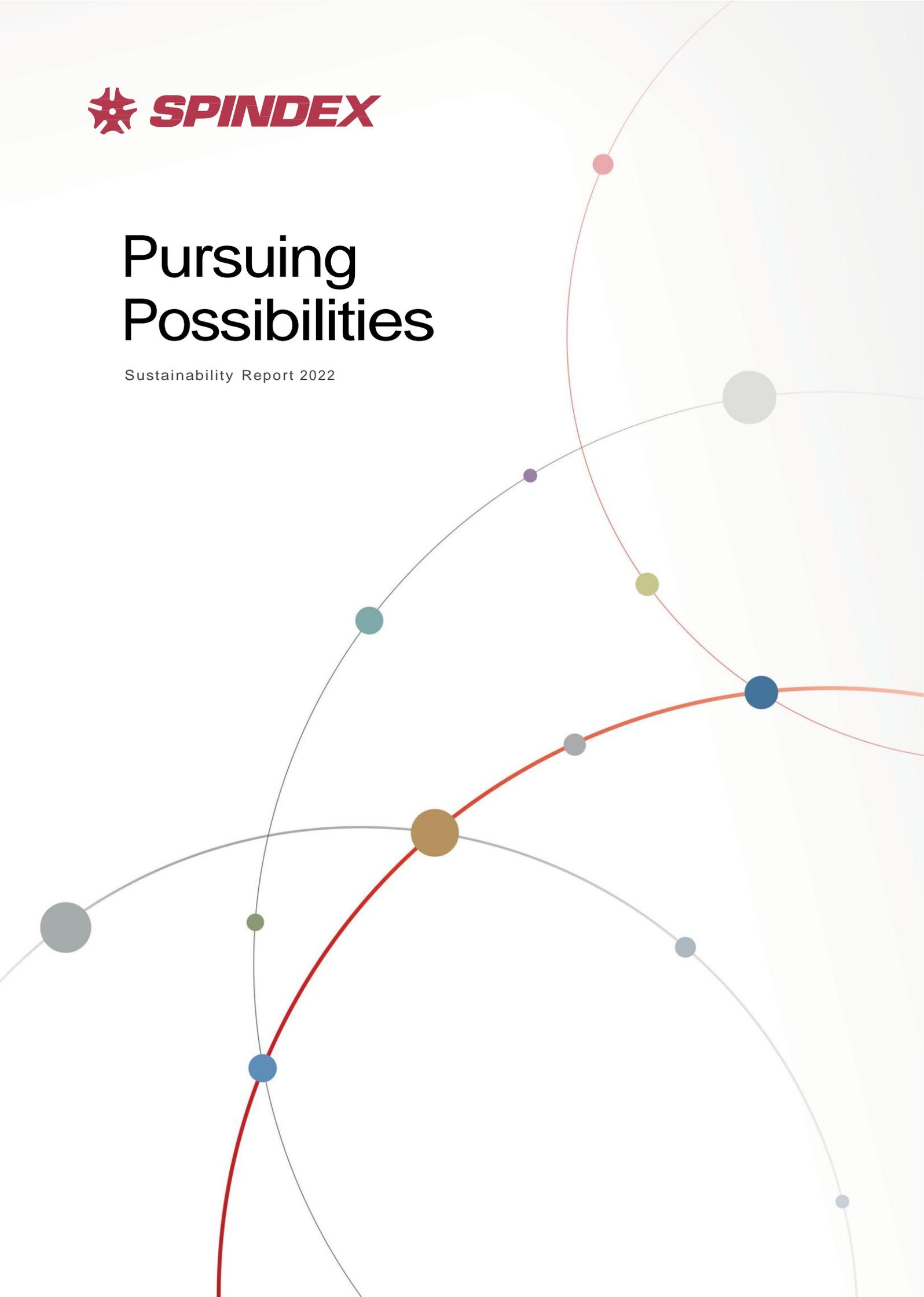




# Pursuing Possibilities

Sustainability Report 2022



## CONTENTS

|   |    |
|---|----|
| BOARD STATEMENT .....                                   | 1  |
| REPORTING PRACTICE AND BOUNDARY .....                   | 2  |
| FEEDBACK .....  | 2  |
| STRATEGIC APPROACH FOR SUSTAINABILITY .....             | 3  |
| SUSTAINABILITY GOVERNANCE .....                         | 4  |
| GOALS AND ACHIEVEMENTS.....                             | 4  |
| STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT ..... | 5  |
| ENERGY .....  | 8  |
| EFFLUENTS AND WASTE .....                               | 9  |
| ENVIRONMENTAL COMPLIANCE.....                           | 10 |
| FAIR EMPLOYMENT .....                                   | 11 |
| OCCUPATIONAL HEALTH AND SAFETY .....                    | 13 |
| TRAINING AND EDUCATION.....                             | 15 |
| ANTI-CORRUPTION.....                                    | 16 |
| GLOBAL REPORTING INITIATIVE (“GRI”) CONTENT INDEX.....  | 17 |

## BOARD STATEMENT

The Board of Spindex Industries Limited (“Spindex” or together with its subsidiaries “the Group”) is pleased to publish the Group’s fifth sustainability report for the financial year ended 30 June 2022 (“FY2022”). The report is prepared with reference to the Global Reporting Initiative (“GRI”) 2016 Standards – Core option, and in line with the SGX sustainability reporting requirements. Through the report, the Group hopes to provide an overview of our approach, practices, and performance of Environmental, Social and Governance (“ESG”) topics that are the most material and relevant to our business.

The Board and Management of Spindex continues to maintain its commitment towards transparency in sustainability reporting and considers sustainability issues as an integral part of our strategy formulation process. The Management team and functional units have the responsibility to identify, measure and address sustainability-related matters on an ongoing basis to ensure that all key areas are being monitored and addressed. The Board determines and endorses the material ESG topics presented in this report and maintains oversight of the management of these material ESG topics.

In FY2022, the Management together with an external sustainability consultant reviewed and assessed the materiality of Environmental, Social and Governance (“ESG”) topics identified. The review was referenced against requirements of stakeholders, business activities within the value chain, and the Group’s overall operating environment. Through our review, the Group has identified additional waste disclosures as a relevant and important topic to monitor and disclose under the Group’s sustainability report. These new disclosures have been incorporated into our sustainability performance management framework for FY2022.

Restrictions imposed on COVID-19 pandemic since early 2020 have largely been lifted throughout the world. However, new challenges have arisen in terms of rising inflation, labour shortages and supply chain disruptions due to the Russia-Ukraine conflict. As a result, the Board and Management sees the need to further prioritise the Group’s sustainability initiatives in the midst of the deteriorating global economy and environmental ecosystems.

