

Sustainability Report FY2021

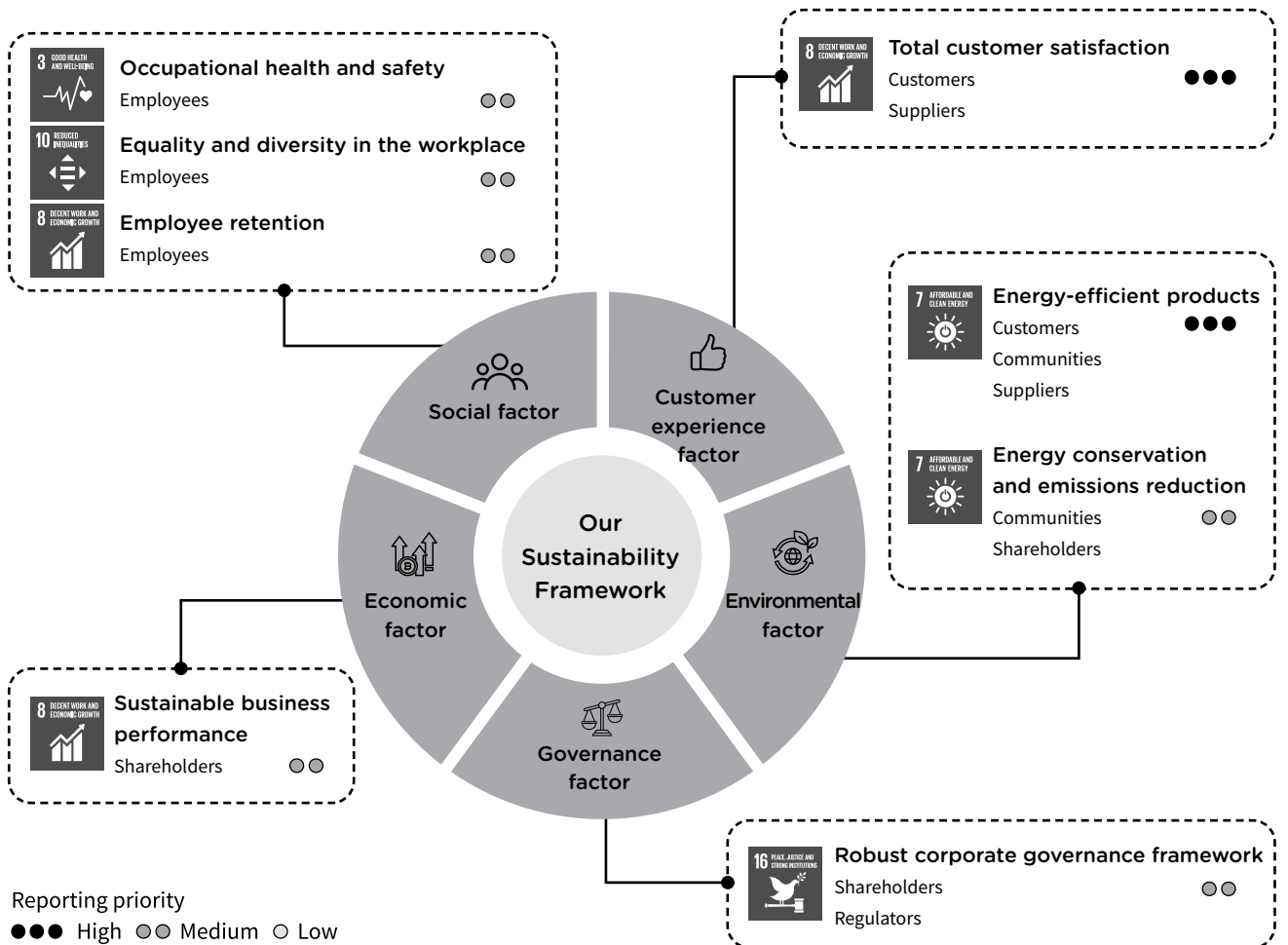
1. BOARD STATEMENT

We reaffirm our commitment to sustainability with the publication of our sustainability report (“Report”). For this Report, we provide insights into the way we do business, while highlighting our environmental, social, governance (“ESG”) factors, economic performance and customer experience (collectively as “Sustainability Factors”).

Whilst mindful of our profit oriented objective, we are committed to strike a balance between growth, profit, governance, environment, the development of our people and well-being of our communities to secure the long-term future of the Group. This commitment is reflected in our sustainable business strategy and the material Sustainability Factors which are shown in this Report.

A sustainability policy (“SR Policy”) covering our sustainability strategies, reporting structure, materiality assessment and processes in identifying and monitoring material Sustainability Factors has been established and 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 material Sustainability Factors from time to time, taking into account the feedback that we receive from engagement with our stakeholders, organisational and external developments.

Our sustainability framework communicates our commitment towards supporting the United Nations’ Sustainable Development Goals (“SDG” or “Global Goals”) and is supported by our key stakeholders, comprising customers, suppliers, employees, communities, regulators and shareholders. We work closely with stakeholders in our value chain and their inputs drive our sustainability focus on our Sustainability Factors and the SDG as follows:



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A summary of our sustainability performance in FY2021 is as follows:

| Sustainability Factor | Performance indicator | Sustainability performance | |
|-----------------------|--|----------------------------|-----------------|
| | | FY2021 | FY2020 |
| Customer experience | Product defect rate | 2.3% | 0.6% |
| Economic | Revenue | S\$48.1million | S\$44.9 million |
| | Profit for the financial year | S\$2.7 million | S\$2.2 million |
| | Dividend per share | 2.0 cents | - |
| Environmental | Percentage of products with IE3 Premium Efficiency or IE4 Super Premium Efficiency and Premium Standards efficiency levels | 100% | 100% |
| | Greenhouse Gas (“GHG”) emissions ¹ (tonnes CO ₂ e) | 427 | - ² |
| | GHG emissions intensity (tonnes CO ₂ e/ square foot of operating space utilised) | 0.003 | - ² |
| Social | Number of fatal workplace injuries | - | - |
| | Number of non-fatal workplace injuries ³ | - | - |
| | Number of reported incidents of unlawful discrimination ⁴ against employees | - | - ² |
| | Percentage of employees who received regular performance reviews | 100% | 100% |
| | Turnover rate | 20% | 23% |
| Governance | Number of serious offence incidents ⁵ | - | - |

The Coronavirus disease 2019 (“COVID-19” or “Pandemic”) persists longer and more severely than the management’s expectations. The year started with lockdowns in all main business areas of the Group. However, the Group established protocols for remote working and is well positioned to carry forward its business without interruption through these lockdowns and move forward as the economies around the world open up.

