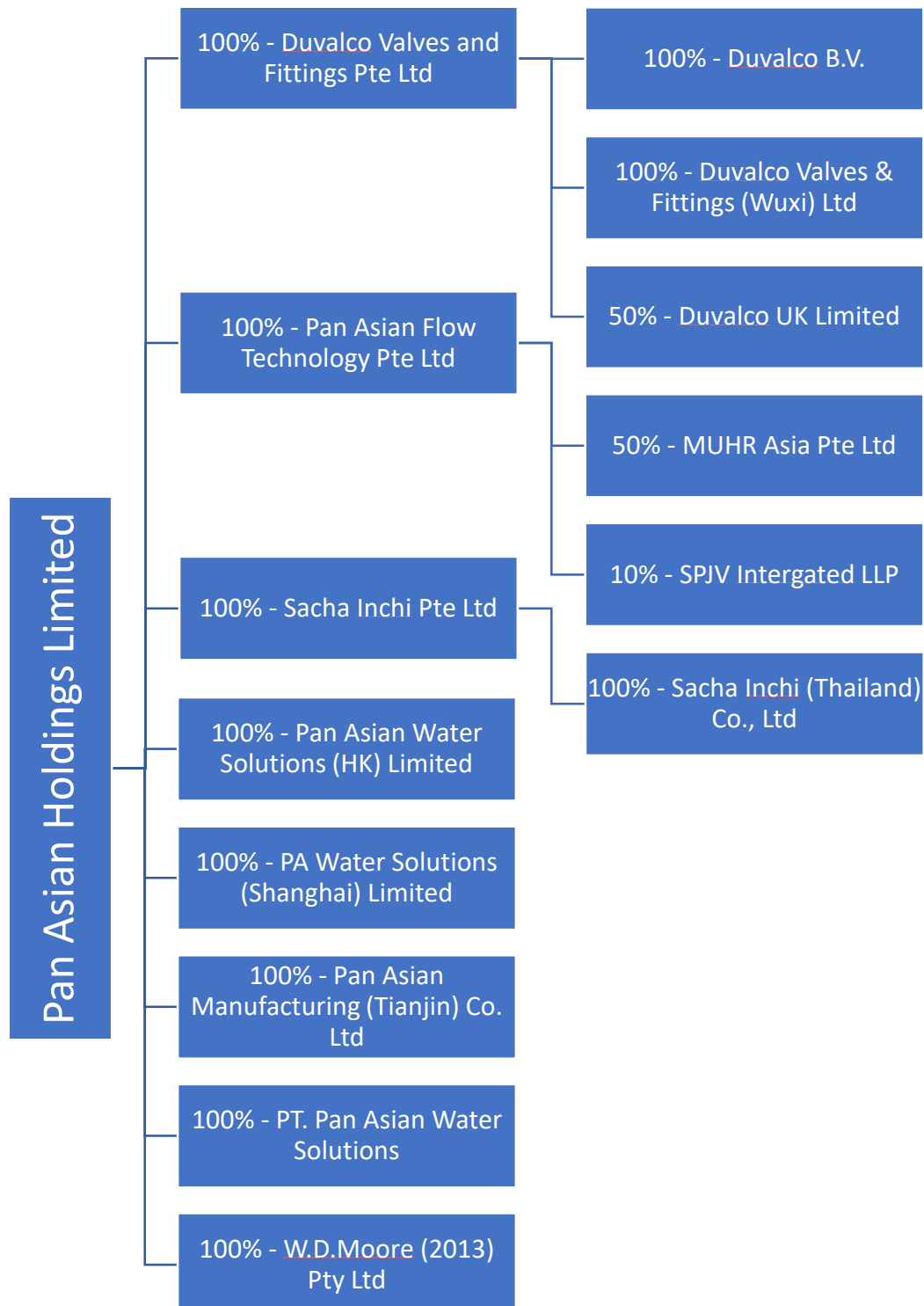
Our Group was founded in 1979 under the name of Pan Asian Metal and was subsequently listed on the Catalist Board of SGX-ST in 2004. Our registered office, as well as our principal place of business, is located at 2 Kallang Avenue, #05-18 CT Hub, Singapore 339407.

