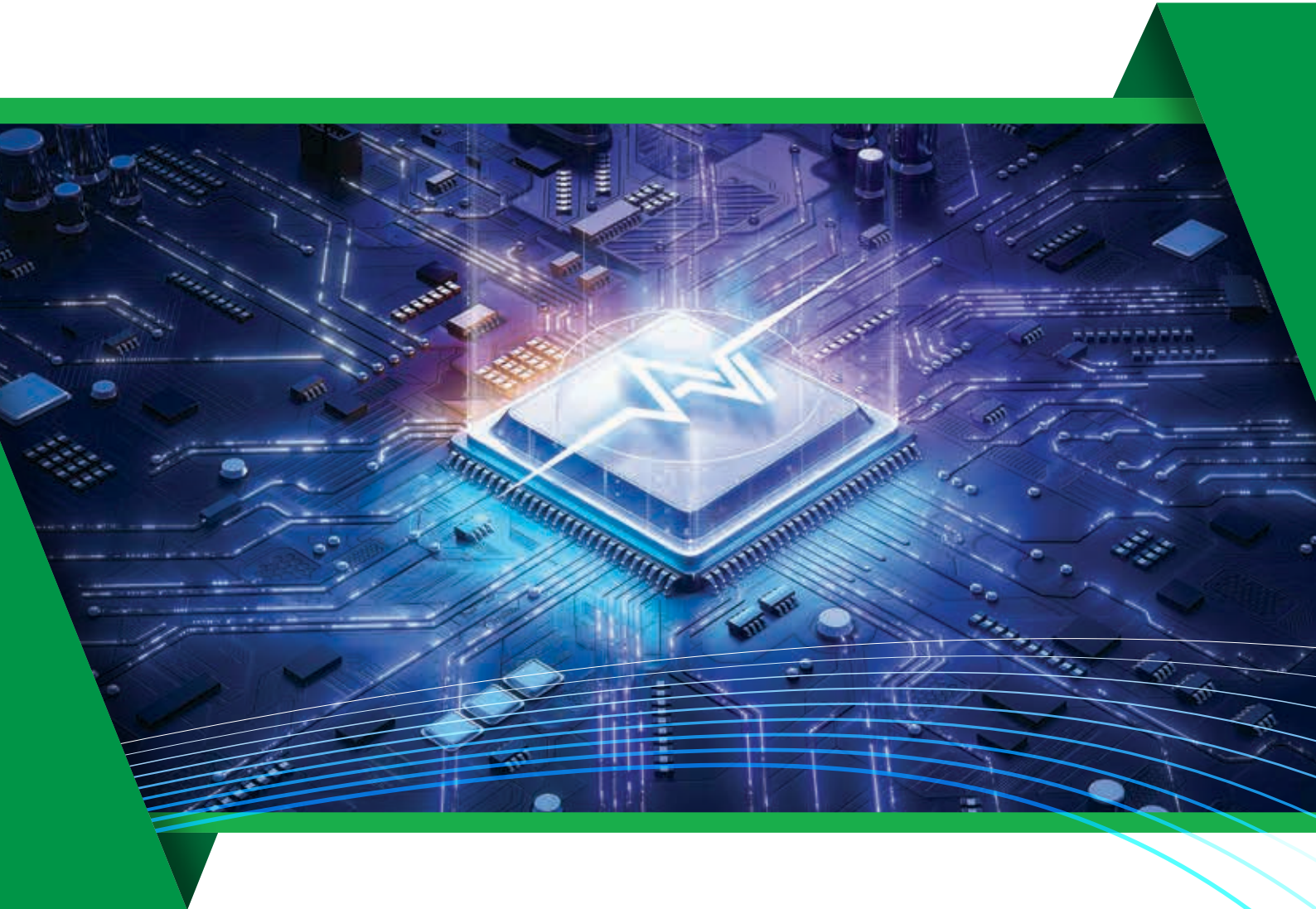




AVI-TECH HOLDINGS LIMITED

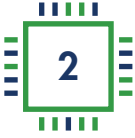


FUTURE-FOCUSED SOLUTIONS

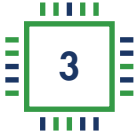
SUSTAINABILITY REPORT 2023



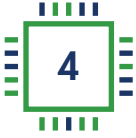
CONTENTS



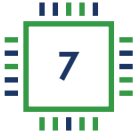
ABOUT AVI-TECH



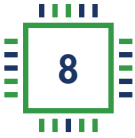
OUR REPORTING PRACTICES



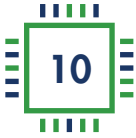
GOVERNANCE



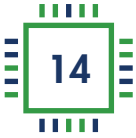
SUSTAINABILITY STRATEGY AND APPROACH



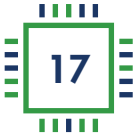
STAKEHOLDER ENGAGEMENT



MATERIALITY



CLIMATE



ENVIRONMENTAL



SOCIAL



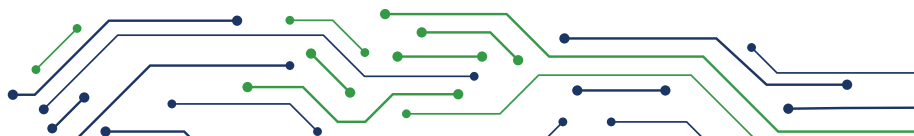
COMMUNITY



PERFORMANCE AND TARGETS

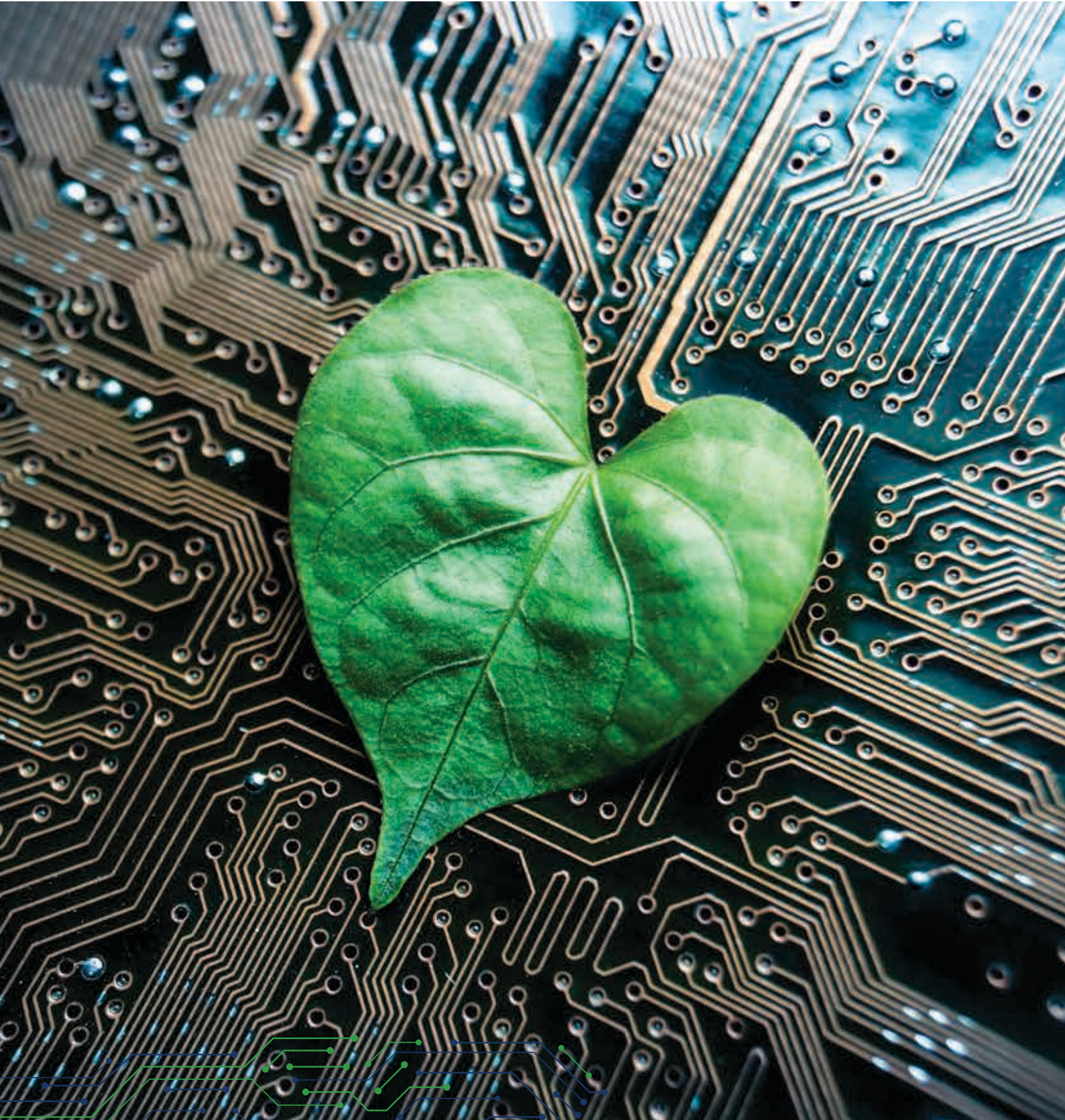


GRI CONTENT INDEX



SUSTAINABILITY REPORT

We are pleased to present Avi-Tech Holdings Limited (“**Avi-Tech**” or the “**Group**”)’s annual Sustainability Report (“**Report**”), which offers an overview of our key sustainability issues, management approach, and Environmental, Social, and Governance (“**ESG**”) policies, practices, and performance.



ABOUT AVI-TECH

Avi-Tech Electronics Limited (now renamed as Avi-Tech Electronics Pte. Ltd.) was incorporated in Singapore in 1981 and listed on the Main Board of the Singapore Exchange Securities Trading Limited in 2007. Following the successful completion of our corporate restructuring exercise in December 2021, Avi-Tech is our listed entity with Avi-Tech Electronics Pte. Ltd. as our wholly owned subsidiary. Our other wholly owned subsidiaries include Avi-Tech Electronics (Suzhou) Limited and AVT Connect Pte. Ltd.

The Group's core business is in the provision of burn-in, manufacturing and printed circuit board assembly ("**PCBA**") and engineering services for semiconductors, electronics, life sciences and other emerging industries. Our headquarters is in Singapore, and we have established market presence in Malaysia, Thailand, Vietnam, the Philippines, Taiwan, the People's Republic of China, Japan, the United States of America and Europe to support our global customers. Presently, we have 137 employees in Singapore and 7 employees overseas, all to support our diverse customer base.



OUR REPORTING PRACTICES

STANDARDS AND DISCLOSURES

- Global Reporting Initiative (“GRI”) Standards

This Report has been prepared with reference to the GRI 2021 Universal Standards, an internationally recognised sustainability reporting framework that provides comprehensive guidance for businesses to communicate their impacts on people and the planet in a global common language. The GRI Content Index included in this Report indicates the location of all relevant disclosures within the Report.

Additionally, we have applied the eight fundamental reporting principles outlined in the GRI Standards. These principles encompass sustainability context, accuracy, balance, clarity, comparability, completeness, timeliness, and verifiability to ensure transparency and reliability.

- SGX Listing Rules 711A and 711B

This Report is issued pursuant to SGX Listing Rules 711A and 711B, with the inclusion of the primary components in our annual sustainability reporting on a ‘comply or explain’ basis.

- Task Force on Climate-related Financial Disclosures (“TCFD”)

Avi-Tech is committed to developing a climate action strategy, aligned with the recommendations of the TCFD. We have taken the initial steps by implementing the guidelines provided, and we will continue to enhance our in-house capabilities for climate reporting. These proactive measures will not only advance our sustainability efforts but also enable us to effectively manage our climate-related risks and opportunities.

REPORTING PERIOD

We are committed to undertaking an annual sustainability report. This Report covers our management approach, ESG policies, practices, and performance for the reporting period from 1 July 2022 to 30 June 2023 (“FY2023”).

REPORTING SCOPE

The scope of this Report primarily focuses on the ESG performance of Avi-Tech’s business operations in Singapore and excludes overseas operations unless otherwise specified. As part of our commitment to transparency and continuous improvement, we are dedicated to progressively broadening our reporting scope to encompass our overseas entities, providing more comprehensive information and data in future reports. This expansion will enable us to present a holistic view of our sustainability efforts across all of our operations.

