



ASIAN MICRO HOLDINGS LIMITED

SUSTAINABILITY REPORT FY2018



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STATEMENT FROM BOARD

Asian Micro Holdings Limited (“AMH” or “Company”, and together with its subsidiaries “Group”) is committed to enhancing long-term value for our stakeholders. As part of our responsibility towards society, we continually strive to incorporate sustainable efforts into our operations.

Our Group regularly reviews, assesses and gathers feedback on Environment, Social and Governance (“ESG”) topics to better mitigate risks such as challenging market conditions in the Compressed Natural Gas (“CNG”) supply and related products and services, including declining demand for CNG vehicles and rising operational costs. Upon carrying out our first formal materiality assessment, we have identified five highest ranked material matters that are of significance to us. This report will hence focus on the management and performance of these selected matters.

The board of directors (“Board”) strives to align the Group’s policies and practices in accordance with the highest industry standards of the ESG topics. This enables us to achieve financial results without compromising on our social engagement and environmental stewardship.

We encourage our stakeholders to join us as we embark on our sustainability journey, to further the economic, environmental and social well-being of the communities we interact with and create long-lasting value for our stakeholders.



ASIAN MICRO
HOLDINGS LIMITED

INTRODUCTION

ABOUT THE REPORT

The Company is pleased to present our inaugural Sustainability Report. Our report is prepared in accordance with Singapore Exchange Securities Trading (“SGX-ST”) Catalist Listing Rule 711(B) and reference to Global Reporting Initiatives (“GRI”) Standards – “Core”. The GRI standards were selected as it offers a globally relevant framework that supports a standardised approach for businesses to report on critical sustainability issues. In line with SGX’s guidance for companies to take into account ESG factors in their operations, our Group aims to integrate sustainability within our business.

This report will consist of our non-financial performance and sustainability practices implemented in our Singapore operations, with focus on material matters, in the supply of CNG and provision of clean room grade plastic packaging bags and material, from 1 July 2017 to 30 June 2018 (“FY2018”) with 1 July 2016 to 30 June 2017 (“FY2017”) as the year of comparison, where possible. There were no significant changes to our operations during the reporting year.

No external assurance has been engaged for this report. However, as our Group advances in our sustainability efforts, we may consider seeking independent assurance of our sustainability report. In our future sustainability reports, our Group would also like to feature a more comprehensive coverage of our business operations.

We welcome any feedback for this report and for matters related to our sustainability performance to meet stakeholders’ expectations. Please send your feedback to our Finance Manager, Mr. Phan Guo Yee at guoyee@asianmicro.com.sg.

ABOUT ASIAN MICRO HOLDINGS LIMITED

Established in 1997, Asian Micro Holdings Limited is primarily engaged in the provision of Compressed Natural Gas (“CNG”) supply and related products and services. Headquartered in Singapore, our Group has been listed on the SGX-SESDAQ, now known as SGX-ST Catalist Board, since 1999.

Our Group supplies CNG skids used for storing and transporting CNG to local industries for gas cutting, heat treatment and power generation for various customers bases spanning from the oil and gas, marine and offshore, aviation, shipyard to manufacturing industries. Our Group continually explores innovative ways of introducing industrial consumers to the use of natural gas and energy saving methods.

The Group’s secondary core business includes the provision of clean room grade plastic packaging bags and materials for packaging cleaned finished products in the hard disk drive and semiconductor industries. Additionally, the Group has diversified its existing core business, to include the investment in, trading of and development of residential, commercial, retail and industrial properties within Singapore and Malaysia.