Moving forward, we aim to continue our expansion into new business areas, with a view to further develop our Australian operation, as well as reinforce our supply and logistics chain in view of expected shortages of raw materials due to increased demands from the electric vehicle industry.

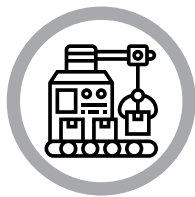
We have detailed our responses to the impact of the Pandemic in the relevant sections of this Report.

- 1 GHG emissions from electricity purchased by the Group (Scope 2) are calculated based on the emissions factors published by the relevant local authorities.
- 2 No comparative data is provided for prior year as this is a newly disclosed performance indicator in FY2021.
- 3 A non-fatal workplace injury is defined as one whereby an employee is injured in a work accident resulting in (i) hospitalisation of at least 24 hours and/or (ii) an issuance of a medical certificate of more than 3 days (need not be consecutive)
- 4 Unlawful discrimination refers to an incident whereby the relevant authority has commenced investigation and resulted in a penalty to the Company.
- 5 A serious offence is defined as one that involves fraud or dishonesty amounting to not less than S\$100,000 and punishable by imprisonment for a term of not less than 2 years which is being or has been committed against the Company by officers or employees of the Company.

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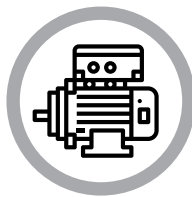
2. OUR BUSINESS

We work closely with our suppliers for the distribution of electric motors to various users via established sales channels. To meet customer needs, we offer customisation of the electric motors and provide customer service to our customers through our network of service centres.



Our Suppliers

Sourcing of electric motors and components from our original equipment manufacturer (“OEM”) suppliers



Our Operations

- Distribution of electric motors
- Design and customisation of electric motors
- Post-sale customer service



Our Customers

- Wholesalers
- Retailers
- End users and original equipment manufacturers

3. REPORTING FRAMEWORK

This Report has been prepared in accordance with the Global Reporting Initiative (“GRI”) Standards: Core option and Singapore Exchange Securities Trading Limited (“SGX-ST”) listing rules 711A and 711B. We have chosen to report using the GRI Standards: Core option as it is an internationally recognised reporting framework. The GRI content index can be found at the Appendix of this Report.

As part of our continual efforts to align our sustainability reporting with relevant market standards, we have 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 SDG, which form an urgent call for action by all countries - developed and developing - in a global partnership. We have incorporated the SDG, where appropriate, as a supporting framework to shape and guide our sustainability strategy.

4. REPORTING PERIOD AND SCOPE

This Report is applicable for our financial year ended 31 December 2021 (“FY2021” or “Reporting Period”). A Report will be published annually in accordance with our SR Policy.

This Report covers all the entities within the Group which serves our markets in the United Kingdom (“UK”), Middle East, North America, Asia Pacific and Continental Europe (collectively referred to as “Key Markets”).

5. FEEDBACK

We welcome feedback from all stakeholders on this Report. You may send related questions, comments, suggestions or feedback to our investor relations email account: mgt@brookcromptonholdings.com

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6. STAKEHOLDER ENGAGEMENT

Through an internal stakeholder mapping exercise, we have identified key stakeholder groups which we prioritise our engagements with. These include entities or individuals that can reasonably be expected to be significantly affected by our activities, products or services and whose actions can reasonably be expected to affect our ability to implement our strategies to achieve our objectives.

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

We actively engage our key stakeholders through the following channels:

| S/N | Key Stakeholder | Engagement channel | Frequency of engagement | Key concern raised by stakeholder |
|-----|-----------------|--|-------------------------|--|
| 1 | Customers | <ul style="list-style-type: none"> Face-to-face meetings Email communication Phone calls Tele-conferences | Regularly | <ul style="list-style-type: none"> Product quality and reliability Customer service standards Product delivery |
| 2 | Communities | Annual reports | Annually | Environmental protection |
| | | Investor relations email account | Ongoing | |
| 3 | Employees | Staff evaluation sessions | Annually | <ul style="list-style-type: none"> Equal employment opportunity Job security Remuneration Employee benefits and rewards |
| | | Town hall meetings | Regularly | |
| 4 | Regulators | Consultations and briefings organised by key regulatory bodies such as the SGX-ST and relevant government agencies/ bodies | As and when required | <ul style="list-style-type: none"> Corporate governance Environmental compliance |
| 5 | Shareholders | Announcements on SGXNET | Half-yearly | <ul style="list-style-type: none"> Sustainable business performance Market valuation Dividend payment Corporate governance |
| | | <ul style="list-style-type: none"> Company's website Investor relations email account Business publications Investor relation events | Ongoing | |
| | | <ul style="list-style-type: none"> Annual general meetings Annual reports | Annually | |
| 6 | Suppliers | <ul style="list-style-type: none"> Face-to-face meetings Vendor conferences and events | Regularly | Demand and pricing volatility |
| | | Suppliers' evaluation and feedback sessions | Annually | |

