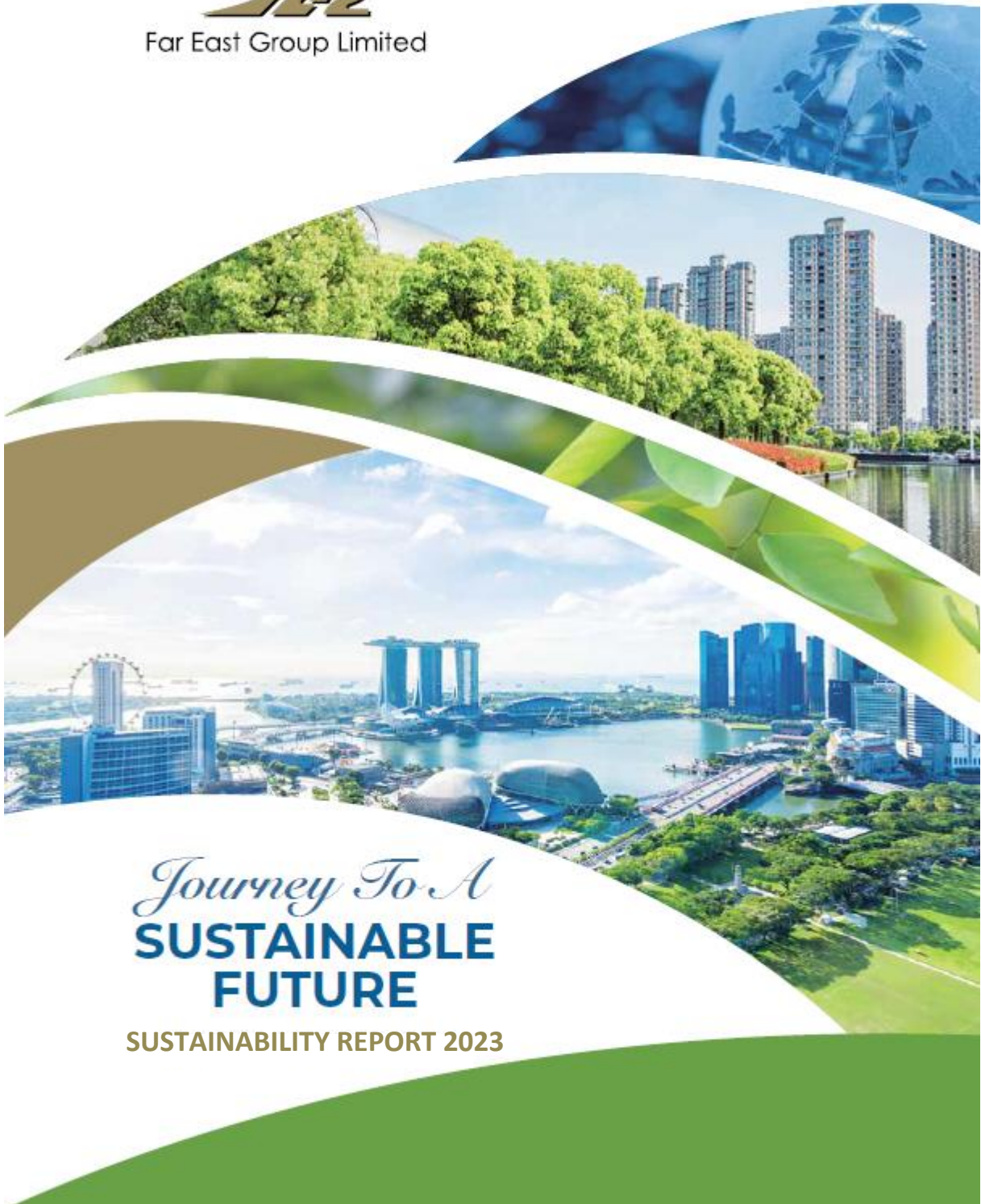




Far East Group Limited



*Journey To A*  
**SUSTAINABLE  
FUTURE**

SUSTAINABILITY REPORT 2023

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This sustainability report has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**"). This sustainability report has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this sustainability report including the correctness of any of the statements or opinions made or reports contained in this sustainability report.

The contact person for the Sponsor is Ms Lee Khai Yinn (Telephone number: +65 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

## ***Board Statement***

Far East Group Limited (“**Far East Group**”, and together with its subsidiaries, the “**Group**”) is pleased to publish our sustainability report (the “**Report**”) for the financial year ended 31 December 2023. Sustainability considerations are key to our long-term business strategy, and we appreciate the opportunity to present our achievements and ambitions.

The board of directors (the “**Board**”) is responsible for the oversight of the sustainability agenda and strategy and has been involved in the determination of the material factors.

While Far East Group is not in an industry for which climate-related disclosures are mandatory, the Group is in the midst of establishing a roadmap for the alignment with the Task Force on Climate-related Financial Disclosure (“**TCFD**”) framework. The management will establish processes and procedures for identification and assessment of climate-related risks and opportunities to include relevant physical and transitional risks, as well as opportunities. The impact of such climate-related risks and opportunities would also be measured and enhanced within the Report in the coming years.

The Group is committed to strengthening its resilience toward a more sustainable future. Embedding sustainability into each business segment would enhance and expedite our overall objective for the Group to significantly lower our overall carbon emissions. This year is the second year where the Group embarks on our journey towards meeting the Greenhouse Gas Emissions (“**GHG**”) targets where FY2022 was set as the baseline year for future references. Scope 1 and 2 emissions are addressed based on available sources of data on fuel and energy consumption. In relation to Scope 3 disclosure, the Group is in the midst of assessing the inputs required and will require more data and more comprehensive understanding of our partners’ supply chain. The Group is working to obtain a better understanding of the supply chain of our partners’ products to for Scope 3 disclosure in future. The Group continues to aim to work with them to reduce the carbon emissions in this area together.

The management has formed a Sustainability Council that works under the guidance of the Board to ensure that sustainability practices are executed across the different business units. With the assistance of the Sustainability Council, the Board has determined the Environmental, Social and Governance (“**ESG**”) factors that are material for the continuity of the Group’s business.

Our material factors are categorised into three key segments:

- ❖ Environment
- ❖ People
- ❖ Marketplace

### *Environment*

The refrigeration and air-conditioning industry can play a significant role in reducing its impact on the environment. The phasing out of harmful gases and development of energy-efficient products are two areas that can yield mutual benefit to both our business and society at large, and the Group has been working towards achieving these objectives.