Employees’ safety and wellbeing has always been and continues to be the utmost priority for Spindex. We strive to create a safe and healthy working environment for our employees. Besides providing a safe working environment, the mental wellbeing of employees is also highly regarded.

As the Group continues our sustainability journey, we remain committed to building a responsible business that delivers sustainable value to our stakeholders over the long term. We are committed to do our part to support the achievement of sustainable development initiatives for all countries we are operating in to create a sustainable future.

## REPORTING PRACTICE AND BOUNDARY

This report summarises our approach, management, and performance of the Group's material ESG topics for the period from 1 July 2021 to 30 June 2022 ("FY2022"). Historical performance data of previous 2 years, where applicable, are included for comparative purposes. The scope of this report focuses on the Group's major operations, namely head office in Singapore, operations in the People's Republic of China ("PRC"), as well as Malaysia and Vietnam.

This report was prepared in accordance with the Global Reporting Initiative ("GRI") 2016 Standards – "Core" reporting requirements. The GRI Standards are one of the most widely used and internationally accepted sustainability reporting framework. A GRI Index at the end of the report specifies the location of the relevant disclosures.

The ESG performance data presented in the report have mainly been extracted from internal information systems and original records. The Group has not sought external assurance for this sustainability report but have relied on internal verification to ensure the accuracy of the data presented.

## FEEDBACK

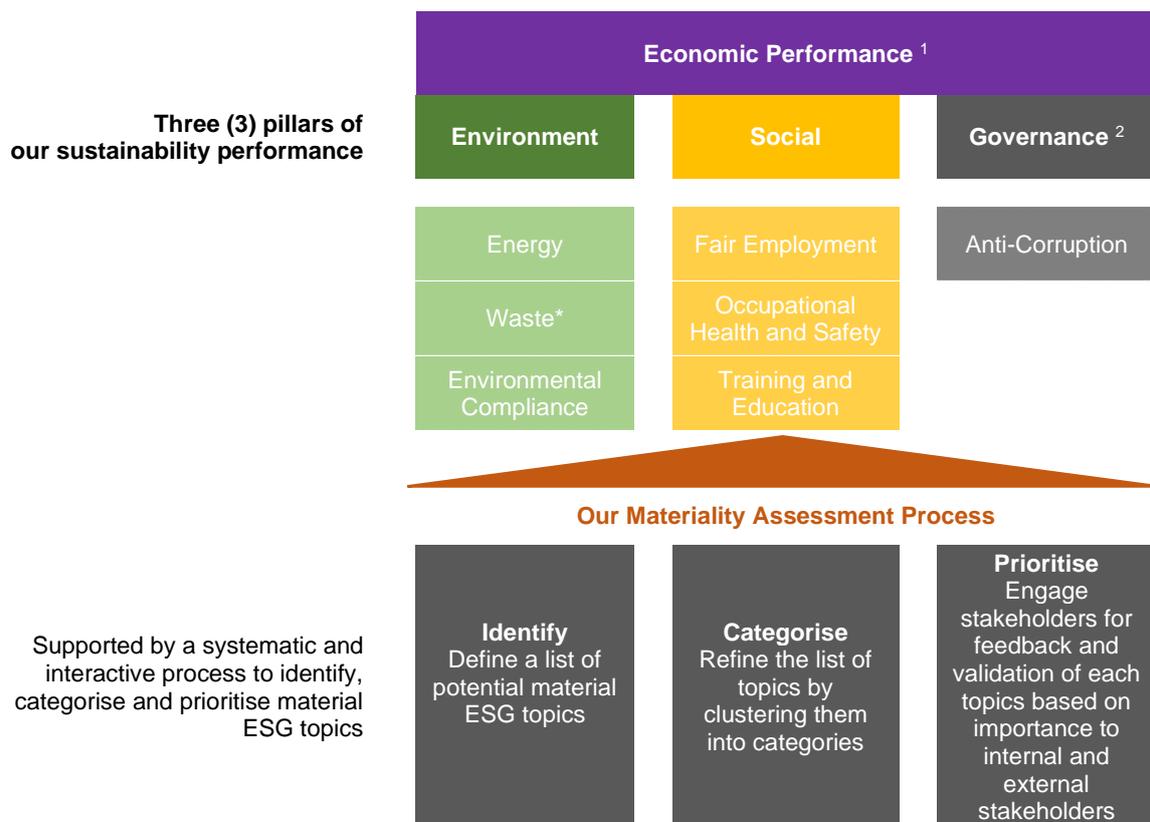
We are fully committed to our stakeholders and welcome feedback pertaining to any aspect of our sustainability policies, processes and performance. Kindly address all feedback to [corporate@spindex.com.sg](mailto:corporate@spindex.com.sg). Your feedback is vital to us in achieving our goals to build a sustainable and thriving business. In efforts to promote environmental conservation, there will be no hard copies made of this report.

## STRATEGIC APPROACH FOR SUSTAINABILITY

At Spindex, we continue to refine our management approach to adapt to the changing business landscape. Since we first embarked on our sustainability reporting journey in 2018, the Group continues to perform an annual materiality review with an independent external consultant to ensure issues disclosed in our sustainability report remain current, material, and relevant.

The review helped us to identify key areas that impact our ability to create value for our stakeholders. Through the review conducted in FY2022, the Group identified 2 new waste disclosures (GRI 306-4: Waste diverted from disposal, 306-5: Waste directed to disposal) as relevant and important metrics to monitor and disclose under the Group's sustainability report. These new disclosures have been incorporated into our sustainability performance management framework (see Exhibit 1) for FY2022.

**Exhibit 1. Spindex's Sustainability Performance Management Framework**



\* New topic

1. Please refer to Financial Statements of Annual Report 2022.

2. Please refer to the Corporate Governance section of Annual Report 2022.

## **SUSTAINABILITY GOVERNANCE**

The Board considers sustainability issues as part of a larger strategy formulation for long-term value creation. The Group approaches sustainability by integrating it into our business decision making and operations and the Group's commitment towards sustainability comes from the top. The Board, with support from Audit Committee and Senior Management team will review material topics, evaluate the performance and provide strategic direction on the reporting process. Senior Management team has a direct reporting line to the Board and Audit Committee on sustainability-related matters.

The Group is also currently looking to form a Group Sustainability Committee going forward after obtaining approval from the Board of Directors. The Group Sustainability Committee will then be responsible for all sustainability related matters such as identifying material issues or topics based on laws or regulations, recommending current and new GRI initiatives to each of the various Plant Managers, etc.

## **GOALS AND ACHIEVEMENTS**

The Group aims to continuously seek business opportunities in line with our strategic growth and to deliver value to our customers and stakeholders as we continue to explore and expand our business operations. We will continue to uphold a reputation for quality and high standards in our operations, as well as excellence in operations management. We are equipped with advanced metrology equipment allowing for precise measurement in diameter, roundness and other intricate dimensions of our products. The Group aims to ensure that our scrap costs are less than 1% of total sales turnover per year and to achieve 100% performance rating in terms of quality and delivery performance to our customers.

