



FUYU
CORPORATION

**Sustainability Report extracted from*

**ANNUAL
REPORT
2022**

SUSTAINABILITY REPORT

BOARD STATEMENT – SUSTAINABILITY AT FU YU

The Board of Directors (the “Board”) at Fu Yu Corporation Limited (the “Company” or “Fu Yu”) and its subsidiaries (the “Group”) are pleased to present the Sustainability Report for the financial year ended 2022 (“FY2022”).

As a leading provider of vertically-integrated services for the manufacture of precision plastic components and the fabrication of precision moulds and dies, we recognize the importance of measuring, monitoring and managing the Group’s performance in Economic, Environment, Social and Governance (“EESG”) factors. As part of our commitment to sustainability, we recognize the importance of understanding and managing the impacts of climate change. As such we have appointed a consultant to help us explore this issue and will be conducting an evaluation of our business operations in 2023 in-line with the recommendations of the Taskforce for Climate-related Financial Disclosures (“TCFD”).

The Board is firmly committed to sustainable business practices, which are in line with the Group’s strategy to deliver satisfaction to our customers, provide continuous learning for our people, while creating higher value and maximizing returns for our shareholders.

In 2022, members of the Board attended LED - Environmental, Social and Governance Essential organized by the Singapore Institute of Directors, to stay abreast of developments around sustainability. Our Sustainability Steering Committee will also continue to instill a sustainable culture that reflects our commitment to the environment and society at large.

The Group recognises the importance of setting targets on material topics to enable us in identifying areas of improvement and providing a clear direction for the group to work towards improving our sustainability efforts. By strengthening our sustainability disclosures, this would increase transparency, enhancing stakeholders’ trust and supporting their sustainability efforts. We intend to progressively establish quantitative targets in the coming years.

This report describes the EESG factors material to the Group, the related policies, practices and performance.

OUR REPORT

The Company’s sustainability report is prepared in compliance with the requirements of SGX-ST Listing Rules 711A and 711B, and in accordance to the Global Reporting Initiative (“GRI”) 2021 Standards.

This report describes the Group’s commitments, goals, programmes, performance and challenges across a broad range of global sustainability issues. It includes our headquarters in Singapore, the moulding and tooling companies in Singapore, Malaysia, China and supply chain company in Singapore.

This report covers all active operating entities under the Group and excludes entities which are either inactive or involved in management and administrative activities only.

Of the eleven subsidiaries within the Group, six were excluded or partially excluded for this sustainability report with reasons outlined below. For a full list of the Group’s entities, please refer to page 9 of our Annual Report.

S/N	Name	Effective Interest (%)	Reason for omission/partial omission
1	Fu Yu Investment Pte Ltd	100	These subsidiaries are investment holding companies involved in management and administrative activities only.
2	LCTH Corporation Sdn Bhd	100	
3	Fu Yu Ventures Pte Ltd	100	
4	Fu Yu Moulding & Tooling (Shanghai) Co Ltd	100	Dormant entity.
5	Fu Yu Biomedical Pte Ltd	100	Newly incorporated on 10 February 2023.
6	Fu Yu Supply Chain Solutions Pte Ltd	100	Data for “Environmental” section is excluded as this subsidiary is not involved in manufacturing activities.

We welcome all feedback to help us improve our sustainability practices. Please send your comments or feedback to sustainability@fuyucorp.com.

SUSTAINABILITY REPORT

HIGHLIGHTS OF ACHIEVEMENTS



ENVIRONMENTAL

Decreased average electricity consumption per dollar of revenue

Maintained average water consumption per dollar of revenue

Zero significant chemical spillage



SOCIAL

Permanent employees turnover rate not exceeding 30%

100% of employees receive an annual performance review

Zero incidents of workplace fatalities

Zero incidents of non-compliance with forced or compulsory labour

Zero incidents of non-compliance with child labour



GOVERNANCE

No confirmed incidents of corruption

Zero incidents of non-compliance with environmental laws and regulations resulting in significant fines or sanctions

No identified leaks, thefts or losses of customer confidential information

SUSTAINABILITY REPORT

OUR APPROACH TO SUSTAINABILITY

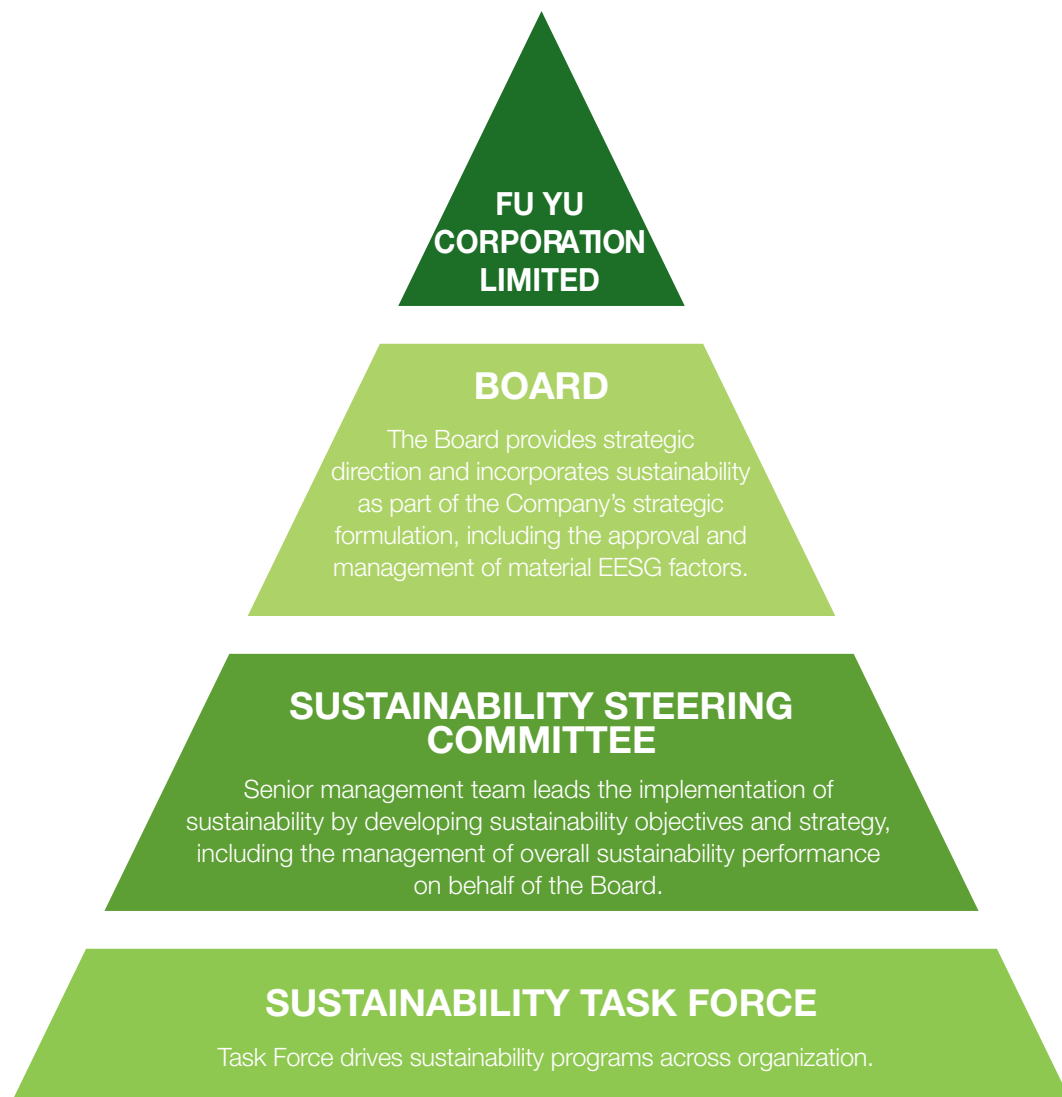
The Group manages our sustainability performance under the governance of our Board, whom provides strategic direction by aligning business interests with sustainability goals. They are also responsible for reviewing and approving the final reported information, which includes the sustainability report and material topics.