### *People*

We recognize that our people are key drivers for our success. We place great emphasis on nurturing them by enhancing their training and development and taking care of their health and safety.

### *Marketplace*

It is our responsibility to exceed expectations of our stakeholders in the market. We strive to do so by delivering high-quality and safe products, maintaining financial stability, promoting ethical behavior and tackling the risk of cybersecurity through robust policies and measures.

We would like to thank our staff for their hard work in contributing to this Report.

Board of Directors

25 April 2024

## About this Report

### Scope and Boundary

This Report covers our sustainability practices and performance for the financial year ended 31 December 2023 (“**FY2023**”). This Report covers all significant subsidiaries in the Group across the markets which the Group operates in, namely Singapore, Malaysia, Vietnam, Indonesia, Hong Kong and China unless otherwise stated. A list of entities excluded from this Report and reasons for their exclusion are disclosed below. Entities where the Group does not have operational control are also excluded. All figures are represented in Singapore dollars. There were no significant changes to the Group’s segments, value chain and other business relationships during the reporting period compared with the previous year.

Entities	Country	2023 Effective Interest (%)	Reason for Exclusion
RSP Systems Pte Ltd	Singapore	80%	Size by revenue and asset is immaterial
GPS Compressor Services & Parts Pte Ltd	Singapore	100%	Size by revenue and asset is immaterial
Edenkool Pte Ltd	Singapore	100%	Size by revenue and asset is immaterial
FEG Logistics Pte Ltd	Singapore	100%	Size by revenue and asset is immaterial
Far East Maju Engineering Works Sdn. Bhd.	Malaysia	100%	Dormant Company
Far East Enterprises (K.L.) Sdn. Bhd.	Malaysia	100%	Dormant Company
Far East Enterprises (Penang) Sdn. Bhd.	Malaysia	94%	Dormant Company
FE & B Engineering (M) Sdn. Bhd.	Malaysia	100%	Dormant Company
Safety Enterprises Sdn. Bhd.	Malaysia	100%	Dormant Company
Green Point Compressor Services & Parts Sdn. Bhd.	Malaysia	100%	Size by revenue and asset is immaterial
Coolwerkz Engineering Limited	Myanmar	60%	Size by revenue and asset is immaterial

\* Definition of immateriality for entities excluded refers to entities having both revenue and net asset value less than SGD 1 million.

This Report has been prepared in compliance with Rules 711(A) and 711(B) of the Listing Manual B: Rules of Catalist (“**Catalist Rules**”) of the SGX-ST, and with reference to the Global Reporting Initiative (“**GRI**”) Universal Standards 2021, which is a globally recognized sustainability reporting framework, and its reporting principles are relevant to the Group’s business. This Report has also incorporated recommendations from the TCFD.

The Report identifies the ESG factors which are material to the Group. The policies, practices, performance and targets follow on from our report last year, reporting on our material factors covering primarily the Group’s operations.

### External assurance and feedback

We have not obtained external assurance for this Report. We engaged PricewaterhouseCoopers Risk Services Pte. Ltd. (“**PwC**”) to conduct an internal review on the Group’s sustainability reporting framework and processes in 2022 and continued to prepare this report based on the recommendations and comments given. We relied on our internal verification processes to validate the accuracy of our reporting. Nevertheless, we plan to seek external assurance in future. We are fully committed to listening to our stakeholders and we value your feedback. Should you have any questions about this Report, please feel free to reach us at [info@fareastref.com.sg](mailto:info@fareastref.com.sg).

## Corporate Profile

### *About us*

Far East Group is headquartered in Singapore and listed on the Catalist board of SGX-ST since 8 August 2011. We are one of the pioneers in the refrigeration and air-conditioning businesses in Singapore. We have built a strong network to become a leading comprehensive provider of refrigeration and air-conditioning systems, products and solutions to various industries in Southeast Asia (“**SEA**”) and the People’s Republic of China (the “**PRC**”), and also distribute air-conditioning products and contracting and installation of air-conditioning systems in Singapore.

### *Supply chain, activities, brands and products*

Far East Group is a major **Wholesaler and Distributor** regionally, representing multiple internationally renowned brands of products such as Bitzer, Danfoss, Schneider-Eliwell, Emerson in the refrigeration and air-conditioning market. The Group provides end-to-end solutions offering a full suite of services ranging from consultation, engineering design, equipment supplies, commissioning and after-sales support. Its products are used in a diverse range of industries such as hypermarkets, cold store distribution centres, food processing and catering facilities, hotels, hospitals, food and beverage establishments, convenience stores, petrol stations, marine vessels, oil rigs and barges.

The Group’s **Manufacturing** segment has also established itself as one of China’s leading providers of a comprehensive range of quality energy-efficient heat-exchangers, compressor rack systems and condensing units under our own brands “Eden” and “ELITE”.

Eden products are manufactured by Eden Refrigeration Manufacturing (Jiangsu) Co., Ltd. (ISO9001:2015) which produces international standard heat exchangers using the latest design and heat transfer technology in manufacturing a wide range of unit coolers, brine coolers, condensers and custom coils for Commercial, Industrial and Marine applications. All unit coolers and air-cooled condensers are Conformité Européenne(CE) certified and in compliance with the listed European Directives BS EN 60204-1:2006+A1:2009 on safety guidance on machinery.

ELITE’s compressor rack systems, outdoor packaged refrigeration units and condensing units are designed according to standards widely used in low-temperature storage, food processing, slaughtering processing, chemical, agricultural products processing, cold chain logistics, hospitals, supermarkets and other fields.

Our **Engineering Solutions** segment provides sound engineering solutions in our system designs to meet customer needs and requirements, and to know that every engineering challenge has an ultimate solution drives us forward towards excellence.

M-Tech Air-Con & Security Engineering Pte Ltd (“**M-Tech**”), established since 1993 in Singapore, is an Air-Conditioning and Mechanical Ventilation (“**ACMV**”) service provider for residential and commercial buildings, with vast experience and technical expertise in the design, supply and install of ACMV and electrical systems. M-Tech is a registered contractor with the Building and Construction Authority of Singapore (BCA) certified with Air-conditioning, Refrigeration & Ventilation Works (ME01–L6), Communication & Security Systems (ME04–L1) and Electrical Engineering (ME05–L1) certifications. The ME01 certification was upgraded to L6 from L5 in 2023.