CONTACT

We value your feedback, views, and suggestions concerning this Report. Please share your input with us at ir@avi-tech.com.sg.

RESTATEMENTS

There were no restatements of figures or information disclosed in the FY2022 Sustainability Report.

ASSURANCE

This Report has not undergone external assurance. However, we have conducted an internal review of our FY2023 sustainability reporting processes, relying on our internal verification mechanisms to ensure the accuracy of the data presented. The Report also underwent an internal review supervised by the Internal Audit function, pursuant to SGX Listing Rule 711B(3). All information has been disclosed voluntarily and in good faith.

GOVERNANCE

Our Board and Management are dedicated to enhancing shareholder value by maintaining high standards of corporate governance, professionalism, integrity, and commitment at all levels. We have strong internal controls and risk management systems in place to support these principles. Our corporate governance practices, including compliance with the Code of Corporate Governance 2018, (the “Code”), are outlined in the “Corporate Governance Report” section of our Annual Report. Where we deviate from any provisions of the Code, we provide reasons and explanations for adopting alternative practices consistent with the relevant principle’s intent.

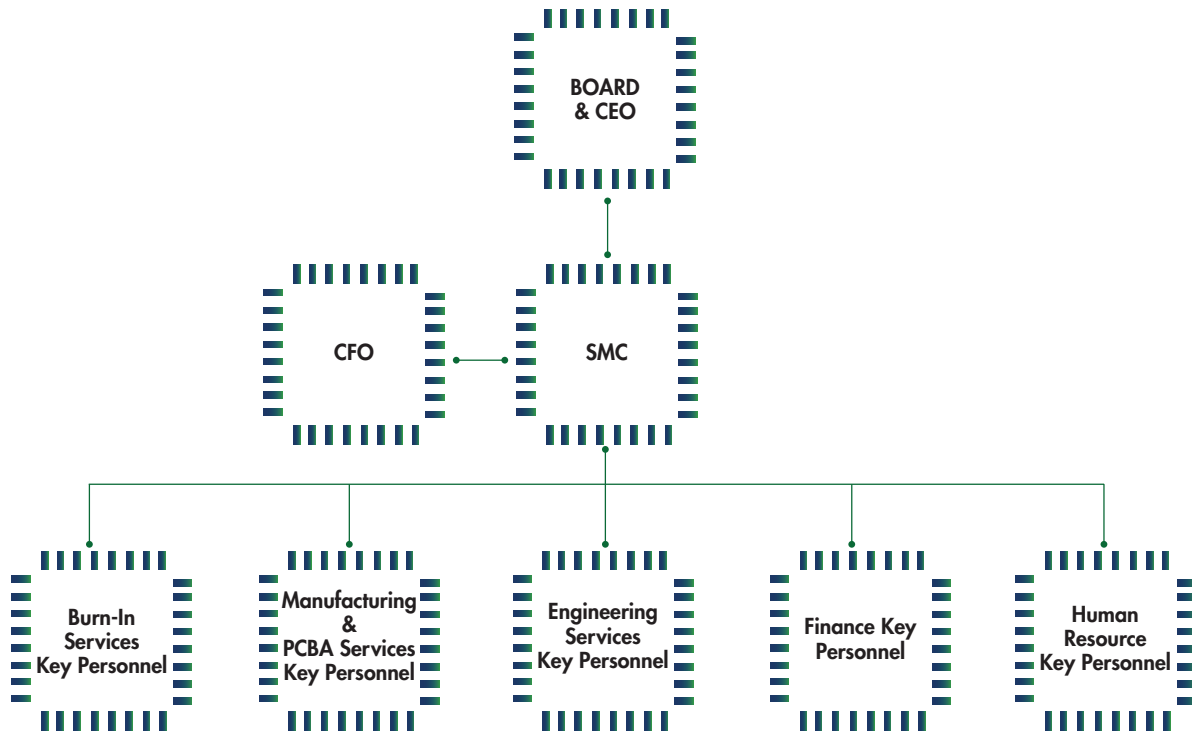
Furthermore, to strengthen their role in promoting sustainability compliance and strategy, each member of the Board of Directors has undergone ESG-related training approved by the SGX. This training reinforces their understanding and effectiveness in driving sustainability practices and value creation through ESG initiatives.

BOARD STATEMENT

The Board holds ultimate responsibility for this Report, ensuring its compliance with SGX-ST guidelines on corporate governance and sustainability reporting. It also has the overarching responsibility for guiding management in formulating the sustainability strategy and identifying and endorsing the material ESG factors to be included in the Report. The Board has considered sustainability issues in Avi-Tech’s business and strategy, determined the material ESG factors presented in this Report, oversees the management and monitoring of the material ESG factors and determines the Group’s response to the associated risks and opportunities.

GOVERNANCE STRUCTURE

The Board receives support from the Sustainability Management Committee (“SMC”), led by the Chief Financial Officer (“CFO”) and comprised of senior management executives, which formulates and implements sustainability strategies, sets targets and reviews ESG performance. Employees across all business units actively participate in the ESG data collection and the day-to-day implementation of sustainability efforts. The SMC worked with the relevant employees to finalize the Report, which was subsequently presented to the Board for their approval where the Board holds ultimate responsibility for this report as stated in the Board Statement.



GOVERNANCE

ETHICS AND COMPLIANCE OVERVIEW

To safeguard our corporate reputation and stakeholder relationships, we have in place our Business Ethics Policy which covers the protection of intellectual property, privacy, fair business and competition, whistleblowing and protection against retaliation, management of conflict of interest and other misconduct such as bribery and corruption and a range of specific policies addressing issues such as responsible sourcing of minerals. In addition, the Group has issued policies on disclosure of information regarding business activities, structure, financial situation and performance which are to be disclosed in accordance with applicable regulations and prevailing industry practices. For example, Directors and all key personnel are not to deal in the Group's shares during blackout periods or when they are in possession of material unpublished/price-sensitive information which may breach the rules against insider trading.

INTELLECTUAL PROPERTY, DATA PROTECTION AND CUSTOMER PRIVACY

The protection of intellectual property is vital for any business focused on the creation of innovative and high-value technological solutions. Any failure in this regard could have profound consequences, for example, on the value of our customers' and business partners' inventions and products, as we necessarily access and work with customers' intellectual property and/or commercial and technological secrets. This requires a high degree of trust on the part of our customers, whose business we would lose were this trust to be broken.

We ensure that all intellectual property is adequately safeguarded through the application of:

- related restrictive provisions in both our Business Ethics Policy and our contracts of employment;
- robust information technology systems to prevent data leakage; and
- access controls to specific project data for employees and third parties

In FY2023, we received no complaints relating to the misuse of customers' intellectual property, losses of customer data or breaches of customer privacy.

CUSTOMER STANDARDS COMPLIANCE

Maintaining our customers' trust depends on our strict adherence to their exacting technical, commercial and ethical requirements, protection of both our own intellectual property and that of our customers and business partners, which is fundamental given the technologically innovative nature of our business and the need for full compliance with prevailing laws. Any breach of trust or of our legal obligations would have the potential to seriously compromise our business in terms of the loss of valuable commercial relationships and/or the undermining of our reputation.

As a supplier of total solutions for burn-in services, manufacturing and PCBA services, and engineering services to the semiconductor, electronics, life sciences and other emerging industries, we are subject to a significant body of technical, legal and quality control requirements. In many cases, our compliance with these requirements is included as a contractual condition with our customers, making our strict adherence essential. This is particularly the case with respect to the technical specifications and quality of our highly sophisticated products. Any slight variations in this respect are not only likely to render them valueless from the perspective of our customers, but also has the potential to undermine our customers' own products.

As such, we put significant efforts into understanding our customers' extensive requirements and applying comprehensive management systems to ensure that these are fully met. These include, for example an extensive set of operational quality control measures to which we strictly adhere; regular business reviews with our customers to understand their current and future capabilities and requirements; and our own ongoing audits against the following management system standards:

- ISO 9001 (quality management system standard)
- ISO 14001 (environmental management system standard)
- ISO 13485 (quality management system for medical devices standard)

We also align our PCBA manufacturing with international standards through our adherence to IPC standards, a vital practice that is critical for both the manufacturing and maintenance aspects within the electronic manufacturing industry.

GOVERNANCE

Similarly, our customers typically apply their own set of compliance measures to ensure that we are meeting their requirements. This includes auditing, inter alia, our management systems, processes and facility specifications, testing processes and documentation, and materials and product traceability.

We evaluate customer satisfaction with the quality and specifications of our products on an ongoing basis, using a mixture of individual reviews, analysis of customer complaints and customer surveys.

In FY2023, there were no incidents of non-compliance with customers standards.

LEGAL AND SOCIO-ECONOMIC COMPLIANCE

As with all companies, it is incumbent on us to comply with the applicable laws of the countries in which we operate. This may require increased management if we extend our global presence into new jurisdictions. In this context, we seek professional assistance in the countries where we operate to ensure compliance with existing laws and regulations prevailing in those countries. We also regularly review the local legislation to keep our policies and employees updated with global compliance issues where appropriate.

In FY2023, we were not subject to any legal sanctions or fines for non-compliance with applicable laws.

HUMAN RIGHTS

Avi-Tech recognizes the responsibility to respect and protect the rights of our employees and support internationally accepted human rights principles and regulations. We abide by our Labor and Human Rights Policy which advocates, inter alia, freely chosen employment, child labor avoidance, compliance with local labor laws regarding working hours, wages and benefits, and humane treatment and non-discrimination of workers.

In FY 2023, we did not receive any reports of incidents of labor and human rights violations, forced labor or child labor.

ANTI-BRIBERY AND CORRUPTION

We take a zero-tolerance approach to bribery and corruption and are committed to acting with integrity in all our business dealings and relationships. In this context, we are subject to national anti-corruption laws, including the Prevention of Corruption Act 1960 of Singapore. Monitoring and enforcement procedures are in place to comply with anti-corruption laws. Our commitment in this respect is set out in our Business Ethics Policy, which addresses, inter alia, bribery, facilitation payments and gifts, and hospitality. Our Business Ethics Policy, which covers a Whistle-Blowing Programme enables staff of the Group and any other persons to raise concerns in confidence about possible improprieties in financial reporting or other matters such as suspected fraud, corruption, and dishonest practices. More information on the Whistle-Blowing Programme can be found in the Corporate Governance Report of our Annual Report.

We ensure that all employees, both new and existing, receive training in the Business Ethics Policy during induction, comprehending its contents (which includes the anti-corruption policy), and undergoing an assessment. The Business Ethics Policy (which contains the anti-corruption policy) is communicated to all employees and Directors, and an annual reminder is sent to employees to highlight its importance. Additionally, existing employees have easy access to both the Business Ethics Policy and the Whistle-Blowing Programme. We also communicate our zero-tolerance approach to corruption to all suppliers, subcontractors and other service providers at the outset of our business relationship.

Our Finance department oversees the implementation of appropriate controls and procedures to monitor and prevent inappropriate forms of payment across all our locations. This includes, for example, duplicate or overpayments, and payment requests to third parties not associated with underlying transactions.

Were we to identify any suspected cases, these would be subject to internal (or, if necessary, external) investigations. Any confirmed cases of employee breaches of our Business Ethics Policy would result in disciplinary actions (including potential termination) and/or referral to the relevant law enforcement authorities. Any confirmed cases involving our business partners would result in the review and potential termination of our business relations.

In FY2023, we did not receive any reports of any corruption risks or cases of suspected or actual corruption. There were also no whistle-blowing reports received in FY2023.

We aim to maintain zero corruption and fraud incidents across Avi-Tech's core operations and ensure that we are not subject to any material legal sanctions or fines for non-compliance with applicable laws.