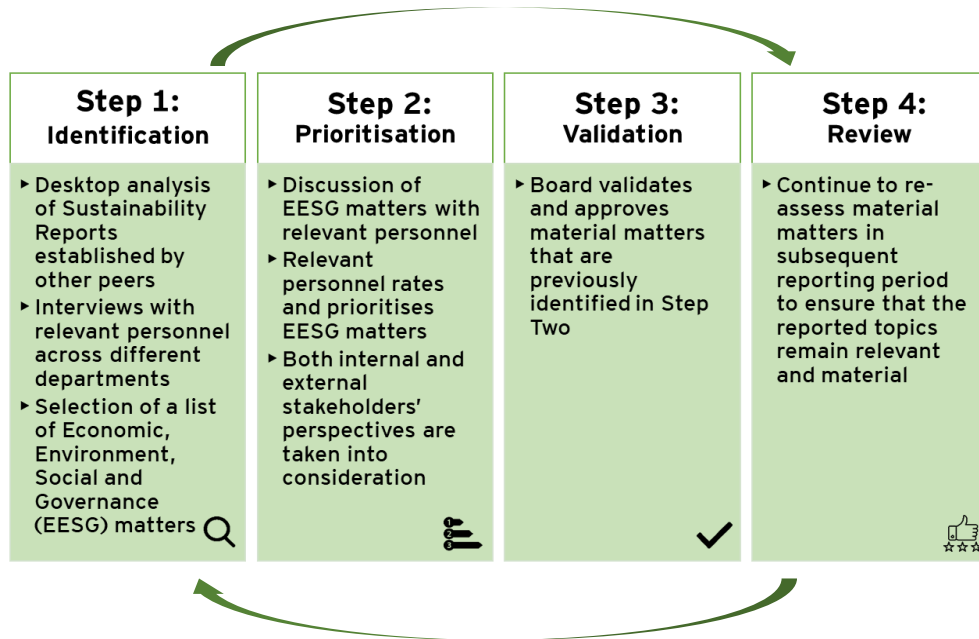
STAKEHOLDER ENGAGEMENT

We have identified stakeholders who have an interest in our operations and whom our business has significant impacts on. With the aim of creating long-term sustainable value for our stakeholders, we take proactive steps to engage them to understand the issues that are of key concern to them.

Stakeholder	Objective	Mode of Engagement	Frequency of Engagement	Key Concerns	Our Response
Shareholders	<ul style="list-style-type: none"> Enhance shareholder value 	<ul style="list-style-type: none"> Half-yearly results updates Annual general meetings, Extraordinary general meeting, if any Announcements, annual report, and circulars, if any 	<ul style="list-style-type: none"> Half year Annually and as appropriate As appropriate 	<ul style="list-style-type: none"> Company growth strategy and outlook Corporate governance 	<ul style="list-style-type: none"> Update potential investors and shareholders regularly via SGXNet To maintain company's financial and governance performance
Employees	<ul style="list-style-type: none"> Employee satisfaction and retention 	<ul style="list-style-type: none"> Staff recreational activities Regular meetings 	<ul style="list-style-type: none"> Ongoing Ongoing 	<ul style="list-style-type: none"> Company's continued growth/job security 	<ul style="list-style-type: none"> Recognise and reward contributions of employees Enhance communication
Customers	<ul style="list-style-type: none"> Deliver products and services of high quality 	<ul style="list-style-type: none"> Regular engagement by operation team 	<ul style="list-style-type: none"> Ongoing 	<ul style="list-style-type: none"> Product/service satisfaction 	<ul style="list-style-type: none"> Review feedback and continue to maintain regular communication
Suppliers	<ul style="list-style-type: none"> Establish good relations 	<ul style="list-style-type: none"> Review meetings with suppliers 	<ul style="list-style-type: none"> Ongoing 	<ul style="list-style-type: none"> Timely payment 	<ul style="list-style-type: none"> Provide clear expectations Facilitate regular communication
Government/ Regulators, (e.g. SGX, SCDF, MOM, NEA etc.)	<ul style="list-style-type: none"> Compliance to regulators' requirements 	<ul style="list-style-type: none"> Answer regulators' queries Participation in consultation sessions 	<ul style="list-style-type: none"> As appropriate As appropriate 	<ul style="list-style-type: none"> Compliance to laws and regulations 	<ul style="list-style-type: none"> Adopt an open approach and collaborative spirit Internal controls to maintain high standards