As a group and across our various subsidiaries, we are one of the first machining companies in the region to be certified by:

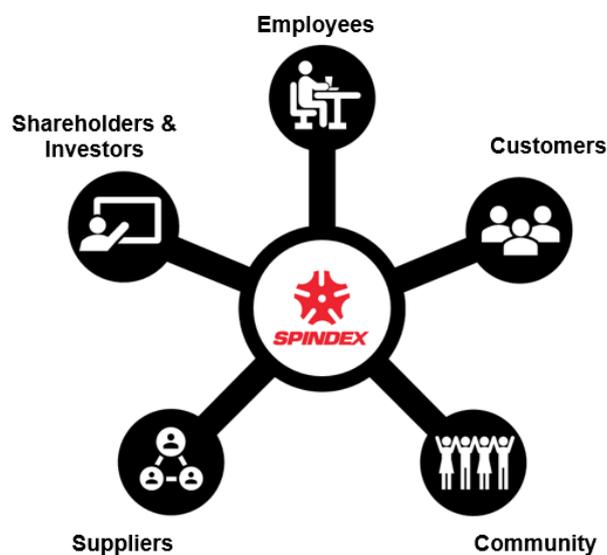
- ISO 9001;
- ISO 14001; and
- IATF 16949.

The Group is committed to comply with the requirements and continually improve the effectiveness of the quality management system.

## STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

We adopt a comprehensive approach to identify areas to prioritise based on the business strategy outlined in our plan. Our materiality assessments were performed based on the AA1000 Accountability Principles of Inclusivity and Materiality, as well as the Global Reporting Initiative (“GRI”) 2016 Principles for Defining Report Content – stakeholder inclusiveness, sustainability context, materiality, and completeness.

Materiality with respect to sustainability reporting, as defined by GRI Standards, includes topics and indicators that reflect the organisation’s significant environmental and social impacts that would substantively influence the assessments and decisions of stakeholders. With guidance from an external sustainability consultant, Management have reviewed the stakeholders across the Group’s value chain and identified five (5) key stakeholder groups. They are chosen based on their significance and impact of their interest on the Group’s business.



Our key stakeholder groups, how we engage with them, main concerns, and expectation, and how we respond are summarised in the table below.

| Key Stakeholder Groups            | How We Engage  | Main Concerns and Expectations  | How We Respond  |
|-----------------------------------|--|---|---|
| <b>Employees</b>                  | <ul style="list-style-type: none"> <li>• Meetings</li> <li>• Training and development</li> <li>• Annual performance appraisals</li> <li>• Long-service awards</li> </ul> | <ul style="list-style-type: none"> <li>• Fair employment</li> <li>• Training and career development opportunities</li> <li>• Workplace safety and health</li> </ul>   | Adoption of human resource policies and best practices that promote fair treatment, safe working conditions, rewards and recognition for performance. Ensuring work-life balance and career growth.   |
| <b>Customers</b>                  | <ul style="list-style-type: none"> <li>• Monitoring product sales</li> <li>• Contacts to our customer service</li> <li>• Feedback channels through email</li> </ul>      | <ul style="list-style-type: none"> <li>• Reputation in the market</li> <li>• Quality control</li> </ul>   | By establishing policies for quality control and assurance that ensure our goods are of excellent quality and to promptly address customer complaints.  |
| <b>Shareholders and Investors</b> | <ul style="list-style-type: none"> <li>• Annual General Meeting</li> <li>• Meetings with institutional investors</li> <li>• Survey of institutional investors</li> </ul> | <ul style="list-style-type: none"> <li>• Group's strategic development</li> <li>• Current financial performance</li> <li>• Future business outlook</li> </ul>   | By appointing an investor relations firm on a retainer basis, to communicate regularly with the analysts. They monitor the dissemination of material information to ensure that it is disclosed to the market in a timely manner. On a quarterly basis, with the help of the investor relations firm, meetings are held based on interest levels of shareholders. This provides the Company with the opportunity to build strong relationships with its stakeholders and investors. |
| <b>Suppliers</b>                  | <ul style="list-style-type: none"> <li>• Regular meetings</li> <li>• Visits</li> <li>• Emails</li> <li>• Tender process</li> </ul>                                       | <ul style="list-style-type: none"> <li>• Transparency with tender process</li> <li>• Workplace safety and health</li> <li>• Energy-efficiency</li> <li>• Product and technology updates</li> <li>• Performance reviews</li> </ul> | By establishing policies and guidelines that ensure a fair selection and procurement process, and ethical business practices.   |
| <b>Community</b>                  | <ul style="list-style-type: none"> <li>• Phone and email channels</li> <li>• Media relations</li> <li>• Volunteering activities</li> </ul>                               | <ul style="list-style-type: none"> <li>• Contribution to communities</li> <li>• Business decisions' impact on their environment</li> <li>• Pollution (air, land, water)</li> </ul>  | By raising awareness through sustainable business practices and assessing the potential harmful impacts on the environment.   |

## Membership of Associations

The Group also holds memberships and engages with various industry/trade associations as follows:

| Country   | Memberships  |
|-----------|--|
| Singapore | <ul style="list-style-type: none"> <li>• Singapore National Employers' Federation</li> <li>• Singapore Business Federation</li> <li>• Singapore Institute of Directors</li> <li>• Entrepreneur's Organisation</li> <li>• Singapore Precision Engineering and Technology Association</li> </ul> |
| Malaysia  | <ul style="list-style-type: none"> <li>• Federal of Malaysian Manufacturers</li> </ul>   |
| China     | <ul style="list-style-type: none"> <li>• Shanghai Electroplating Association</li> <li>• Shanghai Pudong Waisheng Investment Enterprise Association</li> </ul>  |

## Material ESG Topics

Guided by an external sustainability consultant and having considered the topics of concerns and expectation of identified key stakeholders, the Management together with the Board have assessed and prioritised the material topics to focus on for the Group.