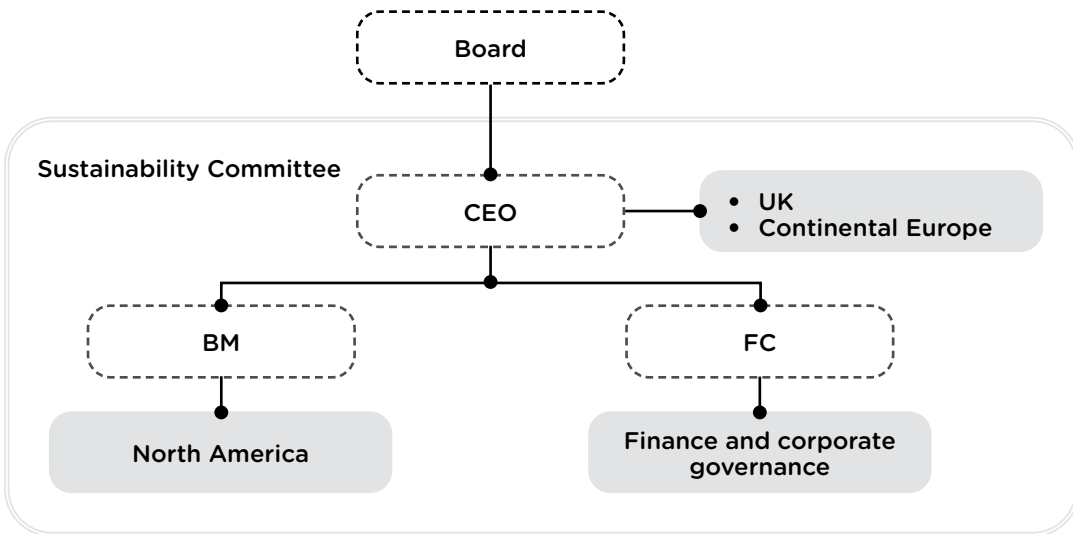
Through the above channels, we seek to understand the views of key stakeholders, communicate effectively with them and respond to their concerns.

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7. POLICY, PRACTICE AND PERFORMANCE REPORTING

7.1 Reporting Structure

Our sustainability strategy is developed and directed by the senior management in consultation with the Board. The Group’s Sustainability Committee (“SC”), which includes senior management executives, is led by the 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 Group’s Sustainability Committee comprises the CEO, Business Manager (“BM”) and Financial Controller (“FC”).



7.2 Sustainability Reporting Processes

Under our SR policy, our sustainability process begins with the identification of relevant factors. Relevant factors are then prioritised as material Sustainability Factors which are then validated. The end result of this process is a list of material Sustainability Factors disclosed in this Report. A brief description of the processes is shown below:



Identification

Identification of the material Sustainability Factors that are relevant to the Group’s activities and data points for performance reporting



Prioritisation

Prioritisation of the material Sustainability Factors and identification of key Sustainability Factors to be reported



Validation

Validation involves the verification of information and data gathered on material Sustainability Factors and to perform an assessment on the completeness of key Sustainability Factors to finalise the sustainability report content



Review

Monitor, review and update our material Sustainability Factors from previous reporting period, taking into account the feedback received from engagement with stakeholders, organisational and external developments

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7.3 Materiality Assessment

Under our SR Policy, each Sustainability Factor is assigned a reporting priority that determines the actions required as illustrated in the table below:

| Reporting priority | Description | Criteria |
|--------------------|-------------|---|
| ●●● | High | Factors with high reporting priority are reported in detail. |
| ○○ | Medium | Factors with medium reporting priority are considered for inclusion in the Report. They may not be included in this Report if not material. |
| ○ | Low | Factors with low reporting priority may be reported to fulfil regulatory or other reporting requirements. They are not included in this Report if not material. |

The reporting priority is supported by a material factor matrix which considers the level of concern to stakeholders (“Stakeholders’ Concern”) and significance of our impacts on the economy, environment and society (“Business Impact”).

7.4 Performance tracking and reporting

We track the progress of our material Sustainability Factors by identifying the relevant data points, measuring and monitoring them. In addition, we set performance targets that are aligned with our strategy to ensure that we remain focused in our path to sustainability. We shall consistently enhance our performance-monitoring processes and improve our data capturing systems. Our sustainability trends can be found in the Appendix of this Report.

8. MATERIAL FACTORS

In 2021, a materiality assessment was conducted by the SC to understand the concerns and expectations of our stakeholders. Through the materiality assessment, factors material to the sustainability of our business and their reporting priority level were updated. In this Report, we have also reported our progress in managing these factors and set related targets to improve our sustainability performance.

Presented below is a list of material Sustainability Factors applicable to the Group:

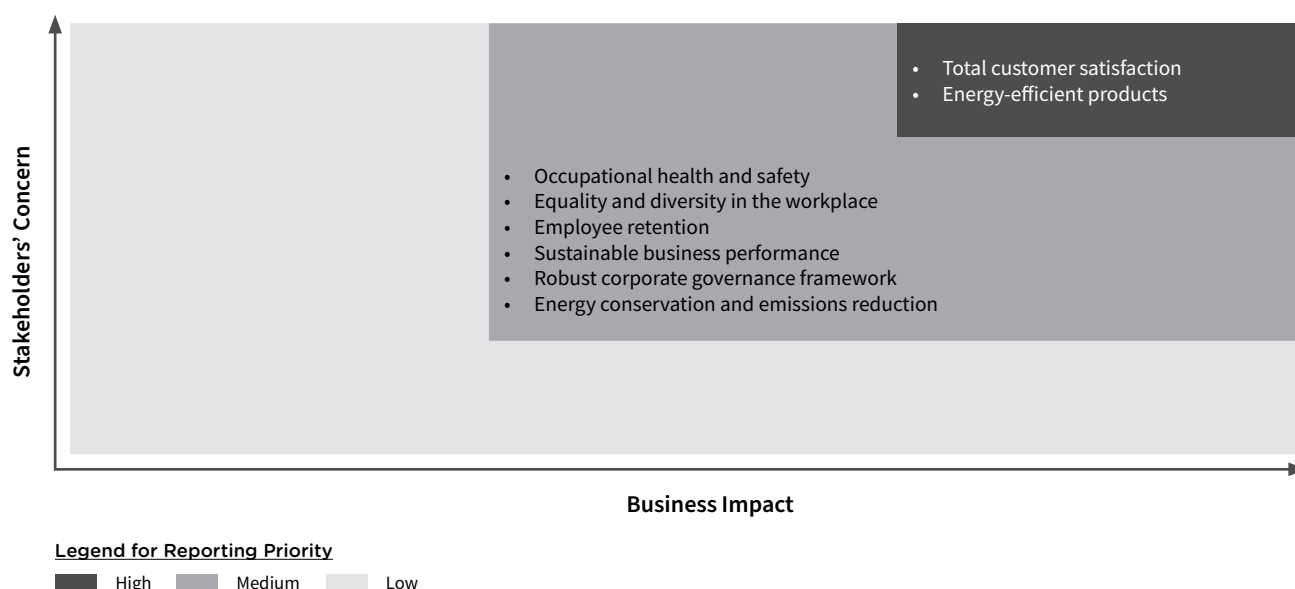
List of material Sustainability Factors

| S/N | Material Sustainability Factor | SDG | Reporting priority | Key stakeholder |
|----------------------------|---|---------------------------------|--------------------|---|
| Customer experience | | | | |
| 1 | Total customer satisfaction | Decent work and economic growth | ●●● | <ul style="list-style-type: none"> Customers Suppliers |
| Economic | | | | |
| 2 | Sustainable business performance | Decent work and economic growth | ○○ | Shareholders |
| Environmental | | | | |
| 3 | Energy-efficient products | Affordable and clean energy | ●●● | <ul style="list-style-type: none"> Customers Communities Suppliers |
| 4 | Energy conservation and emissions reduction | Affordable and clean energy | ○○ | <ul style="list-style-type: none"> Communities Shareholders |

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| S/N | Material Sustainability Factor | SDG | Reporting priority | Key stakeholder |
|-------------------|---|--|--------------------|--|
| Social | | | | |
| 5 | Occupational health and safety | Good health and well-being | ○○ | Employees |
| 6 | Equality and diversity in the workplace | Reduced inequalities | ○○ | Employees |
| 7 | Employee retention | Decent work and economic growth | ○○ | Employees |
| Governance | | | | |
| 8 | Robust corporate governance framework | Peace, justice and strong institutions | ○○ | <ul style="list-style-type: none"> Shareholders Regulators |

Material factor matrix



We will update the material Sustainability Factors on an annual basis to reflect changes in business operations, environment, stakeholders' feedback and sustainability trends. The details of each material Sustainability Factor are presented as follows:

Sustainability

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8.1 Total customer satisfaction

In line with our mission to develop innovative, adaptable and robust product designs, grow our customer partnership and service network worldwide, we are committed to provide value to our customers through the following strategies:

Offering reliable and efficient products

We aim to deliver the best to our customers by providing them with reliable and efficient products.

On product reliability, our products are certified under various internationally recognised quality standards with details as follows:

| Standard/ certification | Area |
|-------------------------|--|
| IEC 60034-5 | Demonstrate protection from particles and a good level of protection against water |
| ATEX certificate | Regulate product safety in explosive atmosphere |
| IEC Ex Certificate | |
| UL Certificate | Regulate product safety in safe and explosive atmospheres |
| CSA Certificate | |

In keeping up with our commitment to product quality, we conduct regular on-site inspections of supplier's manufacturing facilities to ensure that guidelines and customer specifications are adhered to. In addition, we track product defect level diligently and this is measured by the amount of warranty claims made as a percentage of total purchases. During the Reporting Period, we recorded a product defect rate of 2.3% (FY2020: 0.6%). The increase in product defect rate is mainly due to quality issues in electric motors which we started purchasing from a factory of our major supplier. We have furnished our feedback to the relevant supplier to make improvements and will continuously work towards sourcing for quality products from our suppliers.

With regards to product efficiency, we believe that offering highly efficient products help our customers to achieve lower long-term cost ownership and preserve the environment through lower emissions. Refer to Section 8.3 Energy-efficient products for more details.

Offer a comprehensive product range that meets customers' needs

We offer a wide range of electric motors for operations in safe area segments, hazardous atmospheres and hostile environments to meet our customers' varied needs. Refer to our product applications disclosed in this Annual Report and also a comprehensive list of our products at our corporate website: <http://www.brookcrompton.com/home.aspx>.

Maintain proximity and on-time delivery

Through our global network of sales offices and warehouses in the Key Markets, we are able to better serve our customers through:

- Customising our products to meet the requirements of our customers so as to build trust and confidence in our brand and products. With our extensive technical knowledge and experience, we are able to design bespoke products that meet individual customer's specifications; and
- Providing efficient and effective post-sale customer service.

Our service centres are typically located alongside solution distribution centres in our Key Markets to bring us closer to our customers. Refer to the geographical presence of this Annual Report for further details.

In light of the supply chain disruptions to the global freight network arising from the Pandemic, we onboarded more OEM suppliers that operate from locations near our Key Markets in order to deliver our products to our customers timely.

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Nurture a team of experienced employees

With over 110 years of technical and design expertise, our global footprint is driven by a core regional team and experienced professional staff that support our operations in the development and delivery of complex end-to-end turnkey solutions to our clients.

For information on employees' years of service to the Group, please refer to Section 8.7 Employee retention.

Improving our products through gathering continuous feedback

We recognise the need to constantly develop new and better products that meet our clients' requirements. Customer feedback are collected from various channels such as face-to-face meetings, visits, email communications, phone calls and teleconferences. Feedback collected are mined to gather valuable insights into current and future customer requirements. Insights gathered are discussed during regular management meetings to drive product improvements, enhance service level and provide inputs for strategies.