PAHL started as a stockist for water meters, piping and valves for the water, oil and gas sectors. Today, besides manufacturing products under the brands that we carry, we are also the authorised agent for 15 well-known international brands of water solutions-related products.

With a market capitalisation of S\$3,427,232 as at 29 April 2020, the Group currently has 43 employees for our operations in 4 regions, namely Singapore, China, Hong Kong and the Netherlands. We have served customers in Singapore, China and Hong Kong's infrastructure, public utilities, water and waste-water sectors.

# ABOUT US

## Corporate Profile (Cont'd)



## ABOUT US



### ***Our Supply Chain***

At PAHL, our supply chain consists of suppliers from China, Malaysia and Taiwan. We strive to maintain good business relations with our suppliers who are able to meet our quality, environmental, safety and health standards. Our supply chain's operations are guided by ISO standards, with stringent guidelines on the selection and evaluation of suppliers. Evaluation criteria such as quality, cost-effectiveness, track records, reputation and other requirements were formalised in our Group's policies and procedures, communicated to relevant personnel and enforced by the management.

An efficiently structured supply chain network has proven to be an important factor for our continued and sustainable success, allowing us to provide our customers quality goods and services. Quality checks are in place and performed upon receipt of raw materials. We are ISO 9001:2015 certified for our Quality Management System, which serves as a testimony for the components and checks that we have put in place to make sure that our customers are satisfied with our products and services.



## ABOUT US

### ***Membership of Association***

PAHL is also proud to be a part of the esteemed Singapore Water Association (“SWA”). SWA is a collaboration of 260 private sector players registered in Singapore or having a strong presence in Singapore. SWA provides a forum for collaboration and the interaction of ideas and knowledge among member companies. The Group actively participates in these networking and information sessions to be updated with developments in the market and sustainable practices.



# OUR APPROACH TO SUSTAINABILITY

## ***Sustainability Approach***

Generating sustainable value for our stakeholders is a core philosophy and objective of PAHL. We have designed our corporate strategies using sustainability-centred principles, while making sure that our business decisions are established in line with economic, social and environmental interests of our stakeholders.

Our Board of Directors, senior management, and key stakeholders have actively involved themselves in the establishment, review and monitoring of the Group's sustainability initiatives as well as overseeing the overall direction of the Group's sustainability approach and incorporate sustainability considerations when formulating business strategies. Our senior management assists the Board by implementing and monitoring the performance of our sustainability initiatives as well as preparing periodic reports on material ESG issues to the Board.

Collectively, the Board and senior management regularly engages the Group's key stakeholders to better understand their concerns and expectations in relation to sustainability issues.

## ***Corporate Governance***

The Group believes that governance establishes the tone for the organisation, nurturing accountability, transparency, ethical business conduct and maximisation of long-term shareholder value while increasing the value of the company. The Board and the management are dedicated to upholding the highest standards of corporate governance, professional business conduct, integrity and commitment throughout our organisation.

The Group adheres to the principles and guidelines of the Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore (the "MAS"). The management also make sure that the Group is updated on other regulations, notices, circulars, and guidelines that may be released by the MAS and the SGX-ST from time to time and seek regulatory guidance where necessary.

The Board oversees the governance and risk management functions and is aware of the need to put in place a sound system of risk management and internal controls to safeguard the shareholders' interests and the Group's assets. Internal monitoring and review processes have been established to assess the adequacy and the effectiveness of the Group's internal control systems put in place, including financial, operational, compliance and information technology controls and risk management systems.