The Board is supported by the Sustainability Steering Committee (“SSC”), which is led by our Group CEO, CEO and CFO, and supported by senior management who are departmental heads. Our SSC develops sustainability objectives and strategy, sets performance measurement indicators, manages and monitors overall sustainability performance, as well as providing sustainability updates to the Board on a regular basis to keep them apprised of the changing sustainability landscape.

The SSC is supported by our Sustainability Task Force (“STF”) which consists of the general managers responsible for our factory operations in Asia. Our STF is tasked to drive and execute our sustainability initiatives and programs in their respective departments, as well as to report the outcomes of our sustainability efforts to the SSC.

Together, the SSC and STF review the Group’s sustainability data bi-annually and brainstorms further ways to improve our sustainability endeavors.

Our governance structure is shown in the following diagram:



SUSTAINABILITY REPORT

STAKEHOLDER ENGAGEMENT

We engage our stakeholders through various channels to understand their needs and ensure our business interests are aligned. We seek to collaborate with them in addressing their concerns, fostering a strong working relationship and ensuring the long-term business success of the Group. In 2022, there were no critical concerns raised by our stakeholders to the Board.

Our approach towards stakeholder engagement is summarised as follows:

Key Stakeholders	Engagement Methods	Frequency	Key Topics of Interest	Our response
Investors	Timely updates of financial results and announcements, business developments, press releases, and other relevant disclosures via SGXNet and website	– Throughout the year	<ul style="list-style-type: none"> – Sustain profitability and enhance shareholder returns – Transparent reporting – Sound corporate governance practices – Active portfolio management 	<ul style="list-style-type: none"> – Sustained growth in profit – Periodic and transparent communication of financial and non-financial information – Prompt response to feedback and queries
	Regular results briefing	– At least twice a year		
	Annual General Meeting (“AGM”)*	– Annually		
	Extraordinary General Meeting (“EGM”)	– When required		
Customers	Customer satisfaction surveys/feedback	– Annually	<ul style="list-style-type: none"> – Delivery of affordable, quality products and services – Compliance with environmental laws and regulations – Responsiveness to customers’ requests and feedback – Compliance to ethical and responsible Environment, Social and Governance standards along the supply chain – Protection of confidential information (includes Personal Data Protection Act) 	<ul style="list-style-type: none"> – Yearly assessment by the third-party certification body to achieve certification for the aforementioned quality standards (i.e. ISO14001, ISO9001, IATF16949, ISO13485), ISCC EU) – Project Managers respond to their customers promptly and meet their needs aforementioned quality standards – Committed to provide the best quality in timely manner – Conduct quality audits on customers’ products
	Regular meetings and discussions with respective Project Managers	– Throughout the year		
	Business review (BR)/Quality score review (“QSR”)	– Annually		
	Regular visits to customers by management	– Throughout the year		
	Regular after sales follow-up	– Throughout the year		
Employees	Induction programme for new employees	– Throughout the year	<ul style="list-style-type: none"> – Equitable remuneration – Fair and competitive employment practices and policies – Safe and healthy work environment – Employee development and well-being includes career development and training opportunities – Update on company latest strategic developments – Employee empowerment – To maintain work-life balance – Labour and human rights 	<ul style="list-style-type: none"> – Employees’ concerns will be discussed by the management by company and improvement plans will be implemented – Assimilate new hires into the company’s culture – Foster corporate conscience, corporate citizenship or responsible business – Biennially review of training needs analysis and competency framework across all job levels/category – Foster teamwork and social interaction amongst employees
	Training and development programmes	– Throughout the year		
	Career development performance appraisals	– Annually		
	Recreational and wellness activities such as dinner and dance, Corporate Social Responsibility (“CSR”) activities	– Annually		
	Regular e-mailers and meetings	– Throughout the year		
	Site visits by senior and middle management to observe work environment	– Throughout the year		
	Employee’s satisfaction surveys	– Annually		

* Due to the Covid-19 pandemic and safe-distancing measures, the Group’s AGMs and EGMs have been conducted by way of virtual meetings since 2020.

SUSTAINABILITY REPORT

Key Stakeholders	Engagement Methods	Frequency	Key Topics of Interest	Our response
Communities	Corporate volunteering includes CSR activities such as blood donation and cash donation to charitable organisations	– Annually	<ul style="list-style-type: none"> – Contributions to communities of operations – Responsible and ethical business practices – Engagement with local communities 	<ul style="list-style-type: none"> – Continue to render support to charitable organisations – Outreach community activities to serve the local community's needs
	Open feedback channels	– Throughout the year		
Government and regulators	Meetings and dialogue sessions	– Throughout the year	<ul style="list-style-type: none"> – Compliance with, and keep abreast of ever-changing laws and regulations – Tax contribution – Government business support schemes 	<ul style="list-style-type: none"> – Keep all relevant employees abreast with changes to statutory requirements – Comply with all applicable laws and regulations – Focus on building good relationship with the government and industry associations
	Membership in industry associations: <u>Singapore</u> Singapore Institute of Directors; Singapore Chinese Chamber of Commerce & Industry; Singapore National Employers Federation; Singapore Business Federation <u>Malaysia</u> Federation of Malaysian Manufacturers; Malaysian Plastics Manufacturers Association (MPMA)	– Throughout the year		
Suppliers	Regular dialogue sessions with key suppliers and service providers	– Throughout the year	<ul style="list-style-type: none"> – Equitable treatment of suppliers – Regular and punctual payment upon engagement of services – Collaborative partnership for mutual growth – Streamline procurement workflows and clearly defining expectations – Good working relationship 	<ul style="list-style-type: none"> – Comply with contractual terms and ensure punctual payment for goods and services rendered
	Establish channels of communication	– Throughout the year		
	QSR score review	– Annually		
	Quality on-company audits	– Annually		
	Supplier performance feedback	– Throughout the year		



SUSTAINABILITY REPORT

MATERIAL FACTORS

The Group conducted our first formal materiality assessment in 2016 to review, prioritise and validate the EESG issues that are significant to business operations and of interest to key stakeholders. We continue to review the material factors annually to ensure relevance and importance using a four-step materiality assessment approach.