MATERIALITY ASSESSMENT

With the help of independent sustainability consultants, we conducted our first materiality assessment to identify key sustainability matters which are of interest to our stakeholders. Through the materiality assessment, we adopted the perspectives of our internal and external stakeholders to address stakeholders' concerns. Our materiality assessment process is summarised as follows:



Five material matters have been identified to be of priority to AMH. The outcome of the materiality assessment which has been approved by the Board is reflected in the form of a materiality matrix as seen in the figure on the right. These matters and their corresponding GRI topics can be found in the table below, in no particular order.

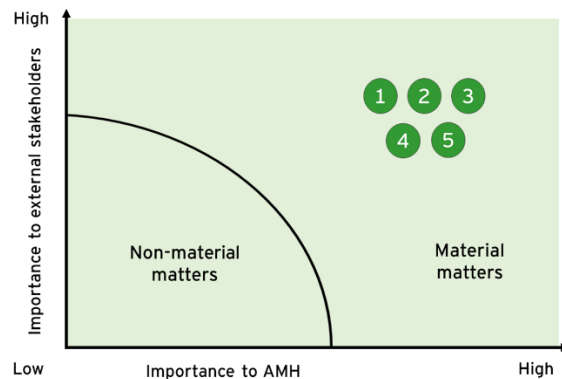


Figure 1. Materiality Assessment Matrix

Material Matters		Corresponding GRI Standard Topics
1	Compliance with Laws and Regulations	GRI 307-1: Non-compliance with environmental laws and regulations GRI 419-1: Non-compliance with laws and regulations in the social and economic area
2	Energy Usage and Associated GHG Emissions	GRI 302-1: Energy consumption within the organisation GRI 302-3: Energy intensity GRI 305-2: Energy indirect (Scope 2) GHG emissions GRI 305-4: GHG emissions intensity
3	Effluents and Waste Management	GRI 306-2: Waste by type and disposal method GRI 306-3: Significant spills
4	Occupational Health and Safety	GRI Standards 2016, 403-2: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities
5	Talent Management and Development	GRI 404-1: Average hours of training per year per employee

SUSTAINABILITY APPROACH

Coming a long way from providing support services to high technology industries, AMH has since completed a strategic shift to a new core business with a strong environmental protection focus. The Group continually explores innovative methods of introducing industrial consumers to the use of natural gas and energy saving methods.

With a strong commitment to sustainability, the Management reviews the Group's business and operational activities regularly to identify areas of significant business risks including sustainability risks, as well as appropriate measures to control and mitigate these risks. This facilitates formulation of the Group's business strategy inclusive of sustainability issues. For the full statement on our risk management practices, please refer to our Corporate Governance Report found in pages 13-27 of our Annual Report 2018.

Management supports the Board, who is principally responsible for overseeing the management of key material issues and their performance indicators.



ASIAN MICRO
HOLDINGS LIMITED

CORPORATE GOVERNANCE



COMPLIANCE WITH LAWS AND REGULATIONS

AMH strives to adhere to the highest standards of corporate governance, putting in place effective self-regulatory corporate practices to preserve and enhance long-term shareholders' value. We seek to ensure that our company operates in line with relevant laws and legislations – under SGX, Ministry of Manpower (“MOM”), Central Provident Fund (“CPF”) Board, National Environment Agency (“NEA”) and Singapore Civil Defence Force (“SCDF”) and expect our employees to abide by them.

As CNG is regarded as a flammable hazardous material, AMH conforms to SCDF's regulations on the transport of hazardous materials. This includes transport licensing, vehicle tracking, yearly vehicle inspections, and permitted timings and routes for the transport of CNG.

We are pleased to report that AMH has had zero cases of non-compliance with all laws and regulations across the economic, social and environmental spheres in FY2017 and FY2018. We hope to maintain our performance in the subsequent years while at the same time, encourage our employees to inform us about any potential cases of corporate misconduct.

