

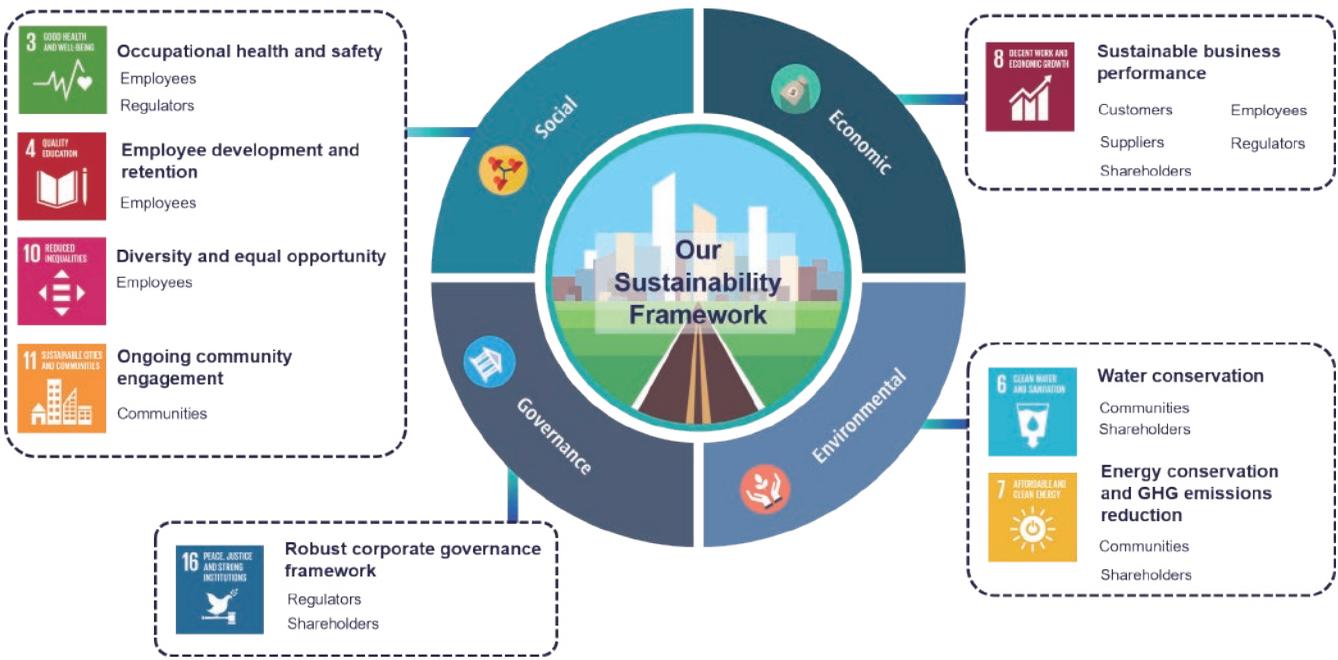
SUSTAINABILITY REPORT

BOARD STATEMENT

Sapphire Corporation Limited (the “Company”) and its subsidiaries (the “Group” or “We”) are committed to good corporate governance and sustainable business practices that foster best practices, transparency, accountability and integrity for the long-term sustainability of our business and value creation for our stakeholders.

We reaffirm our commitment to sustainability with the publication of the Group’s sustainability report (the “Report”). For this Report, we provide insights into the way we do business, while taking into account our key sustainability factors under the sustainability pillars of economic, environmental, social and governance (collectively as “Sustainability Factors”), to provide readers with an accurate and meaningful overview on how sustainability issues are managed. The Board of Directors (“Board”) having considered the Group’s sustainability issues as part of its strategic formulation and business strategies, determined the key Sustainability Factors and overseen the management and monitoring of the key Sustainability Factors.

Our sustainability framework communicates our commitment towards supporting the United Nations’ Sustainable Development Goals (“SDGs”) and is primarily driven by the concerns of our key stakeholders. We work closely with stakeholders in our value chain and their inputs drive our sustainability focus on our key Sustainability Factors and the SDGs as follows:



SUSTAINABILITY PERFORMANCE AT A GLANCE

A summary of our key sustainability performance in FY2023 is as follows:

Sustainability pillar	Performance indicator	Sustainability performance	
		FY2023	FY2022
Economic	Economic value generated ¹	RMB73.6 million	RMB115.8 million ²
	Operating costs ³	RMB60.8 million	RMB96.7 million ²
	Employee benefits expense	RMB15.1 million	RMB11.7 million
	Payments to providers of capital ⁴	RMB0.2 million	- ⁵
	Tax to governments	RMB0.3 million	RMB5.7 million
Environmental	Water consumption(CuM)	150	149
	Electricity consumption (kWh)	17,030	17,587
	Indirect greenhouse Gas (“GHG”) emissions (tonnes CO2e)	9	10
Social	Number of work-related fatalities	-	-
	Number of high-consequence ⁶ work-related injuries	-	-
	Employee turnover rate	6%	6%
	Number of reported incidents of unlawful discrimination ⁷ against employees	-	-
Governance	Number of incidents of major corruption ⁸	-	-

OUR BUSINESS

Our business model is aligned with urbanisation trends with two key revenue streams of: (i) property management and city redevelopment services; and (ii) leasing of warehouse and equipment and supply of materials for urbanisation projects. An overview of our key business units and their developments is as follows:

Property management and city redevelopment services

Group entity	Chengdu Shengshi Jialong City Management Service Co., Ltd.	
Supplier	Service providers for maintenance works, cleaning, security and landscaping	
Operations		Provision of property management services to a 9-storey office building (中铁隆大厦)

Notes:

- (1) Economic value generated comprises revenue and other income net of government grants and unrealised gains.
- (2) Figure has been restated due to prior year adjustments and reclassification.
- (3) Operating costs comprise cost of sales, administrative expenses, other expenses, net of employee-related costs, depreciation of property, plant and equipment, amortisation of intangible assets.
- (4) Payments to providers of capital include interest payments made to providers of loans and dividend payments to shareholders (if any).
- (5) Figure has been restated as a correction.
- (6) High-consequence work-related injuries refer to injuries from which the worker cannot recover or cannot recover fully to pre-injury health status within 6 months.
- (7) Unlawful discrimination refers to an incident whereby the relevant authority has commenced investigation and resulted in a penalty to a company.
- (8) A major corruption incident is defined as a serious offence that involves fraud or dishonesty and is being or has been committed against a company by its officers or employees. Such a serious offence is punishable by imprisonment for a term of not less than 2 years and the value of the property obtained or likely to be obtained from the commission of the offence amounts to not less than \$100,000.

Operations		Planning of the urban improvement and renewal works for the First Ring Road (一环路)
		Operator and provision of property management services to the Waterfront Garden Sanhe New Residence (三河新居)
		Operator of the International Community Service Centre at Laoma Road (老马路社区“乐邻里”国际化社区邻里中心社区综合体)
Customer	Business partners (including an associated company ⁹) and tenants	

Leasing of warehouse and equipment and supply of materials for urbanisation projects

Group entity	Sichuan Yilong Equipment Co., Ltd.	
Supplier	Suppliers of materials for urbanisation projects	
Operations		Leasing of warehouse and equipment
		Supply of materials for urbanisation projects
Customer	Business partners (including the Associated Company) and corporate customers	

Notes:

(9) Associated company refers to Ranken Railway Construction Group Co., Ltd (the “Associated Company”)

OUR COMMITMENT TO A GREENER FUTURE

As part of our commitment to environmental conservation, we plan to expand into environmental projects such as the following:



- Urban water treatment projects to remove impurities from sewage water and produce renewable water resources. The renewable water resources will be used mainly for industrial purposes;
- Installation of centralised water purification system to produce quality and purified drinking water;



Improvement of our cleaning services in public areas by progressively incorporating higher performance standards for waste sorting, recycling and disposal;



Installation of clean energy charging points for motor vehicles.

