

PIPING SYSTEM PTE. LTD.

SUSTAINABILITY PERFORMANCE WITH STAKEHOLDERS

1. Introduction

Piping System Pte. Ltd. (hereinafter referred to as "the Company") recognizes that sustainable business practices are inherently linked to the interests and expectations of its diverse stakeholders. This document outlines the Company's approach to managing, measuring, and communicating sustainability performance in collaboration with stakeholders, ensuring transparency, accountability, and collective progress toward shared environmental, social, and governance (ESG) goals.

2. Definition and Scope of Sustainability Performance

Sustainability performance refers to the Company's progress in achieving ESG objectives, which are integral to long-term business success and societal well-being. It encompasses measurable outcomes and impacts across three core pillars:

- **Environmental:** Actions and results related to resource conservation, emissions reduction, waste management, and ecosystem protection.
- **Social:** Efforts and achievements in fostering employee well-being, supporting community development, ensuring ethical labor practices, and promoting diversity and inclusion.
- **Governance:** Adherence to ethical standards, transparency in decision-making, compliance with laws and policies, and effective risk management.

This framework applies to all Company operations, including design, manufacturing, installation, and maintenance of piping systems, as well as interactions with employees, customers, suppliers, communities, shareholders, and regulatory bodies.

3. Key Performance Metrics and Targets

To effectively track sustainability performance, the Company has established a set of key metrics aligned with international standards, such as the Global Reporting Initiative (GRI) Standards and the United Nations Sustainable Development Goals (SDGs). These metrics are regularly reviewed and updated in consultation with stakeholders to ensure relevance and ambition.

3.1 Environmental Metrics

- **Greenhouse Gas (GHG) Emissions:** Measurement and reduction of scope 1 (direct emissions from owned or controlled sources), scope 2 (indirect emissions from purchased

energy), and scope 3 (other indirect emissions from the value chain) emissions. Annual target: Reduce total GHG emissions by [X]% by [Year].

- **Water Consumption:** Monitoring of water usage in manufacturing and operational processes. Annual target: Achieve a [X]% reduction in water intensity (per unit of production) by [Year].
- **Waste Management:** Tracking of total waste generated, recycling rates, and hazardous waste disposal. Annual target: Increase recycling rate to [X]% and reduce hazardous waste by [X]% by [Year].
- **Energy Efficiency:** Measurement of energy consumption and implementation of efficiency improvements. Annual target: Reduce energy intensity by [X]% by [Year] through technology upgrades and process optimization.
- **Compliance:** Percentage of environmental regulatory requirements met. Target: Maintain 100% compliance with applicable environmental laws and permits.

3.2 Social Metrics

- **Employee Welfare:** Employee turnover rate, training hours per employee, and health and safety incident frequency rate (number of incidents per 100,000 work hours). Targets: Reduce turnover to [X]%, achieve [X] training hours per employee annually, and maintain an incident rate below [X] by [Year].
- **Community Investment:** Financial and in-kind contributions to community projects as a percentage of annual revenue. Target: Allocate [X]% of revenue to community initiatives by [Year].
- **Stakeholder Satisfaction:** Regular surveys to measure satisfaction among employees, customers, and community members. Target: Achieve an average satisfaction score of [X]/10 across all stakeholder groups by [Year].
- **Diversity and Inclusion:** Representation of women and underrepresented groups in leadership positions and overall workforce. Target: Ensure [X]% of leadership roles are held by women and [X]% by underrepresented groups by [Year].

3.3 Governance Metrics

- **Anti-Corruption Compliance:** Number of reported violations of the Company's Anti-Corruption Policy and completion rate of anti-corruption training. Target: Zero substantiated violations and 100% employee training completion annually.
- **Grievances Mechanism Effectiveness:** Average time to resolve stakeholder grievances and resolution rate. Target: Resolve 90% of grievances within 30 business days by [Year].
- **Board Diversity:** Percentage of independent directors and directors from diverse backgrounds. Target: Ensure [X]% of the Board comprises independent directors and [X]% represent diverse backgrounds by [Year].

4. Stakeholder Engagement in Performance Monitoring

The Company actively involves stakeholders in monitoring sustainability performance to ensure alignment with their expectations and leverage collective expertise. Engagement mechanisms include:

4.1 Regular Stakeholder Forums

Bi-annual forums bring together representatives from employees, customers, suppliers, local communities, non-profit organizations, and shareholders. These forums:

- Review progress against sustainability targets and metrics.
- Discuss emerging ESG trends and challenges (e.g., climate change impacts, evolving labor standards).
- Gather input on prioritizing future sustainability initiatives.
- Facilitate dialogue on how stakeholders can collaborate to drive improvement.

4.2 Supplier Collaboration

Suppliers play a critical role in the Company's sustainability performance. The Company engages with suppliers through:

- Annual sustainability assessments to evaluate their adherence to environmental and social standards.
- Workshops and training sessions on sustainable practices (e.g., waste reduction, ethical labor management).
- Collaborative goal-setting, such as joint targets for reducing emissions in the supply chain.
- Recognition programs for suppliers demonstrating excellence in sustainability.

4.3 Community Feedback Sessions

Quarterly meetings with community leaders, residents near operational sites, and local non-profits focus on:

- Evaluating the impact of community projects (e.g., educational initiatives, infrastructure improvements).
- Identifying unmet needs and priorities for future community investment.
- Addressing concerns related to the Company's operations (e.g., noise, traffic, environmental impacts).
- Co-developing solutions to local challenges, such as job creation or environmental conservation.