RSP Systems Pte Ltd in Singapore is the System Integration arm of Far East Group. It specialises in providing a host of monitoring systems ranging from temperature monitoring, energy and resource monitoring, alarms management, and asset management system tools - incorporating Internet of Things (IoT) devices from Eliwell, Schneider Electric and other third-party devices. These systems allow for quick deployment, full system management control and data analytics for troubleshooting and improve efficiency of any refrigeration of Heating, Ventilation, Air-conditioning and Refrigeration (“**HVAC&R**”) system.

### *Markets served*

Far East Group has a strong customer base comprising distributors, dealers as well as refrigeration and air-conditioning contractors. The Group has subsidiaries in Singapore, Malaysia, Hong Kong, Vietnam, Indonesia, Myanmar and China, as well as distributors in the SEA region and also in other countries such as Mauritius, Australia, Turkey and Sri Lanka. The Group is a leading distributor of commercial and light industrial refrigeration systems and products in SEA and a manufacturer of heat-exchangers and condensing units in the PRC. It is also an engineering solutions provider in the HVAC&R and ACMV industries.

The Group is a comprehensive provider of refrigeration and air-conditioning systems, products and services to various industries including, but not limited to Commercial & Retail, F&B, Supermarkets, Cold-Storages, Warehouse and Logistics, Hospitality, Healthcare, Oil, Marine and Gas, etc. Our manufacturing facilities for heat-exchangers and condensing units are based in the PRC and certain condensing units are built in Singapore. These heat-exchangers and condensing units are exported to various parts of SEA and the PRC. We are also engaged in the distribution of air-conditioning products and contracting and installation of air-conditioning systems in Singapore.

# Sustainability at Far East Group Limited

## Our vision and values

Sustainability considerations have always been rooted in the values of Far East Group.

The Group's vision is to have a highly motivated and inspired team, working in unison towards leadership, striving for excellence through quality and technology, and being ever sensitive and responsive to its employees, customers and the society in which we live.

We are cognisant that our stakeholders are increasingly taking notice of the ESG impact of our activities, and we view this as an excellent opportunity to assess our business from the lens of sustainability and structure our efforts based on the approach of materiality.

## Stakeholder engagement

We place great value on our relationship with our set of diverse stakeholders and we are committed to engaging with them regularly. By maintaining an open dialogue with all our stakeholders, we are better able to understand and align their needs in our business decisions. We identify and prioritise stakeholders based on their dependence and influence on our business.

Key Stakeholders	Frequency	Modes of Engagement	Topics raised	Our Response
<b>Employees</b>	<ul style="list-style-type: none"> <li>- Annual</li> <li>- Ad hoc</li> </ul>	<ul style="list-style-type: none"> <li>- Appraisals</li> <li>- Exit interviews</li> <li>- Casual open feedback</li> <li>- Internal meetings and discussions</li> </ul>	<ul style="list-style-type: none"> <li>- Welfare and benefits</li> <li>- Health and safety</li> <li>- Training and development</li> </ul>	Refer to People segment of this Report
<b>Investors</b>	<ul style="list-style-type: none"> <li>- Bi-annual</li> <li>- Ad hoc</li> </ul>	<ul style="list-style-type: none"> <li>- Shareholders' and investors' meetings</li> <li>- Corporate announcements and circulars</li> <li>- Half-yearly results announcements</li> <li>- Annual reports</li> <li>- Email and phone communication</li> <li>- Website at <a href="http://www.fareastgroup.com.sg">http://www.fareastgroup.com.sg</a></li> </ul>	<ul style="list-style-type: none"> <li>- Financial stability</li> <li>- Long term value</li> <li>- Growth and markets strategy</li> <li>- Corporate governance and sustainability practices</li> </ul>	Refer to Marketplace segment of this Report and our annual report
<b>Customers</b>	<ul style="list-style-type: none"> <li>- Annual</li> <li>- Ad hoc</li> </ul>	<ul style="list-style-type: none"> <li>- Customer feedback survey</li> <li>- Conferences and industry sessions</li> <li>- Individual meetings</li> <li>- Email and phone communication</li> </ul>	<ul style="list-style-type: none"> <li>- Product quality and safety</li> <li>- Energy efficient products</li> <li>- Competitive pricing</li> </ul>	Refer to Marketplace segment of this Report
<b>Regulators/ Government</b>	<ul style="list-style-type: none"> <li>- Regularly</li> </ul>	<ul style="list-style-type: none"> <li>- On-site inspections</li> <li>- In-person meetings</li> </ul>	<ul style="list-style-type: none"> <li>- Compliance with environmental regulations</li> <li>- Labour standards compliance</li> <li>- SGX listing requirements</li> </ul>	Refer to Environment and People segment of this Report

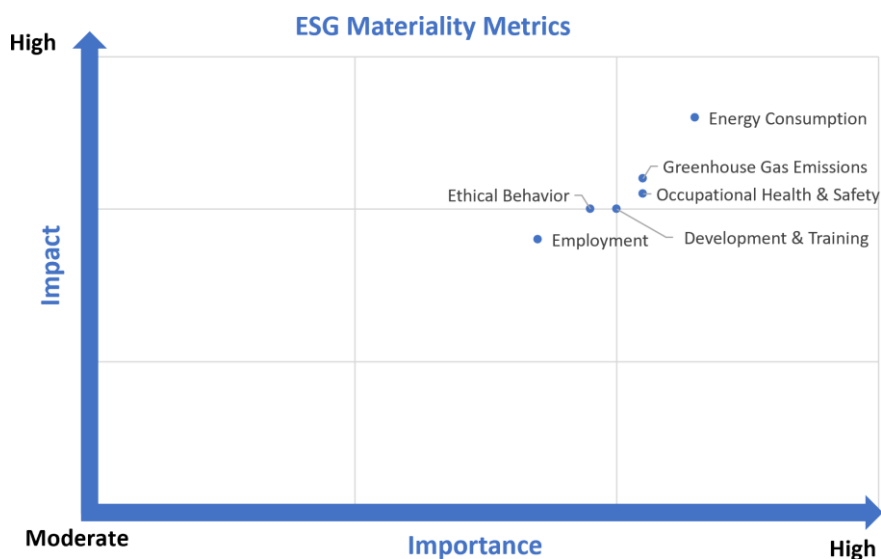


Key Stakeholders	Frequency	Modes of Engagement	Topics raised	Our Response
Suppliers	- Ad hoc	- Conferences and industry sessions - In-person meetings - Vendor assessments	- Product quality - Environmental requirements	Refer to Marketplace and Environment segments of this Report

### Materiality assessment

Our materiality assessment was performed in line with the GRI reporting principles to identify the material factors relevant to the Group’s activities. We have collated feedback from stakeholders and reviewed sustainability factors identified by our peers to short-list potential material factors. We further engaged our employees through a survey to understand what areas they consider having the greatest impact on our environment, people and society.

