

**ENVIRONMENTAL POLICY
ON CLIMATE CHANGE
&
CLIMATE ACTION PLAN**

NUTEK PRIVATE LIMITED

Purpose

The environmental policy is a key governance tool which serves as a foundation to drive action while ensuring accountability. It outlines our company's commitment to reduce the impact on the environment, and provides a framework for setting objectives and targets to improve our environmental performances.

The policy also encompasses our sustainability reporting policy and climate action plan, which is aligned with the United Nations' Sustainable Development Goals ("SDGs"). The implementation of the policy is to meet growing requirements from customers and the authorities to report on decarbonization and net zero targets, as well as our commitment to reduce carbon emissions as part of our company's climate transition plan. This policy covers organization-wide and the "direct/indirect operations" stages of the value chain.



The policy keeps senior management and employees informed about the environmental roles and responsibilities within our organization.

Scope

By way of commitments and expectations, the policy addresses the potential direct environmental impacts we could create because of our own operations, as well as the potential indirect environmental impacts we could create because of our or our vendors' and customers' activities. The policy outlines how we expect to identify, prevent, mitigate and account for sustainability risks and performance of our own operations and those of our vendors and customers.

Our Policy

Nutek Private Limited is committed to manage environmental matters on climate change as an integral part of our business. We will conduct our activities and provide a working environment which shall:

- Commit to fulfill our compliance obligation;
- Prevent pollution and protect the environment by encouraging recycling, waste minimization and proper waste disposal and energy conservation;
- Provide appropriate training to all employees and other person performing tasks on environmental aspects and impacts of our activities;
- Giving appropriate weight to the Environmental Policy when making future planning and investment decisions;
- Conduct regular audits and review our objectives and targets periodically to ensure continual improvement of the environmental management system, the company's environmental performance and contribute towards sustainable development; and
- Communicate the Environmental Policy to all employees and all other person working for or on behalf of the organization.

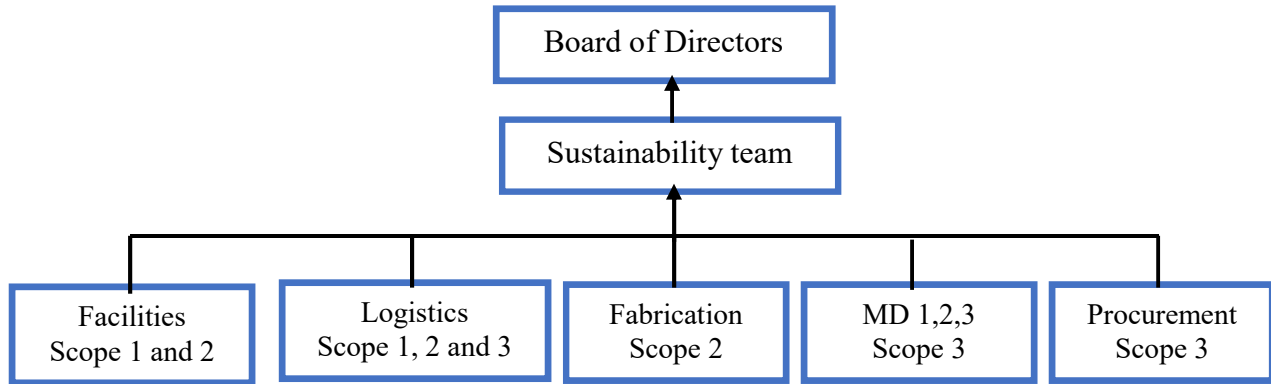


Governance

The Board of Directors is responsible for maintaining oversight of environmental risk management including reviewing and providing approval for policies and procedures. The sustainability team is delegated by the Board for implementation of environmental risk management policy and procedures as well as the following:

- Work on reducing energy consumption by implementing energy-efficient technologies, promoting sustainable behaviors among employees and setting energy reduction targets;
- Work on reducing our greenhouse gas emissions by measuring and monitoring our carbon footprint, setting emissions reduction goals, and implementing strategies to reduce emissions from our operations;
- Ensure that the target for reduction of Scope 1 to 3 emissions and net-zero target are met;
- Report to the Board of Directors.