Following our review, we found that EESG factors reported in FY2021 remained relevant in FY2022. The Group's materiality assessment approach for our EESG factors is summarised below:

Materiality Assessment Approach

STEP 1 Identify Material EESG Factors

Relevant EESG factors were identified by taking reference from the GRI Standards Materiality Principle. In the process, we have considered:

- Global and local emerging sustainability trends;
- Main topics and future challenges, as identified by peers;
- Observation gained from interactions with external stakeholders; and
- Key organisational strategies and risks identified in our existing Risk Management framework.

STEP 2 Prioritise Material EESG Factors

The EESG factors identified in Step 1 are prioritised by evaluating the EESG impact, based on order of importance to the Group's business and stakeholders.

STEP 3 Integrate and validate Material EESG Factors

Validation of the EESG factors was conducted by the Board SSC and STF.

STEP 4 Review Material EESG Factors

The material EESG factors are continually reviewed for importance and relevance.

SUSTAINABILITY REPORT

Material Factors



Economic Performance

Enhancing value for stakeholders

1. Direct economic value generated and distributed



Protecting the Environment

Reducing our carbon footprint

2. Energy
3. Water
4. Effluents and Waste



Developing Our Workforce

Talent management strategies and practices

5. Employment and Talent Retention
6. Diversity & Equal Opportunity
7. Training and Education
8. Occupational Health & Safety
9. Forced or Compulsory Labour
10. Child Labour



Practicing Good Governance

Compliance with applicable laws and regulations including ethics and integrity, and anti-corruption

11. Anti-corruption
12. Environmental Compliance
13. Protection of Confidential Information

SUSTAINABILITY REPORT

ECONOMIC PERFORMANCE

The Group acknowledges that our economic contributions support the greater community we operate in, through taxes paid to governments, community investments, local procurement from suppliers and direct and indirect employment from our operations. We are committed to performing well financially, to deliver sustainable value and support the greater economy. Notwithstanding a challenging business environment, the Group has displayed a resilient financial performance in FY2022.

The Group's revenue rose 22.8% to S\$240.1 million in FY2022 from S\$195.5 million in FY2021. Whereas, net profit attributable to owners of the Company ("net profit") contracted by 17.9% to S\$14.4 million in FY2022 from S\$17.6 million in FY2021. The decrease was attributed primarily to increased administrative expenses, lower foreign exchange gain and other income.

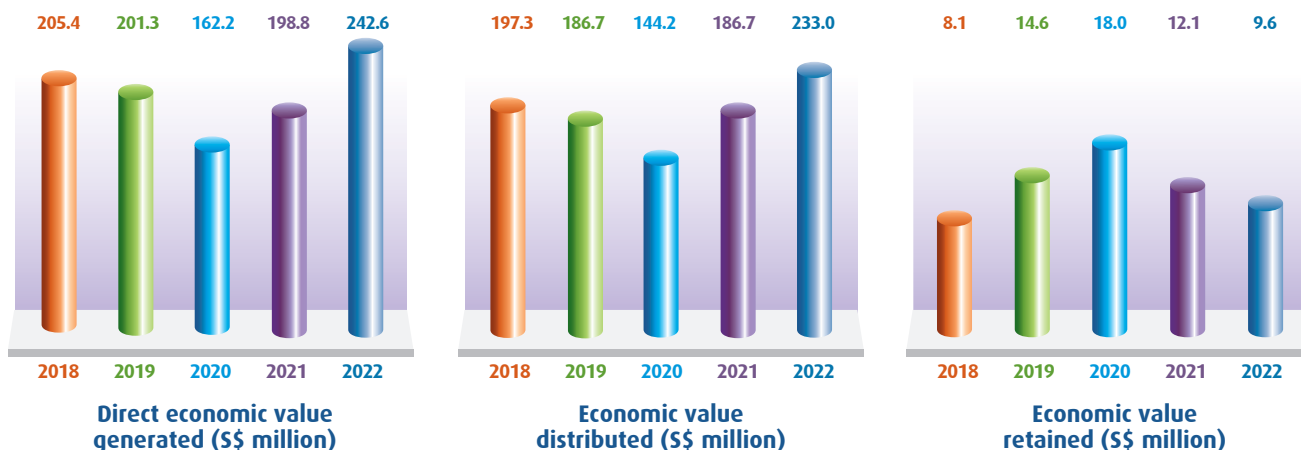
The table below shows the amount of direct economic value generated by the Group through our operations, and the distribution of this value to our stakeholders including suppliers and contractors, employees, shareholders, government authorities and local communities. For FY2022, the Group generated direct economic value of S\$242.6 million. Approximately 96.0% or S\$233.0 million of the economic value generated in FY2022 was distributed to various stakeholder groups.

In particular, around 16.5% of the value distributed was allocated to the remuneration of employees, and 5.3% or \$12.4 million was allocated to shareholders in the form of dividends. The economic value retained was \$9.6 million.

For more information on our financial performance, please refer to the financial contents of the Annual Report.

Economic Value Generated and Distributed (S\$ million)

	FY2022	FY2021	FY2020	FY2019	FY2018
Direct economic value generated	242.6	198.8	162.2	201.3	205.4
– Revenue	240.1	195.5	153.4	194.1	197.7
– Other income	2.5	3.3	8.8	7.2	7.7
Economic value distributed	233.0	186.7	144.2	186.7	197.3
– Purchases of goods and services	179.3	132.7	90.2	121.9	130.9
– Employee salaries and benefits	38.3	38.1	39.6	50.0	52.0
– Payments to providers of capital*	12.8	12.8	10.5	12.5	12.0
– Payments to government	2.6	3.1	3.7	2.3	2.4
– Community investments/donations	–	–	0.2	–	–
Economic value retained	9.6	12.1	18.0	14.6	8.1



* Excludes special dividend of \$24.8 million paid in FY2021.

SUSTAINABILITY REPORT

PROTECTING THE ENVIRONMENT

ENERGY

Climate change affects individuals, communities, and businesses worldwide. Its impacts are evident with increasing extreme weather events such as flooding or droughts, causing loss of life, property and business disruptions to supply chains and supply of raw materials. As most of our emissions are produced through the use of electricity, as part of our commitment to combating climate change, we endeavor to support the transition to a low carbon economy by reducing our energy usage.