ASSOCIATION MEMBERSHIP

Chengdu Shengshi Jialong City Management Service Co., Ltd. (“Jialong”) is a member of the following associations:

S/N	Association ¹⁰
1	Sichuan Ecotourism Association (四川省生态旅游协会)
2	Chengdu Property Management Association (成都市物业管理协会)
3	Chengdu Wuhou District Building Economic Development Alliance (成都市武侯区楼宇经济发展联盟)

AWARDS

Being the operator of the International Community Service Centre at Laoma Road in Wangjiang Road Street of Chengdu, Wuhou district (成都市武侯区望江路街道老马路社区“乐邻里”国际化社区邻里中心社区综合体), the awards received by Jialong include:

Date	Award ¹⁰	Awarded by ¹⁰
September 2022	National Social Governance Innovation Award (全国社会治理创新案例) (2022)	China Society for Social Governance Research (中国社会治理研究会)
November 2022	“Garden City, Flowers for Community” award conferred at the Chengdu Community Garden Award Ceremony and Conference (“公园城市花惠万家”成都市社区花园创建 颁奖仪式暨总结大会)	<ul style="list-style-type: none"> ▪ Chengdu Park City Construction Administration (成都市公园城市建设管理) ▪ Urban and Rural Community Development and Governance Committee, the Communist Party of Chengdu City (中共成都市委城乡社区发展治理委员会)

Notes:

(10) Names of awards and associations are translated into English based on their Chinese version. In the event of any inconsistency between the two versions, the Chinese version shall prevail.

CERTIFICATIONS

Jialong obtained the following certificates of compliance from the Guobiao Standards (“GB/T”) and International Organization for Standardization (“ISO”):

Certification	Description of certification
GB/T 19001-2016/ ISO 9001:2015	Specify requirements of a quality management system for any organisation that needs to demonstrate its ability to consistently provide solutions that meet customers’ and applicable regulatory requirements and aims to enhance customer satisfaction
GB/T 24001-2016/ ISO 14001:2015	Ensure continuous improvement of the company’ s environmental impact
GB/T 45001-2020/ ISO 45001:2018	Ensure physically and mentally safer working conditions

REPORTING FRAMEWORK

This Report is prepared in accordance with 711A and 711B of the Singapore Exchange Securities Trading Limited (“SGX-ST”) listing rules. This Report is also prepared with reference to the Global Reporting Initiative (“GRI”) Standards as it provides an extensive framework that is widely accepted as a global standard for sustainability reporting.

As part of our continual efforts to align our sustainability reporting with relevant market standards, we mapped our sustainability efforts to the 2030 Agenda for Sustainable Development, which is adopted by all United Nations Member States in 2015 (“UN Sustainability Agenda”). The UN Sustainability Agenda provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 SDGs, which form an urgent call for action by all countries - developed and developing - in a global partnership. We incorporated the SDGs, where appropriate, as a supporting framework to shape and guide our sustainability strategy.

Our climate-related disclosures are produced based on the 11 recommendations of Task Force on Climate-related Financial Disclosures (“TCFD”).

We relied on internal data monitoring and verification to ensure accuracy for this Report. Internal review on the sustainability reporting process is incorporated as part of our internal audit review cycle and we will work towards external assurance for our sustainability reports in the future.

REPORTING SCOPE

This Report is applicable for our financial year from 1 January to 31 December 2023 (“FY2023” or “Reporting Period”).

This Report covers the key operating entities within the Group which contributed to approximately 100% (FY2022: 100%) of the Group’s total revenue for the Reporting Period:

S/N	Entity
1	Sapphire Corporation Limited
2	Ranken Holding Co., Ltd.
3	Chengdu Kai Qi Rui Business Management Co., Ltd.
4	Sichuan Yilong Equipment Co., Ltd.
5	Chengdu Shengshi Jialong City Management Service Co., Ltd.

FEEDBACK

Your feedback on this Report is an important way of improving our sustainability practices. If you have any comments, suggestions or feedback on this matter, you may send to our investor relations email account: ir@sapphirecorp.com.sg.

STAKEHOLDER COMMUNICATION

We understand the need for regular stakeholder communications, which are relevant to the sustainable development of the Group. Such communications play a key role in Group-wide decision-making processes and to manage the business in a sustainable manner.

Through an internal stakeholder mapping exercise, we identified key stakeholder groups which we prioritise our engagement with. These include individuals or groups that have an interest, that is affected or could be affected by our activities.

Our efforts on sustainability are focused on creating sustainable value for our key stakeholders, which comprise communities, customers, employees, regulators, investors and shareholders (“Shareholders”) and suppliers. Key stakeholders are determined for each key Sustainability Factor identified, based on the extent of which they can affect or are affected by operations of our Group.

We actively engage our stakeholders through the following channels:

S/N	Key stakeholder	Engagement platform	Frequency of engagement	Concerns of stakeholder
1	Communities	Community campaigns	Regularly	<ul style="list-style-type: none"> •Social inclusion •Environmental initiatives
2	Customers	<ul style="list-style-type: none"> •Ad-hoc meetings •Emails •Phone or video calls 	Where necessary	<ul style="list-style-type: none"> ▪ Service and product quality ▪ Timely response to customers’ feedback
		Staff memos	Important notices are published when required	
3	Employees	<ul style="list-style-type: none"> •Training •Regular reviews and appraisals 	Where necessary	<ul style="list-style-type: none"> •Fair labour practices •Job security •Remuneration and benefits •Training and development •Health and safety
		Staff memos	Important notices are published when required	
		Notices sent through emails or mails on updates of regulations	As and when there are updates to regulations and statutes	
4	Regulators	<ul style="list-style-type: none"> ▪ Communication with Singapore Exchange (“SGX”), Accounting and Corporate Regulatory Authority (“ACRA”) and other authorities through emails and phone calls. ▪ Consultations and briefings organised by key regulatory bodies such as SGX and relevant government agencies/ bodies 	Where necessary	<ul style="list-style-type: none"> ▪ Corporate governance ▪ Transparent and timely communication of information ▪ Compliance with rules and regulations
		Notices sent through emails or mails on updates of regulations	As and when there are updates to regulations and statutes	
5	Shareholders	<ul style="list-style-type: none"> •Annual general meetings •Annual reports 	Annually	<ul style="list-style-type: none"> ▪ Financial performance and sustainability of the business ▪ Business strategy and direction ▪ Corporate governance and compliance ▪ Transparent and timely communication of information
		Result announcements	Half-yearly	
		<ul style="list-style-type: none"> •Corporate website •Emails •News releases via SGX website 	Where necessary	
6	Suppliers	<ul style="list-style-type: none"> •Ad-hoc meetings •Emails •Phone or video calls 	Where necessary	<ul style="list-style-type: none"> •Clear two-way communications •Timely feedback.

Through the above channels, we seek to understand the concerns of key stakeholders, communicate effectively with them and respond to their concerns.

POLICY, PRACTICE AND PERFORMANCE REPORTING

A sustainability policy (“SR Policy”) covering our sustainability strategies, reporting structure, materiality assessment and processes in identifying and monitoring key Sustainability Factors has been put in place. This SR Policy serves as a point of reference in the conduct of our sustainability reporting. Under this SR Policy, we will continue to monitor, review and update our key Sustainability Factors from time to time, taking into account the feedback that we receive from our engagement with our stakeholders, organisational and external developments.