The Group has an internal whistle-blowing policy in place which provides an anonymous avenue for our employees to raise in confidence their concerns about possible improprieties, fraudulent activities and malpractices within the Group responsibly, regarding financial, operational or compliance aspects to the Audit Committee ("AC"). The Group is in the midst of updating our whistle-blowing framework, where all parties, not just the employees, may raise concerns about possible corporate improprieties in all matters. We are proud to announce that the AC has not received any reports of malpractices in FY2019 and will strive to maintain this record through the strict upholding of honourable business practices and integrity-centred business decisions.

# OUR APPROACH TO SUSTAINABILITY

## *Stakeholder Engagement*

The Group's business operations impact multiple stakeholder groups and we value inputs and comments from our stakeholders. For FY2019, we continue to actively engage our stakeholders informally or formally, to understand their perspectives on our sustainable practices.

Through the engagement, the Sustainability Committee (the "SC"), comprising the Chief Financial Officer ("CFO"), the Managing director and the General manager has identified and reassessed the key ESG factors to be included in this Report. The table below depicts our key stakeholder groups, our means of engagement with them, as well as their key concerns.

Stakeholder Group	Engagement activities	Key concerns
<b>Sponsor</b>	<ul style="list-style-type: none"> <li>Meetings, discussions and reporting</li> </ul>	<ul style="list-style-type: none"> <li>Compliance to Catalist Rules</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Employee appraisals</li> <li>Employee trainings</li> </ul>	<ul style="list-style-type: none"> <li>Employee welfare and benefits</li> <li>Personal development</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>Enquiry and feedback channels</li> <li>Meetings and discussions with customers</li> </ul>	<ul style="list-style-type: none"> <li>Good customer service</li> <li>Pricing advantage</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Enquiry and feedback channels</li> <li>Meetings and discussions with suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Prompt payments</li> <li>Compliance with terms and conditions of transactions</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>Board meetings, reporting and annual general meetings</li> <li>Annual and interim reports</li> <li>Circulars and news releases to shareholders</li> </ul>	<ul style="list-style-type: none"> <li>Profitability</li> <li>Transparency</li> <li>Timely reporting</li> </ul>
<b>Government and Regulators</b>	<ul style="list-style-type: none"> <li>Discussions with government agencies and departments</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with regulations</li> <li>Timely reporting and resolution of issues</li> </ul>

# OUR APPROACH TO SUSTAINABILITY

## ***Material Topics***

After gathering feedback from our internal and external stakeholders, the SC had re-evaluated the relevance of our previously reported material topics such as energy, effluents and waste, procurement practices, employment and diversity and decided to focus on the following ESG factors that have been deemed to be material in FY2019:



Economic Performance



Occupational Health and Safety



Training and Education

The Group will review and re-evaluate our material topics disclosed on an annual basis to make sure that the selected topics are relevant to our stakeholders and business landscape.

## FY2018 MATERIAL TOPICS AND TARGETS SET

Material Topics Highlighted in FY2018	Target sets for FY2019	Progress and Updates
Energy and Waste management	<ul style="list-style-type: none"> <li>Reduce electricity consumption from 1,564 KWH per person in FY2018.</li> <li>Introduce energy-savings mindset in our newcomers' orientation in FY2019.</li> </ul>	<ul style="list-style-type: none"> <li>The Sustainability Committee and Management have re-assessed this target set last year and has decided that this topic is not material to the Group's business in FY2019, where electricity consumption in offices was minimal. Accordingly, no records had been kept in respect of electricity consumption in FY2019 and no comparison could be made with the targets set.</li> <li>The target to introduce energy-savings mindset was met through constant reminders to newcomers and existing employees to switch off appliances and to use energy savings appliances.</li> </ul>
Work Environment	To conduct team building activities twice a year	<ul style="list-style-type: none"> <li>The target set for FY2019 was met with the Company conducting more than 2 cohesive activities to enhance the relationship of the employees.</li> <li>The Sustainability Committee and Management have re-assessed this target set last year and has decided that this topic is no longer material to the Group's business.</li> </ul>
IT Infrastructure	No major IT issues	<ul style="list-style-type: none"> <li>The target set for FY2019 was met with as there was no major IT issues encountered during the year.</li> <li>The Sustainability Committee and Management have re-assessed this target set last year and has decided that this topic is no longer material to the Group's business.</li> </ul>

As part of the ongoing evaluation of material ESG topics, the management and the Sustainability Committee have reviewed and deemed the above topics identified in the FY 2018 Sustainability Report no longer material to the Group in FY2019 for the reasons set out above.