Target for FY2021

- Maintain or improve market presence
- Improve or maintain product defect rate

Performance in FY2021

- Target partially met as follows:
- No material changes in market presence
 - Product defect rate exceeds 1% mainly due to quality issues in electric motors which we started purchasing from a factory of our major supplier

Target for FY2022

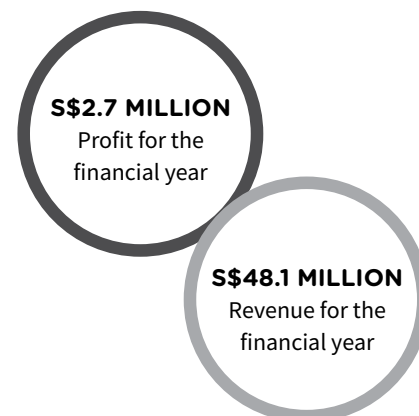
- Maintain or improve market presence subject to market conditions
- Product defect rate should fall below 1%

8.2 Sustainable business performance

We believe in creating long-term economic value for shareholders by rewarding shareholders by way of consistent profits and healthy balance sheet.

For FY2021, the Group has recorded a revenue of S\$48.1 million (FY2020: S\$ 44.9 million) and generated S\$2.7 million (FY2020: S\$ 2.2 million) of profit for the financial year. A final tax exempt one-tier dividend of 2.0 Singapore cents per ordinary share (FY2020: no dividend) is proposed for FY2021. We will continue to focus on controlling our costs prudently and look for opportunities to invest for growth.

Details of the Group's economic performance can be found in the financial contents and audited financial statements of this Annual Report.



Target for FY2021

Maintain or improve our financial performance subject to market conditions

Performance in FY2021

- Target met as follows:
- Increase in revenue and profit for the financial year
 - A final tax exempt one-tier dividend of 2.0 cents per ordinary share is proposed

Target for FY2022

Maintain or improve our financial performance subject to market conditions

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8.3 Energy-efficient products

To ensure the sustainability of our business, we firmly believe in preserving the environment. Thus, we are committed to providing energy efficient products that contribute to the reduction of environmental impacts.

Such products include a range of energy efficient motors that comply with market recognised international standards as follows:

| Organisation | Efficiency level | Percentage of products with the efficiency level | Region |
|--------------|--|--|---|
| IEC | <ul style="list-style-type: none"> IE3 Premium Efficiency IE4 Super Premium Efficiency | 100% | <ul style="list-style-type: none"> UK Middle East Asia Pacific Continental Europe |
| Nema | Premium Standards | 100% | North America |

Efficiency level aims to measure the ratio of usable shaft power (output) to electric input power (input). Our products have attained the IE3 Premium Efficiency or IE4 Super Premium Efficiency and Premium Standards efficiency levels under IEC and Nema respectively. Being committed to combating climate change, we are capable of delivering products that are compliant with IE5 Ultra Premium Efficiency, a new IEC standard, on customers' request.

Typically, electric motor systems consume large amount of electrical energy with the related costs contributing to a high proportion of total motor operating costs over the motor's lifetime. An improvement in efficiency could result in significant energy and cost savings which will also reduce GHG emissions that contribute to climate change.

| Target for FY2021 | Performance in FY2021 | Target for FY2022 |
|---|---|---|
| Maintain or improve products' energy efficiency | Target met as follows: All our products have attained the IE3 Premium Efficiency or IE4 Super Premium Efficiency and Premium Standards efficiency levels under IEC and Nema respectively. We are also capable of delivering products that are compliant with IE5 Ultra Premium Efficiency, a new IEC standard, on customers' request | Maintain or improve products' energy efficiency |

8.4 Energy conservation and emissions reduction

We are committed to responsible usage of energy resources and emissions reduction through enhancing our energy usage efficiency.

To run our operations, we rely mainly on purchased electricity for operating equipment at our premises, lighting, office work and cooling.

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

| Performance indicator | Unit of measurement | FY2021 ⁶ |
|-----------------------------------|---|---------------------|
| Electricity consumption | kWh | 2,008,658 |
| Electricity consumption intensity | kWh/ square foot of operating space utilised | 11.86 |
| Indirect GHG emissions (Scope 2) | tonnes CO ₂ e | 427 |
| GHG emissions intensity | tonnes CO ₂ e/ square foot of operating space utilised | 0.003 |

⁶ No comparative data is provided for prior year as this is a newly disclosed performance indicator in FY2021.

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We track and review spending on energy consumption regularly to control usage and corrective actions are taken when there are unusual consumption patterns. 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 and enabling power saving modes. In addition, we joined a sustainable transport scheme in the UK to encourage the use of cycling for business purpose. In line with our commitment to reduce emissions, we own a car fleet comprising electric and hybrid cars to reduce reliance on diesel fuel.

| Target for FY2021 | Performance in FY2021 | Target for FY2022 |
|-------------------|--|--|
| -7 | <ul style="list-style-type: none"> Electricity consumption intensity is 11.86 kWh/ square foot of operating space utilised GHG emission intensity is 0.003 tonnes CO₂e/ square foot of operating space utilised | Maintain or reduce GHG emissions intensity |

8.5 Occupational health and safety

In our daily operations, our workers have to handle heavy lifting equipment such as a forklift to transfer inventories at our warehouses and machineries to modify our motor products. Accordingly, we are committed to maintain a safety-conscious culture amongst our employees.

The measures implemented to manage health and safety in the workplace environment are as follows:

- A set of safety rules and regulations is in place;
- A safety committee is in place and safety inspections are performed regularly by safety officers and reported to senior managers;
- All new employees are briefed on safety procedures during orientation; and
- Regularly track and monitor accidents at the workplace and corrective action plans are established to prevent recurrences of the accidents.

Our top priority lies with the health and safety of our employees and we strongly encourage our employees to work from home due to concerns over the spread of the Pandemic. Other measures implemented include segregating our employees into teams to minimise interaction and enforcing social distancing measures.