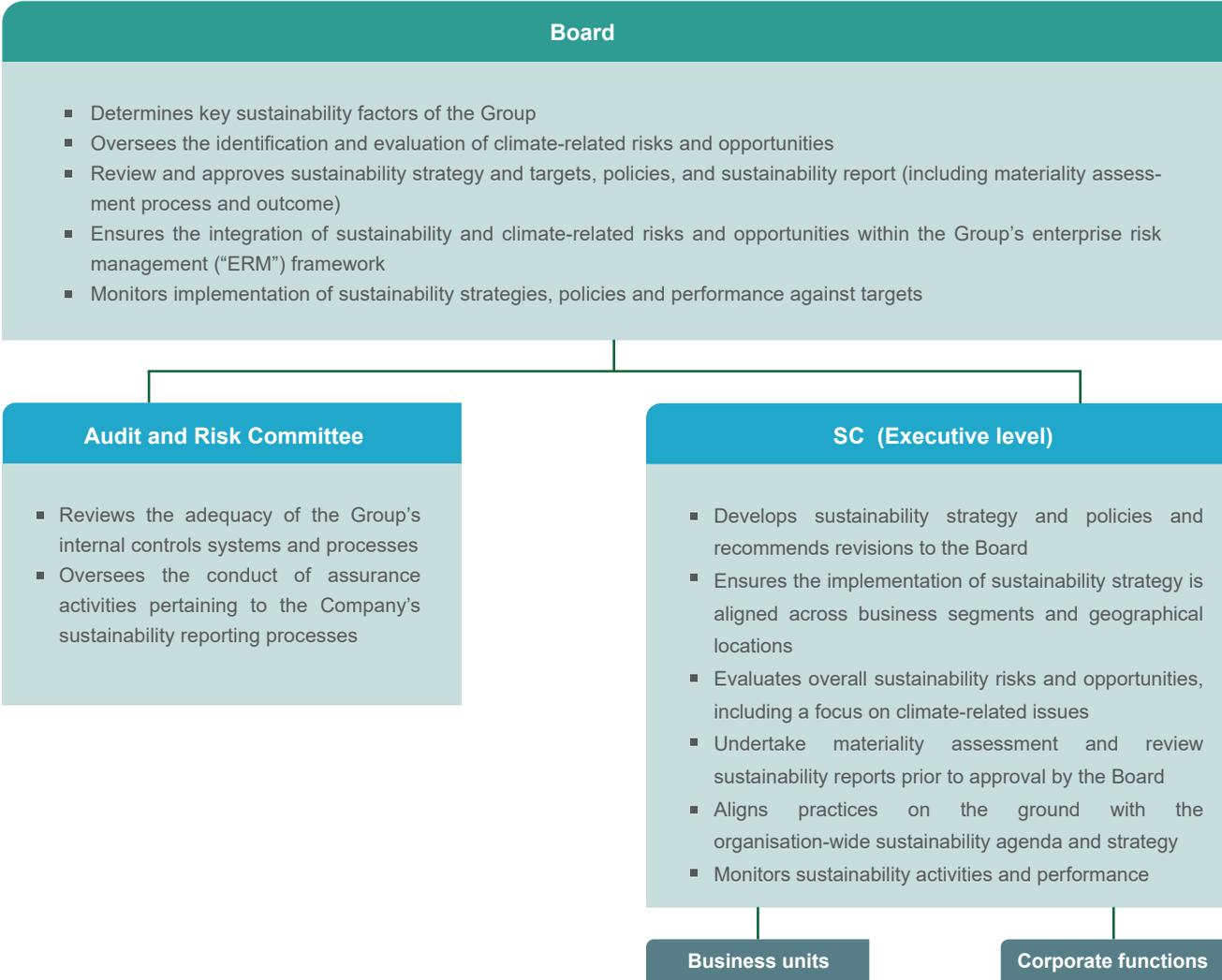
SUSTAINABILITY GOVERNANCE STRUCTURE

The Board advises and supervises the development of our sustainability strategy and performance targets. As part of our continual efforts to upgrade the knowledge of our directors on sustainability reporting and to meet the requirement of listing rule 720 (7) of SGX-ST, we confirm that all of our 5 directors have attended one of the approved sustainability training courses.

Our sustainability strategy is spearheaded by an executive level Sustainability Committee (“SC”) which is led by our Chief Executive Officer (“CEO”) and tasked to develop the sustainability strategy, review our material impacts, consider stakeholder priorities and set goals and targets, as well as collect, verify, monitor and report performance data for this Report. The SC is further supported by selected staff from the key business units and corporate functions.

Besides the SC, the Board is also supported by the Audit and Risk Committee on specific sustainability matters under their respective terms of reference. As we are still refining our sustainability related metric measuring, tracking and target setting mechanism, we will link the key executives’ remuneration to sustainability performance when the mechanism is more matured and stable.

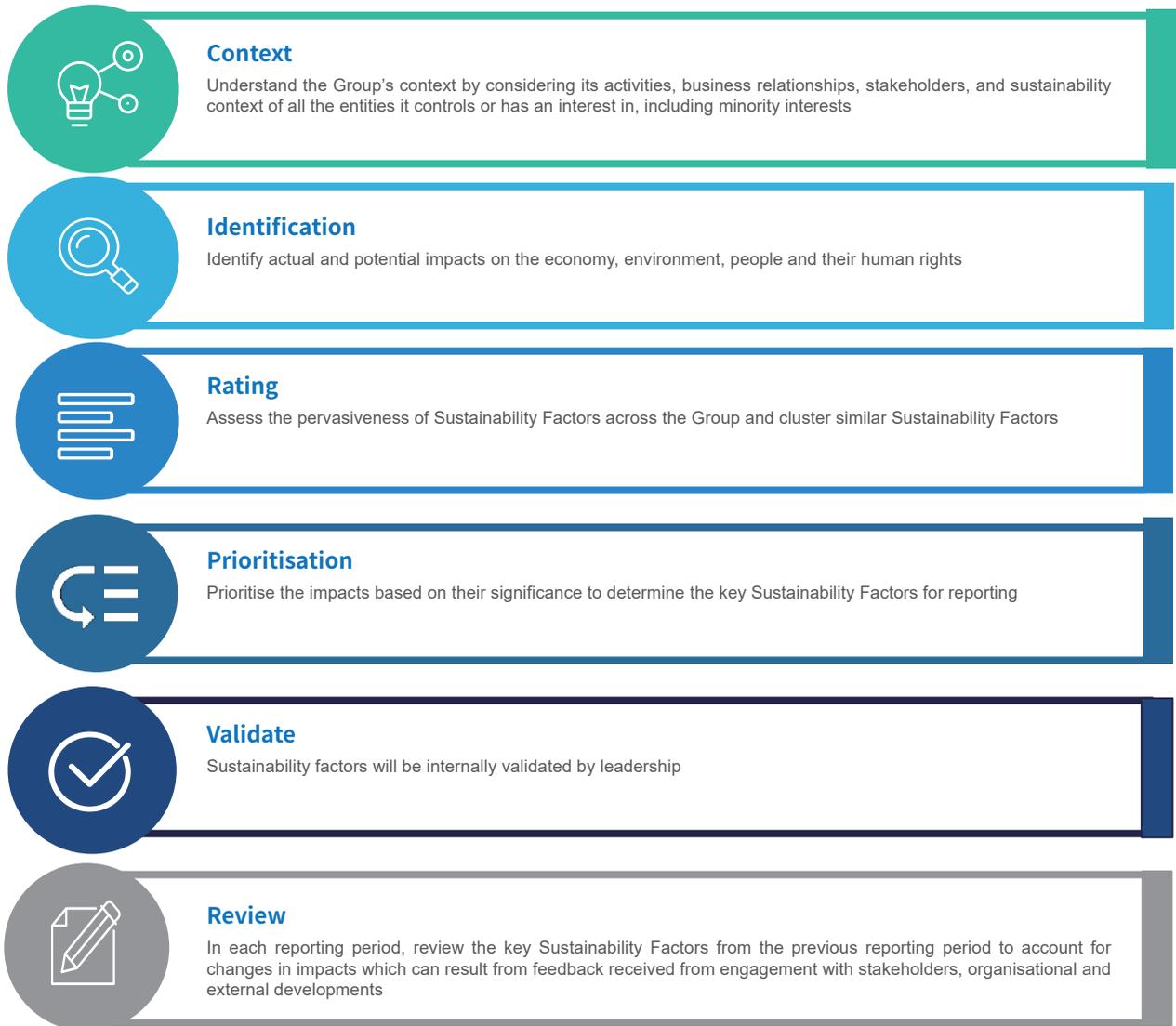
Our sustainability governance structure and the responsibilities of component parties are detailed as follows:



SUSTAINABILITY REPORTING PROCESSES

Our sustainability process begins with an understanding of the Group's context. This is followed by the ongoing identification and assessment of the Group's impacts. The most significant impacts are prioritised for reporting, and the result of this process is a list of key Sustainability Factors disclosed in this Report.

Processes involved are shown in the chart below:



MATERIALITY ASSESSMENT

The materiality assessment considers the likelihood of the occurrence of actual and potential negative and positive impacts and significance of our impacts on the economy, environment, people and their human rights, which in turn can indicate our contribution (negative or positive) to sustainable development.

PERFORMANCE TRACKING AND REPORTING

We track our key Sustainability Factors by identifying the relevant data points and measuring them. In addition, performance targets that are aligned with our strategy will be set to ensure that we maintain the right course in our path to sustainability. We also consistently enhance our performance-monitoring processes and improve our data capturing systems. A sustainability report is published annually in accordance with our SR Policy.

KEY SUSTAINABILITY FACTORS

In FY2023, a stakeholder engagement session¹¹ and a materiality assessment were conducted by the SC to understand the concerns and expectations of our stakeholders. Through the materiality assessment, factors with significant impacts on the economy, environment, people and their human rights were updated. In this Report, we also reported our progress in managing these factors and set related targets to improve our sustainability performance.

The key Sustainability Factors applicable to the Group are as follows:

S/N	Key Sustainability Factor	SDG	Key stakeholder
Economic			
1	Sustainable business performance	Decent work and economic growth	<ul style="list-style-type: none"> ▪ Customers ▪ Employees ▪ Suppliers ▪ Regulators ▪ Shareholders
Environmental			
2	Water conservation	Clean water and sanitation	<ul style="list-style-type: none"> ▪ Communities ▪ Shareholders
3	Energy conservation and GHG emissions reduction	Affordable and clean energy	<ul style="list-style-type: none"> ▪ Communities ▪ Shareholders
Social			
4	Occupational health and safety	Good health and well-being	<ul style="list-style-type: none"> ▪ Employees ▪ Regulators
5	Employee development and retention	Quality education	Employees
6	Diversity and equal opportunity	Reduced inequalities	Employees
7	Ongoing community engagement	Communities	Communities
Governance			
8	Robust corporate governance framework	Peace, justice and strong institutions	<ul style="list-style-type: none"> ▪ Regulators ▪ Shareholders

SUSTAINABLE BUSINESS PERFORMANCE

Our commitment

The Group believes in the creation of long-term economic value and consistent economic performance for the Group and its stakeholders.

Our approach

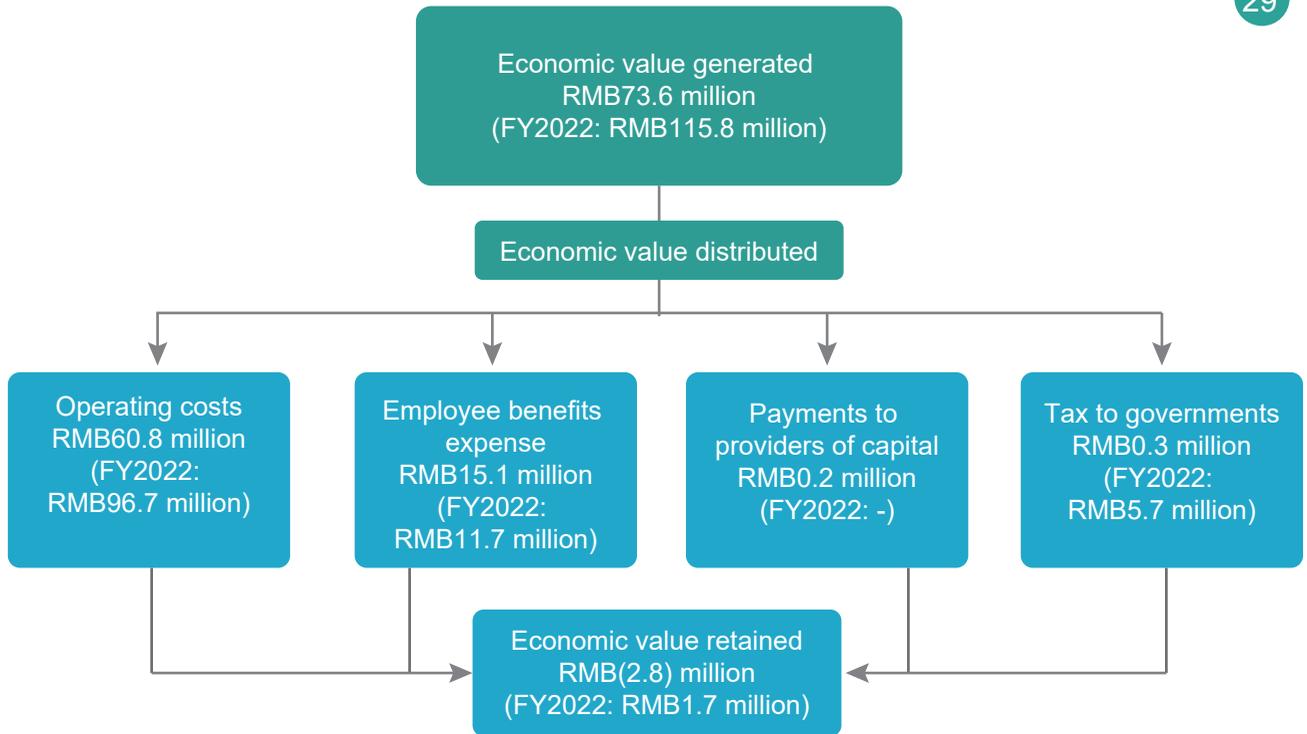
We strive to generate and distribute economic value by executing our business strategy, which includes staying abreast with market trends, maintaining a healthy balance sheet and strong cash flow, mitigating relevant business risks identified.

Our performance

In line with the commitment to provide value to various stakeholders and to enable a more sustainable future, economic value generated in FY2023 is distributed as follows:

Notes:

(11) The Company started to engage its internal stakeholders of employees for the materiality assessment performed. We strive to reach out to external stakeholders for our materiality assessment in the future where practicable.



Further details of our financial performance can be found in the financial contents and audited financial statements of this Annual Report.

WATER CONSERVATION

Our commitment

Proper and efficient management of water is important in addressing global water scarcity and reducing wasteful water consumption. We are committed to the responsible usage of water resources through our involvement in water and environmental conservation projects.