## ECONOMIC PERFORMANCE

The Group is dedicated to deliver long term economic value to our stakeholders, through sound financial stewardship and maintaining a suitable and sustainable business portfolio. Despite a challenging FY2019 with volatile and uncertain economic environment, the Group recorded a profit of S\$0.4 million from the S\$1.2 million net loss in Financial Year 2018 ("FY2018"). In appreciation of the unwavering support from the shareholders, the Board has recommended a first and final dividend of S\$0.0018 (FY2018: nil) per share. Economic value generated and distributed in FY2019 and FY2018 from our operations are set out in the table below.

	FY2019 (S\$'000)	FY2018 (S\$'000)
<b>Direct Economic Value Generated (Revenue)</b>	23,372	25,290
<b>Economic value distributed</b> (costs, wages, taxes and etc.)	22,936	26,517
<b>Profit/ (loss) net of tax</b>	436	(1,227)

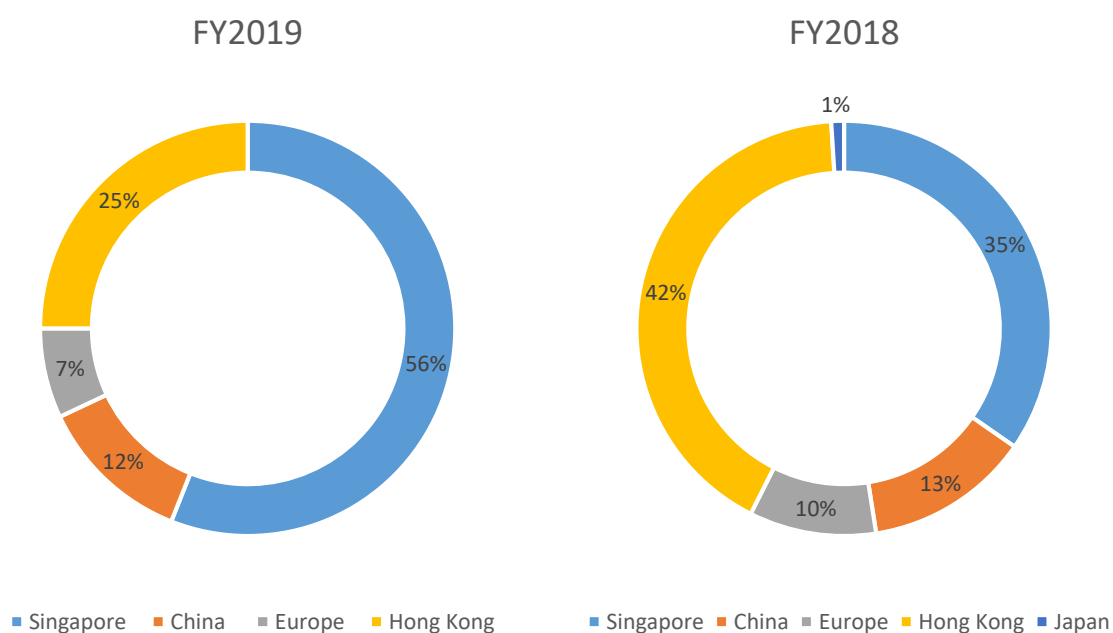
For detailed breakdown of our economic performance, please refer to our Annual Report.