AMH has an internal whistle-blowing policy where employees can report incidents by sending an email directly to our independent director. This is made known to all employees. There is also a grievance mechanism in place where employees can raise any complaints to their supervisor and superiors. In the case of any reported incidents or grievances, AMH is committed to conduct a thorough investigation and take necessary actions to address such cases. This is key to maintaining high standards of integrity and accountability.

ENVIRONMENTAL SUSTAINABILITY



We are committed to promoting cleaner forms of energy, recognising the importance and value of protecting the environment and strive to be a responsible business. All the key environmental issues, namely, energy and emissions, waste and effluents are managed by our Operation Director.

ENERGY USAGE AND ASSOCIATED GHG EMISSIONS

Energy forms the core of AMH's business as we are directly involved in the CNG industry. In comparison with other fuels (such as gasoline and diesel), CNG is considered the cleanest form of fossil fuel energy source with significantly less greenhouse gas emissions per unit of energy. Upholding our strong commitment to environmental sustainability, AMH seeks to promote greater use of CNG in Singapore, as a substitute to conventional fuels. Looking ahead, AMH intends to expand into the liquefied natural gas ("LNG") business which is cleaner and safer than CNG.

Within our operations, AMH further seeks to reduce energy consumption and GHG emissions. We have embarked on an energy saving initiative in our office, targeting our key sources of electricity usage: lights and air-conditioning. Under the initiative, AMH has switched its office lights to more energy-efficient Light-Emitting Diode ("LED") lighting. We are in the midst of doing the same for our production facility, which currently uses non-LED lighting. Our employees are also encouraged to turn off all the lights when not in use.

Within the office, AMH only makes use of two out of the four air-conditioners that are installed, and sets an energy-saving room temperature of 25 degree Celsius. We service our air-conditioners every six months or as required to ensure that they are operating efficiently.

Emissions are produced from diesel used for transport and the electricity consumed at our production sites and office. As a part of our commitment to the environment, AMH will continually strive to minimise energy consumption within our operations. We are pleased to report that our emissions intensity has reduced from FY2017 to FY2018. In the following years, we target to maintain our current energy usage levels even with potential business expansion.

	FY2017	FY2018
Total Energy Consumption (GJ):	1,273	1,405.5
a. Electricity Consumption from corporate office and production site¹ (GJ)	123.5	111.3
b. Diesel Consumption (GJ)	1,133.4	1,277.8
c. Diesel Consumption while vehicle is under maintenance (GJ)	16.1	16.4
Value of work completed (\$'000)	1,715	2,187
Energy Intensity (GJ/\$'000)	0.742	0.643
Scope1 Emissions² (tonnes of CO₂e)	85.2	95.9
Scope 2 Emissions³ (tonnes of CO₂e)	14.4	13.0
GHG Emissions Intensity (tCO₂e/\$'000)	0.06	0.05

¹ Emission factor for electricity use is based on Singapore's Grid Emission Factor from Singapore Energy Statistics 2018.

² Emission factor taken from GHG Protocol, Emission Factors from Cross Sector Tools, March 2017.

³ Singapore's grid emission factor used, obtained from Singapore's Energy Statistics 2018.



ENVIRONMENTAL SUSTAINABILITY (CONT'D)

EFFLUENTS AND WASTE MANAGEMENT

Effluents and waste management is a material matter to AMH as we believe that it is our responsibility to be accountable for the waste we produce. AMH does not produce any hazardous waste from our operations nor experienced any significant spills. As shown in the figure below, we are proud to declare that all our non-hazardous waste, which consist of plastics and diesel oil, are disposed of by recycling. We reduced our plastic waste generation and correspondingly, amount recycled in FY2018 from FY2017 has decreased. However, resulting from increased operations, diesel waste oil generated and disposed in FY2018 is slightly more as compared to FY2017.