During the Reporting Period, we recorded zero (FY2020: zero) fatal workplace injury and non-fatal workplace injury.

| Target for FY2021 | Performance in FY2021 | Target for FY2022 |
|----------------------------------|--|----------------------------------|
| Maintain zero workplace accident | Target met as follows: Maintain zero workplace accident | Maintain zero workplace accident |

7 Not applicable as this is a newly disclosed Sustainability Factor in this Report.

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8.6 Equality and diversity in the workplace

To inspire and nurture our people, we are committed to the goals of diversity and equal opportunity in employment by providing a work environment for our employees that fosters fairness, equality and respect for social and cultural diversity, regardless of their gender and age. The total number of full-time employees within the Group as at 31 December 2021 is 61 (FY2020: 64).

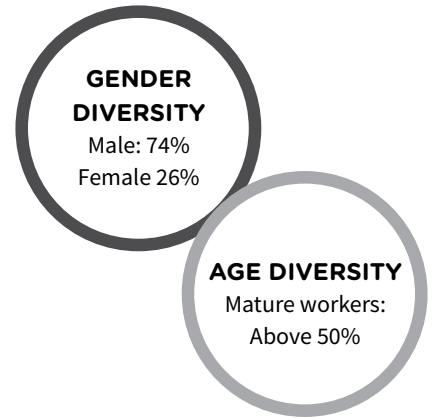
On gender diversity, the percentage of females over total permanent employees is 26% (FY2020: 23%) as at 31 December 2021.

On age diversity, matured workers are valued for their experience knowledge and skills. As at 31 December 2021, more than half (FY2020: above 50%) of our workforce is at least 40 years old.

During the Reporting Period, we have no reported incident of unlawful discrimination against employees.

To promote equal opportunity, we have implemented various human resource measures as follows:

- Staff assessment is performed regularly to evaluate the performance of employees and their remuneration is adjusted where justifiable;
- Staff recruitment advertisements do not state age, race, gender or religion preferences as requirement; and
- A discrimination and harassment guidelines is in place to support our overall commitment to equal employment opportunity without discrimination.



Target for FY2021

- Ratio of female against male employees should not fall below 15%
- Ratio of employees with age 40 and above should not fall below 50%

Performance in FY2021

- Target met as follows:
- Ratio of female against male employees exceeds 15%
 - Ratio of employees with age 40 and above exceeds 50%

Target for FY2022

Maintain zero reported incident of unlawful discrimination against employees

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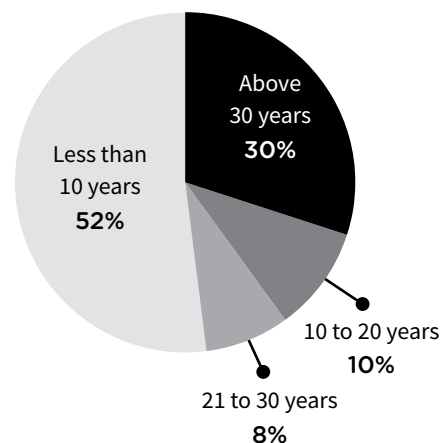
8.7 Employee retention

The continual success of our business depends on a team of professional, skilled and experienced staff and managers.

In line with our mission to inspire and nurture our people, we are committed to employee retention through the following efforts:

- Employees are engaged regularly via various channels such as appraisal exercises which allows employees to gain feedback on their career progress. This also encourages them to take self-initiated actions to improve their capabilities. During the Reporting Period, 100% (FY2020: 100%) of employees received regular performance reviews.
- In-house and external training courses are organised regularly for employees to improve their professional skills. For example, a systematic training program is in place in UK, North America and Australia to equip staff with the needed product and service knowledge.

Years of service



We believe that a low turnover improves the sustainability of our operations and allows us to contribute positively to the development of social and human capital in a wider community. As at 31 December 2021, our turnover rate is 20% (FY2020: 23%) and 48% (FY2020: 44%) of the employees have served more than 10 years with us.

Target for FY2021

- Maintain proportion of staff who receives performance and career development reviews
- Improve or maintain performance measures identified on staff retention

Performance in FY2021

- 100% of employees received regular performance reviews
- No material changes in turnover rate

Target for FY2022

- Maintain proportion of staff who receives performance and career development reviews
- Improve or maintain performance measures identified on staff retention

8.8 Robust corporate governance framework

We are committed to high standards of corporate governance and believe that a high standard of corporate governance is integral in ensuring sustainability of our business as well as safeguarding shareholders' interests and maximising long-term shareholder's value.

We are also committed to carry out business with integrity by avoiding corruption in any form, including bribery, and complying with the Prevention of Corruption Act of Singapore.

Key initiatives taken by us include:

- An Enterprise Risk Management Framework ("ERM") is in place;
- Regularly assess and review the Group's business and operational environment to better identify and manage emerging and strategic sustainability risks;
- A whistle blowing policy is in place to provide a mechanism for employees to raise concerns through accessible confidential disclosure channels about possible improprieties in matters of financial reporting and others; and
- A code of conduct is in place to provide guidance on business culture and corporate behaviour.

In FY2021, there is no reported incident of serious offence (FY2020: zero incident). Our overall Singapore Governance and Transparency Index ("SGTI") score assessed by National University of Singapore Business School is 69 for the year 2021 (Year 2020: 72).