## ECONOMIC PERFORMANCE (CONT'D)

Revenue (S\$, millions)



Percentage of revenue by geographical regions:



### Target for FY2020

As the COVID19 pandemic continues, the outlook for FY2020 will remain volatile and unpredictable for the Group. However, we will continue to explore new business opportunities and new markets, while improving efficiency and explore cost-cutting measures to streamline our operations and to improve our revenue and margins.

The target for FY2020 will be to remain profitable and to explore new markets or geographic locations to enter into.

The Sustainability Committee and management targets to move into projects and roles that will have a positive environmental impact such as targeting sustainability-related projects.

# OCCUPATIONAL HEALTH AND SAFETY

At PAHL, the health and safety of our employees are crucial to our success. The Group is committed in making sure that our Occupational Health and Safety (“OHS”) practices including the proactive tracking and monitoring of incidents are performed consistently.

The Group has in place an OHS Management System which covers our office and warehouse. Our OHS Management System is audited by an external consultant and is ISO 45001:2018 certified. Our operations are also bizSAFE certified at the highest Star level by the Singapore Workplace Safety and Health Council.



## OCCUPATIONAL HEALTH AND SAFETY (CONT'D)

The Group also has a routine risk assessment exercise which helps us identify, minimise and where possible, eliminate work-related hazards. During this exercise, our risk assessment team headed by our certified engineer review and implement controls for work-related hazards.

In FY2019, our risk assessment exercise has identified the following processes with potential work-related hazards and in response, we have implemented necessary controls to address these work-related hazards:

- Office activities
- Manual handling of materials
- Material transportation
- Loading and unloading
- Forklift operations
- Storage of materials
- Operation of overhead cranes
- Aspects of human health
- Plausible terror threats

On an annual basis, our OHS Committee, comprising management and employees will meet and discuss safety incidences, control effectiveness for identified hazards and any potential hazards

New employees joining the Group will have to undergo a mandatory safety briefing. An annual safety briefing will also be conducted for the employees to refresh their knowledge of hazards and controls. Employees are also able to report potential hazards to the risk assessment team and OHS Committee without fear of reprisal.

In addition to monthly checks on our first aid boxes, fire extinguishers and our warehouse equipment, fire drills and safety discussions were also conducted to embed a safety culture. Safety posters, banners and signage were put up at various workstations and areas to maintain a healthy level of safety awareness.

Our employees are also provided medical and healthcare benefits which include medical and accidental insurance. The Group is proud to announce that for FY2019, there were no work-related injuries or incidents.

### Target for FY2020

The Group will continue to invest in the occupational safety and health of our workers. We will strive to maintain our record of zero work-related injuries in FY2020.

The Sustainability Committee and management targets to report zero COVID-19 breaches and infection by implementing office and warehouse safety measures such as temperature screenings, social distancing and other regulatory requirements to prevent the spread of the COVID-19 virus.

## TRAINING AND EDUCATION

Our employees have always been a key pillar in contributing to the Group's growth and success. The Group takes great effort in providing opportunities for upgrading of skills and training so that our employees will be equipped with relevant skills and knowledge in line with the future direction of the Group.

We provide our employees with opportunities to develop workforce skills and competencies, through participation in trainings and seminars. The Group strives to ensure that our existing and experienced employees are able to adapt to new industry requirements and standards and training costs are borne by the Group.