| Material ESG Topics  | Commitment & Target   | FY2022 Key Highlights  |
|--|---|--|
| <b>ENVIRONMENT</b>  |   |  |
| <b>Energy</b>  | Continue to minimise carbon footprint and conserve energy consumption.  | <ul style="list-style-type: none"> <li>• The Group continues to embed energy conservancy concept into daily operations. Please refer to Energy section for adopted initiatives.</li> </ul>   |
| <b>Effluents and Waste</b>   | Ensure waste disposal are in full compliance with local regulated requirements.   | <ul style="list-style-type: none"> <li>• Achieved 100% conformance to local regulated requirements on waste disposal.</li> </ul>   |
| <b>Environmental Compliance</b>  | Zero cases of significant fines (i.e. more than 5% of revenue) or non-monetary sanctions for non-compliance with laws and regulations.          | <ul style="list-style-type: none"> <li>• Maintained zero incidents record over the last 3 years.</li> </ul>  |
| <b>SOCIAL</b>     |   |  |
| <b>Fair Employment</b>   | <p>Continue to promote diversity and equal opportunity in the workplace.</p> <p>Comply with local labour regulations across our operations.</p> | <ul style="list-style-type: none"> <li>• The Group continues to embrace diversity and equal opportunity in the workplace and remained compliant with respective local regulations across our operations.</li> <li>• There was no incident of complaints of discrimination against the Group. Please refer to Fair Employment for employee gender and age breakdown.</li> </ul> |
| <b>Occupational Health and Safety</b>  | Zero workplace fatalities.  | <ul style="list-style-type: none"> <li>• Achieved zero fatalities and 100% conformance to workplace and health safety requirements.</li> </ul>   |

|                                      |  |   |
|--------------------------------------|--|---|
| <p><b>Training and Education</b></p> | <p>Ensure learning and development roadmap takes into account additional skillsets that might be required in future.</p> | <ul style="list-style-type: none"> <li>• Conducted training needs analysis to ensure that employee competencies and professional knowledge are maintained at the highest level.</li> <li>• 100% of employees receiving regular performance and career development reviews.</li> </ul> |
|--------------------------------------|--|---|

| <p style="text-align: center;"><b>GOVERNANCE</b> </p> |   |   |
|--|---|---|
| <p><b>Anti-Corruption</b></p>  | <p>Zero tolerance for bribery, corruption, fraud and violation of laws and regulations.</p> | <ul style="list-style-type: none"> <li>• Zero incident of corruption.</li> <li>• Zero confirmed whistle-blowing cases.</li> </ul> |

To keep abreast of critical issues, Management will continue to review its material ESG focus areas against the changing business environment, stakeholder opinions, and emerging global and local trends annually.

## ENVIRONMENT

Environmental sustainability forms an integral part of the Group’s sustainability philosophy. With increased pressure on corporations to be accountable for their environmental footprint and rising cost of natural resources, we endeavour to integrate the best sustainability practices across business operations to reduce adverse environmental impact on the ecosystem.

The Group, headquartered in Singapore, has manufacturing plants in China (Suzhou and Shanghai), Malaysia (Johor) and Vietnam (Hanoi). As the Group’s head office does not engage in manufacturing, the scope of the environment section will be focused on these 4 manufacturing plants.

In terms of daily operations, the Group continues to be committed on recycling, energy-saving practices and undertaking measures to reduce wastages, pollution, and harmful emissions. For instance, to encourage reduction of waste generated from operations, Plant Managers at their respective plants have created awareness campaigns and initiatives to reuse and recycling, whenever possible.

In a further effort to ensure environmental sustainability, the Malaysia and Shanghai plant have implemented procedures to ensure that wastewater from industrial activities are treated at in-house Waste Treatment Plants before being discharged.

The Group strives to continue its effort to be accountable for their environmental footprint.

### **ENERGY**

In FY2022, majority of the energy consumed was supplied by the local utilities service providers, which increased by 8% to 38.8 million kWh in FY2022 from 35.9 million kWh in FY2021. Consumption of renewable solar energy increased by 18% to 1,021K kWh in FY2022 as compared to 868K kWh in FY2021 due to additional initiatives undertaken by the Group to increase solar energy generation and utilisation.

The Head Office and respective Plant Managers monitor energy consumption on a monthly basis. For respective plants, the energy consumption will be monitored and tracked against production activities

and output. In addition, month-to-month comparison will also be performed to detect irregularities, if any. In the event of such irregularities, the Managing Director and Group Financial Controller will discuss with the Plant Manager during their monthly meeting to further understand the root causes and identify if there are any other methods to improve energy efficiency.

Throughout the years, the Group has progressively introduced various energy-saving measures such as the selection of energy-saving electrical devices, retrofitting current lighting with energy efficient LED light bulbs and switching off electrical device and machines during idle time. In FY2022, at the Shanghai and Suzhou plants, there were progressive changes of bulbs to LED and enforcement of lights off during break time in an effort to reduce energy consumption. Measures have also been taken to move transformers and various high heat generating equipment to ventilated areas to reduce heat in factories, therefore reducing the amount of energy consumption.

**Targets and Commitments:**

- ✓ Strive to maintain and achieve energy efficiency
- ✓ Continue to monitor energy consumption and embed energy conservancy concept in our operations
- ✓ Continue to identify any potential energy saving initiatives available in the market.

**EFFLUENTS AND WASTE**

Effluents and waste management is critical for environmental sustainability. The Group conscientiously monitors wastes and discharges into the environment, minimising ecological impact to the fullest extent possible. Treatment of effluents is also crucial in ensuring that hazardous substances do not leach into ecosystems and undergo bio-amplification along the food chain.

**Waste**

Hazardous waste generated is handled, stored, and disposed in a manner that adheres to best practices and meets local regulatory requirements. At Spindex, we ensure that our wastes are safely disposed of to prevent the risk of environmental contamination. Hazardous waste typically relates to waste from chemicals that may be harmful to humans if consumed (e.g., plating effluents).

All waste generated will be subjected to reuse and recycle processes. Hazardous waste will be channelled into containers and kept at the hazardous waste store. Non-hazardous waste will be stored in tanks, and the waste level is calculated based on how many trips the waste collectors make. A new added initiative was to ensure that waste disposal operations carried out by 3<sup>rd</sup> party contractors would be subject to Annual Supplier Audit Assessment and be registered with the respective Environment Protection Bureau Regulators.

The Head Office and respective Plant Managers monitor waste generated on a monthly basis. For respective plants, the waste generated will be monitored and tracked alongside production activities. In addition, month-to-month comparisons will also be made to detect irregularities. In the event that irregularities are identified, the Managing Director and Group Financial Controller will discuss with the Plant General Manager during monthly meetings to further understand the root causes and propose alternatives methods to reduce waste generation.

In FY2022, the amount of hazardous waste generated decreased by approximately 15% to 6,338 tonnes, compared to 7,413 tonnes in FY2021. All hazardous waste generated were managed and disposed of in compliance with local regulations by authorised waste disposal contractors.

Non-hazardous waste mainly relates to typical packaging and production waste, comprising of paper, plastic, and metallic materials. In FY2022, the amount of non-hazardous waste generated was

approximately 4,200 tonnes (FY2021: 3,924 tonnes). All non-hazardous waste were disposed through licensed waste collectors for recycling and reuse whenever possible.