SUSTAINABILITY STRATEGY AND APPROACH

STATEMENT ON SUSTAINABLE DEVELOPMENT STRATEGY

At Avi-Tech, sustainable development is a core focus guiding our strategy and decisions. We manage our impacts on the economy, environment, and people, aiming to prevent negative effects and create positive outcomes. Our purpose, business strategy, and model align with sustainability objectives to drive responsible practices. Short and medium-term priorities are designed to address material issues and align with global sustainability goals. Our commitment to transparency includes reporting on performance and setting goals for the future. As we look ahead, our main challenges, goals, and targets are centered on enhancing environmental sustainability, promoting social inclusivity, and strengthening ethical governance practices.

SUSTAINABILITY APPROACH AND COMMITMENT

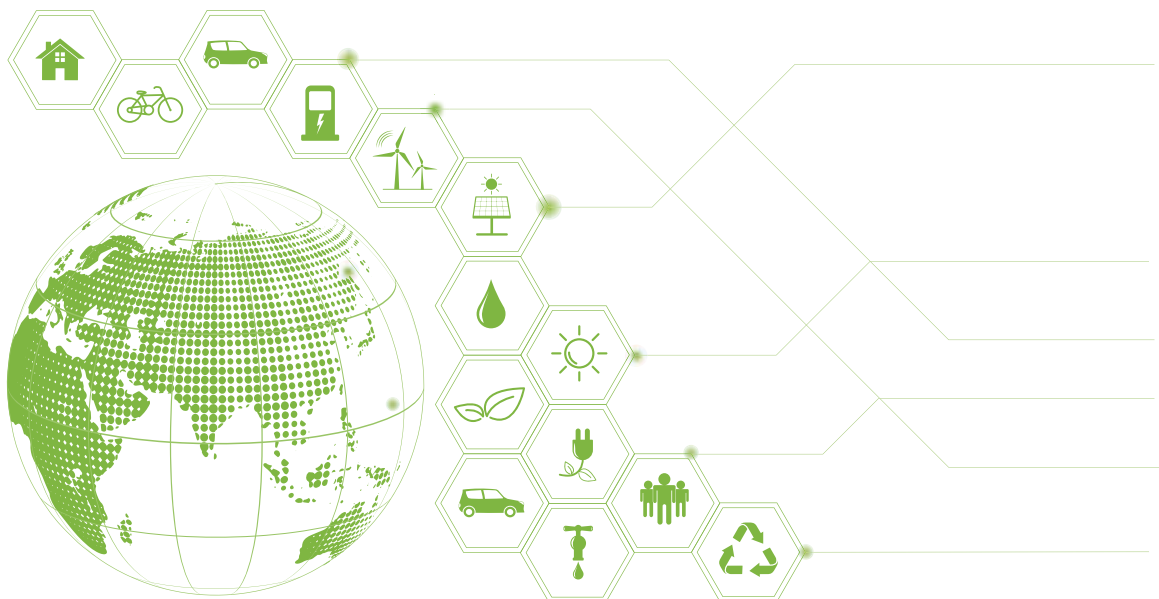
Our approach to managing sustainability is integrated into our business operations, policies and practices, demonstrated by the following:

Resource and Environmental: We prioritize resource conservation and environmental stewardship. Our commitment includes adopting energy-efficient practices and promoting waste reduction and recycling across all aspects of our business. We aim to minimize our energy footprint for our operations and in our general office. Simultaneously, we actively strive to reduce waste generation and promote recycling in all areas of our operations. By implementing these strategies, we aim to minimize our environmental impact and contribute to a more sustainable future.

Customer-Centric Excellence: We place the customer at the heart of our operations, aiming to deliver products and services that consistently meet or exceed their requirements. Key elements of our customer-centric quality and standards compliance approach include customers satisfaction insights, product customization, quality standards compliance, post-sales support and continuous improvement.

Employee Development: We hold a strong commitment to developing our people, recognizing that they are our most valuable asset. We engage with our workforce to understand their aspirations and provide them with the necessary resources, support, and opportunities to flourish in their roles. Through continuous investment in employee development, we empower our staff to reach their full potential, contributing their skills and talents to drive our company's progress.

Robust Governance, Risk Management, and Sustainability: We uphold the principles of corporate governance and business ethics in accordance with established industry best practices, with the Board directly overseeing sustainability matters. Our enterprise risk management system includes ESG risks, including climate-related risks and opportunities, under the purview of the Board. We uphold transparency through practising compliance with laws, regulations, and the unwavering integrity in delivering products and services, underscored by our commitment to transparency through sustainability reporting. We also consistently report on our ESG performance, with reference to applicable and relevant international reporting standards.



STAKEHOLDER ENGAGEMENT

Stakeholder engagement is the cornerstone of our sustainability journey. Our stakeholders hold a keen interest in our business and significantly influence our operations, products, services, and strategies. They encompass our customers, business partners, suppliers, shareholders, employees, government/regulatory agencies, and the community.

We take a proactive approach to engage with our diverse stakeholders regularly and consistently through various communication channels. This engagement allows us to gain valuable insights into their expectations and concerns. By listening to their perspectives, we can make well-informed management decisions, shaping our business policies and strategies to ensure sustainable business growth and value for all stakeholders.

The details of our stakeholder engagement, including their expectations, concerns, and our responses, are elaborated below:

Stakeholders	Stakeholders Expectations and Concerns	Engagement Channels	How We Respond and Address Concerns
Customers	<ul style="list-style-type: none"> Quality Fast turnaround Pricing Technical expertise Ethical practices Workplace health and safety 	<ul style="list-style-type: none"> Regular dialogues, consultations and meetings Feedback and engagement sessions Project management committee meetings 	<ul style="list-style-type: none"> Implementing and maintaining quality control standards certifications such as ISO 9001, ISO 14001 and ISO 13485 Conducting regular training to build and improve skills Ensuring adherence to Workplace Health and Safety ("WHS") and Environment Health and Safety policies
Business Partners and Suppliers	<ul style="list-style-type: none"> Transparent and fair procurement and other business practices Compliance with terms and conditions of business contracts 	<ul style="list-style-type: none"> Regular communication and feedback through meetings, emails and phone discussions 	<ul style="list-style-type: none"> Communicating Avi-Tech's business policies Ensuring transparent business processes in the award of supply agreements
Shareholders	<ul style="list-style-type: none"> Consistent dividends Risk management when investing in new business Transparency in business strategy and operations Sustainable business growth Long-term shareholder value 	<ul style="list-style-type: none"> Investor relations ("IR") website which is updated with annual reports, financial announcements and other material information posted on SGXNET IR email alerts for investors to receive relevant news and developments Analysts' briefings/meetings to provide them with information to enable them to produce impartial and insightful reports for investors and the public at large Participation in investor conferences and roadshows Access to management through – Email – Annual general meetings ("AGM") 	<ul style="list-style-type: none"> Ensuring robust risk management and corporate governance Providing relevant and prompt disclosure on the Group's financial announcements and corporate developments Responding to investors' queries in a timely manner Engagement opportunities through AGMs, emails, investor meetings, conferences and roadshows

STAKEHOLDER ENGAGEMENT

Stakeholders	Stakeholders Expectations and Concerns	Engagement Channels	How We Respond and Address Concerns
Employees	<ul style="list-style-type: none"> Competitive remuneration Staff welfare and benefits Performance rewards Career growth and advancement Relevant training, professional and personal development Safe working environment Non-discriminatory practices 	<ul style="list-style-type: none"> Management-employee dialogue sessions Internal announcements Orientation sessions and on-boarding initiatives Feedback channels Performance appraisals Exit interviews 	<ul style="list-style-type: none"> Conducting employee engagement to understand employees' satisfaction towards the Group and benefits Maintaining employee feedback channels e.g., management dialogues, employee suggestion forms to improve environment and policies Maintaining a talent management programme Conducting ongoing training and development Benchmarking salary with market rates Implementing WHS Policy Implementing fair employment policies and practices
Government/ Regulatory Agencies	<ul style="list-style-type: none"> Compliance with all laws and regulations 	<ul style="list-style-type: none"> Regulatory and governance licensing and filings Notices and meetings Seminars 	<ul style="list-style-type: none"> Ensuring regulatory and governance compliance Constantly updating policies and procedures based on notifications and advisories received through the relevant channels Attending seminars conducted by relevant agencies such as SGX, TAFEP, MOM and CPF Board to be updated on the schemes, regulations and guidelines that the government has provided for local companies
Community	<ul style="list-style-type: none"> Social responsibility 	<ul style="list-style-type: none"> Social outreach programmes and activities 	<ul style="list-style-type: none"> Implementing Corporate Social Responsibility ("CSR") programmes and activities Contributing to charity organisations Encouraging employee volunteerism

MEMBERSHIP OF ASSOCIATIONS

We demonstrate our dedication in industry collaboration by actively participating in associations that align with our business interests. Notably, we are members of several organizations, including the Singapore Semiconductor Industry Association, the Singapore Business Federation, and the Singapore Institute of Directors.

MATERIALITY

Sustainability is at the forefront of our priorities, and we place a strong emphasis on materiality, proactively managing the significant ESG impacts that stem from our business operations and affect our stakeholders. Our overarching strategy revolves around efficiently addressing material sustainability impacts, risks, and opportunities to foster enduring value for all those connected to our organization.

Materiality Assessment

Building on the groundwork laid by our first materiality assessment in 2018, which paved the way for our inaugural sustainability report, we have revisited and updated our material topics. By referencing the latest GRI Universal Standards 2021, our comprehensive process entails a thorough evaluation of both present and potential negative and positive impacts on the environment, economy, and society. In order to prioritize these material topics, we consider their severity and likelihood, ensuring our focus remains on the most significant and relevant areas. Additionally, we take into account the potential risks and opportunities associated with our ESG impacts.

To fulfill the latest SGX sustainability reporting requirements, we have integrated their guidelines into our materiality review for this Report. Moreover, our report aligns with the United Nations' Sustainable Development Goals ("UN SDGs"). This reflects our unwavering commitment to transparent and accurate reporting and our dedication to sustainable development.

Our SMC carried out a formal materiality process to review, identify and assess our most material sustainability issues based on their knowledge of respective business areas, potential impacts of the Group's business operations, insights from their day-to-day engagement with a range of stakeholders and common challenges facing the industry.

The SMC considered the Group's long-term business goals, aligned these with the sustainability strategies and examined sustainability reporting trends among local semiconductor, manufacturing and peer companies for benchmarking. For this Report, we did not engage external stakeholders explicitly to elicit their views on the identified ESG factors. However, the internal stakeholders including the key management and personnel have used their experience and understanding of stakeholder expectations and concerns and engaged with respective stakeholders for feedback in prioritising material factors for reporting.

We have collected data internally from the relevant business divisions covering the period under review. In the coming years, we will continue to refine our data collection and management system to provide information on our sustainability metrics and to enable us to measure and track performance on a yearly basis. The objective is to achieve our set targets for the material ESG factors and meet the key sustainability performance indicators progressively.

Materiality Methodology

We have identified the material ESG factors by employing the GRI Universal Standards and the SGX Core ESG Metrics for Sustainability Reporting. These frameworks not only guide us in conducting a thorough materiality analysis but also assist us in prioritizing these factors based on their impact on Avi-Tech and our stakeholders, encompassing environmental, social, and economic aspects. We undertook the following steps to arrive at the list of material ESG factors for reporting:






- **Identification:** We selected the ESG factors through an internal materiality analysis. We identified sustainability issues that reflect our business' impact on the environment, society and economy and their significance to our stakeholders.
- **Prioritisation:** We shortlisted the issues that represent the most significant environmental, social and economic impacts of our operations and prioritised the material topics through an in-depth analysis covering Avi-Tech's activities, locations, business partners and customers, engaging with relevant internal key executives of the various business divisions, reviewing the existing Group management system components, risk assessment and internal audit results as well as external commentaries on the semiconductor and wider electronics industries.
- **Validation:** We considered the significance of our material impacts to stakeholders and how they might influence the assessments and decisions of stakeholders.
- **Review:** We seek feedback from stakeholders on this Report to review our material topics for the next reporting cycle.