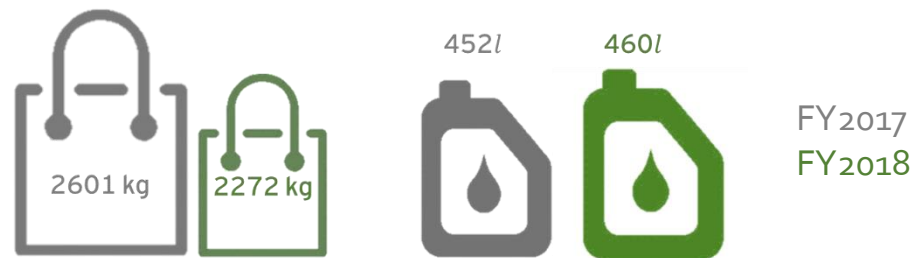


Figure 2. Amount of plastic and diesel oil disposed of, by recycling

AMH is sensitive to our impacts on the environment in the area of effluents and waste management. Our plastic waste is created as a by-product of our plastic packaging production, and is subsequently sold to external vendors as scrap for recyclables. We are careful to ensure that the diesel waste oil that is a by-product of our operations is not emptied into the drain but reused as a lubricant for vehicles, or passed on to our repair and maintenance workshop to be disposed of in a considered manner.

AMH will continue to ensure our waste produced is recycled as far as possible.

OUR EMPLOYEES



PROFILE OF OUR WORKFORCE

AMH is supported by 16 permanent employees who work full-time. Our employees consist of 9 male and 7 female employees, as shown in the figures below. There was no movement in headcount in FY2018. Our employees can be broken down into 3 employee categories: Management, Office staff and Production staff.

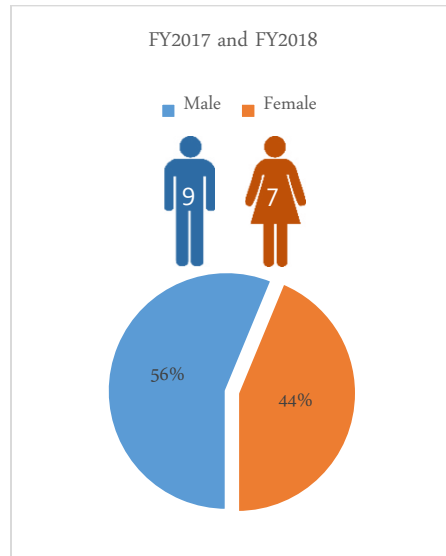


Figure 3: AMH employees, breakdown by gender

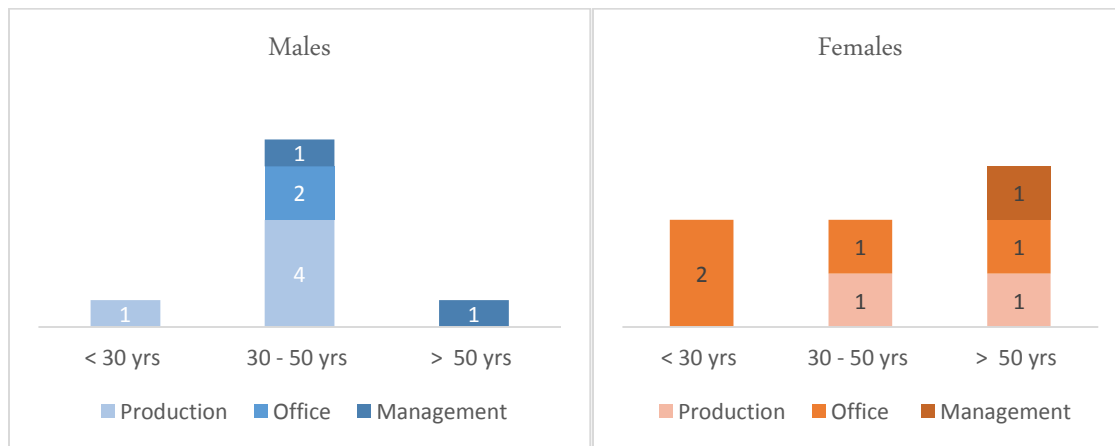


Figure 4: AMH employees, breakdown by age, gender and employee category

OUR EMPLOYEES (CONT'D)