4.4 Employee Engagement

Employees are key contributors to sustainability performance. The Company engages employees through:

- Semi-annual surveys to gather feedback on workplace culture, safety, and sustainability initiatives.
- Sustainability committees with employee representatives from across departments to provide input on strategy.
- Training programs to build awareness and skills in sustainable practices (e.g., energy conservation, waste reduction).
- Incentive schemes for employees who propose and implement sustainability improvements.

4.5 Customer Engagement

Customers are consulted to ensure sustainability efforts align with their needs through:

- Focus groups and surveys to understand customer priorities (e.g., eco-friendly products, ethical sourcing).
- Transparent communication about the sustainability features of products and services.
- Collaboration on joint sustainability projects, such as reducing the environmental impact of product installation or maintenance.

5. Transparent Reporting of Sustainability Performance

The Company is committed to transparent communication of sustainability performance to stakeholders, ensuring accountability and fostering trust. Reporting mechanisms include:

5.1 Annual Sustainability Report

A comprehensive report published each year that:

- Discloses quantitative data on all key metrics, comparing performance against annual targets and historical trends.
- Includes qualitative case studies highlighting successful initiatives (e.g., a community training program, an energy efficiency project).
- Addresses shortfalls and explains corrective actions being implemented.
- Outlines future targets and strategies for improving sustainability performance.
- Is prepared in accordance with GRI Standards to ensure consistency and comparability.

5.2 Quarterly Updates

Brief, accessible updates shared via the Company's website, social media channels, and stakeholder newsletters. These updates highlight:

- Key milestones achieved (e.g., meeting a waste reduction target, completing a community project).
- Significant challenges and progress in addressing them.
- Upcoming initiatives and opportunities for stakeholder involvement.

5.3 Interactive Online Platforms

A dedicated section on the Company's website provides real-time access to select sustainability metrics, including:

- Energy and water consumption data.
- Greenhouse gas emissions.
- Employee volunteer hours.
- Community investment totals.

This platform allows stakeholders to track progress continuously and engage with the data through interactive visualizations.

5.4 Stakeholder-Specific Reporting

Tailored reports for specific stakeholder groups, such as:

- Investors: Detailed ESG performance data to support responsible investment decisions.
- Regulators: Compliance reports on environmental and labor standards.
- Communities: Impact assessments of local projects and initiatives.

6. Collaborative Improvement Strategies

The Company leverages stakeholder input to drive continuous improvement in sustainability performance through the following strategies:

6.1 Action Plans Informed by Stakeholder Feedback

Input from forums, surveys, and feedback mechanisms is integrated into annual sustainability action plans. For example:

- If customers express a preference for recyclable packaging, the Company will research and implement sustainable alternatives, with clear timelines and targets.
- If employees identify safety gaps, the Company will revise training programs and update equipment to address concerns.

6.2 Partnerships for Innovation

The Company collaborates with external partners to develop innovative solutions to sustainability challenges:

- **Academic Institutions:** Joint research projects on energy-efficient piping materials or waste reduction technologies.
- **Industry Associations:** Participation in sector-wide initiatives to set sustainability standards for the piping industry.
- **Non-Profit Organizations:** Partnerships to scale community impact, such as a joint program to provide clean water access in underserved areas.

6.3 Capacity Building for Stakeholders

The Company supports stakeholders in enhancing their own sustainability capabilities:

- Providing training to suppliers on sustainable manufacturing practices.
- Funding workshops for community groups on environmental conservation or small business development.
- Offering employees opportunities to develop skills in sustainability through certifications and professional development programs.

6.4 Continuous Review of Metrics and Targets

Stakeholders are involved in annual reviews of sustainability metrics and targets to ensure they remain relevant, ambitious, and aligned with evolving global standards and local needs. This may involve adding new metrics (e.g., tracking circular economy practices) or adjusting targets based on technological advancements or stakeholder priorities.

7. Responsibility and Accountability

7.1 Oversight

The Company's CSR Committee, comprising representatives from senior management, operations, human resources, and sustainability teams, is responsible for overseeing sustainability performance with stakeholders. The Committee:

- Monitors progress against metrics and targets.
- Ensures stakeholder engagement activities are effective and inclusive.
- Reports to the Board of Directors on sustainability performance and stakeholder feedback.

7.2 Resources

The Company allocates sufficient financial, human, and technological resources to support stakeholder engagement and sustainability performance tracking, including:

- Funding for stakeholder forums and community events.
- Investment in data management systems to collect and analyze sustainability metrics.
- Training for staff involved in stakeholder engagement and reporting.

7.3 Consequences for Non-Compliance

Failure to meet sustainability targets or engage stakeholders effectively is addressed through:

- Root-cause analysis to identify barriers to performance.
- Adjustments to strategies and resource allocation.
- Accountability measures for responsible managers, including performance reviews tied to sustainability goals.

8. Conclusion

Piping System Pte. Ltd. is committed to working collaboratively with stakeholders to drive meaningful and measurable improvements in sustainability performance. By engaging stakeholders in monitoring, reporting, and improvement efforts, the Company aims to build trust, enhance resilience, and contribute to a more sustainable future for all. This approach ensures that sustainability remains a shared journey, with each stakeholder playing a vital role in achieving collective success.

Approved by:

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Piping System Pte. Ltd.