The decrease in waste production for hazardous waste is attributable to the Group's efforts and initiatives to minimise waste discharge such as promoting recycling and reusing of raw materials wherever possible, and increased efforts to treat hazardous discharge before disposal. Conversely, this resulted in an increase in the quantity of non-hazardous waste discharged due to the waste treatment plans instituted at our individual manufacturing facilities.

#### Waste diverted from disposal

The Plant Management Team also realises the impact of waste generation and has taken the following measures in FY2022:

1. Improving the efficiency of manufacturing processes to reduce waste generated
2. Improving compressing, filtering, and spinning processes to properly filter cutting oil of impurities to be reused
3. Packaging recycling programmes such as collaboration with customers to improve reusing and recycling of packaging materials, environmentally friendly packaging methods and avoiding contamination of packaging materials to allow for proper recycling.

As a result of these new initiatives, we have started collecting data new data points for reusing of packaging and cutting fluids, achieving 20% reusability across the Group as waste diverted from disposal.

#### Waste diverted to disposal

The Group also added new initiatives under our 3<sup>rd</sup> party disposal operations to ensure that vendors meet environmental regulations and legislations through the following in FY2022:

1. Annual supplier audits
2. Registration of approval of Environment Protection Bureau Suppliers

We continue to encourage the scrutiny of our 3<sup>rd</sup> party disposal vendors to ensure that they are in compliance with the respective local regulations, and waste is disposed of in a sustainable manner.

#### **Targets and Commitments:**

- ✓ Strive to minimise waste generation and increase opportunities for reusing and recycling, as well as treat and dispose waste responsibly where other options are not practical
- ✓ Continue to be vigilant and steadfast in the efficiency of waste management processes
- ✓ Continue to review waste minimisation practices and strives towards eliminating adverse environmental impact on the ecosystem

## **ENVIRONMENTAL COMPLIANCE**

The Group recognises that non-compliance with laws and regulations do not only pose as a form of financial risk, but it can also lead to reputational damage. As such, the Group actively ensures that all of its activities comply with existing regulatory requirements through constant monitoring, and evaluation of the ISO 14001 certified environmental management system. All employees of Spindex, third party suppliers and/or vendors, are also encouraged to be proactive and forthcoming in managing and reporting environmental related issues and complaints.

Other continuous activities to promote environmental compliance include (i) annual training courses on environmental awareness for employees relating to chemical safety, waste classification, spillage response, etc; (ii) monitoring of water discharge for manufacturing sites that involve discharge to public drainages.

In FY2022, there were no cases of significant fines or non-monetary sanctions for non-compliance with laws and regulations. The Board and Management continues to review and improve the current environmental management system and/or practices in order to align with existing regulatory requirements as much as possible.

### Targets and Commitments:

- ✓ Commitment to comply with ISO 14001 and all other applicable environmental legal requirements enforced by local authorities.

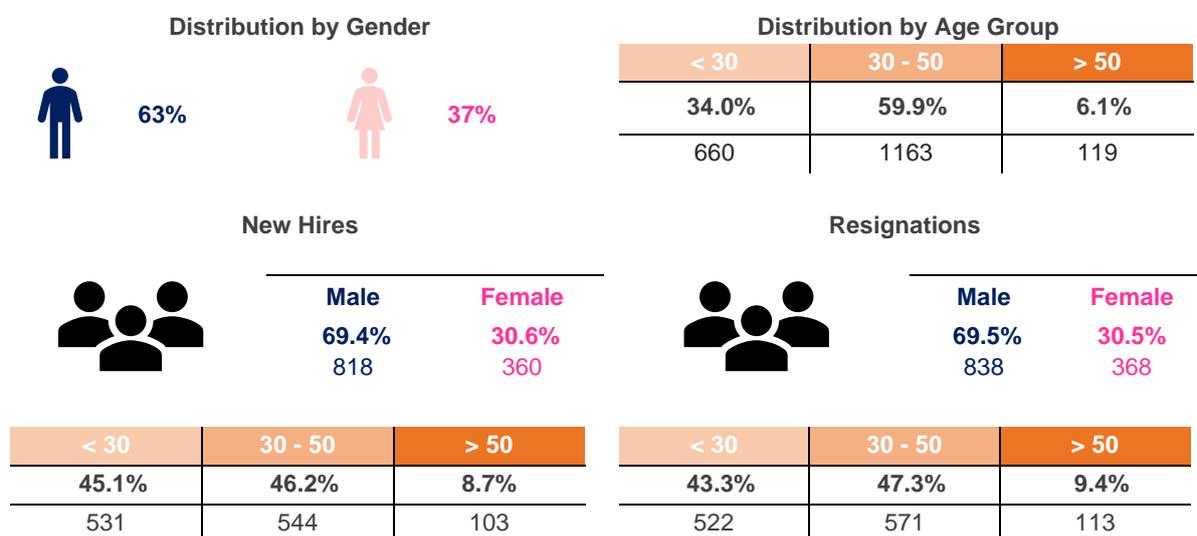
## SOCIAL

### FAIR EMPLOYMENT

As workforce demographics shift and global markets emerge, workplace diversity inches closer to becoming a business necessity instead of a banner that companies wave to demonstrate their commitment to embracing differences and change.

The Group recognizes that our employees remain one of our most valuable assets and is committed to fair employment practices. As such, huge emphasis is placed in terms of upholding human rights & labour practices, as well as investing in continuous development and training for our employees. The Group had a total of 1,942 employees across offices and manufacturing plants, of which males make up 63% of the total population as of 30 June 2022. The larger proportion of males is attributed to the nature of the industry.

#### Employee Demographics



*Note – The headcounts above excludes contract and temporary workers.*

The Group's recruitment process adheres to the strict guidelines on non-discrimination and fairness, regardless of gender, ethnicity, religion, or age. Beyond providing jobs and caring for our employees through comprehensive benefits schemes, we also invest significantly in training and upgrading employees to equip them with relevant skills for the future.

The Group maintains an open-door policy where employees are encouraged to speak-up or report grievances directly to their superior, head of department, human resource department, chief executive

officer and/or independent directors. Across our business segments, there were no reported incidences of discrimination raised by our employees nor grievance cases in FY2022.

**Targets and Commitments:**

- ✓ Strive to foster an inclusive and performance driven work environment to attract, retain and develop our talents
- ✓ Strictly prohibits discrimination and maintain a track record of zero incidents of reported discrimination
- ✓ Continue to reinforce our commitment to providing a healthy, safe and secure workplace for our employees

**Employee Remuneration and Benefit**

The Group recognises the valuable contribution of all employees. We strongly believe that with fair remuneration and the provision of equal opportunities for development, our engaged workforce will be driven to contribute positively to the Group. In terms of remuneration packages and Human Resource policies, the Group considers the regulatory requirements, salary, and employment conditions within the industry and in comparable companies. We also encourage our staff to provide feedback regularly to help us align expectations and make decisions.