MATERIALITY




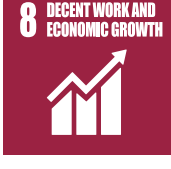

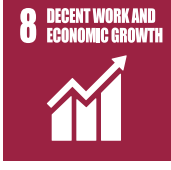
Material Topics and Approach

Arising from the exercise, the following are the material ESG factors that are of priority to the Group's sustainability risks and opportunities and having the most impact on our stakeholders. These are materiality factors which we have control of. There are other materiality factors that, while having an effect on our stakeholders, are not within our control to manage or influence significantly. These include factors that occur within our value chain but which are outside of our control; for example, although materials used in our products may have an impact on the environment, we have little control over them as most are consigned to us by our customers or specified by our customers due to the stringent product specifications we have to adhere to.


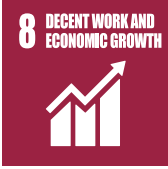





Presented below is a summary of our material topics and approach aligned with the GRI Standard Topics and SGX Core ESG Topics, along with their relevance to the UN SDGs as detailed in the table below:

ENVIRONMENTAL				
GRI Standards Topics	SGX Core ESG Topics	Operations Where the Topic is Material	Management Approach	SDGs
GRI 305: Emissions 2016	Greenhouse Gas ("GHG") Emissions	Electricity consumption, and fuel consumption in vehicles	Reduce emissions through improving energy efficiency, and energy-saving measures	 13 CLIMATE ACTION
GRI 302: Energy 2016	Energy Consumption	Electricity consumption in Burn-In Services, Board Manufacturing and PCBA Services and Engineering Services and fuel consumption in vehicles deployed	Improve energy efficiency and implement energy-saving measures	 7 AFFORDABLE AND CLEAN ENERGY  12 RESPONSIBLE CONSUMPTION AND PRODUCTION
GRI 303: Water and Effluents	Water Consumption	Water consumption for overall business operations	Reduce water usage, implement water-saving and recycling measures	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
GRI 306: Waste 2020	Waste Generation	Waste generated in Board Manufacturing and PCBA Services	Reduce waste and implement material-saving and recycling measures	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

MATERIALITY

SOCIAL				
GRI 405: Diversity and Equal Opportunity 2016	Gender Diversity	Human resources management and practices	Nurture an empowering, fair and inclusive workplace, and invest in developing our people	
GRI 406: Non-discrimination 2016	Age-Based Diversity	Human resources management and practices		
GRI 401: Employment 2016	Employment	Human resources management and practices		
GRI 404: Training and Education 2016	Development and Training	Human resources management and practices		
GRI 403: Occupational Health and Safety 2018	Occupational Health & Safety	Human resources, quality assurance management and practices		
			Implement occupational health and safety management system to minimize workplace accidents and injuries	

MATERIALITY

GOVERNANCE				
General Disclosure 2-9 Governance structure and composition	Board Composition	Board	Refer to section on Corporate Governance in the Annual Report	
GRI 405: Diversity and Equal Opportunity 2016				
General Disclosure 2-9 Governance structure and composition	Management Diversity	All business operations	Nurture an empowering, fair and inclusive workplace	  
GRI 405: Diversity and Equal Opportunity 2016				
GRI 205: Anti-corruption 2016	Ethical Behaviour	All business operations	Comply with all applicable laws and regulations. Maintain a zero-tolerance anti-corruption stance	
	Certifications	All business operations	Refer to section on Customer Standards Compliance	
GRI, TCFD, SGX-ST Listing Rules (Mainboard) 711A and 711B, Practice Note 7.6	Alignment with Frameworks	All business operations	Refer to section on our Reporting Practices Standards and Disclosures	
GRI 2-5, SGX-ST Listing Rules (Mainboard) 711A and 711B, Practice Note 7.6	Assurance	All business operations	Refer to section on Assurance	

CLIMATE



At the core of our mission is the commitment to combat climate change through comprehensive policies that prioritize environmental sustainability across all our business divisions. The Semiconductor Climate Consortium is committed to addressing the challenges of climate change and upholds strong support for the Paris Agreement and related accords. As a company operating within the semiconductor industry, Avi-Tech aligns our climate policy commitment with the values of the industry.

We recognize the urgent need to address the impact of human activities on the environment and remain steadfast in our dedication to reducing our carbon footprint while promoting sustainable practices within our industry. Throughout all our core business activities and corporate functions, we are committed to taking proactive measures to reduce GHG emissions associated with our operations, supply chain, and products. We strive to cultivate an environmentally aware and invested workforce, fully aligned with our sustainability goals. Through continuous learning and active involvement, we ensure that every team member plays a crucial role in our collective efforts to protect the environment and build a greener future.

Implementing TCFD Recommendations

This inaugural TCFD report serves as a testament to our dedication in assessing and managing climate-related risks and opportunities, considering their potential financial impacts on our business over the short, medium, and long term, encompassing both our existing businesses and potential new ventures. Through this report, we showcase our commitment to implementing essential measures, strategies, and goals that position Avi-Tech as a future-ready and climate-resilient business.

In 2022, we embarked on the progressive implementation of the TCFD recommendations, guided by its four pillars known as the Core Elements of Recommended TCFD Disclosures: Governance, Strategy, Risk Management, and Metrics and Targets. These pillars form the foundation for our comprehensive approach to address climate-related issues while ensuring transparent disclosure practices.

Governance

Aligned with TCFD recommendations, we have set up an ESG governance structure, with the Board overseeing climate-related risks and the senior management team implementing climate change risk management strategies, in order to prepare us to tackle climate challenges and which aligns with our commitment to TCFD recommendations. Our Board is regularly updated on sustainability matters, including climate-related risks and opportunities. We conducted a scenario analysis, sharing findings with them. Moving forward, we aim to strengthen oversight of climate-related risks and opportunities.

Strategy

We assessed climate-related risks and opportunities across the short, medium, and long term, taking into account weather patterns, regulations, customer preferences, and technology advancements. This analysis revealed risks like supply chain disruptions and increased operational costs due to extreme weather, while identifying opportunities in renewable energy adoption and sustainable products. Our climate strategy prioritizes mitigating our environmental impact through energy efficiency, optimized logistics, responsible e-waste collection, and recycling, while leveraging our technological capabilities to promote sustainability.

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Risk Management

Risk management is a crucial aspect of our business success, and we continuously strive to improve our practices across all business areas. To safeguard our assets, we have implemented a robust risk management and internal control system, covering operational, financial, and information technology controls. While our internal control system aims to manage business risks, it acknowledges that complete risk elimination may not be possible. For more details on our risk management and internal control system, please refer to the Corporate Governance Report in the Annual Report.

Regarding climate risk, we prioritize climate resilience and sustainability by formalizing the oversight of climate-related risks through our Board and Risk Management Committee. We are actively incorporating climate risk impacts into our risk coverage. This process has allowed us to identify relevant climate-related risks and opportunities, providing valuable insights. We aim to further assess these factors to strengthen our resilience against climate risks and capitalize on climate opportunities for a sustainable future.

We are committed to comprehensively integrating climate risks into our risk management processes. A recent study on climate-related risks and opportunities relevant to our business, including scenario analysis, has enabled us to identify key climate-related risks. Over the next two years, we plan to expand this assessment by conducting detailed evaluations using at least two different climate scenarios (4°C and less than 2°C) to assess potential future risks and opportunities, referencing findings from the Intergovernmental Panel on Climate Change. This proactive approach ensures that our climate resilience is robust and aligns our business practices with sustainable climate strategies.

Below is an overview of our preliminary assessment of our opportunities and risks:

Potential Climate-Related Opportunities

Energy Management: Implementing advanced energy management systems and adopting energy-efficient technologies can result in significant cost savings and reduced GHG emissions.

Waste Reduction: Implementing waste reduction measures, such as recycling and reusing materials, can minimize environmental impact, create cost savings by lowering reliance on fluctuating raw material and component prices.

Equipment Lifecycle Management: Facilitating upgrades and rather than replacements can contribute to a circular economy model, reducing electronic waste generation.

Green Innovation and Solutions: Investing in equipment, technologies and products that are energy-efficient and environmentally friendly can lead to competitive advantages and increased market demand as companies strive to decarbonize their operations in supporting sustainability efforts.

Green Certifications: Obtaining and promoting green certifications for products and manufacturing processes can enhance brand reputation and attract environmentally conscious customers.

Climate-Focused Partnerships: Collaborating with other companies, research institutions, or government entities in joint initiatives focused on climate action can drive innovation and create a collective impact.

Climate-Related Risks

Transition Risks: Short-term (Present to 2025)

Evolving ESG Requirements: The continuous development of ESG requirements may result in a surge of regulations concerning climate reporting, necessitating higher energy efficiency demands, and the implementation of carbon taxes.

Stricter Waste Regulations: The introduction of stricter regulations to manage electronic waste could lead to increased compliance requirements, potentially exposing companies to legal risks and higher compliance expenses. Additionally, we may experience an increase in procurement costs due to higher raw material prices resulting from these regulations.

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Transition Risks: Medium-term (2025 to 2030)

Rising Carbon Prices: As carbon pricing mechanisms gain traction, there is a risk of increased energy, materials, and utilities costs. This rise in costs can be attributed to companies needing to adapt and implement carbon mitigation strategies, which may affect the financial bottom line.

Shifting Customer Preferences: The inability to meet changing customer preferences, such as the demand for low-energy, low-carbon, recyclable devices, and sustainable services, may have adverse effects on a company's revenues and hinder overall growth. Businesses need to align their offerings with customer expectations to remain competitive in the market.

Transition Risks: Long-term (2030 to 2050)

Advancement in Technologies: As semiconductor technologies progress with the latest industry standards, older or legacy investments in semiconductor manufacturing equipment, processes, or chip designs may struggle to keep pace. This can lead to reduced competitiveness, higher maintenance costs, compatibility problems and diminished market share. These challenges can have significant financial implications for both our business and our partners in the semiconductor industry.

Physical Risks: Short to Medium-term (2023 to 2030)

Higher and Volatile Utilities Costs:

- **Energy Transition Costs:** Transitioning to renewable energy sources may involve initial costs passed on to consumers in the form of higher utility rates.
- **Regulatory Changes:** Stricter environmental regulations may require utility companies to invest in cleaner technologies, resulting in higher costs initially.
- **Disrupted Supply:** Supply chain disruptions or geopolitical events can impact the availability and transportation of utilities, leading to price fluctuations and higher costs for end-users.
- **Rising Temperatures:** Increased demand for cooling systems during heatwaves can drive up electricity consumption and utilities costs during peak periods.
- **Damaged Infrastructure:** Natural disasters, extreme weather events, or aging infrastructure can lead to damages in utility systems, resulting in higher utility costs for consumers and businesses.

Physical Risks: Long-term (2030 to 2050)

Severe Weather Events Impacting Business and Partners:

- **Supply Chain Disruptions:** Severe weather events like floods and cyclones can disrupt supply chains and resulting in revenue loss and customer dissatisfaction.
- **Operations Disruptions:** Extreme weather events can interrupt material supplies and manufacturing operations leading to delivery delays and operational challenges.
- **Warehousing and Supply Chain Management:** Floods and cyclones can impact warehousing locations, causing disruptions in supply chain management services and inventory losses.
- **Employee Health and Safety:** A warmer climate may lead to increased thermal stress and health risks for employees, resulting in more sick leave and potential impacts on productivity and well-being.

Metrics and Targets

We disclose metrics and targets to assess and manage climate-related risks and opportunities. Currently, we report Scope 1 and Scope 2 GHG emissions.

Our sustainability reports have consistently featured energy consumption and waste generation data since 2018, allowing us to monitor environmental performance. Looking ahead, we are dedicated to setting relevant environmental targets to guide business operations and address climate risks. We are also actively exploring additional metrics and targets related to climate-related risks and opportunities to measure our progress towards a low-carbon economy and integrate them into our overall business strategy. A key part of our approach includes measuring and reporting Scope 3 emissions progressively.