OCCUPATIONAL HEALTH AND SAFETY

Employee health and safety is of utmost importance to AMH. We believe that a healthy workforce is key to our operations and we strive to create a safe and healthy working environment for all our employees. Guided by our Health and Safety Policy that is signed off by our CEO, our approach involves a systematic and continuous focus on hazard recognition and mitigation. It recognises the crucial role both employers and employees have to play in protecting the health and safety of our workforce. Two of our employees have attained the Workplace Safety and Health (“WSH”) Council’s bizSAFE Star certification, and are in charge of conducting an annual risk assessment to identify potential occupational health and safety risks at AMH.

AMH’s main occupational safety risks occur during the transport of CNG. As CNG is odourless and stored at high pressure, any undetected gas leak in an enclosed space is a potential fire hazard. CNG is therefore odourised before distribution. AMH has implemented safety operating procedures and makes use of built-in safety features such as a safety hook for the connecting and disconnecting of CNG trailers. Our production sites are equipped with fire safety equipment comprising a fire hose, hydrant and extinguisher. Employees are also required to wear safety shoes in production facilities at all times.

Another occupational safety risk lies with the delivery of CNG. Our safety prevention measures start at the hiring of drivers. AMH employs experienced drivers with zero demerit points on their driving record, and assesses their attitude towards safety during their interviews. As our CNG delivery drivers work alone, we have developed a messaging system for them to report on their delivery status periodically to ensure they are accounted for in any instance of an unfortunate event. Furthermore, we are fully aware that drivers may resort to speeding in order to complete more deliveries. To counter this, our drivers are paid a fixed monthly salary that is not dependent on the number of trips they make. There is also a 60km/h speed lock on our delivery vehicles, which are inspected at least once a year.

AMH is proud to report that we have achieved a zero fatality/injury cases, occupational disease and lost day rate in FY2017 and FY2018. In both years, we have consistently maintained a relatively low employee absentee rate⁴.



Figure 5: Summary of AMH occupational health and safety performance

AMH has been awarded bizSAFE level STAR safety certification and aims to maintain its zero-incident target. We are committed to improve on our occupational health and safety initiatives and conduct regular reviews of our programmes, processes, risk assessments and controls. Towards this end, we have engaged a safety consultant to carry out a monthly on-site inspection and advise us on workplace safety matters.

⁴ Absentee rate is calculated by: Total days of absence/Total scheduled working days, reported in percentage.



OUR EMPLOYEES (CONT'D)

TALENT MANAGEMENT AND DEVELOPMENT

AMH firmly believes in nurturing our employees to reach their fullest potential. This is especially important given our relatively lean manpower base. New hires are paired with a more senior employee to learn the ropes, which facilitates establishing a direct mentor for new hires and helps them to better assimilate into our company. AMH also makes it a point to communicate to our employees about their work benefits and entitlements. To this end, we have created a staff handbook which employees can refer to for such information.

AMH recognises the need for work-life balance and we understand that our employees may have significant family and other commitments outside of work. We have, thus, recently introduced a flexible working hours scheme for our office staff, giving them greater autonomy over their working schedules. As the scheme is still in its infancy, AMH will continue to review and improve upon it by taking into consideration the feedback of our employees.

Due to the varied nature of our employees' job scopes, AMH does not have a fixed employee training programme. Our training philosophy and policy, which is similarly signed off by our CEO, spells out the Company's dedication to training and developing our employees with ongoing acquisition of skills and knowledge. To encourage skills upgrading, we send our employees for relevant external training workshops and certifications that are related to their job scope as well as provide them with in-house training conducted by our HR department. An in-house certificate may be issued to these employees who have completed the in-house training. Two of our employees, who are in charge of risk assessment, have attained BCA Level 2 certification for basic electrical maintenance, WSH bizSAFE Star and OHSAS 18000 certifications. In line with government regulations, our drivers also receive training and attend the Hazmat Transport Driver Permit (HTDP) course once every two years in order to be able to transport hazardous materials.