The Group is in full compliance with local labour regulations across our operations, as well as minimum wage laws, where applicable. The Group endorses Singapore's Tripartite Guidelines on Fair Employment Practices and the Employers' Pledge of Fair Employment Practices and makes contributions to the Central Provident Fund scheme in Singapore, a defined pension scheme. For employees below 55 years old, Spindex makes an additional contribution of 17% as an employer on top of the employee's 20% contribution.

In support of the Singapore government's pro-family legislation, eligible working mothers and fathers who are legally married and whose new-born child is a Singapore citizen, are entitled to 16 weeks of maternity leave and 2 weeks of paternity leave respectively. Eligible working parents of at least one child who is a Singapore citizen and less than seven years old; or between ages of 7 to 12 (by extension); are entitled to 6 days of paid childcare leave annually. As of 30 June 2022, 98% employees returned to work after parental leave.

In addition, the Group provides Group Hospital & Surgical insurance as well as supplementary coverage for COVID-19 and annual health screenings for all employees in the head office and manufacturing plants.

As the COVID-19 lockdowns and regulations begin to ease off in FY2022, social activities and gatherings have begun to resume. As part of employees' welfare, respective subsidiaries have continued different initiatives such as the distribution of festival goods to employees and reimbursement for sports-related activities. Despite the improvements in the COVID-19 situation, our subsidiaries remain vigilant and continue to provide employees with masks, test-kits, paid vaccinations, and paid leave for mandatory quarantines.

**Targets and Commitments:**

- ✓ Committed to comply fully with local labour regulations across all operations, as well as minimum wage laws, where such laws exist

## OCCUPATIONAL HEALTH AND SAFETY

Safety and health at workplace are our utmost priority. The Group strives to raise awareness, maintain vigilance, and foster a strong safety awareness culture particularly at the ground level by ensuring that proper trainings are provided to our employees.

Across our plants, we have established processes to identify, mitigate, and report safety risks. We also work closely with third-party vendors and suppliers to ensure that they understand our requirements and expectations.

To facilitate the physical supervision of workplace safety and the transmission of workplace safety and health (“WSH”) related messages, a Safety Committee has been established. Collectively as a Group, the Safety Committee comprises of a mixed population of employees and managers. The Committee oversees our subsidiaries’ operations to ensure that safety standards are always upheld and in line with industry’s best practices. In addition, the roles and responsibilities of the Safety Committee includes reviewing, effectively implementing and reinforcing safety standards and regulations to ensure all safety aspects are adequately covered. The Committee members meet at least monthly to review safety inspection results, infrastructures, and incidents, as well as to coordinate and organise safety-related workshops. Going forward, to facilitate the effectiveness of the supervision of workplace safety, the Group plans to have more workers to join the Safety Committee.

The Group’s initiative to encourage workers to join the Safety Committee empowers them to report any potentially unsafe situations and to take ownership of the safety culture within the workplace.

All near-miss incidents and accidents are promptly reported to the Safety Committee. With timely reporting, the Group ensures that all injured workers are attended to, and investigations are promptly conducted. Post-incident briefings are also provided to the employees to keep them in the loop. The regular safety briefings aim to strengthen the awareness of employees’ safety and remind them of established safety measures and precautions. It also reinforces existing safety protocols which helps prevent the occurrence of similar incidents.

The Safety Committee also conducts external and internal training to promote awareness to all employees regarding work-related concerns. The Safety Committee also works with the Human Resource Department to provide comprehensive coverage and emphasis on employee health and safety through annual medical check-ups, audiometric tests, etc.

In FY2022, there were no incidents of fatalities across the Group’s business operations. We strive to maintain our safety commitment of zero incidents and drive continuous improvement in safety practices. There was also an 83% decrease in the rate of work-related injuries of 0.24 work-related injuries per 200,000 recordable working hours as compared to 1.44 in FY2021.

With the exception of our offices and factories in China, COVID-19 related disruptions have eased throughout the world. However, the Group remains vigilant and agile to be able to react to any new COVID-19 strains or outbreaks that may pop up in the future. The Group also constantly tracks and stays updated on the latest COVID-19 related regulations or requirements in order to reduce the potential impact such restrictions may have on our supply chain.

In FY2022, the proportion of employees down with COVID-19 had reduced significantly. The additional safety measures previously implemented in 2021 also have been reduced or removed accordingly based on each country’s local laws and regulations. The Group still maintains the COVID-19 Management and Standard Operating Procedures to ensure that affected employees continue to be adequately covered in areas such as medical costs incurred and paid leave during the recovery period. As of report date, there were zero cases of fatalities.

Moving forward, the Group remains committed to provide a conducive working environment for employees, free from harassment, allowing all individuals to be treated with respect and dignity. Employees or visitors on site are required to follow health and safety policies and be free from substance abuse. We will continue to monitor the various plants' safety performance, as well as existing practices to ensure necessary measures are taken to address any other forms of health and safety risks at the workplace. With the increase in number of daily patrols to alert employees on potential unsafe practices and the provision of Personnel Protection Equipment, it has led to the reduction of work-related injuries dropping to less than 1 case per 200,000 of recordable working hours. Employees with designated job scope are also further assessed based on specialised requirements and sent for training in relevant courses.

**Targets and Commitments:**

- ✓ Strive to raise awareness and foster a strong safety awareness culture
- ✓ Have more workers join the Safety Committee to facilitate the supervision of workplace safety
- ✓ Strive to maintain the current record of zero incidents and drive continuous improvement within safety practices
- ✓ Continue to monitor and ensure adherence to COVID-19 safety measures advised by the local regulatory authorities

## TRAINING AND EDUCATION

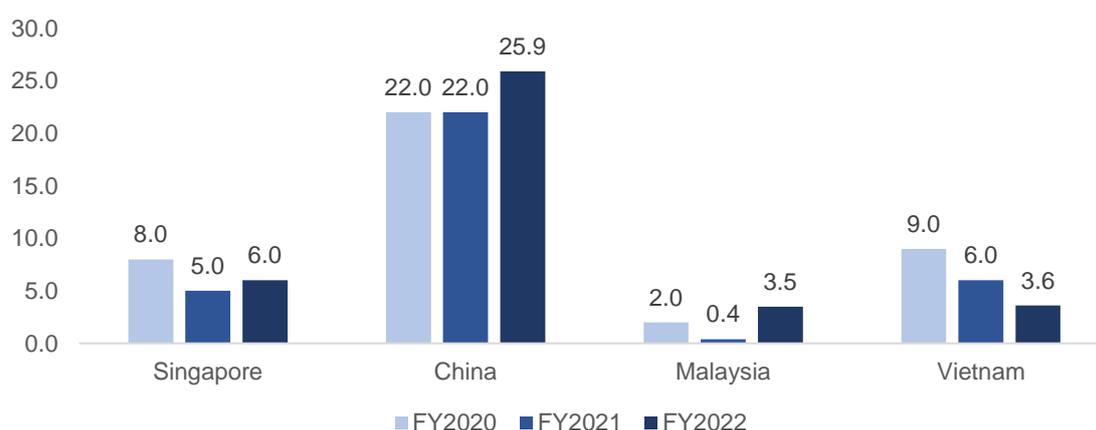
Today's constantly changing business environment calls for a competitive workforce attuned to the latest developments in skills and manufacturing capabilities. The Group recognises this and believes that an engaged workforce with strong leadership are the key drivers for growth, innovation, and sustainability. Investment in employee's learning and development helps build a resilient and future-ready workforce, which will in turn provide a competitive edge for the Group's future growth and success. Within the Group, training and development are identified based on employees' training needs and role requirements.