Despite not having any significant changes to the Group’s structure nor value chain and other business relationships in the reporting period as compared with the previous year, a workshop with various key management was conducted where the material factors were reviewed and the materiality of these factors re-assessed in FY2022 and remains unchanged in FY2023. This allows the management to be updated on relevance of the ESG targets previously determined and assessed. The materiality factors which were ranked high in impact and importance are reflected in the chart below.



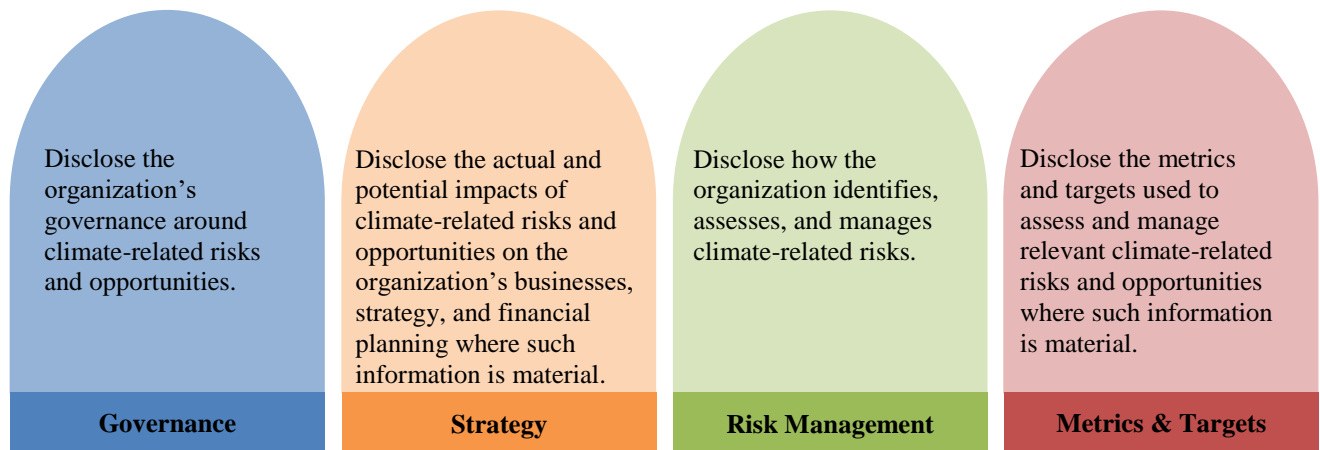
Energy Consumption is relevant and reflective of the Group’s target to meet Scopes 1 and 2 GHG targets and it also aligns with the TCFD framework. The Group aims to implement measures to reduce the consumption of energy. While definitive long-term targets have yet to be finalised, workshops and discussions have been carried out internally to discuss ways in which such targets can be set.

We have identified the following factors which are material to the Group, which have been prioritised and validated by the Board through the discussions with the management:

Disclosure Factors	Corresponding GRI Standards	Impact Boundary
<b>Environment</b>		
Environmental compliance	Environmental compliance	All facility operations
Energy consumption	Energy consumption	All facility operations
<b>People</b>		
Human capital development	Employment Development and training	Office and facility employees
Occupational health and safety	Occupational health and safety	Employees and sub-contractors
<b>Marketplace</b>		
Product quality, health and safety	Customer health and safety	Suppliers and facility operators
Cybersecurity	Customer privacy	Office operations
Business Ethics	Anti-corruption	All operations
Financial stability	Economic performance	All operations

## ***Task Force on Climate-Related Financial Disclosure (TCFD) and Climate Risk Management Environment***

Far East Group is committed to exploring sustainable pathways to have our emissions reduced to meet the goal of limiting global temperature increase to between 1.5°C - 2°C above pre-industrial levels in future reporting periods. As at the end of the current reporting period, Far East Group did not possess sufficient data to provide a robust reflection of the scenario analysis relating to the climate-related risks. Far East Group is currently in the process of collecting relevant data. TCFD is an internationally recognized climate disclosure framework aimed at guiding companies in disclosing to their investors and other stakeholders consistent and decision-useful information relating to impacts from climate change and the company’s resilience strategy to these impacts. The TCFD disclosure framework centers around four pillars: Governance, Strategy, Risk Management, and Metrics and Targets.



*Four Pillars of TCFD Framework*

### ***TCFD Pillar - Governance***

At Far East Group, a Sustainability Council oversees the development of the Group’s sustainability strategy, sustainability performance and monitoring, as well as the production of this Report. In consultation with our Board, the Sustainability Council organizes information provided by operational teams in order to develop and evolve our sustainability strategy. The Sustainability Council is led by our Chief Financial Officer (“CFO”) and includes senior management executives from different teams including production and logistics, sales, and human resources, amongst others.



The Sustainability Council currently meets once a year through a workshop to review the materiality metrics and to discuss climate-related risks and impact on the Group's businesses. The Board currently receives updates on the Group's sustainability requirements from the Sustainability Council at least twice a year.

### ***TCFD Pillar - Strategy***

The adverse effects of climate change have made it an even more important factor for the Group as it recognizes the effects of physical and transition risks to present even more challenges in the future. These emerging drivers present opportunities for cost savings and alignment with customer expectations. To better understand how these opportunities can be leveraged on, the Group has embarked on increasing the frequency of discussions to explore opportunities for our business. More details will be disclosed in next year's report when the strategies and timelines become more definite and formalized. This will include the Group's target and climate vision to achieve net-zero GHG emissions based on Scope 1 & 2 GHG emission standards.

The Board recognizes the importance of establishing a formal Enterprise Risk Management Framework (the "Framework") to facilitate the governance of risks and monitoring the effectiveness of internal controls. The Board also receives assurance from the CEO, CFO and key management personnel that the Company's risk management and internal control systems are adequate and effective. This may include climate-related risks and opportunities as identified by the Group going forward.

Far East Group has converted its small industrial vehicles to battery-operated ones. In FY2023, Far East Group invested approximately S\$1 million to install solar panels at our regional headquarters to use cleaner renewable energy for our operations in Singapore. This is targeted to reduce the Group's carbon footprint as the solar panels can generate an estimated 1,045 kWp of power per year.