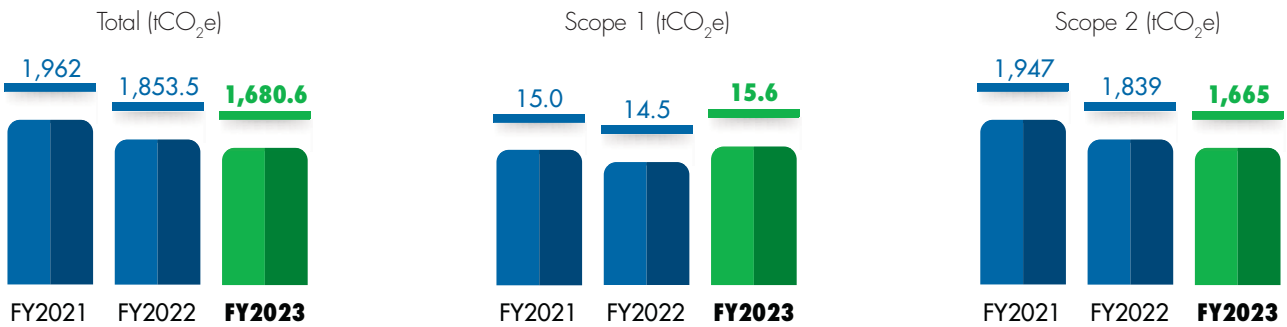
ENVIRONMENTAL

We are committed to our Environmental Policy of enhancing environmental performance through continual improvement in our environmental management system. Electricity and waste are our primary environmental impacts. Our production and office facilities use power for lighting and air-conditioning and our Burn-In Services business division, in particular, utilises significant power for conducting Burn-In tests. We also generate waste, mostly from board manufacturing and system integration activities. Our environmental efforts are focused on energy efficiency, reducing and recycling waste, using resources efficiently and complying with local standards for waste, water and effluent discharge.

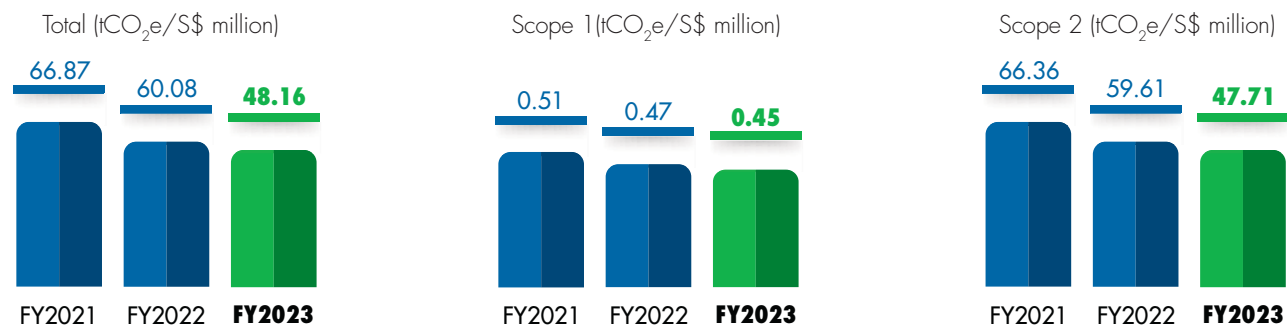
GHG

Our GHG emissions primarily arise from two sources: the use of electricity in production and office facilities and the fuel consumed in our vehicles. We monitor and report our GHG emissions encompassing both Scope 1 emissions attributed to the burning of fuel in our fleet of vehicles, and Scope 2 emissions related to the indirect emissions from the energy we purchase and utilize.

During FY2023, our total GHG emissions amounted to approximately 1,680.60 tCO₂e, with Scope 1 emissions accounting for 15.60 tCO₂e and Scope 2 emissions contributing 1,665 tCO₂e. Comparatively, in FY2022, our total GHG emissions were approximately 1,853.50 tCO₂e, with Scope 1 emissions at 14.50 tCO₂e and Scope 2 emissions at 1,839 tCO₂e.



Absolute Emission	FY2023	FY2022	FY2021
Total (tCO ₂ e)	1,680.6	1,853.5	1,962
Scope 1 (tCO ₂ e)	15.6	14.5	15.0
Scope 2 (tCO ₂ e)	1,665	1,839	1,947



Emission Intensities	FY2023	FY2022	FY2021
Total (tCO ₂ e/\$ million)	48.16	60.08	66.87
Scope 1 (tCO ₂ e/\$ million)	0.45	0.47	0.51
Scope 2 (tCO ₂ e/\$ million)	47.71	59.61	66.36

ENVIRONMENTAL

Effective management of GHG emissions throughout the year involves a multi-faceted approach, starting with the use of vehicles that align with the emission standards implemented in Singapore. Ensuring that these meet the standards significantly contributes to reducing our overall carbon footprint. Additionally, prioritizing the regular servicing and annual inspection of our vehicles and machineries are paramount. By maintaining optimal functionality, we not only enhance safety but also minimize emissions by maximizing fuel and power efficiency. To further reinforce our commitment, we remind all drivers to turn off their engines during loading and unloading activities and operators to switch off machineries which are not in use. Together, these three measures form a comprehensive strategy to manage and reduce GHG emissions, aligning with our commitment to sustainability and a cleaner future.

Energy

Avi-Tech's energy demand for our operations arise mainly from indirect energy, which is electricity purchased from external suppliers.

We measure and monitor our energy consumption. In FY2023, our electricity consumption was approximately 4,103 MWh and our electricity intensity was approximately 0.118 MWh/S\$ million. The main user of this energy being Burn-In Services, averaging 54.08% of total consumption. This is in comparison with approximately 4,532 MWh consumed in FY2022 with Burn-In Services averaging 54.97% of total consumption in that year.



Purchased electricity for consumption	FY2023	FY2022	FY2021
Total electricity consumed (MWh)	4,103	4,532	4,799
Electricity intensity by revenue (MWh/S\$ million)	117.58	146.91	163.57

Some of the specific energy saving programmes we undertook/planned to undertake include:

- Chillers
 - Routine preventive maintenance (“**PM**”) on chiller, air-conditioning and local exhaust ventilation system
 - Control and reduce the number of chillers & fan coil Units (“**FCU**”) in operation during after office hours and weekend
 - Maintain ambient temperature at 24°C to 26°C
- Air-conditioning System Optimisation
 - Monthly maintenance to enhance energy efficiency
 - Installation of separate air-conditioning units to improve localised hot spots and reducing overall general cooling requirements
 - Regular PM performed on air-conditioning system and compressed dry air (“**CDA**”) system for performance optimisation
- High tension (“**HT**”)/Low tension (“**LT**”) Transformer Optimisation
 - Preventive maintenance on HT/LT Installations performed

Other on-going energy saving initiatives included using energy efficient LED lighting in our office and production facility, optimising our air conditioning system through temperature control as well as our machines and equipment through regular maintenance. We also encourage our employees through awareness campaigns to minimise the use of non-essential lighting in the office and production floor, to switch off electrical appliances when not in use and to make efforts to conserve water and to recycle paper.

ENVIRONMENTAL

Water and Effluents

While we do not consume a significant amount of water for it to be a material issue, we are nonetheless mindful of its value as a precious resource in Singapore. We reviewed our water consumption on a monthly basis and focused on minimising water consumption in our business and operations through implementing initiatives which reduced water use such as promoting water-saving practices, adoption of water-efficient fittings and equipment and undertaking regular maintenance checks to ensure there were no water leakages from faulty pipe fittings or equipment.



Water consumption	FY2023	FY2022	FY2021
Total water consumed (ML)	9.388	7.032	7.693
Water intensity by revenue (ML/\$ million)	0.27	0.23	0.26

For water pollution (trade effluent control), we ensured that samples of water and trade effluent discharged from our production processes were sent to a third-party test laboratory on a regular basis to certify that we had complied with the National Environment Agency (“NEA”) Allowable Limits for Trade Effluent Discharge into the public sewerage.

During FY2023, there were no incidents of non-compliance with water pollution regulations reported.

Waste

Avi-Tech is mindful of the impact that our operations could have on the environment and have taken steps to monitor and control waste that are by-products of our operations. We are certified to have adhered to ISO 14001 environmental management standard. We have in place a management system for both general and e-waste to ensure their proper handling, storage and disposal, as well as for minimising waste generation and optimising resources through reusing and recycling.

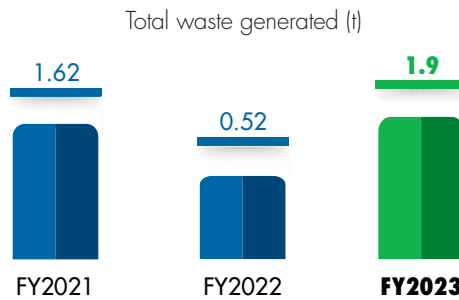
All employees are to follow the waste collection, storage and disposal procedures and to ensure that general waste and industrial waste are separated accordingly. The business divisions’ supervisors ensure that there are appropriate waste collection points and storage bins provided for waste separation and proper disposal. As mandated by the Resource Sustainability Act 2019 of Singapore (“RSA”), we ensure the appropriate collection and disposal of chemical, by-product and electronic waste (“e-waste”) by working through authorised channels and engaging NEA-licensed waste management contractors to collect and dispose of them. We also review any new materials, equipment or process changes, to identify the waste generated and waste management methods in accordance with the applicable guidelines.

Waste management is particularly relevant for our board manufacturing and system integration activities. We have put in place a wastage monitoring system which tracks and sets targets to attain. A monthly data log is submitted which tracks the wastage for the month. To discourage wastage and inculcate a sense of responsibility towards materials requisitioned, a system has been put in place for the submission and tracking of all wastage. Employees have to explain or justify the reason for the wastage which has occurred. The entire monitoring and reporting system is reviewed with senior management at quarterly meetings. Strict control is also maintained over stock levels to minimise potential for write-offs which exacerbate wastage.

We also have an internal recycling programme to recycle, reduce and reuse our solder dross that allows us to recover pure solder from the solder dross. We utilise lead-free processes as much as possible to reduce any environmental impact by the possibility of any heavy metal pollution. In addition, we undertake recycling exercises with our customers, reusing high-cost components.

ENVIRONMENTAL

During FY2023, the total waste generated was approximately 1.9t, representing an increase from the 0.52t recorded in FY2022. This was mainly driven by the growth in revenue, leading to higher material consumption and increased production waste. Additionally, a one-time consolidation of our production area for improved electricity consumption necessitated a material scrap exercise, further contributing to the rise in waste. In contrast, the waste generated in FY2022 was lower than in FY2021 because a portion of the waste generated had been scrapped towards the tail end of FY2021.



Waste generated	FY2023	FY2022	FY2021
Total waste generated (t)	1.9	0.52	1.62

Additionally, under our Supplier Code of Conduct, our major suppliers are required to comply with relevant environmental laws and regulations, obtain and maintain all required environmental permits (e.g., discharge monitoring), approvals and registrations, reduce pollution and minimise their use of resources (including water and energy) and their generation of solid waste and wastewater. They are also required to identify and safely manage hazardous substances. This includes, inter alia, responsibly managing emissions to air (including volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting chemicals and combustion by-products) and minimising their greenhouse gas emissions, and adhering to all applicable laws, regulations and customer requirements regarding prohibition or restriction of specific substances in products and manufacturing, including labelling for recycling and disposal.

We are committed to complying with applicable environmental regulations. There were no incidents of non-compliance with environmental laws in FY2023.

SOCIAL



Employee

The nature of our business, which relies on the ongoing advancement of semiconductor technology, means we are highly reliant on our ability to recruit, retain and develop a high-quality work force, as well as leading management talent. Our people form the core of our organisation and our continued ability to recruit, retain and develop experienced personnel and managers, is particularly important given the keen competition for skills within the sector.

We take a holistic view towards both recruitment and retention that looks beyond the provision of competitive financial rewards. We also aim to deliver the kind of working environment, training and development opportunities and inclusive culture that allow our people to develop progressive, long-term careers with us.

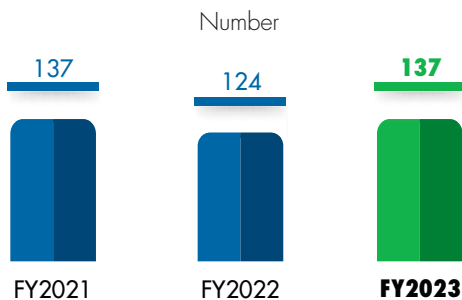
Employment

We employed 137 full-time staff as at end of June 2023, made up of various races, nationalities, age groups, and gender. This excludes employees from our subsidiary Avi-Tech Electronics (Suzhou) Limited in China.