In FY2022, the Group invested over approximately S\$99,811 (FY2021: S\$69,147) in training and development for its head office and all manufacturing plants prior to any government funding. With virtual training available and the lifting of COVID-19 restrictions, this allowed for the resumption of activities where training expenditure were restored to levels last seen during pre-pandemic period.

With investments in digitalization for areas in Enterprise Resources Planning, Business Process Management, the group leveraged on technologies such as Power BI to enhance business intelligence and operational effectiveness. Due to ongoing efforts over the last 2 years, the Information Technology Department have also successfully integrated the company systems, allowing for the current remote working arrangement for employees (who are required to do so). To ease employees into the current arrangement, the Company ensured that relevant internal trainings were conducted to allow them to perform effectively within the workplace.

Additionally, the Group conducts regular training needs analysis to ensure enhancement in employee competencies and professional knowledge. To promote better awareness pertaining to current job performance and prospects, Singapore and Malaysia were the designated regions to kick off semi-annual performance review assessments, instead of the usual annual performance appraisal to promote a more continuous process and ensure that employees are given the appropriate feedback and training in a timely manner.

**Average Training Hours (Per Employee)**



### Targets and Commitments:

- ✓ Continue to provide training and education opportunities through comprehensive development programmes going forward and promote a conducive corporate environment where everyone could achieve their potential

## GOVERNANCE (\*)

Recognising that non-compliance with laws and regulations not only has significant financial risk but also potentially detrimental reputational impact on the Group, we maintain a zero-tolerance stance towards bribery, corruption, fraud and violation of laws and regulations. The Group is committed to uphold the highest standards of corporate governance and business integrity in all our business dealings, which we believe are essential for the long-term viability of our businesses and the enhancement of shareholder value.

The Management and Audit Committee assume the responsibility in supporting the Board in the implementation of internal controls and systems, as well as the monitoring of regulatory compliance.

Given the geographical diversity of our businesses, the Management and Audit Committee maintains oversight on the developments in the laws and regulations of countries where the Group operates to ensure that our businesses and operations comply with all relevant laws and regulations. The local offices also engage with the respective local government authorities and agencies where it operates, as a mean to keep abreast of changes to laws and regulations.

Every year 100% of our employees in all regions are required to declare and acknowledge that they are aware of, have read, and are in compliance with the policies, standards, and practices as set out in the company's corporate policies and guidelines.

\* Please refer to the Corporate Governance section of Annual Report 2022.

### ANTI-CORRUPTION

The Group maintains a whistle-blowing policy, which provides guidance on suspicion, reporting and investigation of fraudulent practices within the Group.

The Group Human Resources Department had updated the latest Anti-Corruption policy and it applies globally to Spindex and its subsidiaries (the "Spindex") and all directors, officers, and employees of Spindex (collectively referred to as the "Employees" in the Policy & Guidelines). Its objectives are to set forth a high standard of corporate governance; provide a channel of communication for employees to report fraudulent practices and guide employees on available process to address their concerns on suspicious fraudulent activities. The Group's orientation and induction programme for all new employees also includes information on Code of Business Conduct and Ethics and related corporate policies including entertainment, gifts and whistleblowing. The whistle-blowing policy sets forth the process for investigation and management reporting. All whistle-blowing cases reported are objectively investigated by independent personnel with appropriate remedial measures and follow-up actions taken where warranted.

The Audit Committee maintains oversight of this policy and periodically reviews the adequacy of the whistle-blowing arrangements to ensure that employees may confidently raise their concerns about potential improprieties in matters of financial reporting or business related affairs.

During the reporting period, there were no known incidents of corruption, fraud, and money laundering activity across the Group's business operations.

#### Targets and Commitments:

- ✓ Develop a culture where issues of professional ethics can be discussed openly
- ✓ Strictly prohibit corruption, fraud and money laundering and continue maintaining zero confirmed incidents

## GLOBAL REPORTING INITIATIVE (“GRI”) CONTENT INDEX

This report has been prepared in accordance with the GRI Standards: Core option

| Category                           | Disclosure | Description  | Page Reference and Remarks  |
|------------------------------------|------------|--|---|
| GRI 102:<br>General<br>Disclosures | 102-1 *    | Name of the organization                                     | Cover Page of SR FY2022   |
|                                    | 102-2 *    | Activities, brands, products, and services                   | Refer to Annual Report FY2022<br>Notes to The Financial Statements – Note 1   |
|                                    | 102-3 *    | Location of headquarters                                     | 8 Boon Lay Way<br>8@TradeHub 21, #10-03<br>Singapore 609964   |
|                                    | 102-4 *    | Location of operations                                       | Singapore, China (Shanghai and Suzhou),<br>Malaysia (Johor) and Vietnam (Hanoi)   |
|                                    | 102-5 *    | Ownership and legal form                                     | Refer to Annual Report FY2022<br>Notes to The Financial Statements – Note 1   |
|                                    | 102-6 *    | Markets served   | Refer to Annual Report FY2022<br>Disaggregation of Revenue by Geographical<br>Segments  |
|                                    | 102-7 *    | Scale of the organization                                    | Headquarters in Singapore with 4 production<br>locations located in China, Malaysia, and<br>Vietnam.<br><br>As at 30 June 2022, the Group has 1,942<br>employees.   |
|                                    | 102-8 *    | Information on employees and other workers                   | Majority of the organisation’s activities are<br>performed by workers, which consists of direct<br>hire employees. Business activities are also<br>supported by contract and temporary worker,<br>whenever required.  |
|                                    | 102-9 *    | Supply chain   | Each plant is responsible to manage its panel of<br>suppliers and ensure resilience in supply chain<br>to support day-to-day operations. Yearly<br>supplier performance evaluations are conducted<br>to adhere to the respective local regulations and<br>safety compliance requirements. |
|                                    | 102-10 *   | Significant changes to the organization and its supply chain | In FY2022, there were no significant changes in<br>the Group’s supply chain or relationship with<br>suppliers.  |
|                                    | 102-11 *   | Precautionary principle or approach                          | SR FY2022<br>Page 3 – Strategic Approach for Sustainability<br>Page 5 – Stakeholder Engagement & Materiality<br>Assessment  |
|                                    | 102-12 *   | External initiatives   | SR FY2022 – Page 4<br>Goals & Achievements  |
|                                    | 102-13 *   | Membership of associations                                   | SR FY2022 – Page 7<br>Membership of Associations  |