AMH is committed to the welfare and development of our employees and will continue to strive towards achieving greater employee satisfaction. We target to have all our employees attend at least one training programme a year.

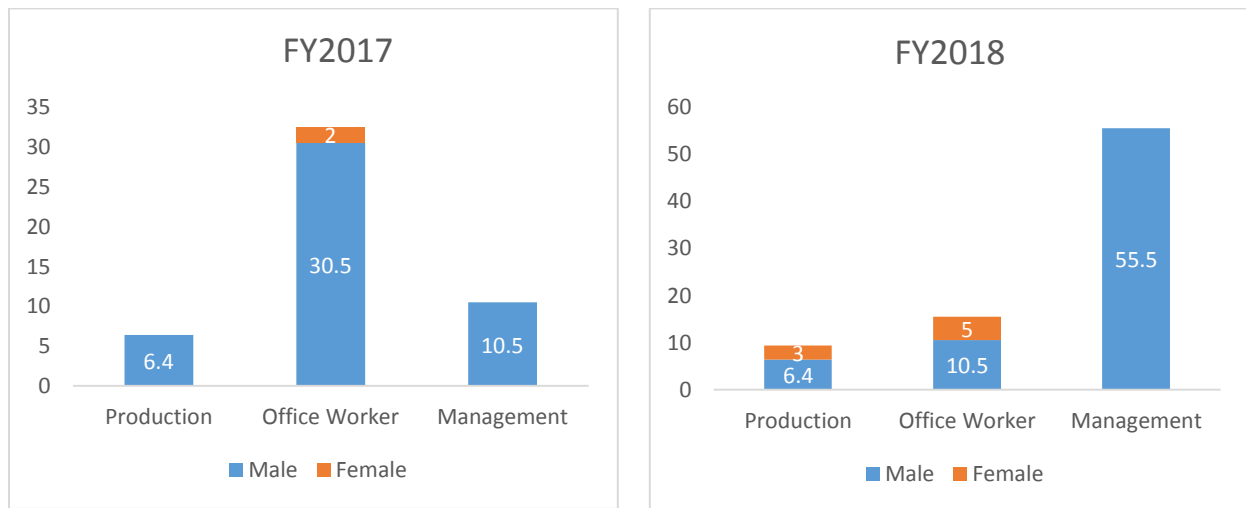


Figure 6. Average Training Hours received by our employees



GRI CONTENT INDEX

GRI Standard Disclosure	Description	Section of Report	Page Ref.
GRI 102: General Disclosures 2016			
Organisational profile			
102-1	Name of the organisation	About Asian Micro Holdings Limited	2
102-2	Activities, brands, products, and services	About Asian Micro Holdings Limited	2
102-3	Location of headquarters	About Asian Micro Holdings Limited	2
102-4	Location of operations	About Asian Micro Holdings Limited	2
102-5	Ownership and legal form	About Asian Micro Holdings Limited	2
102-6	Markets served	About Asian Micro Holdings Limited	2
102-7	Scale of the organisation	About Asian Micro Holdings Limited	2
102-8	Information on employees and other workers	Our Employees: Profile of our Workforce	9
102-9	Supply chain	About Asian Micro Holdings Limited	2
102-10	Significant changes to the organisation and its supply chain	N.A. as it is the first year of reporting	
102-11	Precautionary Principle or approach	AMH does not specifically refer to the Precautionary Principle when managing risk. However, risk-based consideration is taken in all risk management practices.	
102-12	External initiatives	None	N.A.
102-13	Membership of associations	None	N.A.
Strategy			
102-14	Statement from senior decision-maker	Statement from Board	1
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behavior	We are committed to maintain high standards of corporate governance.	N.A.
Governance			
102-18	Governance structure	Sustainability Approach	5
Stakeholder engagement			
102-40	List of stakeholder groups	Stakeholder Engagement	3
102-41	Collective bargaining agreements	None of our employees are covered by collective bargaining agreements.	
102-42	Identifying and selecting stakeholders	Stakeholder Engagement	3
102-43	Approach to stakeholder engagement	Stakeholder Engagement	3
102-44	Key topics and concerns raised	Stakeholder Engagement	3
Reporting practice			
102-45	Entities included in the consolidated financial statements	Please refer to Annual Report	
102-46	Defining report content and topic Boundaries	Introduction: About the report	2
102-47	List of material topics	Materiality Assessment	4
102-48	Restatements of information	N.A. as it is the first year of reporting	
102-49	Changes in reporting	N.A. as it is the first year of reporting	
102-50	Reporting period	About the report	2
102-51	Date of most recent report	N.A. as it is the first year of reporting	
102-52	Reporting cycle	Annual	
102-53	Contact point for questions regarding the report	About the report	2
102-54	Claims of reporting in accordance with the GRI Standards	About the report	2
102-55	GRI content index	GRI Content Index	12-14
102-56	External assurance	About the report	2
Topic-specific GRI Standard Disclosures			
GRI 103: Management Approach 2016			
GRI 307: Environmental Compliance 2016			
GRI 419: Socioeconomic Compliance 2016			