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

Target for FY2021

SGTI score should not fall below 65 points

Performance in FY2021

Target met as follows:
SGTI score remained above 65 points






Target for FY2022

Maintain zero incident of serious offence

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9. 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 SDG, which form an urgent call for action by all countries – developed and developing – in a global partnership. We believe that everyone plays an important role in advancing sustainable development and in order to align our business objectives with the SDG, we have identified a number of SDG which we can contribute to through our business practices, products and services. The SDG that we focus on and the related Sustainability Factors are as follows:

| SDG | | Our effort |
|---|---|---|
|  <p>3 GOOD HEALTH AND WELL-BEING</p> | Ensure healthy lives and promote well-being for all at all ages | <p><u>Section 8.5 Occupational health and safety</u></p> <p>We adopt safety measures and procedures to avoid accidents that are preventable and in so doing, maintain the well-being and safety of our workers.</p> |
|  <p>7 AFFORDABLE AND CLEAN ENERGY</p> | Ensure access to affordable, reliable, sustainable, and modern energy for all | <p><u>Section 8.3 Energy efficient products</u></p> <p>We continuously strive to offer energy efficient products that comply with market-recognised international standards, improve energy efficiency rate of our products which contribute to sustainable development.</p> <p><u>Section 8.4 Energy conservation and 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> | Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all | <p><u>Section 8.1 Total customer satisfaction</u></p> <p>We emphasise on maintaining the quality of our products as well as providing a comprehensive range of products to meet our customers' needs. Customer satisfaction is vital to the success of our business which in turn, helps to contribute to the economic growth and the creation of employment opportunities.</p> <p><u>Section 8.2 Sustainable business performance</u></p> <p>We contribute to economic growth through creating long-term economic value for our shareholders.</p> <p><u>Section 8.7 Employee retention</u></p> <p>We maintain a quality workforce which comprises a team of professional, highly skilled and experienced employees that contributes to the continuity of our business and also helps to contribute to economic growth.</p> |
|  <p>10 REDUCED INEQUALITIES</p> | Reduce inequality within and among countries | <p><u>Section 8.6 Equality and diversity in the workplace</u></p> <p>We build a working environment in which employees can enjoy equal opportunities regardless of age, and gender.</p> |
|  <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p> | Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective accountable and inclusive institution at all levels | <p><u>Section 8.8 Robust corporate governance framework</u></p> <p>We maintain a high standard of corporate governance to safeguard our shareholders' interests which aim to maximise long-term economic value for our shareholders. We also adopt a zero-tolerance approach on corruption through various practices that ensure transparency and integrity of our business.</p> |

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APPENDIX 1 SUSTAINABILITY TRENDS

| S/N | Performance indicator | Sustainability performance | | |
|--|--|----------------------------|-------------------|-------------------|
| | | FY2021 | FY2020 | FY2019 |
| Total customer satisfaction | | | | |
| 1 | Product defect rate | 2.3% | 0.6% | 0.5% |
| Sustainable business performance | | | | |
| 2 | Revenue | S\$48.1 million | S\$44.9 million | S\$46.7 million |
| 3 | Profit for the financial year | S\$2.7 million | S\$2.2 million | S\$3.9 million |
| 4 | Dividend per share | 2.0 cents | – | 2.0 cents |
| Energy-efficient products | | | | |
| 5 | Percentage of products that attained efficiency level under relevant international standards | 100% | 100% | 100% |
| Energy conservation and emissions reduction | | | | |
| 6 | Electricity consumption | 2,008,658 kWh | None ⁸ | None ⁸ |
| 7 | Electricity consumption (kWh/ square foot of operating space utilised) | 11.86 | None ⁸ | None ⁸ |
| 8 | Scope 2 GHG emissions (tonnes CO ₂ e) | 427 | None ⁸ | None ⁸ |
| 9 | GHG emissions intensity (tonnes CO ₂ e/ square foot of operating space utilised) | 0.003 | None ⁸ | None ⁸ |
| Occupational health and safety | | | | |
| 10 | Number of fatal workplace injuries | – | – | – |
| 11 | Number of non-fatal workplace injuries | – | – | – |
| Equality and diversity in the workplace | | | | |
| 12 | Ratio of female against total permanent employees | 26% | 23% | 19% |
| 13 | Ratio of employees who are at least 40 years old | Above 50% | Above 50% | Above 50% |
| 14 | Number of reported incidents of unlawful discrimination against employees | – | None ⁸ | None ⁸ |
| Employee retention | | | | |
| 15 | Percentage of employees receiving regular performance and career development reviews | 100% | 100% | 100% |
| 16 | Turnover rate | 20% | 23% | 6% |
| 17 | Percentage of employees with more than 10 years of service | 48% | 44% | 38% |
| Robust corporate governance framework | | | | |
| 18 | Number of incidents of serious offence | – | – | – |
| 19 | SGTI score | 69 points | 72 points | 70 points |

⁸ No comparative data is provided for prior year as this is a newly disclosed performance indicator in FY2021.

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APPENDIX 2 GRI CONTENT INDEX

| GRI standard & disclosure title | | Section reference | Page |
|---------------------------------|--|---|---------------------------------|
| Organisational profile | | | |
| 102-1 | Name of the organisation | Cover page | - |
| 102-2 | Activities, brands, products, and services | <ul style="list-style-type: none"> • Corporate Profile • Product Application • Industrial Application | 001 010 011 |
| 102-3 | Location of headquarters | <ul style="list-style-type: none"> • Corporate Information • Financial Contents > Notes to the Financial Statements > General | 012 062-063 |
| 102-4 | Location of operations | Geographical Presence | 003 |
| 102-5 | Ownership and legal form | <ul style="list-style-type: none"> • Financial Contents > Notes to the Financial Statements > General • Financial Contents > Notes to the Financial Statements > Subsidiaries • Analysis of Shareholdings | 062-063 083-084 113-115 |
| 102-6 | Markets served | <ul style="list-style-type: none"> • Corporate Profile • Geographical Presence • Sustainability Report > Reporting Period and Scope | 001 003 033 |
| 102-7 | Scale of the organisation | <ul style="list-style-type: none"> • Financial Highlights • Sustainability Report > Material Factors > Sustainable Business Performance • Sustainability Report > Material Factors > Equality and Diversity in the Workplace • Financial Contents > Consolidated Statement of Profit or Loss and Other Comprehensive Income • Financial Contents > Statement of Financial Position | 002 039 042 057 058 |
| 102-8 | Information on employees and other workers | Sustainability Report > Material Factors > Equality and Diversity in the Workplace | 042 |
| 102-9 | Supply chain | <ul style="list-style-type: none"> • Corporate Profile • Sustainability Report > Our Business | 001 033 |
| 102-10 | Significant changes to the organisation and its supply chain | There were no significant changes to the organisation and its supply chain during the reporting period | - |
| 102-11 | Precautionary Principle or approach | None | - |
| 102-12 | External initiatives | Sustainability Report > Supporting the UN Sustainable Development Goals | 044 |
| 102-13 | Membership of associations | None | - |
| Strategy | | | |
| 102-14 | Statement from senior decision-maker | Sustainability Report > Board Statement | 031-032 |
| Ethics and integrity | | | |
| 102-16 | Values, principles, standards, and norms of behaviour | <ul style="list-style-type: none"> • Corporate Governance Report • Sustainability Report > Material Factors > Robust Corporate Governance Framework | 013-030 043 |