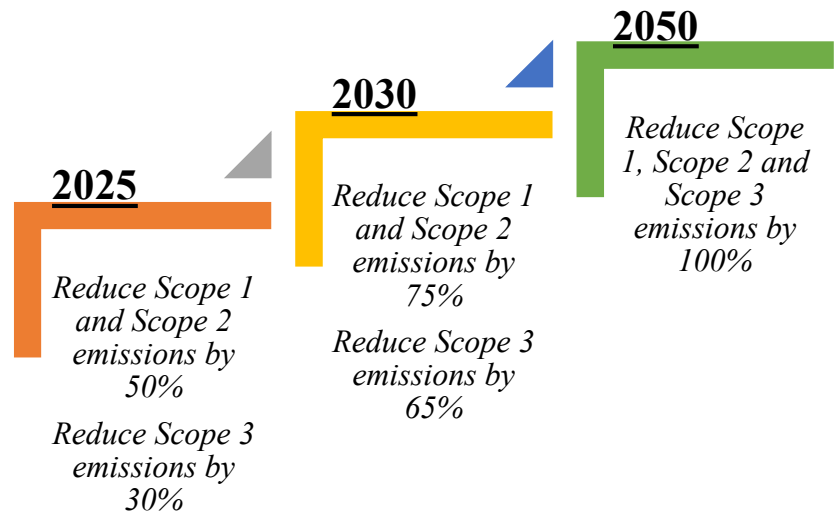
The sustainability reporting structure is as follows:



Our Goals and Commitments

Target zero net carbon emissions

Nutek's GHG emissions reduction target is in line with the Paris Agreement, to limit global warming to 1.5°C. To keep global warming to no more than 1.5°C, emissions need to be reduced by 45% by 2030 and reach net zero by 2050.



Opportunities and Risks of Climate Change

When assessing the risks and opportunities that climate change poses for our company, we are guided by the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to help us identify transitory and physical risks, as well as climate-related opportunities. The Board of Directors are responsible for the climate-related risk management and strategy and are supported by the sustainability team. The environmental risks are being identified and rated according to probability and impact. Preventive controls that are part of ISO 14001:2015 are identified to minimize the risk levels. Subsequently, broad measures based on available realistic and current information are identified for action plan in the event the risk occurs.

When formulating such strategies and plans for our operations, varying time horizons are considered as environmental risks and opportunities materialize over different time frames. Short-term, medium-term and long-term horizons were considered when analyzing the impact of environmental risks.



We conducted a qualitative analysis of climate-related risks and opportunities, focusing on the risks and opportunities shown below:

Physical risks: These include acute risks in relation to extreme weather conditions such as those related to flooding and chronic risks which is the rise in global temperatures due to global warming. Increased heavy rain could result in a flood risk which poses a threat to our facilities and could potentially damage our infrastructure and machines. The damage will cause a disruption in operations and could lead to a significant loss in revenue.

Transition risks: These include technology and market risks. As customers' preferences are slowly starting to shift to products with lower carbon footprint, there is a risk of reduced demand in the long run due to the inability to meet customers' demands for low-carbon products and practices.

Efforts to mitigate and adapt to climate change also produce opportunities such as resource efficiency and cost savings, as well as the adoption of low-emission energy sources. We have already begun to adopt energy-efficient technologies such as switching to a vendor that supplies electricity generated from renewable sources with zero carbon emissions through the redemption of RECs as well as installing solar panels at both of our sites.

When assessing suitable measures to combat climate-related risks, we distinguish between measures to mitigate impacts (mitigation strategies) and activities that facilitate climate adaptation and build resilience (adaptation strategies).

Mitigation Strategies

Key strategies in reducing carbon emissions

Our focus between now and the different time-bound targets shown below is to deliver absolute GHG reductions across the various departments within our organization. We will seek out opportunities to reduce emissions and encourage less carbon usage within our value chain, and take action on mitigation strategies and contribute to a climate-resilient future. Our action plan covers

the GHG emissions from our operations (Scope 1 and Scope 2) as well as key GHG emissions categories that fall under Scope 3 (mainly upstream transportation and distribution).

Emission Reduction Targets: Set realistic targets for reducing greenhouse gas emissions, encouraging participation through voluntary commitments or regulatory compliance. The targets were set by the sustainability team through various discussions with the appointed department manager. Reduction strategies are to be developed and implemented by the user departments. The table below depicts our action plan, which shows the 1.5°C aligned time-bound targets for 2024, 2030 and 2050.