The Group places a high level of emphasis on achieving energy efficiency, which both contributes to environmental sustainability and enables us to achieve cost savings. We are constantly working to implement initiatives that can enhance energy efficiency in all aspects of our operations.

OUR INITIATIVES TO REDUCE ENERGY CONSUMPTION



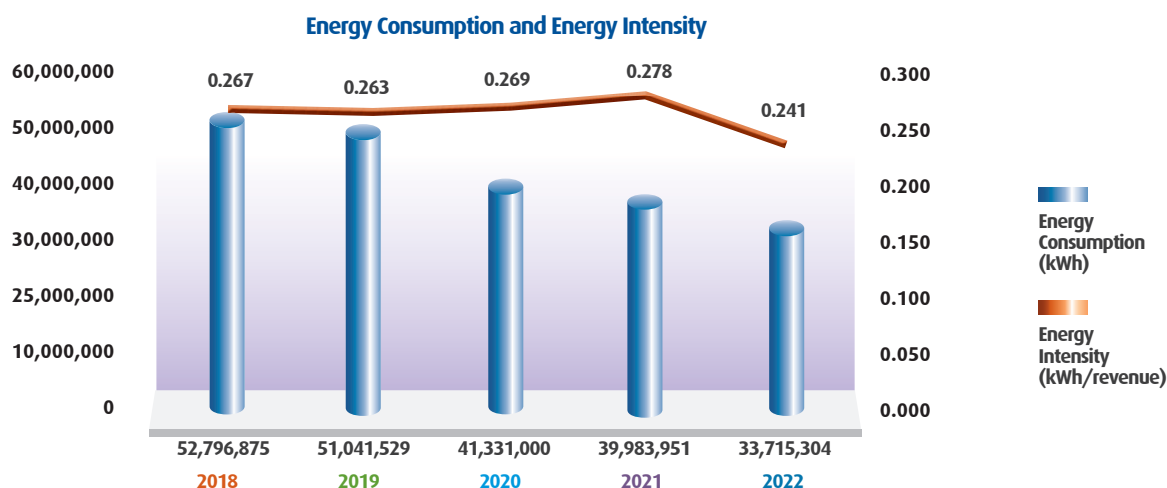
- Use frequency conversion air compressors to reduce power utilization
- Replace older air conditioners with energy saving units and control temperatures to be more energy-efficient
- Replace older machinery that consumes more energy with newer energy-efficient machinery
- Optimise production planning to reduce machinery idling time
- Regular maintenance of plant & machinery to improve productivity, prolong useful life span and reduce energy usage
- Replace existing light fittings with LED lights which are more durable and consume less energy

SUSTAINABILITY REPORT

The Group purchases electricity from the grid and do not produce our own energy. In 2022, our electrical energy consumption amounted to 33,715,304 kilowatt hours (kWh), decreasing 15.7% from 39,983,951 kWh in 2021. This decrease was mainly attributed to the prudent use of our energy intensive moulding machines and optimization around the operating times of these machineries. Additional energy savings were also achieved as the Group continues to replace existing lights to more efficient LED lighting and employs the use of motion sensors in areas with very low footfall such as stairwells within our facilities.

The overall energy intensity for the Group has decreased by 13.3% from 0.278 kWh per dollar of revenue in 2021 to 0.241 kWh per dollar of revenue in 2022. The overall decrease in energy consumption, along with additional revenue generated from non-energy intensive businesses, has allowed the Group to reduce our overall energy intensity.

The Group strives to continue improving its energy efficiency.

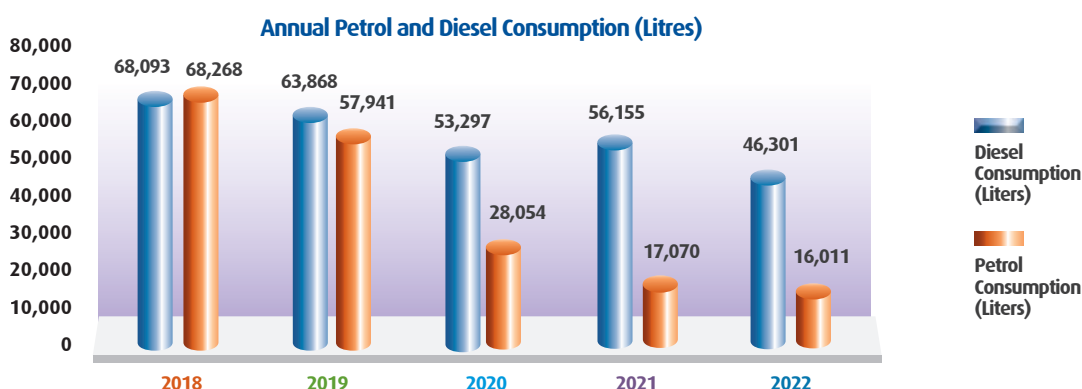


In 2022, the Group successfully decreased our average electricity consumption per dollar of revenue. Moving forward, we intend to maintain our energy intensity for the forthcoming year while developing targets in future.

Besides electrical consumption, the Group also monitors our diesel and petrol consumption and strives to control the level of usage in a bid to reduce our carbon footprint.

Diesel is used mainly for forklift machines, truck deliveries and staff canteen operations. In 2022, our annual diesel consumption decreased by 17.5% from 56,155 litres in 2021 to 46,301 litres. This decrease was attributed mainly to lower demand on the Group to provide the deliveries of goods to our customers.

Petrol is used mainly for company cars and vehicles. In 2022, our annual petrol consumption decreased by 6.2% from 17,070 litres in 2021 to 16,011 litres. This decrease was due to more efficient use of the Group’s fleet of vehicles in visiting our customers.



SUSTAINABILITY REPORT

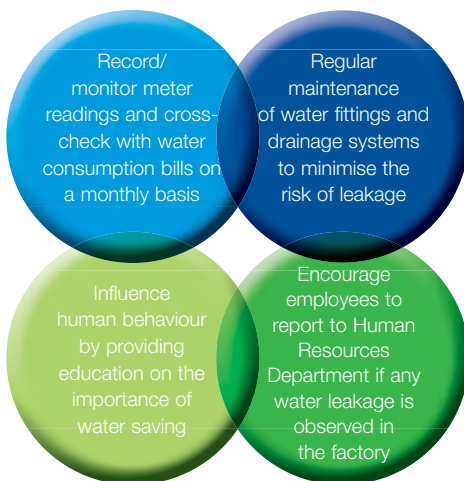
WATER

Water scarcity is a growing global concern, exacerbated by climate change, with projections that water demand will increase significantly in the coming decades¹.