In FY2019, our employees have undergone training and education in the following areas:

- Management
- Finance
- Engineering
- Safety courses

Details of the total training hours and average training hours based on gender and employee categories are set out in the table below:

<b><u>Total Training Hours</u></b>		
	<b><u>Male</u></b>	<b><u>Female</u></b>
<i>Senior Management</i>	64	84
<i>Middle Management</i>	64	24
<i>Technical/ Others</i>	192	24
	<b>320</b>	<b>132</b>
<b><u>Total Employees</u></b>		
<i>Senior Management</i>	4	1
<i>Middle Management</i>	2	1
<i>Technical/ Others</i>	10	7
	<b>16</b>	<b>9</b>
<b><u>Average Training Hours per Employee</u></b>		
<i>Senior Management</i>	16	84
<i>Middle Management</i>	32	24
<i>Technical/ Others</i>	19.2	3.43
	<b>20</b>	<b>14.67</b>

In FY2019, we were able to achieve more than 100% increase in training hours as compared to the 200 training hours recorded in FY2018, which is more than the targeted increase of 50% over the next 5 years with FY2018 as the base year. Our achievement in FY2019 demonstrates our commitment to employee training and to advance professional development.

## TRAINING AND EDUCATION (CONT'D)

The Group views performance reviews seriously as periodic reviews on employee performance acts as a periodic check and guide for employees to understand the Group's requirements and directions. This will further help our employees to align their efforts with the Group's strategy and key success factors.

The annual appraisal process also serves as a two-way communication channel between Management and employees to assist them in identifying skills and opportunities for future growth.

For FY2019, all our employees have taken part in our annual appraisal process.

### Target for FY2020:

Moving forward, the Group plans to improve the variety of training courses provided to our employees, as well as increasing the average training hours provided per employee.

The variety of training course will include job specific training courses, in the form of engineering and finance related courses and non-job specific training courses will include leadership training, soft skills training in IT related courses and other knowledge training courses.

# GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

Note: AR = Annual Report 2019

GRI Standard		Disclosure	Page Reference / Reason for Omission, if any
<b>General Disclosures</b>			
Organisation Profile	102-1	Name of the organisation	Page 1
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	102-3	Location of headquarters	Page 3
	102-4	Location of operations	Page 3
	102-5	Ownership and legal form	Page 3
	102-6	Markets served	Page 3
	102-7	Scale of the organisation	Page 3
	102-8	Information on employees and other workers	Page 3
	102-9	Supply chain	Page 5
	102-10	Significant changes to the organisation and its supply chain	No significant changes
	102-11	Precautionary principle or approach	Page 7
	102-12	External initiatives	Page 7
	102-13	Membership of associations	Page 6
Strategy	102-14	Statement from senior decision maker	Page 1
Ethics and Integrity	102-16	Values, principles, standards, and norms of behaviour	Page 7
Governance	102-18	Governance structure	Annual Report
Stakeholder Engagement	102-40	List of stakeholder groups	Page 8
	102-41	Collective bargaining agreements	
	102-42	Identifying and selecting stakeholders	
	102-43	Approach to stakeholder engagement	
	102-44	Key topics and concerns raised	
Reporting Practice	102-45	Entities included in the consolidated financial statements	Page 4
	102-46	Defining report content and topic boundaries	Page 2
	102-47	List of material topics	Page 9
	102-48	Restatements of information	None
	102-49	Changes in reporting	Page 10
	102-50	Reporting period	Page 1
	102-51	Date of most recent report	9 April 2020
	102-52	Reporting cycle	Annual
	102-53	Contact point for questions regarding the report	Page 2
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Specific Disclosures			
Management Approach	103-1	Explanation of the material topic and its boundaries	Page 7
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Economic Performance			
Economic Performance	201-1	Direct economic value generated and distributed	Page 11 to 12
Occupational Health and Safety			
Occupational Health and Safety	403-1	Occupational Health and Safety Management System	Page 13 to 14
	403-2	Hazard identification, risk assessment and incident investigation	
	403-4	Worker participation, consultation and communication on occupational health and safety	
	403-5	Worker training on occupational health and safety	
	403-8	Workers covered by an occupational health and safety management system	
	403-9	Work-related injuries	
Training and Education			
Training and Education	404-1	Average hours of training per year per employee	Page 15 to 16
	404-2	Programs for upgrading employee skills and transition assistance programs	
	404-3	Percentage of employees receiving regular performance and career development reviews	