Our operations in Singapore account for 95.1% of our total headcount, with the rest employed by our overseas subsidiary. Our Singapore workforce consisted of 137 employees, of which 93.4% were permanent staff, 6.6% were on fixed-term contracts and none were temporary employees. Full-time employees accounted for 100% of the headcount. The average age of our employees stood at 44.25 years. We did not have workers who are not our employees in the reported period.

SOCIAL

We did not have workers who are not our employees in FY2023.



Total number of employees	FY2023	FY2022	FY2021
Number	137	124	137

Hiring

Our goal is to attract and retain the best talent. We offer equal opportunities for employment and progression within the Group based on merits. Our Human Resource policies and procedures provide for equal opportunities and fairness in employment decisions. We do not discriminate on the basis of race, colour, age, gender, sexual orientation, ethnicity, disability, pregnancy, religion, political affiliation, union membership or marital status.

In FY2023, we recruited 28 new employees. Of the new hires, 13 were women and 6 were less than 30 years of age. Of the remaining new hires, 6 were between 30-50 years old, and 1 was over 50 years old.

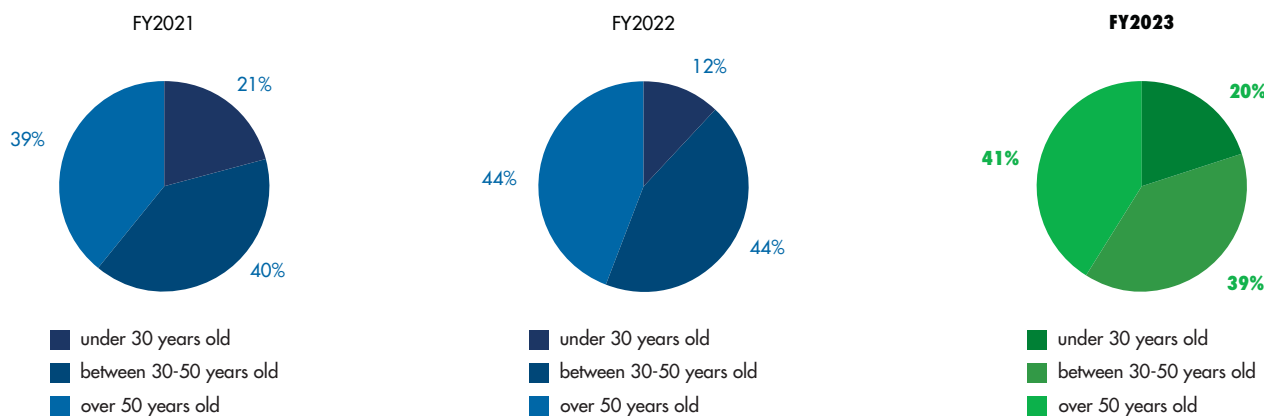
Diversity and Equal Opportunity and Non-discrimination

As a signatory to the Employers’ Pledge of Fair Employment Practices with the Tripartite Alliance for Fair Employment Practices (“TAFEP”), we abide by the principles which stand for diversity and inclusion and are against discrimination of any kind. TAFEP is an alliance co-chaired by representing employer unions, the National Trades Union Congress and the government.

We are committed to employing and developing people who have the necessary skills, experience and values to excel in their relevant roles irrespective of their gender, ethnicity, religion, disability or any other non-work related or personal characteristic. Furthermore, we recognise the value a diverse workforce can potentially bring in terms of creativity, dynamism and perspectives. In this context, we aim to nurture a working culture characterised by mutual respect and non-discrimination.

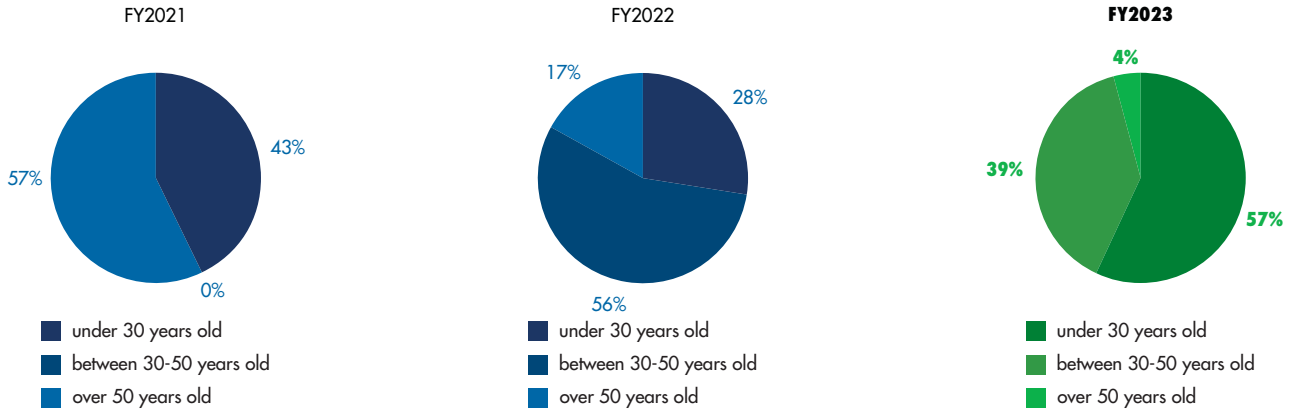
Our workforce represents diverse age groups. We support the Singapore government’s policy of rehiring retiring employees to keep them economically active. In FY2023, we rehired 8 retiring employees.

Existing employees by age (%)



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New employee hire by age (%)

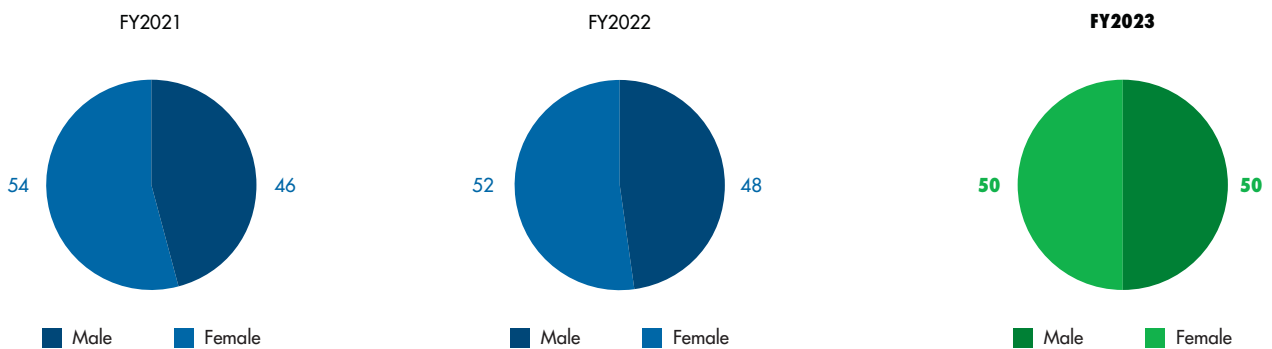


FY2023	FY2022	FY2021
Existing employees by age (%)		
(a) under 30 years old, (b) between 30-50 years old, and (c) over 50 years old		
(a):(b):(c) 20%:39%:41%	(a):(b):(c) 12%:44%:44%	(a):(b):(c) 21%:40%:39%
New employee hire by age (%)		
(a) under 30 years old, (b) between 30-50 years old, and (c) over 50 years old		
(a):(b):(c) 57%:39%:4%	(a):(b):(c) 28%:56%:17%	(a):(b):(c) 43%:0%:57%

Although the semiconductor sector generally performs relatively poorly in terms of gender diversity, our female workforce nonetheless comprises approximately 50.4% of the total workforce. Notwithstanding this, we will continue to focus on removing any invisible or structural considerations that may be limiting female engagement within the sector.

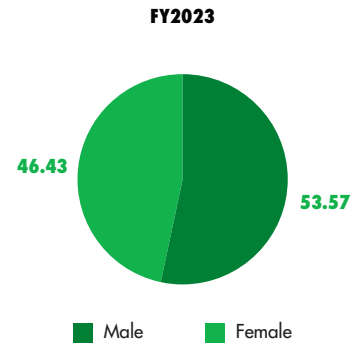
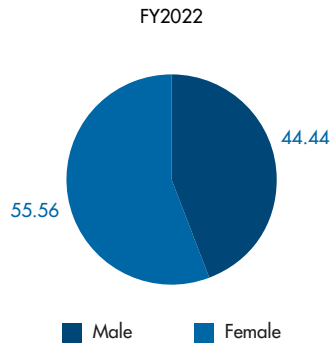
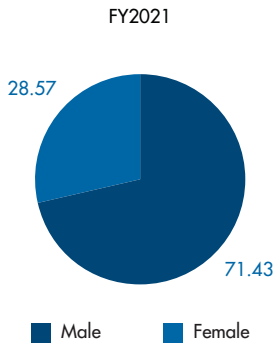
Diversity in the Board requires more consideration as currently there are no female representations on our Board of Directors. The Board recognises the importance and value of gender diversity and will take into consideration the skill sets and experience, including gender diversity, for any future Board appointments.

Existing employees by gender (%)

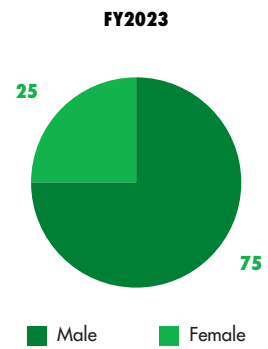
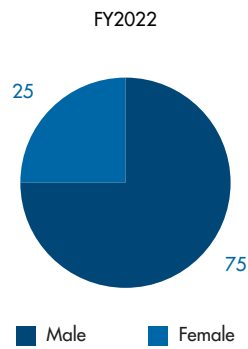
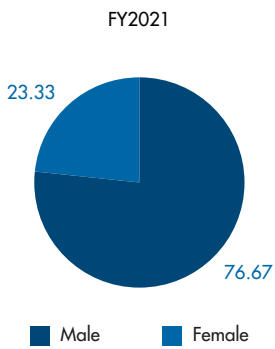


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New employees hire by gender (%)



Management roles by gender (%)



	FY2023		FY2022		FY2021	
	Male	Female	Male	Female	Male	Female
Existing employees by gender (%)	50	50	48	52	46	54
New employees hire by gender (%)	53.57	46.43	44.44	55.56	71.43	28.57
Management roles by gender (%)	75	25	75	25	76.67	23.33

The globalised nature of our sector means that we enjoy a fairly international workforce, many of whom work for us in locations away from their countries of birth. We are proud of our racially diverse workforce which includes at least seven nationalities from Malaysia, the People’s Republic of China, India, the Philippines, Thailand and Vietnam.

We also respect our employees’ right to freedom of association and collective bargaining. In FY2023, we did not receive any reports of any alleged or actual cases of discrimination.

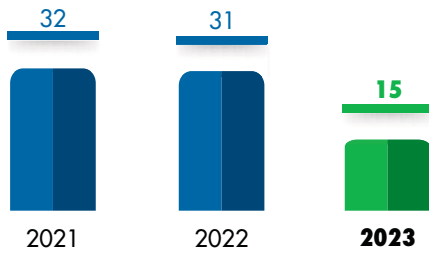
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Employee Turnover

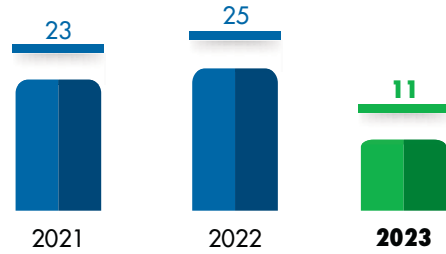
Ensuring talent retention remains a key focus for us. We place great emphasis on nurturing a positive work culture that fosters employee satisfaction. Our strategy involves offering competitive compensation and benefits to attract and retain top talent. Additionally, we provide ample opportunities for personal and professional growth, encouraging employees to reach their full potential within the organization. Effective communication channels are established to keep employees engaged and motivated, while outstanding performance is duly recognised and rewarded. Regularly conducting exit interviews helps us gather valuable insights for continuous improvement, and we closely monitor and evaluate turnover rates to proactively address any emerging challenges.