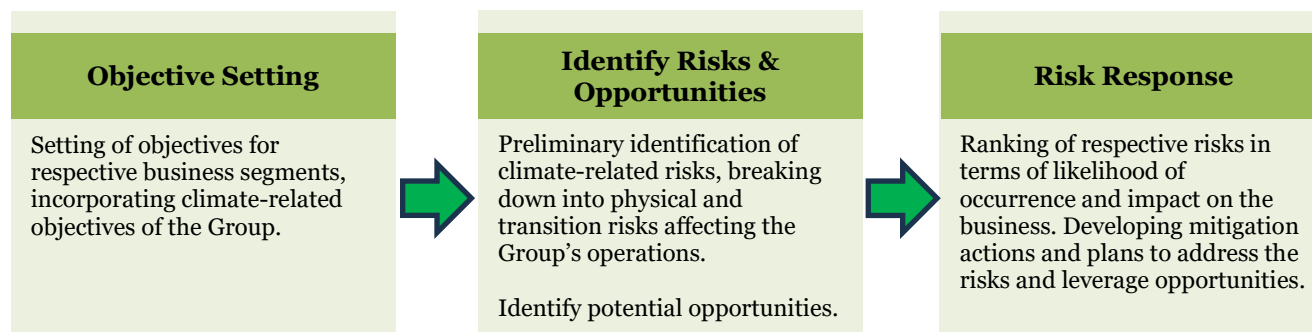


Regional headquarters covered with solar panels

## **TCFD Pillar – Risk Management**

Being in the business of HVAC&R, climate changes presents both opportunities and risks for the Group's businesses. Be it in refrigeration or the ACMV business, ambient temperatures affect customers' demands. The higher the ambient temperature, the higher the expectations for the equipment to work harder to bring down temperatures. For the customers and end-users to be able to save on their energy costs, they may also want to monitor the electrical efficiency of the equipment in delivering the cooling that is required.

The climate-related risk identification process of the Group would be applied as below.



These are the reasons which drive the Group to manufacture, and also distribute energy-efficient products. Our internal research and development department have upgraded our heat-exchangers to the latest G5 series. The Group is also capable of manufacturing racks and condensing units which employ natural gases such as CO<sub>2</sub> and ammonia. These low-carbon technologies allow the Group to help our customers lower their carbon emissions as well as to reduce operating costs in the long-run.

Conversely, the increasing carbon costs may post a business and financial impact to the Group. In Singapore, the carbon tax will be increased 5 times from S\$5/tCO<sub>2</sub>e in 2023 to S\$25/tCO<sub>2</sub>e in 2024 and is slated to increase to S\$45/tCO<sub>2</sub>e by 2026 with a view to reaching S\$50-80/tCO<sub>2</sub>e by 2030. Though it is a gradual increase over time, it puts pressure on the Group to reduce its financial exposure to the carbon tax. The Group is currently assessing its exposure in its key jurisdictions to address this exposure and will monitor avenues to further reduce our carbon exposure.

## **TCFD Pillar – Metrics & Targets**

The Group commits to establishing realistic and achievable targets to address climate-related risks and to leverage on opportunities presented as a result. We seek to build trust with the respective stakeholders by reporting the climate-related metrics and targets fairly. In the short term, the Group aims to explore ways to reduce our carbon emissions, with the long-term goal of achieving carbon neutrality although the exact timeline has not been firmed yet. Data on our GHG emissions is elaborated in Environment section of this Report.

## ***Environment***

### ***Environmental Compliance***

#### *Why it is material*

The HVAC&R industry can play a significant role in achieving the objectives of the Montreal Protocol (1987), which aims to protect human health and the environment by systematically phasing out of the production and consumption of ozone-depleting substances. Various other global and national commitments towards climate change are disrupting businesses across the industry value chain. We view these requirements as opportunities to evolve, be innovative and be adaptive to the changing demands of the market.

#### *Management approach*

We are constantly working towards the National Environment Agency's targets for phasing out ozone- depleting gases from our products. For example, we do not sell chlorofluorocarbons refrigerants. We have also developed a phased plan to meet the local requirements pertaining to the phasing out of ozone- depleting gases in accordance with the regulations of the countries we operate in.

In addition, whenever we perform a retrofitting due to a change in refrigerants, we advise our customers to use recovery units instead of letting out the gases into the environment. Furthermore, we actively participate in seminars and conferences to educate end-users on environmental concerns with phased-out refrigerants and the available alternatives in the market.

We follow similar environmental compliance standards across other countries of operations. In our manufacturing facility in China, we do not allow spray painting and are mindful of local compliance requirements when we recover raw material and dispose of chemical products. We are also ISO 14001:2015 (Environmental Management System) certified.

#### *Performance*

We have not had any non-compliance with environmental laws and/or regulations and have not received any significant fines and/or non-monetary sanctions in FY2023 (FY2022: Nil). As at the end of FY2023, most of the new gases such as R448, R449A and natural gases can be used in our equipment for commercial applications.

#### *Targets*

We strive to continue to meet and maintain our roadmap for the phasing out of Hydrochlorofluorocarbons (HCFCs) by 2030 per target set by the Montreal Protocol and maintain our zero record for environmental-related fines in FY2023.

### ***Energy Consumption***

#### *Why it is material*

The refrigeration and air-conditioning industry can create a significant impact on global energy consumption and emissions.

#### *Management approach*

With a long-term vision, we closely monitor global regulations so as to be prepared for the transition in the market. We are moving towards a greater mix of more energy-efficient products with our in-house Green Programme, which is central to our innovation and product development strategy. The next phase of our product development is in the area of using more environmentally friendly and natural gases such as ammonia and carbon dioxide as refrigerants, as they have Ozone Depletion Potential (ODP) of zero and a low Global Warming Potential (GWP) to support the building of larger cold storages and logistics warehouses which will enhance food security.

In addition, our product offerings combine different elements including equipment, controls and system

designed to offer a comprehensive solution for improving energy performance and efficiency. Gradually, we will also be selling products that help to monitor the consumption of energy.

We recognize that we can enhance our impact by spreading awareness and knowledge to our customers and the market. Within our service centre, we have an innovation centre where we display and promote high energy efficiency products as well as smart monitoring systems.

Our approach is based on tracking the energy consumption, and subsequently, the emissions of GHGs. Since setting FY2022 as the base year in transiting to a lower-carbon economy, the Group has been tracking its electrical and energy consumption across its entities. This includes the energy generated by solar panels across the Group’s operations, mainly in Singapore and the PRC.