Our approach

Specialised city redevelopment services for environmental project

In the back of increasingly stringent environmental protection regulations in People's Republic of China ("PRC") and to combat climate change, we believe that the greening of industrial parks in PRC – where large-scale industrialisation activities are primarily located in PRC – and transforming them into "eco-industrial parks", will present new business opportunities where we can offer integrated building estate management services with water and environmental conservation solutions, given our track record in water and environmental conservation projects.

Our track record



Liveable River Bank

As a consortium partner for the first phase of Wuhou District, "Liveable River Bank" project in Chengdu, Sichuan Province, PRC, which was completed in early 2021, we accumulated valuable knowledge and operating experience in managing the water and environmental conservation projects. This project involved the design, build, finance and management of ecological restoration, flood control measures and building infrastructures along an embankment along Jiang An River, one of the key waterways in Chengdu.

Tracking and conserving water in our operations

We mainly source our water supply from municipal water suppliers. To run our operations, we rely on water resources mainly in our office environment and public amenities for cleaning purposes, restrooms and pantries. Our water conservation initiatives include placing notices within the premises and public amenities to remind users to save water, performing regular tracking and analysis of water consumption trends and taking corrective actions when unusual consumption patterns are observed.

Our performance

Key statistics on water consumption during the Reporting Period are as follows:

Performance indicator	Unit of measurement	FY2023	FY2022
Water consumption	CuM	150	149

ENERGY CONSERVATION AND GHG EMISSIONS REDUCTION

Our commitment

We are committed to the responsible usage of energy resources and emissions reduction to combat climate change.

Our approach

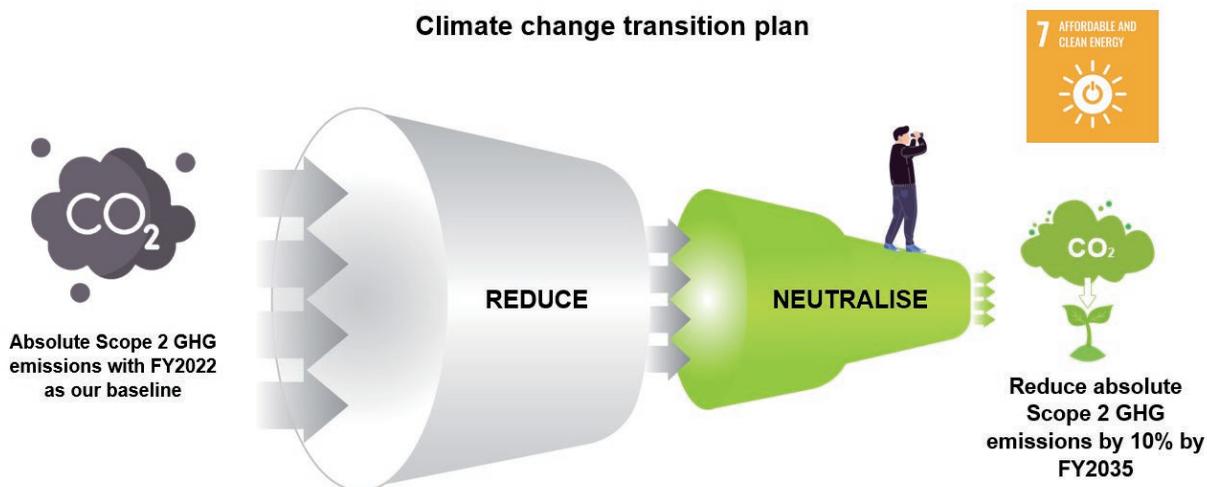
We aim to reduce our environmental footprints and at the same time, establish operational resilience to deliver long-term and sustainable value to our stakeholders of communities, shareholders, employees, customers and suppliers. We adopt a balanced approach in effectively managing and minimising the impacts arising from our business operations.

To run our operations, we rely on purchased electricity mainly in our office environment and public amenities for lighting, heating and cooling (Scope 2¹²). Other than indirect GHG emissions (Scope 2), we do not generate significant direct GHG emissions (Scope 1¹³) from our operations. Accordingly, no separate disclosure is made on direct GHG emissions (Scope 1) but we will continue to monitor such emissions and to disclose in future, should it be significant.

We track and monitor our Scope 2 and certain categories of Scope 3 GHG emissions closely and are developing mechanism to track our other categories of our scope 3 GHG emissions, where relevant and practicable. We developed a climate change transition plan and will refine and improve the plan as we progressively implement it, by considering changes in business operations, environment and market trends. Progress updates and performance will be provided in our future sustainability reports with assurance on the reporting process covered by an internal review.

Climate change transition plan

Our climate change transition plan steers us on our decarbonisation journey. Under this plan, we commit to reduce our absolute Scope 2 GHG emissions by 10% and by FY2035, with FY2022 as our baseline. Our climate change transition plan is focused on two (2) strategic levers of reduce and neutralise as follows:



Notes:

(12) GHG emissions from electricity purchased by a company (Scope 2) are calculated based on the emissions factors published by the local authorities.

(13) Scope 1 GHG emissions occur from sources that are owned or controlled by a company.

Details of our strategic levers are as follows:

Lever	Reduce	Neutralise
Description	<ul style="list-style-type: none"> Reduce absolute emissions first within our operations and followed by our supply chain Replace existing energy source with low or zero-carbon sources 	Neutralise unavoidable residual emissions
Focus area	<ul style="list-style-type: none"> Energy efficiency - lighting Behavioral changes Clean energy 	<ul style="list-style-type: none"> Renewable energy certificates (“REC”) Carbon credits

We track and review spending on energy consumption regularly to control usage and take corrective actions when unusual consumption patterns are observed. We continuously strive to improve our energy use and efficiency through the following initiatives and aspirations:

Lever	Key initiative	Description
Reduce	Energy efficiency - lighting	We use LED lights within our premises where practicable.
	Behavioural changes	We constantly remind our staff on basic and socially responsible habits at their workplaces such as adopting greener work ethics, switching off appliances if not in use, enabling power saving modes and optimising operating temperatures.
	Clean energy	We are constantly exploring opportunities to source for clean and/or renewable energy where we operate in.
Neutralise	<ul style="list-style-type: none"> REC Carbon credits 	We plan to explore the use of REC and carbon credits to offset unavoidable residual emissions when the relevant markets mature.

Our performance

Key statistics on electricity consumption and GHG emissions during the Reporting Period are as follows.

Performance indicator	Unit of measurement	FY2023	FY2022
Energy consumption			
Electricity consumption	kWh	17,030	17,587
GHG emissions			
Indirect GHG emissions (Scope 2)	tonnes CO2e	9	10

During the Reporting Period, we started tracking selected Scope 3 GHG emissions of our operations as follows:

Category	Coverage	Unit of measurement	FY2023 ¹⁴
Category 7: Employee commuting	Transportation of employees between their homes and their worksites	tonnes CO2e	54

OCCUPATIONAL HEALTH AND SAFETY

Our commitment

We recognise the importance of health and safety in its development of a competitive workforce. We aim to provide a hazard-free workplace by monitoring and assessing the Group’s health and safety related risks on an ongoing basis.

Our approach

Measures taken include conducting fire safety and electrical safety trainings for employees and placing notices within the premises to remind employees to be careful and avoid electric shock, installing adequate fire-fighting equipment within the operating premises. Regular fire drills and evacuation exercises are conducted to familiarise our employees with the emergency procedures in the event of a risk incident.

Notes:

(14) No comparative data is available as we only started tracking Scope 3 GHG emissions in FY2023. Scope 3 GHG emissions were calculated using calculation tool comprising the GHG Protocol tool for mobile combustion.