Our turnover rate are as follows:

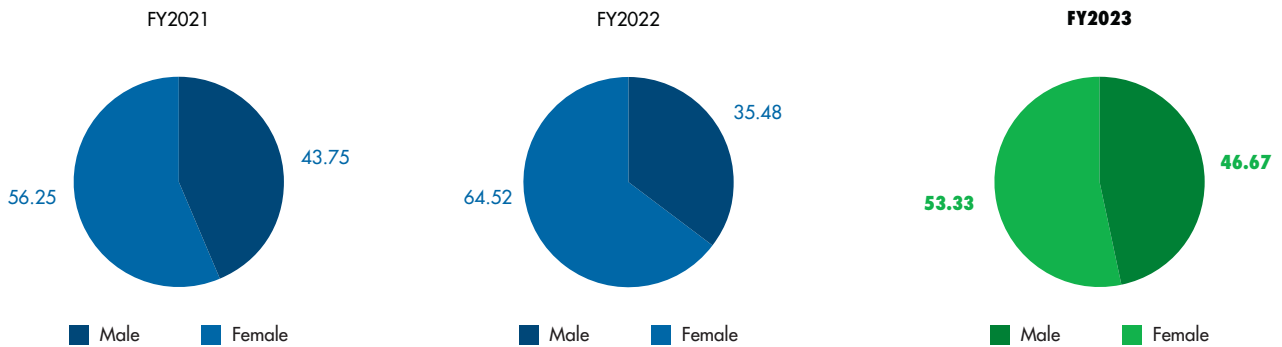
Turnover number



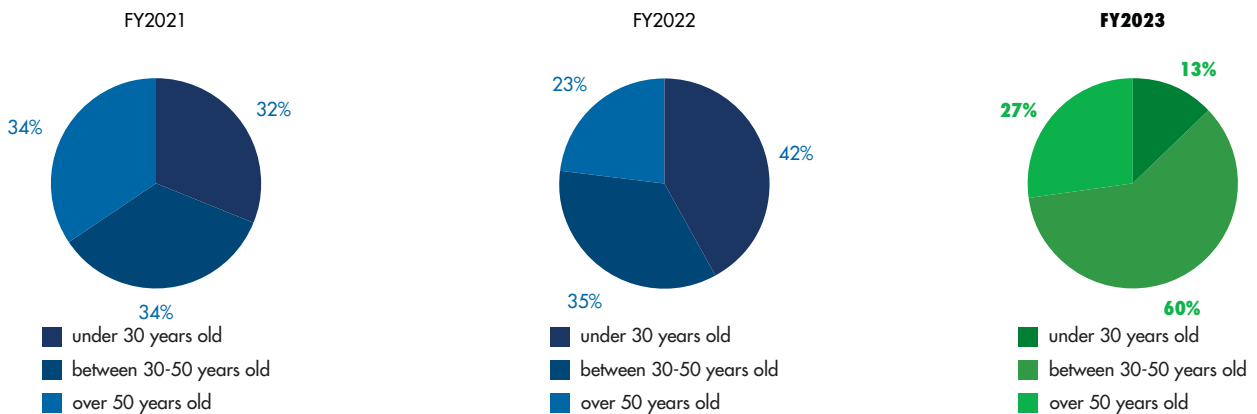
Turnover rate (%)



Turnover rate by gender (%)



Turnover rate by age (%)



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Employee Turnover	FY2023		FY2022		FY2021	
Turnover number	15		31		32	
Turnover rate (%)	11		25		23	
Turnover rate by gender (%)	Male	Female	Male	Female	Male	Female
	46.67	53.33	35.48	64.52	43.75	56.25
Turnover rate by age (%) (a) under 30 years old, (b) between 30-50 years old, and (c) over 50 years old						
	(a):(b):(c) 13%:60%:27%		(a):(b):(c) 42%:35%:23%		(a):(b):(c) 32%:34%:34%	

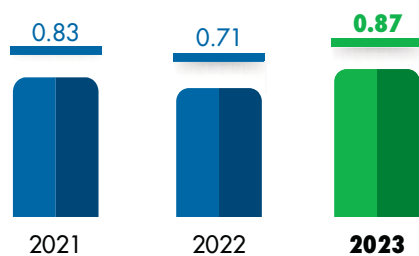
Training and Development

Employee training and education is a crucial part of our people management. New employees attend an orientation programme to understand the organisation and its corporate and governance policies. There are also check-in sessions with management to help in employee engagement and culture building.

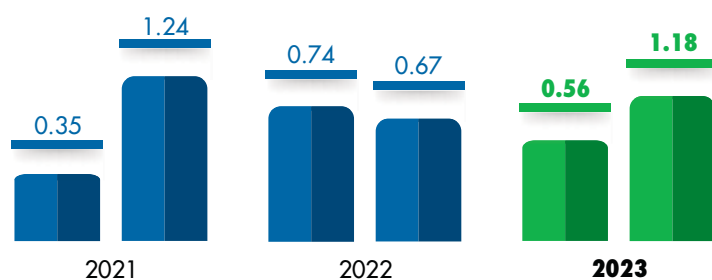
We develop our people according to their abilities and job specifications. For all production staff, twice yearly re-certification is conducted while management staff are encouraged to upgrade their skills through courses provided by external training providers such as Workforce Skills Qualifications and the Electronics Industries Training Centre.

Our employees have access to ongoing opportunities for learning new skills. We encourage our employees to gain new knowledge, experience and skills even if these lie outside their immediate job scope. As such, employees are able to request to be sent for relevant training programmes provided by external training providers.

Average training hours per employee



Average training hours per employee by gender



SOCIAL

	FY2023		FY2022		FY2021	
Average training hours per employee	0.87		0.71		0.83	
Average training hours per employee by gender	Male	Female	Male	Female	Male	Female
	0.56	1.18	0.74	0.67	0.35	1.24

Performance Appraisal and Career Development

Through a performance management system, we enable our employees to meet their professional and personal development goals. Our performance management system covers all permanent employees.

As part of the process, managers hold discussions with their staff at the beginning of the year to establish goals and are encouraged to have ongoing discussions with their employees to review progress and to provide coaching and guidance. Yearly performance appraisals are conducted to encourage self-improvement and to reward hard work. Promotions are based on recommendations by supervisors according to performance and aptitude.

Staff Welfare and Benefits

We offer competitive wages and benefits to all our employees including full-time staff members and contract employees:

- Sick and hospitalisation leave
- Hospitalisation and surgical plans
- Dental benefits
- Term life insurance policy in the event of death, disability and critical illness (actual limits of coverage of these policies vary according to an employee's grade)
- Marriage/examination leave

Taking a proactive approach to the health and well-being of our employees, we also organise health-related talks and checkups periodically to encourage employees to adopt healthy lifestyles and to take care of their health.

Occupational Health and Safety

The health and safety of our employees are top priorities for Avi-Tech. In addition to minimising the incidence of work-related injury and illness, a safe and healthy work environment enhances the quality and consistency of products and services and promotes employee retention and morale.

We are committed to achieving Workplace Safety and Health ("WSH") excellence through:

- Compliance with relevant WSH legislations and regulations as well as other requirements;
- Consistently establishing and maintaining WSH management performance;
- Operating and maintaining our facilities to prevent and minimise risks to the health and safety of our employees, sub-contractors and surrounding communities; and
- Ongoing communication of our WSH policy to all parties.

We have in place operational procedures for risk assessment and management, and the implementation of workplace safety measures covering occupational safety injury and illness, emergency preparedness, industrial hygiene and machine safeguarding. We also recognise that employee input and education is essential to identifying and solving health and safety issues in the workplace.

SOCIAL

Our Environment Health and Safety ("EHS") and Fire Safety Committees which comprise staff from all relevant departments, who are under the counsel of a registered WSH Officer, were set up to oversee the implementation of the WSH management plan with monthly reviews. Our Executive Management holds a quarterly review of the WSH performance report which covers a summary of complaints, industrial accidents and compliance for WSH and environmental inspection.

Below are the details of the WSH initiatives undertaken:

Initiatives Undertaken	Date Reviewed	Status	Comments/Outcome
EHS Guidelines for staff and external contractors established	10 January 2022	Completed	
WSH Risk Management Plan established	17 February 2021	Completed	
WSH Risk Assessment Record conducted	27 December 2021	Completed	Hazard/Risk Identification Assessment Worksheet was generated Total Activity-based Risk Identification: 44
Monthly Risk Assessment review during internal safety inspection and EHS Committee Meeting	24 June 2022	Completed	
Record of regulatory compliance of WSH identified risk	27 December 2021	Completed	Regulatory compliance of WSH identified risk generated Total activity reviewed: 44 Result on meeting all relevant legal requirements

Our WSH records are as follows:

	FY2023	FY2022	FY2021
Fatalities			
Number of fatalities as a result of work-related injury	0	0	0
High-consequence injuries			
Number of high-consequence work-related injuries	0	0	0
Recordable injuries			
Number of recordable work-related injuries	1	0	0
Recordable work-related ill health cases			
Number of recordable work-related illnesses or health conditions arising from exposure to hazards at work	0	0	0

In FY2023, no fatalities, high-consequence injuries or occupational illnesses were reported. There was one reportable injury whereby a part-time cleaner sustained minor cuts resulting from a fall. Prompt actions were taken to identify and rectify the root causes of this injury, ensuring that they do not recur.

COMMUNITY

As a responsible corporate citizen, we aim to leave our footprint in a positive way, and we are committed to contributing to the local community in which we operate and to community development by supporting charities and not-for-profit organisations.

Since 2015, we have been a benefactor of Bright Vision Hospital (now renamed as Bright Vision Community Hospital), a 318-bed community hospital offering intermediate and long-term holistic care for about 1,500 new patients each year. Over the years, we have also raised funds for disaster reliefs, for example, the 2020 Typhoon Ulysses disaster in the Philippines which caused severe flooding in the hometown of one of our employees.



PERFORMANCE AND TARGETS

ECONOMIC PERFORMANCE

We are committed to creating sustainable value for our shareholders and stakeholders. In FY2023, the Group recorded revenue and profit growth. A summarised version of the economic value generated is presented here with reference to the GRI Standards. For a detailed description of our financial performance, please refer to the Group Financial Review section of the Annual Report.

Economic Performance Indicators (S\$ million)	FY2023	FY2022	FY2021
Revenue	34.9	30.8	29.3
Profit before tax	4.1	3.7	4.2
Profit after tax	3.3	3.1	3.5
Staff and related cost	8.0	7.5	7.8
Dividends	3.0*	3.0	3.4

* Included the proposed final one-tier tax exempt dividend of 1.0 cent per ordinary share, subject to approval at the forthcoming AGM.

FINANCIAL ASSISTANCE FROM GOVERNMENT

In FY2023, we did not receive financial assistance from the government.

ESG PERFORMANCE

ESG Topics	Unit	FY2023			FY2022			FY2021		
ENVIRONMENTAL		(a)	(bi)	(bii)	(a)	(bi)	(bii)	(a)	(bi)	(bii)
Absolute emissions (a) Total; (bi) Scope 1; (bii) Scope 2	tCO ₂ e									
		1,680,60	15.60	1,665	1,853.50	14.50	1,839	1,962.00	15.00	1,947
Emission intensities (GHG emissions/revenue) (a) Total; (bi) Scope 1, (bii) Scope 2	tCO ₂ e/ S\$'million	(a)	(bi)	(bii)	(a)	(bi)	(bii)	(a)	(bi)	(bii)
		48.16	0.45	47.71	60.08	0.47	59.61	66.87	0.51	66.36
Total electricity consumed	MWh	4,103			4,532			4,799		
Energy consumption intensity (total electricity consumed/revenue)	MWh/ S\$'million	117.58			146.91			163.57		
Water consumption	ML	9,388			7,032			7,693		
Water consumption intensity (total water consumed/revenue)	ML/ S\$'million	0.27			0.23			0.26		
Total waste generated	t	1.9			0.52			1.62		

PERFORMANCE AND TARGETS

SOCIAL				
Full-time employees	No.	137	124	137
Female employees	%	50	52	54
Female in management roles	%	25	25	23.33
New hires	No.	28	18	7
Employee annual turnover rate	%	11	25	23
Average training hours per employee	Hours	0.87	0.71	0.83
Average training hours per female employee	Hours	1.18	0.67	1.24
Workplace fatalities	No.	0	0	0
Workplace high-consequence injuries	No.	0	0	0
Workplace recordable work-related injuries	No.	1	0	0
Workplace recordable work-related ill health cases	No.	0	0	0
GOVERNANCE				
Confirmed incidents of corruption	No.	0	0	0
Incidents of regulatory non-compliance involving fines	No.	0	0	0
Incidents of regulatory non-compliance incurring non-monetary sanctions	No.	0	0	0

Notes:

1. Energy intensity pertains to purchased electricity, petrol and diesel.
2. CO₂ emissions comprise Scope-1 and Scope-2 emissions.