GRI CONTENT INDEX (CONT'D)

GRI Standard Disclosure	Description	Section of Report	Page Ref.
103-2	The management approach and its components	Compliance with Laws and Regulations	6
103-3	Evaluation of the management approach	Compliance with Laws and Regulations	6
307-1	Non-compliance with environmental laws and regulations	Compliance with Laws and Regulations	6
419-1	Non-compliance with laws and regulations in the social and economic area	Compliance with Laws and Regulations	6
GRI 103: Management Approach 2016			
GRI 302: Energy 2016			
103-1	Explanation of the material topic and its Boundary	Energy Usage and Associated GHG Emissions	7
103-2	The management approach and its components	Energy Usage and Associated GHG Emissions	7
103-3	Evaluation of the management approach	Energy Usage and Associated GHG Emissions	7
302-1	Energy consumption within the organisation	Energy Usage and Associated GHG Emissions	7
302-3	Energy intensity	Energy Usage and Associated GHG Emissions	7
GRI 103: Management Approach 2016			
GRI 305: Emissions 2016			
103-1	Explanation of the material topic and its Boundary	Energy Usage and Associated GHG Emissions	7
103-2	The management approach and its components	Energy Usage and Associated GHG Emissions	7
103-3	Evaluation of the management approach	Energy Usage and Associated GHG Emissions	7
305-2	Energy indirect (Scope 2) GHG emissions	Energy Usage and Associated GHG Emissions	7
305-4	GHG emissions intensity	Energy Usage and Associated GHG Emissions	7
GRI 103: Management Approach 2016			
GRI 306: Effluents and Waste 2016			
103-1	Explanation of the material topic and its Boundary	Effluents and Waste Management	8
103-2	The management approach and its components	Effluents and Waste Management	8
103-3	Evaluation of the management approach	Effluents and Waste Management	8
306-2	Waste by type and disposal method	Effluents and Waste Management	8
306-3	Significant spills	Effluents and Waste Management	8
GRI 103: Management Approach 2016			
GRI 403: Occupational Health and Safety 2016			
103-1	Explanation of the material topic and its Boundary	Occupational Health and Safety	10
103-2	The management approach and its components	Occupational Health and Safety	10
103-3	Evaluation of the management approach	Occupational Health and Safety	10
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Occupational Health and Safety	10
GRI 103: Management Approach 2016			
GRI 404: Training and Education 2016			
103-1	Explanation of the material topic and its Boundary	Talent Management and Development	11
103-2	The management approach and its components	Talent Management and Development	11
103-3	Evaluation of the management approach	Talent Management and Development	11
404-1	Average hours of training per year per employee	Talent Management and Development	11