Scope 1	2024	2030	2050	Remarks
Stationary Combustion				
LED lights installation	80%	95%	100%	Estimated 40% reduction in power consumption
Installation of VRF AC	20%	50%	100%	Estimated 30% reduction in power consumption
AC Timer Controls	40%	80%	100%	
Solar Panel installation reduction of onsite power consumption by 30%	50%	100%	100%	6 months use in 2024
Mobile Combustion				
All Company vehicles converted to EV	50%	100%	100%	
Scope 2				
Purchase Electricity from vendor to be 100% carbon neutral	100%	100%	100%	
Scope 3				
Procurement				
Local vendors must certify that their sourced energy is carbon neutral	-	50%	100%	% of vendors
Mild steel/Lead vendors to target Carbon emission reduction. Green Steel certification	-	60%	85%	Industry standard to reduce carbon emission tonnage
Capital Equipment purchase based on price and sustainability selection criteria. To include power consumption/ carbon footprint and recycled materials criteria. Aluminium vendors to target Carbon Emission reduction	-	30%	40%	Industry standard to reduce 30% by 2030 and net zero by 2050

Scope 3 (cont.)	2024	2030	2050	Remarks
Logistics				
Outgoing freight must be 90% by sea	100%	100%	100%	% of shipment
Incoming sea freight must be 90% by sea	100%	100%	100%	% of shipment
Freight material must be 100% recyclable	80%	100%	100%	% of freight material
Freight Forwarders to certify that "green" alternative bunker ecosystem fuel is used for ships, excluding Ex-Factory	-	50%	100%	% of outgoing appointed forwarders (Ex-works)
Production				
Reduce carbon footprint of equipment by reducing power consumption of equipment produced by at least 30%	-	50%	100%	% of all equipment produced
Waste generated from production less than 3%	100%	100%	100%	As per ISO requirements
Finance				
Investment/Debt in green related projects	100%	100%	100%	
Wholly owned Subsidiary operations are net zero (NTS)	-	100%	100%	Company limited to FD investments
Human Resource				
Reduce Employee commuting distance by bus by 30%	-	20%	30%	Based on distance travelled by adopting direct routes to nearest MRT stations

Energy Efficiency (Scope 1 and 2): Promote measures to improve energy efficiency, such as energy audits, adoption of energy-efficient technologies, and employee training on energy conservation. Various measures to minimise energy consumption include:



- Transitioning from fluorescent lighting to LED energy-saving lighting;
- Increasing the intensity of LED energy-saving lighting but reducing the overall number of lights (which in turn will decrease energy consumption);
- Setting air-conditioners and lights to automatically turn off after office hours;
- Upgrading air-conditioning to a variable flow refrigerant system;
- Switching to alternative sources such as EV vehicles and solar energy generation;
- Replacing outdated and less efficient equipment with newer, energy-efficient alternatives;

- Fostering energy conservation awareness among our employees and communicate the policy to all other person working for and on behalf of the organization.

Our value chain (Scope 3): Improve transport network efficiency and scale up electric and alternative fuel vehicles. We anticipate that 90% of incoming and outgoing freight to be by sea and freight material must be 100% recyclable.

As we depend on third-party freight forwarders to deliver our products, we are dependent on them to help us reduce emissions further. We will engage with freight forwarders to certify that “green” alternative bunker ecosystem fuel is used for ships and anticipate a 50% reduction by 2030.

Market transformation and portfolio optimization: Produce products that enable our customers to meet and exceed global energy efficiency standards through material optimization and recycling. Local vendors must certify that their sourced energy is carbon neutral, whereas mild steel/ lead vendors should also have a target to reduce carbon emissions and work towards green steel certification.

Adaptation Strategies



It is important to assesses climate-related risks to protect our operations against climate change and associated extreme weather events. Although Singapore is well-protected from most natural disasters, the increase in frequency and severity of extreme weather events such as storms and heavy rains leading to floods will be more prominent with climate change.

It is important to take action on adaptation, building resilience and adaptive capacity to address the effects of climate change on our physical environment, including climate-related hazards. We have set standard guidelines focusing on weather-related factors including flooding and power shortages, leading to the damage of our equipment/ assets and our factory infrastructure.

Business Continuity Planning: In our risk management policy, we have performed a risk assessment on the various risks in relation to natural causes and assessed the likelihood of occurrence and magnitude of impact. The policy also states out the preventive controls in place, the action plan and the resources needed in the event the risk occurs. Although the probability of the risks of natural causes occurring is low, the risk assessment is important to ensure operational resilience.

Driving innovation and Adopting New Technology: Fostering innovation, staying abreast of green technology advancements and investing in solutions that minimize our carbon footprint.

Capacity Building and Support through Networking and Collaboration: Facilitate networking opportunities and partnerships among SMEs, industry associations, or collaborate with our customers and vendors to share best practices and innovative solutions required to reduce scope 3 emissions.

Commitment to Sustainability

We understand that effectively managing environmental, social and governance (ESG) risks and opportunities is vital for us to achieve environmental sustainability goals, fostering innovation, competitiveness, and resilience in a low-carbon economy.