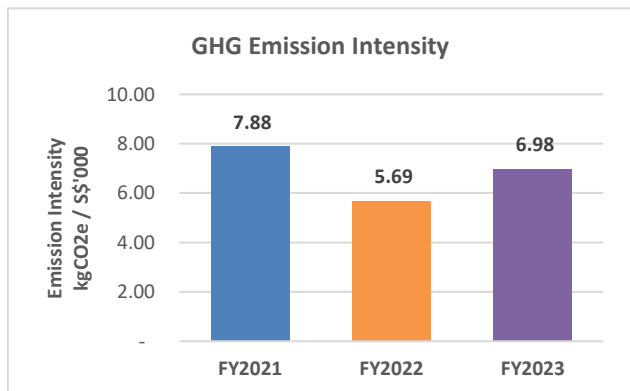
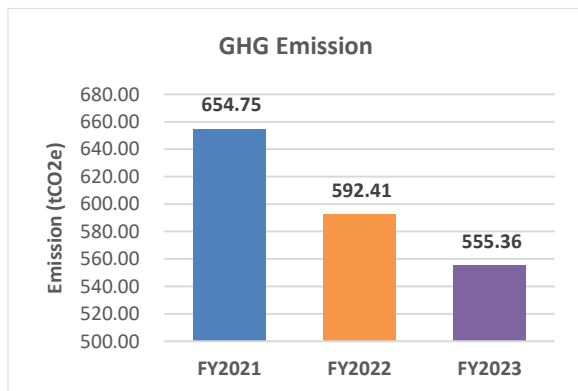
*Performance*

In FY2023, 1,685 solar panels were installed at our regional headquarters to provide electricity to our facilities and the building. These solar panels generated 551 MWh of electricity from mid-August 2023 to the end of December 2023, of which 338 MWh of electricity was consumed and the balance sold back to the power Grid. Similarly, the Group’s factory in the PRC has worked with a solar company since 2017 to have solar panels installed to lower the electrical costs for our production. The electricity generated by the panels at the factory is approximately 1,107 MWh of electricity.



Eden Refrigeration Manufacturing (Jiangsu) Co., Ltd

The Group’s energy consumption in FY2023 stood at 2,172 MWh as compared with approximately 2,318 MWh in FY2022. This represents GHG emissions of approximately 555 tonnes of CO<sub>2</sub>e in FY2023 as compared with 592 tonnes of CO<sub>2</sub>e in FY2022. GHG emission intensity is computed against revenue of the Group. Despite the reduction in GHG emissions, the decrease in revenue in FY2023 resulted in the increase in GHG emission intensity from 5.69kg/S\$’000 in FY2022 to 6.98kg/S\$’000 in FY2023 (represented in the chart below).



The Group has a fleet of commercial vehicles used for delivery of equipment to customers as well as for servicing and maintenance purposes. These vehicles run mainly on diesel fuel and some on petrol. As part of the Group's Scope 1 & 2 emission disclosure, the following table breaks down the direct GHG emissions (Scope 1) and indirect emissions (Scope 2) and respective GHG emission intensity.

	FY2022		FY2023	
	kgCO <sub>2</sub> e	kgCO <sub>2</sub> e/ S\$'000	kgCO <sub>2</sub> e	kgCO <sub>2</sub> e/ S\$'000
<b>Scope 1: Mobile Combustion</b>				
<b>Fuel Type</b>				
Diesel	224,052	2.15	226,934	2.85
Petrol	14,939	0.14	25,700	0.32
<b>Scope 2: Electrical Consumption</b>				
<b>Energy Purchased</b>				
Electricity	592,406	5.69	458,777	5.77
<b>Offset</b>				
Solar Energy Consumed	-	-	(96,580)	(1.21)
Solar Energy Sold	-	-	(44,426)	(0.56)

### GHG Emissions Intensity

	FY2022	FY2023
Direct (Scope 1) GHG emissions (kgCO <sub>2</sub> e)	2.29	3.18
Indirect (Scope 2) GHG emissions (kgCO <sub>2</sub> e)	5.69	3.99
<b>Net CO<sub>2</sub> Emission Intensity (kgCO<sub>2</sub>e / S\$'000)</b>	<b>7.98</b>	<b>7.17</b>

#### Notes:

1. Only CO<sub>2</sub> is included in the calculation of the Direct (Scope 1) GHG emissions and Indirect (Scope 2) GHG emissions
2. Only CO<sub>2</sub> is included in the calculation of the GHG emissions intensity ratio

#### Targets

We aim to continue improving the energy efficiency of plants and offices across the Group. With the changes in technology and the new installation of solar panels at the regional headquarters, the Group is reassessing its sustainability objectives and will disclose more details in FY2024 once this is finalized.



## People

As a relatively small organization with operations in distribution, manufacturing and engineering, it is vital for us to maintain good succession planning and high retention of our staff. We strive to meet this objective by providing training development opportunities and ensuring the safety of our employees at the workplace.

Headcount of employees for the Group as at 31 December 2022 and 2023

	Male		Female		Total	
	FY2022	FY2023	FY2022	FY2023	FY2022	FY2023
<b>Permanent Contract</b>	277	287	105	111	382	398
<b>Temporary Contract</b>	3	3	0	0	3	3
<b>Full-time</b>	277	287	105	111	382	398
<b>Part-time</b>	3	3	0	0	3	3

### Human Capital Development

#### *Why it is material*

Human resource has been a rising concern in our industry over the past few years since the COVID-19 pandemic. There is still a shortage of skilled labour and human resources with in-depth knowledge and experience of the industry the Group operates in. The increase in the costs of hiring as well as the general increase in sub-contractor pricing exposes our business to the risks of not being able to find the right talent and not being able to affect a sound succession roadmap. High turnover rates can also lead to rising training costs and a decline in overall productivity and morale of the organization.

#### *Management approach*

Attracting the right talent, nurturing their career growth, and providing them with the right benefits and incentives are some actions that can create a more stable, equipped and inspired workforce.

#### Training and development

Training and development is a core focus of managing our human capital. Individual development plans comprising training needs are created for all employees at the department level and are monitored as part of the annual appraisal cycle. Induction training is offered to all new employees and skills-based training is offered on a need basis. In-person training for various departments has also resumed, especially for the staff in the Engineering & Solutions segment, albeit at a higher cost. There is also a greater variety of courses held virtually as well. Some of the key trainings attended by employees during FY2023 include:



- Business Resilience Continuity - Refocus Capabilities Development
- Basic Concept in Construction Productivity Enhancement
- Unlocking Energy Efficiency Potential in Commercial Buildings
- Workplace Safety and Health Management in Construction Industry
- In-house Sustainability Workshop
- Greenmark Accredited Professional Course
- Carrier Virtual HVAC System Design (Module III)
- Courses on Operating Scissor and Boom Lifts
- Sales Credit Memo Refresher Training
- First Aid Training

### Benefits and wellness

We offer our employees the necessary health and insurance benefits. In FY2023, while all employees returned to work physically in the office, flexible work arrangements were still allowed depending on the nature of work of the respective employees and also the reasons for the request to work remotely. These include work from home arrangements and staggered work hours. Employees are still provided with ART test kits if they feel unwell or have been in close contact with COVID-positive persons. Anyone who had contracted COVID was still given the necessary rest for them to fully recover.