Our performance

During the Reporting Period, we encountered zero work-related fatalities, zero high-consequence work-related injuries, zero recordable work-related injuries and zero recordable work-related ill health cases in FY2023 (FY2022: zero work-related fatalities, zero high-consequence work-related injuries, zero recordable work-related injuries and zero recordable work-related ill health cases).

EMPLOYEE DEVELOPMENT AND RETENTION

Our commitment

We firmly believe that our success comes from continued investment in our employees. Our sustainable development and growth depend on a steadfast strategy of hiring, retaining and nurturing qualified and experienced personnel. Our human resources strategy recognises the importance of social equity and the provision of equal opportunities for the development and retention of our employees.

Our approach

We provide comprehensive training and development opportunities that enhance professional and technical expertise of our employees, so that they can continuously improve their skills and grow within the Group. The training programmes provided include training courses on service etiquette, customer relationship management, occupational health and safety, property and project management, human resources and administration, management skills, communication skills and cleaning procedures.

To retain employees, we provide reasonable incentives and competitive salaries. All employees are entitled to annual leave based on their job grade and we reward our employees based on their performance, skills and contributions to the organisation.

We care for our employees' well-being through employee benefits, such as work injury insurance, social insurance, housing funds for employees, paid maternity leave for female employees and provision of meals for our employees based in our office building (中铁隆大厦). We believe that employees' mental and physical health and wellness are of equal importance for employee retention. To meet such needs, we provide regular medical and physical check-ups for them to monitor their health and well-being. We also organised activities and events in promoting healthy living.

Our performance

Training hours

Key statistics on training hours are as follows:

Disclosure	FY2023	FY2022
Overall		
Total training hours	584	410 ¹⁵
Average training hours per employee	8	7 ¹⁵
Gender (Male)		
Total training hours	258	- ¹⁶
Average training hours per employee	7	- ¹⁶
Gender (Female)		
Total training hours	326	- ¹⁶
Average training hours per employee	9	- ¹⁶
Employee category (Top management)		
Total training hours	13	- ¹⁶
Average training hours per employee	2	- ¹⁶
Employee category (Middle management)		
Total training hours	66	- ¹⁶
Average training hours per employee	4	- ¹⁶
Employee category (Staff)		
Total training hours	505	- ¹⁶
Average training hours per employee	11	- ¹⁶

The increase in training hours is mainly due to an increase in number of training programmes attended by employees to enhance project knowledge base, customer satisfaction and personal development.

Notes:

(15) Figure has been restated as a correction.

(16) No comparative data is available.

Turnover

Key statistics on turnover rate are as follows:

Disclosure	FY2023		FY2022	
	Number of turnovers	Rate of turnover	Number of turnovers	Rate of turnover
Gender				
Male	2	6%	1	3%
Female	2	6%	2	9%
Age				
Below 30	-	-	1	11%
30 to 50	4	10%	2	4%
Above 50	-	-%	-	-
Overall turnover	4	6%	3	6%

New hires

Key statistics on new hire rate are as follows:

Disclosure	FY2023		FY2022	
	Number of new hires	Rate of new hires	Number of new hires	Rate of new hires
Gender				
Male	13	36%	7	21%
Female	8	22%	9	41%
Age				
Below 30	2	29%	2	22%
30 to 50	13	33%	12	27%
Above 50	6	24%	2	200%
Overall new hires	21	29%	16	29%

DIVERSITY AND EQUAL OPPORTUNITY

Our commitment

Human capital plays an integral role in building the extent of the success of the Group. Our employees, being at the forefront of our business, are our most valuable assets. We aim to build a conducive and harmonious working environment so that our employees continue to stay with us.

Our approach

We practice fair hiring without prejudice, regardless of age, gender, religion and ethnicity. In accordance with the PRC's Labour Law and the Law on Protection of Minors (《中华人民共和国劳动法》和《中华人民共和国未成年人保护法》), we strictly forbid our sub-contractors to hire child labour.

Our performance

As at 31 December 2023, the Group has 72 (FY2022: 55) full-time employees, the majority of whom are stationed in the PRC. During the Reporting Period, there is no (FY2022: zero) reported incident of unlawful discrimination against employees.

Gender diversity

We view gender diversity in the Board level as an essential element in supporting sustainable development. We have a female representation of one member (FY2022: one) in the Board or 20% (FY2022: 20%) of the Board. Key statistics on gender diversity of our full-time employees are as follows:

Disclosure	FY2023		FY2022	
	Male	Female	Male	Female
Overall	50%	50%	60%	40%
Employee category				
Top management	57%	43%	57%	43%
Middle management	53%	47%	67%	33%
Staff	52%	48%	42%	58%

Age diversity

In our Group, matured workers are valued for their experience, knowledge and skills. Key statistics on age diversity of our full-time employees are as follows:

Disclosure	FY2023			FY2022		
	Below 30	30-50	Above 50	Below 30	30-50	Above 50
Overall	10%	56%	35%	16%	82%	2%
Employee category						
Top management	-	57%	43%	-	86%	14%
Middle management	6%	94%	-	33%	67%	-
Staff	13%	42%	46%	14%	86%	-

ONGOING COMMUNITY ENGAGEMENT

Our commitment

We are committed to creating positive social impacts through planning a variety of community campaigns which address the needs of our local communities.

Our approach

We work with various organisations to empower local communities.

Our performance

Being the operator of the International Community Service Centre at Laoma Road in Wangjiang Road Street of Chengdu, Wuhou district (成都市武侯区望江路街道老马路社区“乐邻里”国际化社区邻里中心社区综合体), we give back to the community through the following initiatives:

- Provide discounted meals for senior citizens at the canteen;
- Provide free access to fitness and sports rehabilitation facilities; and
- Organise free-of-charge theme activities such as health talks, legal talks, handicraft and music appreciation activities.

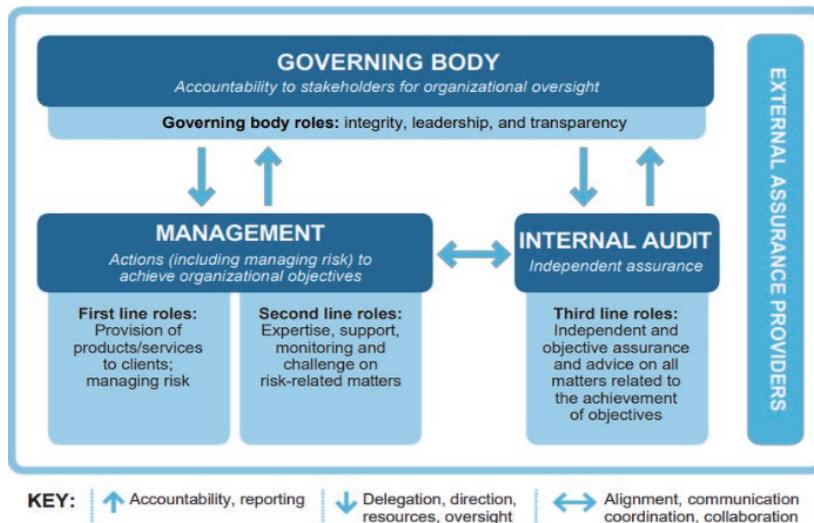
ROBUST CORPORATE GOVERNANCE FRAMEWORK

Our commitment

A high standard of corporate governance is integral in ensuring sustainability of our business as well as safeguarding shareholders' interest and maximising long-term shareholder value. The Board recognises the importance to maintain a sound system of risk management and internal controls to safeguard the interests of the Group and its shareholders.