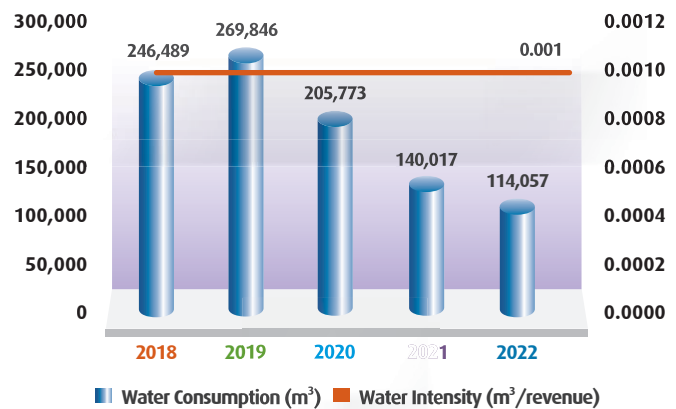
All of the Group's water are sourced from municipal water supplies, with our operating sites in Singapore, Malaysia and China. We have identified that our Fu Yu Suzhou plant is located in a water stress region and as a responsible corporate citizen, we recognize the need to conserve water and reduce water wastage. Therefore, we have implemented several initiatives to conserve water. We are committed to doing our part in safeguarding the planet's water resources and ensuring sustainable water management practices.

Sustainable and efficient water usage is practiced at the Group's manufacturing operations as part of our commitment to environment conservation. The primary uses of water for our operations are as follows: cooling tower usage, cooling purpose for injection moulding and tooling machines during manufacturing process, cleaning purposes.

The Group continues to maintain the following initiatives to improve water management and promote water conservation.



Annual Water Consumption and Water Intensity



In 2022, water consumption amounted to 114,057 cubic meters (m³), representing a 18.54% year-on-year decrease from 140,017 m³ in 2021. The decrease was attributed to rectification of water leaks, and reduction in the use of water consuming machinery within our secondary processing facilities. Water intensity overall was kept consistent at 0.001 m³ per dollar of revenue in 2022.

In 2022, Fu Yu installed a new smart water meter in one of our buildings, introduced by Public Utilities Board (PUB), to monitor water usage more accurately and in real-time. Previously, meter readings had to be done manually. The smart meter allows for immediate alerts if there is an unusual spike in water consumption, enabling prompt action to be taken. This also helps users investigate the cause of the spike and encourages responsible water usage.

Over the years, the Group water usage has been on the decline, in alignment with our commitments to minimize water consumption. In 2022, the Group has managed to maintain 2021 current water intensity. Moving forward, the Group targets to maintain our water intensity at the current level.

All waste water are currently treated in accordance to local regulations and in compliance with the appropriate environmental laws before being discharged.

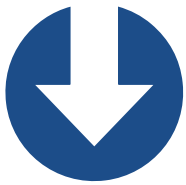
¹Source: <https://www.worldwildlife.org/threats/water-scarcity>

SUSTAINABILITY REPORT

EFFLUENTS AND WASTE

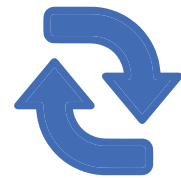
At the heart of the Group's operations is our "3Rs" approach towards waste management – "REDUCE, REUSE AND RECYCLE".

We believe that proper management of waste and effective use of resources underpins our responsibility towards the environment and also helps to lower overall operating cost. As such, our enhanced waste management approach starts with "reduction of waste", followed by "waste reuse on-site" and "material recycling".



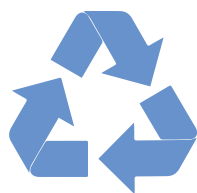
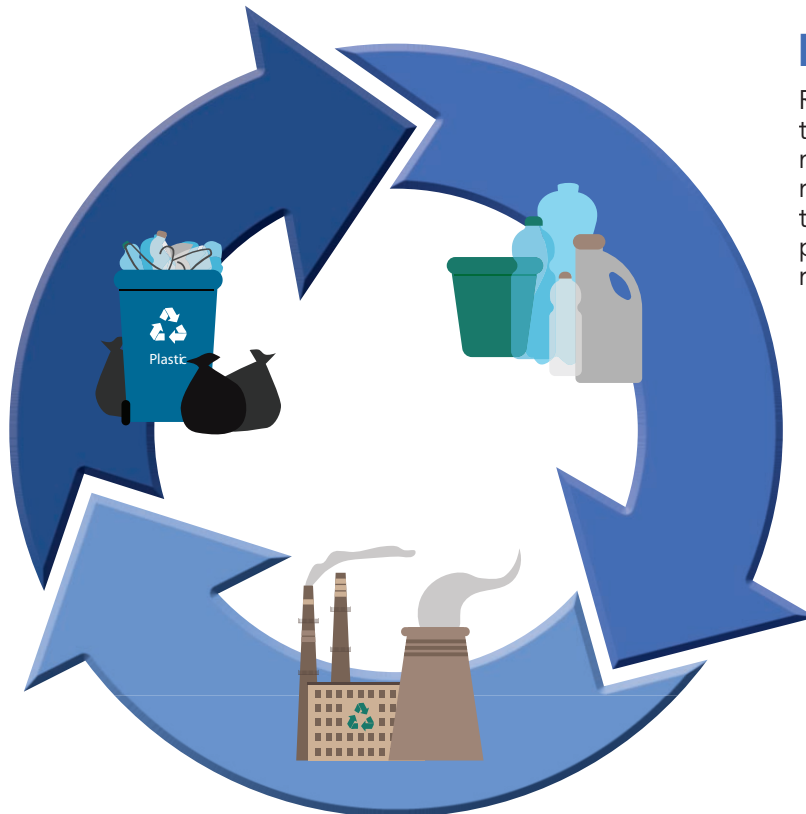
REDUCE

Putting effective and efficient management into practice to reduce raw material wastage.



REUSE

Resins are reused to clean the machines, and we request customers to return product packaging for reuse.



RECYCLING

Waste sorting and management programme to sort paper, food and electronic waste which are recycled or properly disposed accordingly.

SUSTAINABILITY REPORT

The Group’s factories are certified with the ISO 14001 Environmental Management System. We are committed to responsible procurement of materials and work closely with our vendors to replace toxic substances with environmentally-friendly substitutes. We will also purchase environmentally-friendly materials with accredited green labels upon requests from customers.

As part our supply chain management, we carry out vendor evaluation assessment on a yearly basis to assess our new vendors. We also measure/monitor our existing vendors’ performance to reduce costs, mitigate risks and drive continual improvement towards environmental sustainability.

We adopt a stringent attitude towards proper waste sorting (i.e., hazardous and non-hazardous) and appropriate disposal methods that comply with the local regulations.



The amount of hazardous waste produced in 2022 increased by 14.5% to 79 tonnes from 69 tonnes in 2021. The higher amount of hazardous waste stemmed from the higher rate of machine maintenance, where waste oils and coolant are produced.