### *Performance*

The average training hours in FY2022 and FY2023 are as follows:

<b>Gender</b>				
	<b>FY2022</b>	<b>FY2023</b>	<b>FY2022</b>	<b>FY2023</b>
<b>Average Training Hours</b>	3.43	2.83	0.61	1.61

<b>Employee category</b>	<b>Average training hours</b>	
	<b>FY2022</b>	<b>FY2023</b>
<b>Director &amp; C-Level</b>	1.21	10.43
<b>Manager</b>	2.91	4.47
<b>Executive/supervisor</b>	2.19	1.05
<b>Assistant/general worker</b>	3.26	1.62

In FY2023, the average training hours decreased for male employees as there were a large number of employees sent for Workplace Safety and Health training in FY2022 as compared to FY2023. The training hours for Director & C-Level have shown significant increase as the Board of Directors and Senior Management attended courses on sustainability.

Our new hire and turnover rates are as follows:

<b>FY2023</b>	<b>New employee hires (number)</b>		<b>Rate of employee hire *(%)</b>
<b>Age (Years)</b>	<b>Male</b>	<b>Female</b>	
<b>Less than 30</b>	24	11	44
<b>Between 30 and 50</b>	37	5	17
<b>More than 50</b>	8	1	13
<b>Total</b>	<b>69</b>	<b>17</b>	<b>21</b>

*\* The rate of employee hire is computed by the dividing the number of new hires in each age group by the total number of employees in each age group at the end of the financial year.*

In FY2023, new hires were added to various departments across the board. The male hires were generally for the project and general works departments while the female hires were for finance, customer service, administrative and departments.

<b>FY2023</b>	<b>Employee turnover (number)</b>		<b>Rate of employee turnover (%) *</b>
<b>Age (Years)</b>	<b>Male</b>	<b>Female</b>	
<b>Less than 30</b>	16	5	21
<b>Between 30 and 50</b>	34	9	43
<b>More than 50</b>	9	1	10
<b>Total</b>	59	15	19

\* The rate of employee turnover is computed by the dividing the number of employee turnover in each age group by the average number of employees in each age group in the financial year.

Of the 74 employees who left their jobs, most of them left due to their pursuit of other career opportunities and due to the end of their employment contract. The remaining were hired in the same year but left due to expectations mismatch.

<b>FY2023</b>	<b>Rate of new employee hire and turnover(%)</b>	
	<b>Male</b>	<b>Female</b>
<b>Rate of new employee hire *</b>	24	15
<b>Rate of employee turnover ^</b>	21%	14

\* The rate of employee hire is computed by the dividing the number of new hires of each gender by the total number of employees of each gender at the end of the financial year.

^ The rate of employee turnover is computed by the dividing the number of employee turnover of each gender by the average number of employees of each gender in the financial year.

### **Targets**

We continue to review our wellness and benefits programme and align our human resource policies across the different entities in the Group. The Group regularly reviews the benefits to the staff and aims to benchmark against market norms. In FY2023, the Group continued to attend more training courses and workshops virtually compared to pre-pandemic years.

## **Occupational Health and Safety**

### **Why it is material**

Given the nature of our operations, the health and safety of our staff, drivers and workers could be at risk. We strive to make sure that our efforts to mitigate this risk remain uncompromised. Not only is this a core part of our values, but any failure on our part can result in severe reputation damage to the Group.

### **Management approach**

We abide by the highest standards in the industry. In FY2023, the Group is ISO 45001:2018 (Occupational Health & Safety Management System) certified. All employees and workers go through the necessary safety training upon joining the Group. We also have a dedicated on-site safety officer along with an outsourced fire safety manager who conducts regular toolbox meetings, and defibrillator and fire drills, to ensure that all measures are in place. The safety officer conducts inspections of all fire safety equipment before use and keeps daily records to ensure maintenance is done and the equipment is safe to operate.

### *Performance*

As a result of these safety measures, none of our employees and workers has had any recordable, high consequence or fatal injuries in FY2023 (FY2022: Nil). Our workers have also been sent for courses in workplace safety and health in metal works and on construction sites. This is to ensure that they are familiar with regulations as well as the necessary safety precautions to note and comply with during their course of work. Every project site diligently adheres to local government legislation, placing safety as the utmost priority. Starting 2023, new lorries that are used to ferry workers have been installed with rain covers to enhance their safety and to protect them from unpredictable weather conditions.

### *Targets*

We will continue to develop, roll out and improve on safety culture campaigns to advocate and educate our employees on best safety practices to maintain our target of zero high consequence or fatal injuries.

## **Marketplace**

### ***Product Quality, Health and Safety***

#### *Why it is material*

Maintaining the quality of our products is critical in the competitive industry that we operate in. Any issues regarding the functionality of our products or any harm to the health and safety of our customers on product usage can result in a significant loss of customers.

#### *Management approach*

All our products go through stringent quality control procedures before reaching the market. We design and sell products that have adequate safety features, such as certified pressure vessels on our condensing units and systems, to minimise risks to customer health and safety. Most of our products are covered by warranties to provide assurance to our customers on the quality of our products. We are also ISO 9001:2015 (Quality Management System) certified.

### *Performance*

We have not had any non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of our products in FY2023 (FY2022: Nil).

In FY2023, we launched a series of industrial unit coolers utilizing environmentally friendly natural refrigerants such as Carbon dioxide and Ammonia. These natural refrigerants offer numerous benefits, including low global warming potential and Ozone Depletion Potential, making them pivotal in addressing climate challenges.

This initiative aims to mitigate carbon footprints while maintaining high performance standards, aligning with our commitment to environmental sustainability and energy efficiency. It drives our exploration of HVAC&R systems equipped with eco-friendly refrigerants and advanced technologies to achieve Net Zero emissions, while also supporting international agreements such as the Montreal Protocol and the Kigali Agreement, which aim to reduce the use of harmful HFC refrigerants.