| Category                        | Disclosure | Description  | Page Reference and Remarks  |
|---------------------------------|------------|--|---|
| GRI 102: Strategy               | 102-14 *   | Statement from senior decision-maker                       | Refer to Annual Report FY2022 – Chairman's Statement  |
| GRI 102: Ethics and Integrity   | 102-16 *   | Values, principles, standards, and norms of behaviour      | Refer to Annual Report FY2022 Corporate Governance  |
| GRI 102: Governance             | 102-18 *   | Governance structure                                       | SR FY2022 – Page 4 Sustainability Governance  |
| GRI 102: Stakeholder Engagement | 102-40 *   | List of stakeholder groups                                 | SR FY2022<br>Page 5 to 6 – Stakeholder Engagement   |
|                                 | 102-41 *   | Collective bargaining agreements                           | None  |
|                                 | 102-42 *   | Identifying and selecting stakeholders                     | SR FY2022<br>Page 5 to 6 – Stakeholder Engagement   |
|                                 | 102-43 *   | Approach to stakeholder engagement                         | SR FY2022<br>Page 5 to 6 – Stakeholder Engagement   |
|                                 | 102-44 *   | Key topics and concerns raised                             | SR FY2022<br>Page 5 to 6 – Stakeholder Engagement<br>Page 7 to 8 – Material ESG Topics                      |
| GRI 102: Reporting Practice     | 102-45 *   | Entities included in the consolidated financial statements | Refer to Annual Report FY2022 – Financial Reports   |
|                                 | 102-46 *   | Defining report content and topic Boundaries               | SR FY2022<br>Page 2 – Reporting Practice and Boundary   |
|                                 | 102-47 *   | List of material topics                                    | SR FY2022<br>Page 7 to 8 – Material ESG Topics  |
|                                 | 102-48 *   | Restatements of information                                | N/A   |
|                                 | 102-49 *   | Changes in reporting                                       | No significant changes from previous reporting periods in the list of material topics and topic boundaries. |
|                                 | 102-50 *   | Reporting period   | SR FY2022<br>Page 2 – Reporting Practice and Boundary   |
|                                 | 102-51 *   | Date of most recent report                                 | FY2022 Sustainability Report  |
|                                 | 102-52 *   | Reporting cycle  | 1 July 2021 to 30 June 2022   |
|                                 | 102-53 *   | Contact point for questions regarding the report           | SR FY2022<br>Page 2 – Feedback  |
|                                 | 102-54 *   | Claims of reporting in accordance with the GRI Standards   | Core Option   |
|                                 | 102-55 *   | GRI content index  | Page 17 to 20   |
|                                 | 102-56 *   | External Assurance   | The Group has not sought external assurance for this sustainability report.                                 |

| Category                                   | Disclosure | Description  | Page Reference and Remarks   |
|--|------------|--|--|
| GRI 205<br>Anti-Corruption                 | DMA        | Disclosure of Management Approach  | SR FY2022 – Page 16<br>Anti-Corruption                                     |
|  | GRI 205-2  | Anti-Corruption  | SR FY2022 – Page 16<br>Anti-Corruption                                     |
|  | GRI 205-3  | Confirmed incidents of corruption and actions taken  | Zero incidents.  |
| GRI 302<br>Energy                          | DMA        | Disclosure of Management Approach  | SR FY2022 – Page 8<br>Environment Section                                  |
|  | 302-1      | Energy consumption within the organization   | SR FY2022 – Page 8 to 9<br>Environment Section - Energy                    |
| GRI 306:<br>Effluents & Waste              | DMA        | Disclosure of Management Approach  | SR FY2022 – Page 9<br>Environment Section                                  |
|  | 306-2      | Management of significant waste-related impacts  | SR FY2022 – Page 9 & 10<br>Environment Section – Effluents & Waste         |
|  | 306-3      | Waste generated  | Zero incidents of significant spills.                                      |
|  | 306-4      | Waste diverted from disposal   | SR FY2022 – Page 9 & 10<br>Environment Section – Effluents & Waste         |
|  | 306-5      | Waste directed to disposal   | SR FY2022 – Page 9 & 10<br>Environment Section – Effluents & Waste         |
| GRI 307:<br>Environmental Compliance       | DMA        | Disclosure of Management Approach  | SR FY2022 – Page 10 & 11<br>Environment Section – Environmental Compliance |
|  | 307-1      | Non-compliance with environmental laws and regulations   | SR FY2022 – Page 10 & 11<br>Environment Section – Environmental Compliance |
| GRI 401:<br>Fair Employment                | DMA        | Disclosure of Management Approach  | SR FY2022 – Page 11<br>Fair Employment                                     |
|  | 401-1      | New employee hires and employee turnover   | SR FY2022 – Page 11 & 12<br>Fair Employment                                |
|  | 401-2      | Benefits provided to full-time employees that are not provided to temporary or part-time employees | SR FY2022 – Page 11 & 12<br>Fair Employment                                |
|  | 401-3      | Parental leave   | SR FY2022 – Page 12<br>Fair Employment                                     |
| GRI 403:<br>Occupational Health and Safety | DMA        | Disclosure of Management Approach  | SR FY2022 – Page 13 & 14<br>Occupational Health and Safety                 |
|  | 403-1      | Occupational Health and Safety Management System   | SR FY2022 – Page 13 & 14<br>Occupational Health and Safety                 |
|  | 403-2      | Hazard identification, risk assessment and incident investigation                                  | SR FY2022 – Page 13 & 14<br>Occupational Health and Safety                 |
|  | 403-5/6    | Establishing internal and external training programmes   | SR FY2022 – Page 13 & 14<br>Occupational Health and Safety                 |
|  | 403-9      | Regular patrols by Plant Management Team safety committee  | SR FY2022 – Page 13 & 14<br>Occupational Health and Safety                 |

| Category                           | Disclosure | Description  | Page Reference and Remarks                    |
|------------------------------------|------------|--|---|
| GRI 404<br>Training<br>& Education | DMA        | Disclosure of Management Approach  | SR FY2022 – Page 15<br>Training and Education |
|                                    | 404-2      | Programmes for upgrading employee skills and transition assistance programmes        | SR FY2022 – Page 15<br>Training and Education |
|                                    | 404-3      | Percentage of employees receiving regular performance and career development reviews | 100%  |