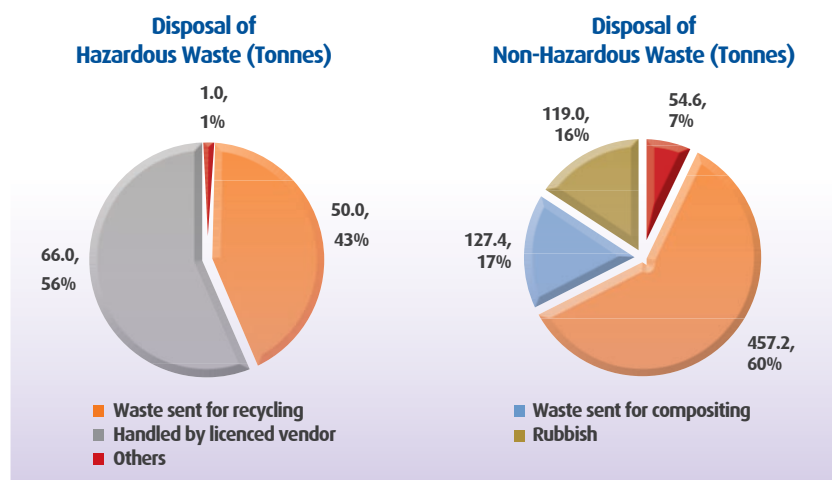
Non-hazardous waste produced also increased by 21.4% from 622 tonnes in 2021 to 755 tonnes in 2022. This increase was a result of decommissioning and disposing metal from end-of-life mould, as well as disposing of accumulated waste from some of our factories.

Moving forward, we intend to maintain the current level of our produced hazardous and non-hazardous waste for the forthcoming year while developing quantitative targets in future.

The Group takes the topic of proper waste disposal very seriously, all hazardous waste is disposed of properly by engaging licensed collection vendors to minimize the impact on the environment.

In line with our 3Rs approach, we endeavor to divert any waste from disposal where possible. For waste that cannot be recycled, we accumulate, store on-site and follow the respective scheduled disposal dates from the respective local collection vendors.

We present the breakdown of the disposal methods of hazardous waste and non-hazardous waste for 2022. In 2022, we have recycled 43% (50.0 tonnes) of hazardous waste, and 60% (457.2 tonnes) of non-hazardous waste.



SUSTAINABILITY REPORT

Our subsidiaries are equipped with waste sorting centres. Even with FYSCS, though they are not part of the Group’s manufacturing operations, contribute with their continuous effort in recycling not only plastic and paper but also metal and glass. Staff are trained and reminded on the importance of proper waste separation, the types of waste suitable for recycling and how waste must be processed before disposal.



Chemical Spillage Control

In the unlikely event of a chemical spillage, we are able to activate our in-house Chemical Spillage Control Team immediately and reduce the potential impact of such chemical pollution to the environment. We conduct yearly refresher training courses to ensure that our team is always ready to remedy any chemical spillage if the situation arises.

In 2022, there was no incident of significant chemical spillage in production facilities.

Moving forward, the Group continues to aim for zero significant cases of chemical spillage and improper disposal of waste at our manufacturing facilities in the forthcoming year.



Continuous Efforts to Paper Usage Reduction

Since 2020, our operations in Singapore put in place 7,000 reusable containers to replace paper carton boxes for storage of products on our production floor. Following this change, we achieved an estimated annual savings of at least 300 tonnes of paper.

Since 2021, Fu Hao Penang (“FH”) has moved into paperless documentation with Manufacturing Execution System (MES) where all drawing and documents can be retrieved digitally through the system.

In 2022, Classic Advantage (“CA”) and Fu Yu have fully implemented an e-leave system, eliminating the need for applications to be done using paper. They have also implemented e-banking, reducing the need for cheques and telegraphic slip printing.

There are still some business processes which require hard copy paper documentation to be printed out for banking and contractual reasons. Where possible, the Group has encouraged staff in the following activities to reduce paper usage.

Usage of E-signature whenever possible

Usage of Double sides whenever possible

Placing Signage as a reminder to reduce paper

SUSTAINABILITY REPORT

DEVELOPING OUR WORKFORCE EMPLOYMENT AND TALENT RETENTION

Fu Yu recognises that our most valuable asset is our employees. They determine the Group's success in the long term. We believe it is the Group's responsibility to help our employees excel in their roles by ensuring a safe and healthy work environment and cultivating a positive culture that embodies the Group's corporate values.

All our employees are treated with respect and dignity. The Group has a zero-tolerance policy regarding disrespectful, hostile, intimidating or threatening behaviour in our workplace. This includes sexual advances, actions or comments of racial or religious slurs.

In line with our commitment towards creating a positive work environment, the Group has a strategic reward system in place. This system takes into account our employees' abilities, performance, contributions and experience to make a positive contribution to the values and business objectives of the Group.

The Group supports the concept of fostering good work-life balance for our employees. We believe healthy work-life balance promotes the well-being of individuals, families, communities and strengthens our employees' commitment to the organisation. We employ human resource strategies and policies that encourage social and recreational activities, such as food fairs, company trips, festive celebrations, team building, annual dinner and dance, for our employees on a regular basis.

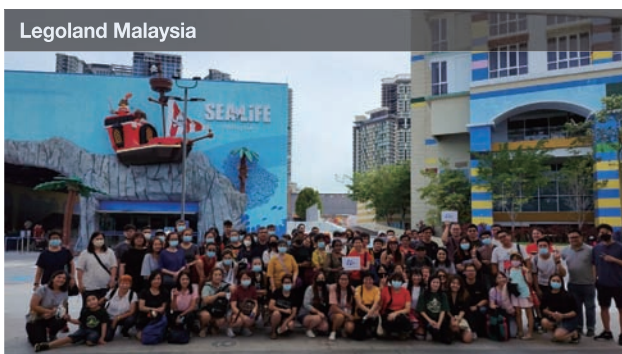
Fostering Work-Life Balance



CA hosted a Lion Dance event in celebration of the lunar new year. The event is symbolic and a key tradition around the festivities, ushering in good fortune for the year ahead.



FH held a team building session to foster stronger working relationships amongst the team. The session also presented an opportunity for our staff to unwind together.



Fu Yu also held a family day trip for its staff and their families to visit Legoland.