These efforts highlight our continuous commitment to sustainability and our dedication to mitigating environmental impact throughout our operations.

### *Targets*

We will continue to incorporate and improve health and safety considerations in our products and strive to maintain zero incidents of non-compliance in FY2023.

## **Cybersecurity**

### *Why it is material*

We hold a large amount of data of our customers, distributors and suppliers. This data includes both confidential and personal information. Given the rising threat of cyber-attacks, this is an area of risk that we take very seriously. Any breach of our systems can result in reputation loss, as well as financial liabilities.

### *Management approach*

We are guided by the Personal Data Protection Act in Singapore to protect the privacy of our customer data. Our data is stored in an ERP system which runs on a cloud server and is protected under network security which only our own employees can access. We also aim to provide our IT Team with training and updates on their ability to enhance our cyber security.

### *Performance*

We have not received any substantiated complaints concerning breaches of customer privacy in FY2023 (FY2022: Nil). We have proactively engaged a professional external party to conduct penetration tests to check the vulnerability of our IT systems to provide the management with an assessment of areas for improvement in terms of our IT hardware, software and systems as in the previous year. While we faced cybersecurity threats such as spam and phishing mails, these were promptly addressed and blocked by the security systems in place, preventing access to our systems.

In FY2023, we continued to proactively tackle issues focusing on key areas such as endpoint security, email security and web security. In addition, training was also provided to the employees of the Group to raise security awareness and to refresh their knowledge of data security and protection and digital threats. Our commitment to safeguarding our systems and data remains unwavering.

### *Targets*

We strive to maintain our zero high risk breach record by being vigilant in our review of our risk exposure to cyber-attacks and taking the necessary steps to upkeep our system security.

## **Business Ethics**

### *Why it is material*

Far East Group takes ethical business practices very seriously. We conduct our business by complying with all applicable laws in the respective jurisdictions that we have operations in and uphold a high level of ethical behavior. We adopt a zero-tolerance policy to any unethical behavior such as corruption in the form of bribery and anti-trust behavior and will not hesitate to take all necessary action against such acts. Any unethical and unlawful behavior can have far-reaching financial and legal impact on our Group and affects our brand reputation.

### *Management approach*

We have put in place a Code of Business Conduct and Ethics (“**Code**”) and a Whistleblowing Policy to establish our stance. All employees are briefed on the Code when they join the Group and are required to strictly adhere to it. Disciplinary action will be taken against any employee who is found to have violated the Code. In addition, we also have a Whistleblowing Policy for any stakeholder to report any suspected fraudulent acts or non-compliance confidentially without fear of reprisals. Such reports will be made to the Chairman of the Audit Committee or the Chairman of the Nominating Committee. Any complaints received will be reviewed and an investigation carried out with appropriate follow-up actions taken.

### *Performance*

In FY2023, there was a case of whistleblowing. Upon investigation, it was identified as a case of unauthorised

use of funds. The funds have subsequently been recovered. There was no material impact to the Group’s financial performance in FY2023. The Group has also further enhanced its payment policies to prevent such incidents in the future. There has been no incidence of any known corruption incidents and reports of non-compliance with applicable environmental and socioeconomic laws and regulations in FY2023 (FY2022: Nil). As part of the Group’s enhancement on ESG compliance, the key executives of the Management team have been signed up to attend anti-bribery and corruption compliance training on the United States’ Foreign Corrupt Practices Act 1977 (“FCPA”) course which will take place after the date of this Report.

### *Targets*

We strive to maintain the zero-incidence rate with continued education and reminders to our staff to maintain their ethical business behaviors. Further details on Far East Group’s corporate governance structure can be found on pages 12 to 36 of the Annual Report for FY2023.

## **Financial stability**

### *Why it is material*

Financial stability can be a risk to our business and if not managed adequately, it can impact the economic performance of the Group. If the economic value that we generate is sacrificed, it can adversely impact the payout to our stakeholders, including dividends to our investors, salaries to our employees, operating expenses to suppliers, taxes to government, and strategic investments to communities.

### *Management approach*

We have a strong finance team monitoring the financial health of the Group closely. Not having a fixed dividend policy allows us to be more adaptive and less vulnerable to market changes. Our financial policies and procedures are reviewed regularly to keep up-to-date with risk management and control. Audits on the policies are performed by internal and external auditors who are independent and provide us with advice for continued improvement and safeguards.

### *Performance*

<b>FY2023</b>	<b>SGD ('000)</b>
Economic value generated (Sales)	79,559
Economic value distributed:	
- Salaries and wages	14,847
- Taxes	374
- Operating costs *	4,159
Economic value retained	60,179

\* Operating costs refer to the operating expenses incurred in the financial year by the Group other than the salaries and wages as disclosed in the table above.

In FY2023, donations of approximately SGD 29,240 were made, continuing our commitment towards charity for social causes, helping students and the poor and needy.

### *Targets*

We aim to continue our efforts in our community investments.

## ***Our Memberships, External Initiatives and Charters***

1. ASHRAE (American Society of Heating, Refrigerating and Air-conditioning Engineers)
  - Chapter Singapore and Indonesia
2. BizSAFE Level 3
3. Singapore Chinese Chamber of Commerce and Industry
4. Chongqing Association of Refrigeration (重庆制冷协会)
5. China Association of Warehousing and Distribution (中国仓协央厨工业链分会)
6. Chengdu Cold Chain Logistics Commercial Association (成都市冷链物流商会)

## GRI Content Index

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2-6	Activities, value chain and other business relationships	5-7, Annual report pages 10, 83-89
2-7	Employees	17-20
2-8	Workers who are not employees	Not Applicable
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## TCFD Content Index

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<b>Governance – Disclose the organisation’s governance of climate-related risks and opportunities</b>		
a)	Describe the board’s oversight of climate-related risks and opportunities	11-12
b)	Describe management’s role in assessing and managing climate-related risks and opportunities	12-13
<b>Strategy - Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation’s businesses, strategy, and financial planning where such information is material</b>		
a)	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	13, partial disclosure without time frame
b)	Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning	13
c)	Describe the resilience of the organization’s strategy, taking into consideration different climate related scenarios, including a 2°C or lower scenario	To be disclosed next year
<b>Risk Management - Disclose how the organisation identifies, assesses, and manages climate-related risks</b>		
a)	Describe the organization’s processes for identifying and assessing climate-related risks	12-13
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c)	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization’s overall risk management	To be disclosed next year
<b>Metrics &amp; Targets - Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material</b>		
a)	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	14-22
b)	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks	14-22
c)	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	To be disclosed next year