Our approach

We aligned our corporate governance and risk management approach with the Three Lines Model issued by the Institute of Internal Auditors (“IIA”). The Three Lines Model serves to identify structures and processes that best assist the achievement of organisational objectives and facilitate strong governance and risk management. Under the Three Lines Model, the roles and responsibilities of governing body, management (first and second line roles), internal audit (third line roles) and the relationship among them are defined as follows:



Source: Three Lines Model issued by the IIA

The Group has in place an ERM framework to identify, evaluate and monitor the Group's significant risks. We regularly assess and review our businesses and operational environment to identify and manage emerging and strategic risks that may impact our sustainability. With a positive and proactive attitude, we believe that risks faced by the Group could be converted into opportunities and favourable results.

The Group is also committed to upholding integrity and combating corruption in all its forms. The Group requires all employees to comply with the relevant anti-corruption legislations in all markets where it operates and has a whistle-blowing policy in place to encourage and provide a channel for employees to raise their concerns about possible improprieties in financial reporting or other matters without fear of reprisals. Details of the whistle-blowing policy are made available to all employees.

You may refer to Corporate Governance Report of this Annual Report for details of our corporate governance practices.

Our performance

In FY2023, there is no (FY2022: zero) incident of major corruption and no (FY2022: zero) reported incident of non-compliance with laws and regulations for which fines and/or non-monetary sanctions were incurred for the Group.

SUSTAINABILITY TARGETS

To measure our ongoing sustainability performance and drive continuous improvement, we developed a set of targets related to our key Sustainability Factors. Our progress against these targets is reviewed and reported on an annual basis with details as follows:

Legend: Progress tracking	
○○○	New target
●●●	Target achieved
●●○	On track to meet target
●○○	Not on track, requires review

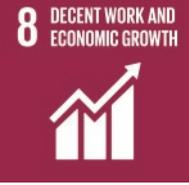
S/N	Key Sustainability Factor	Target	Current year performance
Economic			
1	Sustainable business performance	<u>Short-term</u> Maintain or improve our economic value generated subject to economic conditions	●○○ We recorded a decline in economic value generated mainly due to lower revenue from sales of goods from supply of construction materials as well as rendering of city urbanisation services.
Environmental			
2	Water conservation	<u>Short-term</u> Maintain or reduce water consumption	●●● No material changes in water consumption
3	Energy conservation and GHG emissions reduction	<u>Short-term</u> Reduce our Scope 2 GHG emissions by FY2025, with FY2022 as our baseline <u>Medium-term</u> Reduce our absolute Scope 2 GHG emissions by 10% by FY2035, with FY2022 as our baseline	●●● 5% reduction in absolute Scope 2 GHG emissions compared to FY2022 as our baseline ●●○ We developed a climate change transition plan and will refine and improve the plan as we progressively implement it, by considering changes in business operations, environment and market trends
Social			
4	Occupational health and safety	<u>Ongoing and long-term</u> Maintain zero work-related fatalities, high-consequence work-related injuries, recordable work-related injuries and ill health cases	●●● Maintained zero work-related fatalities, high-consequence work-related injuries, recordable work-related injuries and ill health cases
5	Employee retention and development	<u>Short-term</u> Maintain or reduce employee turnover rate <u>Ongoing and long-term</u> Provide training opportunities for development and growth to keep our employees motivated and engaged	●●● ▪ Maintained overall turnover rate at 6% ▪ Increase in average training hours per employee
6	Diversity and equal opportunity	<u>Ongoing and long-term</u> Maintain zero incident of unlawful discrimination against employees	●●● Maintained zero incident of unlawful discrimination against employees
7	Ongoing community engagement	<u>Ongoing and long-term</u> Initiate community campaigns to help the communities	●●● Initiated various campaigns to help the communities
Governance			
8	Robust corporate governance framework	<u>Ongoing and long-term</u> Maintain zero incident of major corruption	●●● Maintained zero incident of major corruption

Notes:

- (17) Time horizons for target setting are (1) short-term: before FY2025, (2) medium-term: FY2025 – FY2035, (3) long-term: after FY2035, (4) ongoing: continuous time horizon.

SUPPORTING THE UN SUSTAINABLE DEVELOPMENT GOALS

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 SDGs, which form an urgent call for action by all countries - developed and developing - in a global partnership. We believe that everyone plays an important part in advancing sustainable development and we identified SDGs which we can contribute to sustainability development through our business practices and conservation solutions. The SDGs that we focused on and the related Sustainability Factors are as follows:

SDG	Our effort
 <p>3 GOOD HEALTH AND WELL-BEING</p> <p>Ensure healthy lives and promote well-being for all at all ages</p>	<p><u>Occupational health and safety</u></p> <p>We implement measures to ensure a safe and secure working environment for our employees.</p>
 <p>4 QUALITY EDUCATION</p> <p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities</p>	<p><u>Employee development and retention</u></p> <p>We invest in training, education and development of our people to enhance our business competencies.</p>
 <p>6 CLEAN WATER AND SANITATION</p> <p>Ensure availability and sustainable management of water and sanitation for all</p>	<p><u>Water conservation</u></p> <p>We implement checks and measures to reduce water wastage in our business operations, which in turn help us to work towards achieving sustainable management and efficient use of natural resources.</p>
 <p>7 AFFORDABLE AND CLEAN ENERGY</p> <p>Ensure access to affordable, reliable, sustainable and modern energy for all</p>	<p><u>Energy conservation and GHG emissions reduction</u></p> <p>We implement measures to reduce our energy consumption as not only does it help to improve energy efficiency and reduce GHG emissions, it also helps us to reduce costs incurred to support our business operations.</p>
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p> <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<p><u>Sustainable business performance</u></p> <p>We contribute to economic growth through creating long-term value for our stakeholders.</p>
 <p>10 REDUCED INEQUALITIES</p> <p>Reduce inequality within and among countries</p>	<p><u>Diversity and equal opportunity</u></p> <p>We create a diverse and inclusive workplace that will bring new perspectives to our business and strengthen our ability to overcome new challenges.</p>
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> <p>Make cities and human settlements inclusive, safe, resilient and sustainable</p>	<p><u>Ongoing community engagement</u></p> <p>We initiate various campaigns to give back to the communities we operate in and to promote health and prosperity.</p>

SDG	Our effort
 <p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>	<p><u>Robust corporate governance framework</u> We maintain a high standard of corporate governance to safeguard our shareholders' interest and maximise long-term shareholders' value and carry out business with integrity by avoiding corruption in any form.</p>

SUPPORTING THE TCFD

Our climate-related disclosures are produced based on the 11 recommendations of TCFD:

Governance

a. Describe the board's oversight of climate-related risks and opportunities.

The Board advises and supervises the development of our sustainability strategy and performance targets.

b. Describe management's role in assessing and managing climate-related risks and opportunities.

The SC is tasked to develop the sustainability strategy, review our material impacts, consider stakeholder priorities and set goals and targets, as well as collect, verify, monitor and report performance data for this Report. The SC is further supported by selected staff from the key business units and corporate functions.

Strategy

a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.

b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.

The climate-related risks and opportunities identified during the Group's ERM exercise include the following:

- **Adverse weather condition** - The physical impacts of climate change such as rising sea levels and extreme variability in weather patterns can pose risks such as to our facilities (including warehouse and equipment), supply chains and operations arising from floods, market demand fluctuations, adverse impacts on information technology infrastructure due to power and network outages. Severe and prolonged weather events may adversely affect the Group's business operations and financial performance. On the other hand, this raises awareness for us to conduct regular enterprise-wide risk assessments, establish alternative contingency arrangements and carry out inventory planning in the event of extreme weather patterns and weather disruptions; and
- **Shifting consumer preferences for environmentally friendly solutions** – The transition to a low-carbon future may lead to shifting customer preferences for greener solutions and/or more efficient technologies and lower emission technologies, which may in turn adversely affect our business costs and demand for the solutions sold to our customers. Conversely, this also presented an opportunity for the Group to review and assess its value chain to identify new solutions.