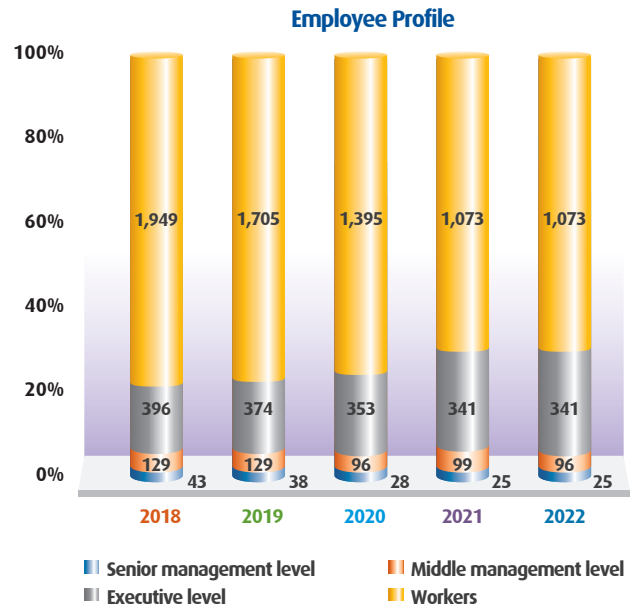
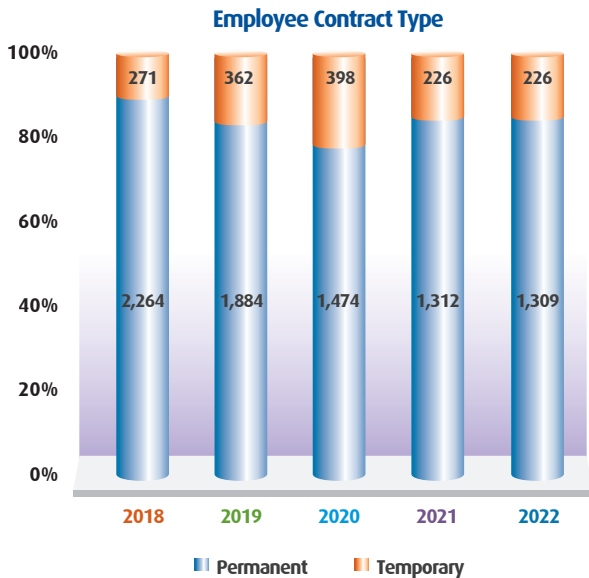


Fu Yu held a durian feast buffet to show our appreciation to the employees.

SUSTAINABILITY REPORT

The Group’s workforce comprises mainly of permanent and full-time employees. We supplement our workforce by hiring temporary workers in tandem with the level of our manufacturing activities. In 2022, the Group employed a total of 226 temporary workers of which 221 are factory workers, 4 cleaners and 1 resident technical officer.

We continue to exclude temporary workers in our turnover rate as the hiring of temporary workers is dependent on our business requirements. Our turnover rate of permanent and full-time employees decreased from 28.6% in 2021 to 24.4% in 2022.

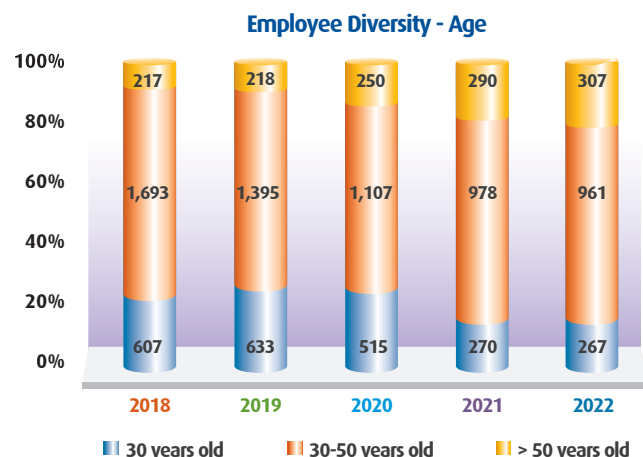
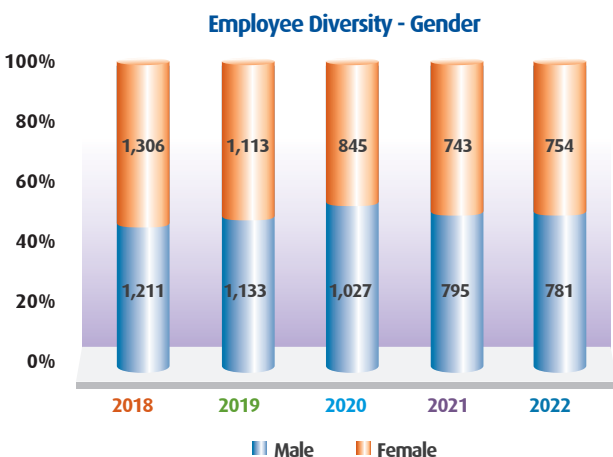


Last year, the Group successfully met its goal of keeping the rate of permanent employee turnover to less than 30%. Moving forward, we target to maintain the permanent employee turnover rate not exceeding 30%.

DIVERSITY AND EQUAL OPPORTUNITY

The Group advocates fair and equal opportunities for all our employees regardless of age, race, gender, religion, marital and family status or disability. Creating a workplace that values diversity, merit, and fair opportunities, as well as one that promotes dignity translates into better workplace relationships and productivity. Our recruitment policy and Corporate Social Responsibility (“CSR”) policy uphold these principles and stipulate fair and equal opportunities to all employees and job applicants. Our selection and recruitment criteria are based solely on an applicant’s skills, experience and/or ability to perform the job, which enables us to obtain a more diverse perspective to hire the most appropriate applicant for the job to create long term value for the Company. We also adhere to all relevant labour and manpower regulations in the jurisdictions that we operate in, including the Tripartite Guidelines on Fair Employment Practices (TGFEPP) in Singapore.

The ratio of our male and female employees continues to be near a 1:1 ratio in 2022, with most employees in the 30-50-year age group, as in the industry norm.



Moving forward, the Group will continue employing fair recruitment practices.

SUSTAINABILITY REPORT

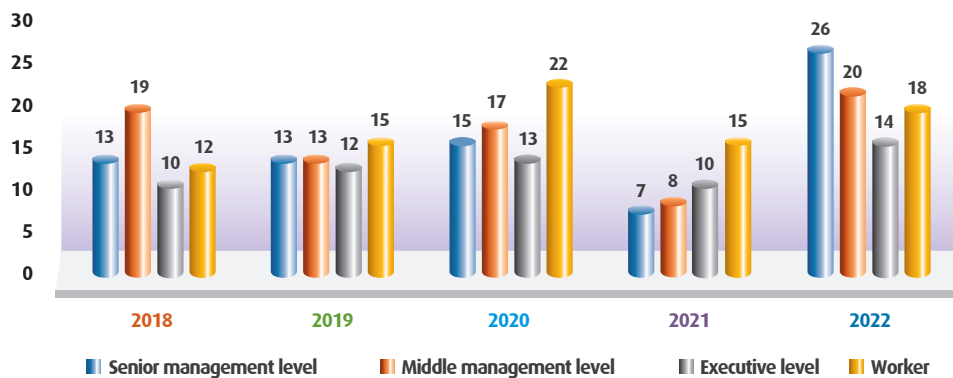
TRAINING AND EDUCATION

As Fu Yu navigates our business through an increasingly challenging global environment, we recognise that developing the potential of our human capital is a critical factor for the progress of our Group. Employee training and development will always remain our key priorities. We are confident that continuous career development enhances the organisation’s talent pool and will contribute to higher levels of employee satisfaction. This in turn should lead to improved performance and success for the Group in the long term.