PERFORMANCE AND TARGETS



TARGETS

ENVIRONMENTAL	Unit	FY2024		
		(a)	(bi)	(bii)
Absolute emissions (a) Total; (bi) Scope 1; (bii) Scope 2	tCO ₂ e	1,663.79	15.44	1,648.35
Total electricity consumed	MWh	4,062		
Water consumption	ML	9,294		
Total waste generated	t	1.9		

In FY2023, our total GHG emissions amounted to 1,680.60 tCO₂e, with 15.60 tCO₂e for Scope 1 emissions and 1,665 tCO₂e for Scope 2 emissions. This shows a decrease from the 1,853.5 tCO₂e total emissions in FY2022, which had 14.50 tCO₂e for Scope 1 emissions and 1,839 tCO₂e for Scope 2 emissions. This reduction is attributed to several initiatives, including the use of vehicles compliant with emission standards in Singapore, regular vehicle servicing, yearly inspections to ensure proper functionality, and ensuring drivers turn off engines during loading/unloading activities.

For FY2024, we have set targets of 1,663.79 tCO₂e for total emissions, with 15.44 tCO₂e for Scope 1 emissions, and 1,648.35 tCO₂e for Scope 2 emissions. These targets reflect our commitment to further reducing our environmental impact.

In FY2023, our total electricity consumption was 4,103 MWh, which marked a decrease compared to the 4,532 MWh consumed in FY2022. This reduction was achieved through a combination of measures, including the controlled operation and reduced usage of chillers and FCUs, routine equipment servicing, and the implementation of energy-efficient LEDs.

PERFORMANCE AND TARGETS

For FY2024, our consumption target is 4,062 MWh.

For water consumption, our total consumption was 9.388 ML in FY2023 compared to 7.032 ML compared to FY2022. This increase was attributed to the higher production volume during the same period.

For FY2024, we will set total consumption target of 9.294 ML.

In terms of total waste generated, we recorded 1.9t in FY2023 compared to 0.52t in FY2022. This was mainly driven by the growth in revenue, leading to higher material consumption and increased production waste. Additionally, a one-time consolidation of our production area for improved electricity consumption necessitated a material scrap exercise, further contributing to the rise in waste.

For FY2024, we will maintain the same target of 1.9t for total waste generation, given that we expect revenue growth in FY2024.

SOCIAL	Unit	FY2024
Average training hours per employee	Hours	1
Workplace fatalities	No.	0
Workplace high-consequence injuries	No.	0
Workplace recordable injuries	No.	0
Workplace recordable work-related ill health cases	No.	0

For FY2023, our average training hours per employee was approximately 0.87 hour, which is slightly higher than the average training hours per employee in FY2022. The training expenditure per employee was approximately S\$15.8 per person (or 0.00005% of total revenue).

We are targeting a 15% increase in average training hours per employee, aiming for 1.0 hour per employee in FY2024.

In terms of workplace health and safety, we recorded no incidents of fatalities, high-consequence injuries and work-related ill health cases in FY2023 although there was one reportable injury whereby a part-time cleaner sustained minor cuts resulting from a fall.

We target to maintain zero records in these aspects in FY2024.

GRI CONTENT INDEX

Statement of Use	Avi-Tech Holdings Limited has reported the information cited in this GRI content index for the period 1 July 2022 to 30 June 2023 with reference to the GRI Standards
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not applicable as a GRI sector standard is not available for our industry

GRI Standard	Disclosures	Page No./Location
GRI 2: General Disclosures 2021		
ORGANISATIONAL DETAILS AND REPORTING PRACTICES		
GRI 2-1	Organisational details	Annual Report 2023 – Page 1-2, 16-18 Sustainability Report 2023 – Page 2
GRI 2-2	Entities included in the organisation’s sustainability reporting	Sustainability Report 2023 – Page 3
GRI 2-3	Reporting period, frequency and contact point	Sustainability Report 2023 – Page 3
GRI 2-4	Restatements of information	Sustainability Report 2023 – Page 3
GRI 2-5	External assurance	Sustainability Report 2023 – Page 3
ACTIVITIES AND WORKERS		
GRI 2-6	Activities, value chain and other business relationships	Annual Report 2023 – Page 1-2, 16-18 Sustainability Report 2023 – Page 2
GRI 2-7	Employees	Annual Report 2023 – Page 18 Sustainability Report 2023 – Page 2, 21, 23-27
GRI 2-8	Workers who are not employees	Sustainability Report 2023 – Page 21
GOVERNANCE		
GRI 2-9	Governance structure and composition	Annual Report 2023 – Page 31-39 Sustainability Report 2023 – Page 4
GRI 2-10	Nomination and selection of the highest governance body	Annual Report 2023 – Page 40-43
GRI 2-11	Chair of the highest governance body	Annual Report 2023 – Page 8 Sustainability Report 2023 – Page 4
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	Annual Report 2023 – Page 25-31
GRI 2-13	Delegation of responsibility for managing impacts	Annual Report 2023 – Page 25-31

GRI CONTENT INDEX

GRI Standard	Disclosures	Page No./Location
GRI 2-14	Role of the highest governance body in sustainability reporting	Annual Report 2023 – Page 25-31
GRI 2-15	Conflicts of interest	Annual Report 2023 – Page 25-28, 70 Sustainability Report 2023 – Page 5
GRI 2-16	Communication of critical concerns	Annual Report 2023 – Page 57, 61-62 Sustainability Report 2023 – Page 6
GRI 2-17	Collective knowledge of the highest governance body	Annual Report 2023 – Page 40-43
GRI 2-18	Evaluation of the performance of the highest governance body	Annual Report 2023 – Page 43-44
GRI 2-19	Remuneration policies	Annual Report 2023 – Page 45-46
GRI 2-20	Process to determine remuneration	Annual Report 2023 – Page 46-48
GRI 2-21	Annual total compensation ratio	Annual Report 2023 – Page 48-50
STRATEGIES, POLICIES AND PRACTICES		
GRI 2-22	Statement on sustainable development strategy	Sustainability Report 2023 – Page 4, 7
GRI 2-23	Policy commitments	Sustainability Report 2023 – Page 7
GRI 2-24	Embedding policy commitments	Sustainability Report 2023 – Page 3, 6-7, 10, 14-15, 17-18, 27, 29
GRI 2-25	Processes to remediate negative impacts	Sustainability Report 2023 – Page 7
GRI 2-26	Mechanisms for seeking advice and raising concerns	Annual Report 2023 – Page 57, 61-62 Sustainability Report 2023 – Page 6
GRI 2-27	Compliance with laws and regulations	Annual Report 2023 – Page 56-63 Sustainability Report 2023 – Page 4-6
GRI 2-28	Membership associations	Sustainability Report 2023 – Page 9

GRI CONTENT INDEX

GRI Standard	Disclosures	Page No./Location
STAKEHOLDER ENGAGEMENT		
GRI 2-29	Approach to stakeholder engagement	Sustainability Report 2023 – Page 8
GRI 2-30	Collective bargaining agreements	Sustainability Report 2023 – Page 24
MATERIAL TOPICS		
GRI 3-1	Process to determine material topics	Sustainability Report 2023 – Page 10-11
GRI 3-2	List of material topics	Sustainability Report 2023 – Page 11-13
ECONOMIC PERFORMANCE		
Economic Performance		
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report 2023 – Page 20 Sustainability Report 2023 – Page 10
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	Annual Report 2023 – Page 20-23 Sustainability Report 2023 – Page 30
Anti-corruption		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report 2023 – Page 10, 13
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	Sustainability Report 2023 – Page 5-6, 31
ENVIRONMENTAL PERFORMANCE		
Energy		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report 2023 – Page 10-11
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Sustainability Report 2023 – Page 18
	302-3 Energy intensity	Sustainability Report 2023 – Page 18
Emissions		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report 2023 – Page 10-11

GRI CONTENT INDEX

GRI Standard	Disclosures	Page No./Location
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Sustainability Report 2023 – Page 17, 30
	305-2 Energy indirect (Scope 2) GHG emissions	Sustainability Report 2023 – Page 17, 30
	305-4 GHG emission intensity	Sustainability Report 2023 – Page 17, 30
SOCIAL		
Employment		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report 2023 – Page 10-11
GRI 401: Employment 2016	401-1 New Employee hires and employee turnover	Sustainability Report 2023 – Page 22, 31
Occupational Health and Safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report 2023 – Page 10-12
Management Approach Disclosures 2018	403-1 Occupational health and safety management system	Sustainability Report 2023 – Page 27-28
	403-2 Hazard identification, risk assessment, and incident investigation	Sustainability Report 2023 – Page 27-28
	403-3 Occupational health services	Sustainability Report 2023 – Page 27-28
	403-4 Worker participation, consultation, and communication on occupational health and safety	Sustainability Report 2023 – Page 27-28
	403-5 Worker training on occupational health and safety	Sustainability Report 2023 – Page 27-28
	403-6 Promotion of worker health	Sustainability Report 2023 – Page 27-28
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Sustainability Report 2023 – Page 27-28
GRI 403: Occupational Health and Safety 2018	403-8 Workers covered by an occupational health and safety management system	Sustainability Report 2023 – Page 27-28
	403-9 Work-related injuries	Sustainability Report 2023 – Page 28, 31, 33

GRI CONTENT INDEX

GRI Standard	Disclosures	Page No./Location
Diversity and Equal Opportunities		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report 2023 – Page 10-12
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Annual Report 2023 – Page 18, 31, 35-37, 41, 123 Sustainability Report 2023 – Page 22-23
Non-Discrimination		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report 2023 – Page 22-26
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Sustainability Report 2023 – Page 22
Freedom of Association and Collective Bargaining		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report 2023 – Page 10-12
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Sustainability Report 2023 – Page 24
Child Labour		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report 2023 – Page 10-12
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidence of Child Labour	Sustainability Report 2023 – Page 6
Forced, or Compulsory Labour		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report 2023 – Page 10-12
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidence of forced or compulsory labour	Sustainability Report 2023 – Page 6

GRI CONTENT INDEX

TCFD DISCLOSURES

This report is aligned with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. The following table indicates our TCFD disclosures.

Code	TCFD Recommendations	Page No.
Governance		
TCDF 1(a)	Describe the board’s oversight of climate-related risks and opportunities.	Sustainability Report 2023 – Page 14-15
TCFD 1(b)	Describe management’s role in assessing and managing climate-related risks and opportunities.	Sustainability Report 2023 – Page 14-15
Strategy		
TCFD 2(a)	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Sustainability Report 2023 – Page 15-16
TCFD 2(b)	Describe the impact of climate-related risks and opportunities on the organisation’s businesses, strategy, and financial planning.	Sustainability Report 2023 – Page 15-16
TCFD 2(c)	Describe the resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Sustainability Report 2023 – Page 15
Risk Management		
TCFD 3(a)	Describe the organisation’s processes for identifying and assessing climate-related risks.	Sustainability Report 2023 – Page 14-16
TCFD 3(b)	Describe the organisation’s processes for managing climate-related risks.	Sustainability Report 2023 – Page 14-16
TCFD 3(c)	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation’s overall risk management.	Sustainability Report 2023 – Page 14-16
Metrics and Targets		
TCFD 4(a)	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Sustainability Report 2023 – Page 17, 30
TCFD 4(b)	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Sustainability Report 2023 – Page 17, 30
TCFD 4(c)	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Sustainability Report 2023 – Page 32



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