The Group's assessment on potential implications of the above climate-related risks was undertaken based on a range of climate scenarios using the RCP adopted by the IPCC.

Scenario	Description
IPCC RCP 2.6/1.5°C	This scenario is in line with Paris Agreement to limit global warming to below 2°C by 2100 as a result of efficiency enhancements and behaviour changes as key mitigation strategy.
IPCC RCP 8.5/4°C	The "business-as-usual" scenario assumes that emissions continue to rise with significant increases in global temperatures, as no concerted efforts are made to reduce emissions.

We selected 1.5°C and > 4 °C warming scenarios for the purpose of our inaugural qualitative climate scenario analysis. The impact of the climate-related risks is analysed on group-wide activities in the short term (before FY2025), medium term (FY2025 - 2035) and long term (after FY2035) with details as follows:

Warming scenario 1: 1.5°C warming (RCP 2.6)

Risk	Potential impact magnitude		
	Short term	Medium term	Long term
Key transition risk identified			
Shifting consumer preferences for environmentally friendly solutions	●	●	●
Key physical risk identified			
Adverse weather condition	●	●	●

Warming scenario 2: > 4°C warming (RCP 8.5)

Risk	Potential impact magnitude		
	Short term	Medium term	Long term
Key transition risk identified			
Shifting consumer preferences for environmentally friendly solutions	NA ¹⁸	NA ¹⁸	●
Key physical risk identified			
Adverse weather condition	NA ¹⁸	NA ¹⁸	●

Legend

- Minor
- Moderate
- Major

In terms of our business strategy and financial planning based on the scenarios above, we will continue to formulate adaptation and mitigation plans and explore allocating resources towards transitioning to low-carbon practices. We strive to minimise the climate risks associated with our business and will seize opportunities in an effective manner such as expanding collaboration and partnership with key stakeholders to innovate and develop low carbon goods and services for the market.

Strategy

c. Describe the resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

The resilience of an organisation's strategy is dependent on its ability to adapt and thrive in the face of changing circumstances and emerging risks. The climate scenario analysis is crucial in providing insights on the potential extent of the climate-related risk exposure to our businesses as well as the potential opportunities.

Through our climate scenario analysis, we concluded that unmitigated climate risks (under warming scenario > 4°C warming) may result in a severe financial impact in the long-term. Under the warming scenario 1.5, the vast majority of the impact will be attributable to transition risks from the cost increase from shifting consumer preferences. To address the risks and capitalise on opportunities associated with climate change, we will continuously build on our strategy to remain resilient as we progress in our sustainability journey.

Risk Management

- a. Describe the organisation’s processes for identifying and assessing climate-related risks
- b. Describe the organisation’s processes for managing climate-related risks.
- c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation’s overall risk management.

We acknowledge that maintaining a sound system of climate-related risk management is imperative to safeguarding the interests of the Group and foster trust with our stakeholders. To keep abreast of any changes in existing regulatory requirements and maintain good corporate governance, we proactively identify any major climate-related risks relevant to our business, as well as reviewing key climate-related risk performance regularly.

Climate-related risk management is covered under our ERM framework whereby potential climate-related risks are identified, assessed, monitored and managed. Under the framework, business units and functions are responsible for identifying and documenting their relevant climate-related risk exposures that might hinder their progress towards contributing to the Group’s business objectives. Climate-related risks and opportunities, along with their treatment plans, are reviewed and updated during the ERM assessment exercise and are subsequently presented to the Audit and Risk Committee along with the other key enterprise-wide risks. Climate-related risks are also monitored based on the trend of climate-related performance indicators.

Notes:

(18) Not applicable as this scenario is unlikely in the short and medium term.

Metrics and Targets

a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

We monitor, measure and report our environmental performance such as energy consumption and GHG emissions in our sustainability reports. Monitoring and reporting these data and metrics enable us to identify areas of material climate-related risks and be more focused in its efforts.

b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.

To support the climate change agenda, we disclose our Scope 2 and selected Scope 3 GHG emissions in this Report and set climate-related targets such as those related to energy and GHG emissions. We will continue to monitor our emissions and expand our disclosure our Scope 3 GHG emissions wherever applicable and practicable.

Our disclosure on indirect Scope 3 emissions includes employee commuting (category 7) in FY2023.

As we do not generate significant direct GHG emissions (Scope 1) from our operations, no separate disclosure is made on direct GHG emissions (Scope 1) but we will continue to monitor such emissions and to disclose in future, should it be significant.

c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

As a commitment towards mitigating climate change, we set climate-related targets related to energy consumption and GHG emissions. For further details, please refer to page 36.

Statement of use	Sapphire Corporation Limited has reported the information cited in the GRI content index for the period from 1 January 2023 to 31 December 2023 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI standard	Disclosure	Location/Page reference
GRI 2: General Disclosures 2021	2-1 Organisational details	1, 20, 92, 149-150
	2-2 Entities included in the organisation's sustainability reporting	24
	2-3 Reporting period, frequency and contact point	24, 27
	2-4 Restatements of information	21, 32
	2-5 External assurance	24
	2-6 Activities, value chain and other business relationships	21-22
	2-7 Employees	33
	2-8 Workers who are not employees	None
	2-9 Governance structure and composition	9-12, 26, 49-50
	2-10 Nomination and selection of the highest governance body	26, 51-55
	2-11 Chair of the highest governance body	9, 26
	2-12 Role of the highest governance body in overseeing the management of impacts	26
	2-13 Delegation of responsibility for managing impacts	26
	2-14 Role of the highest governance body in sustainability reporting	26
	2-15 Conflicts of interest	44-45
	2-16 Communication of critical concerns	35, 63-64
	2-17 Collective knowledge of the highest governance body	26, 45
	2-18 Evaluation of the performance of the highest governance body	54-55
	2-19 Remuneration policies	55-57
	2-20 Process to determine remuneration	55-57
2-21 Annual total compensation ratio	Information is not provided due to confidentiality constraints	
2-22 Statement on sustainable development strategy	4-8, 20	
2-23 Policy commitments	34-35, 37-40	
2-24 Embedding policy commitments	34-35	
2-25 Processes to remediate negative impacts	35, 63-64	
2-26 Mechanisms for seeking advice and raising concerns	35, 63-64	
2-27 Compliance with laws and regulations	35	
2-28 Membership associations	23	
2-29 Approach to stakeholder engagement	24-25	
2-30 Collective bargaining agreements	None of our employees are covered by collective bargaining agreements	
GRI 3: Material Topics 2021	3-1 Process to determine material topics	26-28
	3-2 List of material topics	28
	3-3 Management of material topics	28-36
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	28-29
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	35
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	31
GRI 303: Water and Effluents 2018	303-5 Water consumption	30

GRI standard	Disclosure	Location/Page reference
GRI 305: Emissions 2016	305-2 Energy indirect (Scope 2) GHG emissions	31
	305-3 Other indirect (Scope 3) GHG emissions	31
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	33
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	32
GRI 403: Occupational Health and Safety 2018	403-9 Work-related injuries	32
	403-10 Work-related ill health	32
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	32
	404-2 Programs for upgrading employee skills and transition assistance programs	32
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	33-34
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	33
GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	34