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| GRI standard & disclosure title | | Section reference | Page |
|---------------------------------|--|--|-------------------------------|
| Governance | | | |
| 102-18 | Governance structure | <ul style="list-style-type: none"> • Corporate Governance Report • Sustainability Report > Policy, Practice and Performance Reporting > Reporting Structure | 013-030 035 |
| Stakeholder engagement | | | |
| 102-40 | List of stakeholder groups | Sustainability Report > Stakeholder Engagement | 034 |
| 102-41 | Collective bargaining agreements | None of our employees are covered by collective bargaining agreements | - |
| 102-42 | Identifying and selecting stakeholders | Sustainability Report > Stakeholder Engagement | 034 |
| 102-43 | Approach to stakeholder engagement | Sustainability Report > Stakeholder Engagement | 034 |
| 102-44 | Key topics and concerns raised | <ul style="list-style-type: none"> • Sustainability Report > Stakeholder Engagement • Sustainability Report > Material Factors > Total Customer Satisfaction | 034 038-039 |
| Reporting practice | | | |
| 102-45 | Entities included in the consolidated financial statements | <ul style="list-style-type: none"> • Corporate Structure • Financial Contents > Notes to the Financial Statements > Subsidiaries | 003 083-084 |
| 102-46 | Defining report content and topic Boundaries | Sustainability Report > Policy, Practice and Performance Reporting > Sustainability Reporting Processes | 035 |
| 102-47 | List of material topics | Sustainability Report > Material Factors | 036-043 |
| 102-48 | Restatements of information | None | - |
| 102-49 | Changes in reporting | Sustainability factor added: <ul style="list-style-type: none"> • Sustainability Report > Material Factors > Energy Conservation and Emissions Reduction | 040-041 |
| 102-50 | Reporting period | Sustainability Report > Reporting Period and Scope | 033 |
| 102-51 | Date of most recent report | Annual Report 2020 > Sustainability Report | - |
| 102-52 | Reporting cycle | Sustainability Report > Reporting Period and Scope | 033 |
| 102-53 | Contact point for questions regarding the report | Sustainability Report > Feedback | 033 |
| 102-54 | Claims of reporting in accordance with the GRI Standards | <ul style="list-style-type: none"> • Sustainability Report > Reporting Framework • Sustainability Report > GRI Content Index | 033 046-048 |
| 102-55 | GRI content index | Sustainability Report > GRI Content Index | 046-048 |
| 102-56 | External assurance | We will seek external assurance for our Sustainability reports in the future | - |
| Management approach | | | |
| 103-1 | Explanation of the material topic and its Boundary | Sustainability Report > Material Factors | 036-043 |
| 103-2 | The management approach and its components | <ul style="list-style-type: none"> • Sustainability Report > Board Statement • Sustainability Report > Policy, Practice and Performance Reporting • Sustainability Report > Material Factors | 031-032 035-036 036-043 |

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| GRI standard & disclosure title | Section reference | Page |
|--|---|---------|
| 103-3 Evaluation of the management approach | Sustainability Report > Material Factors | 036-043 |
| Category: Economic | | |
| 201-1 Direct economic value generated and distributed | <ul style="list-style-type: none"> • Financial Highlights 002 • Sustainability Report > Material Factors > Sustainable Business Performance 039 • Financial Contents > Consolidated Statement of Profit or Loss and Other Comprehensive Income 057 • Financial Contents > Statement of Financial Position 058 | |
| 205-3 Confirmed incidents of corruption and actions taken | Sustainability Report > Material Factors > Robust Corporate Governance Framework | 043 |
| Category: Environmental | | |
| 302-5 Reduction in energy requirements of products and services | Sustainability Report > Material Factors > Energy-Efficient Products | 040 |
| 302-1 Energy consumption within the organisation | Sustainability Report > Material Factors > Energy Conservation and Emissions Reduction | 040-041 |
| 302-3 Energy intensity | Sustainability Report > Material Factors > Energy Conservation and Emissions Reduction | 040-041 |
| 305-2 Energy indirect (Scope 2) GHG emissions | Sustainability Report > Material Factors > Energy Conservation and Emissions Reduction | 040-041 |
| 305-4 GHG emissions intensity | Sustainability Report > Material Factors > Energy Conservation and Emissions Reduction | 040-041 |
| Category: Social | | |
| 401-1 New employee hires and employee turnover | Sustainability Report > Material Factors > Employee Retention | 043 |
| 403-9 Work-related injuries | Sustainability Report > Material Factors > Occupational Health and Safety | 041 |
| 404-3 Percentage of employees receiving regular performance and career development reviews | Sustainability Report > Material Factors > Employee Retention | 043 |
| 405-1 Diversity of governance bodies and employees | Sustainability Report > Material Factors > Equality and Diversity in the Workplace | 042 |
| 406-1 Incidents of discrimination and corrective actions taken | Sustainability Report > Material Factors > Equality and Diversity in the Workplace | 042 |