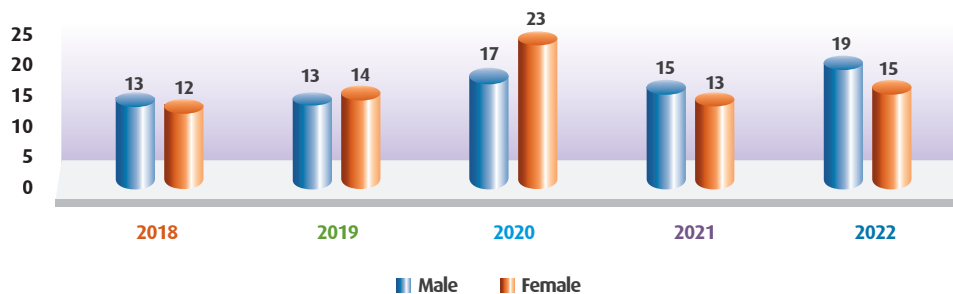
The Group believes in helping our employees achieve their full potential, we encourage them to upgrade their knowledge and skillset. In this regard, the Group provides opportunities for employees to increase their capabilities by offering them a variety of training and personal development programs based on their strengths and needs. All eligible employees are assessed at an annual performance review when each individual’s training needs are discussed and determined. Supervisors will recommend, and employees can request for, certain training and development initiatives which they believe will be beneficial in upgrading skills.

Average Training Hours Per Employee	2018	2019	2020	2021	2022
Group	12	14	20	14	17

Average Training Hours per Employee (by Employment Category)



Average Training Hours per Employee (by Gender)



The average training hours per employee increased from 14 in 2021 to 17 in 2022. This is largely due to the availability of training since the relaxation of COVID related restrictions around such activities. Moving forward, the Group’s target is to continue ensuring that all our employees have equal access to relevant training opportunities and ensure that 100% of our employees receives an annual performance review.

SUSTAINABILITY REPORT

OCCUPATIONAL HEALTH AND SAFETY

Fu Yu recognises that the health and safety of our people are of paramount importance, and that as a responsible employer, we are committed to providing a safe and healthy work environment. As the cornerstone of the Group's ability to function and deliver value, we fostered an organizational culture that prioritises the health and safety of our employees. We also recognize the importance of mental wellness, as ensuring the well-being of our employees will increase their productivity, driving our performance and enabling us to retain talent. Going forward, we intend to focus on the mental well-being of our employees and to embark on workplace outreach wellness program to ensure that both their right to physical and mental well-being is recognized and acted upon.

The Group has established a Workplace Safety and Health Committee ("WSHC") to review and monitor the overall performance of our health and safety practices on a regular basis, as well as to ensure compliance with the relevant laws and regulations of the countries where we have operations.

The WSHC also initiates various programmes and activities to raise awareness of occupational health and safety ("OHS"). All new employees are required to attend a compulsory safety briefing as part of the Group's Induction Training. In our day-to-day operations, employees have to ensure that all necessary safety measures are properly implemented prior to carrying out work. As part of the assurance process, we also conduct practices sessions regularly for employees to reinforce the OHS requirements, in-house safety rules and job-specific safety requirements.

As part of the employees' safety awareness and resilience training, fire drill is conducted annually to familiarize the employees with the proper evacuation routes and practices so that every employee evacuates safely in an orderly manner whenever fire alarms sound. Employees are also trained on the proper and safe use of fire extinguishers.



Additionally, regular inspections are conducted to ensure that our infrastructure and manufacturing facilities are well maintained, and our employees observe the correct work processes and practices.

The Group continuously seeks to improve workplace conditions by proactively identifying potential hazards and risks, establishing better measurement methods to monitor the working environment and obtaining the necessary legal permits/licenses.

Throughout the years the Group has continually made improvements to workplace safety.

SUSTAINABILITY REPORT

Road Safety

Fu Yu has introduced a new traffic management plan that improves road safety at the plant by implementing additional road markings to guide pedestrians, as well as installing extra road safety signs to guide vehicle and forklift movements within the premises.



High Speed Box Strapping Machine

CA installed a safety guard onto their automatic high-speed box strapping machine. This prevents workers from being caught by the straps and reducing the possibility of injuries.



Robotic Arm Barrier

FH installed new safety barrier which fences its 6-axis Kuka robotic arm. This discourages staff from being within the machine's range of motion. In addition, an Emergency Stop Button was installed so users can deactivate the machine immediately, reducing the risks of accidents, personal injury or machine damage.

Suction System

FH installed a suction system to minimize the inhalation of chemicals present in paint, improving the working environment for our workers.



SUSTAINABILITY REPORT

The Group recorded zero workplace incidents that resulted in permanent disability and fatality in 2022. It is encouraging that three of our subsidiaries maintained a zero-injury record in their manufacturing plants and we will continue strengthening our safety management practices to minimize injuries in the workplace.

Lost-Time Injury Rate (%)	2018	2019	2020	2021	2022
Group	4.93	4.64	4.54	8.97	6.12

Footnote: Lost time Injury Rate (%) = (Number of lost time injury/ Number of manhours) * 1,000,000 to get the injury frequency rate per million hours worked.

Lost-time injury rate decreased from 8.97 in 2021 to 6.12 in 2022 due to the Group implementing safety procedures and equipment in response to the injuries of the previous year. We have also stepped up employee safety briefings as a reminder to adhere to guidelines and protocols.

The Group utilizes the Singapore Ministry of Manpower (“MOM”) definition of major injuries, which is available on the MOM website¹. The Group adopts this definition across all our subsidiaries for disclosure purposes under the GRI standards.

In 2022, there two recorded cases of major injuries that originated from staff not adhering to the safety protocols in place. The injuries sustained were pelvic fractures that did not require surgical intervention but necessitated a period of rest and recovery. The affected staff were given specialized training again to ensure compliance with the Company’s operational and safety requirements. There were no injuries reported among temporary workers in 2022.

Moving forward, the Group’s target to achieve zero workplace incident that result in permanent disability or fatality of employees.

The Group is also enhancing efforts to minimise employee ill health due to work-related causes. We have identified several work-related hazards that pose high risks of injury or ill health and put in place various preventive measures. Examples of work-related hazards are as follows:

Work-related hazards that pose risk of ill health	How these hazards have been determined	Did it cause/ contribute to ill health in FY2022	Action taken/underway to eliminate this hazard and minimise risks using the hierarchy of controls
Chemical Hazards	Adopt Global Harmonised System (“GHS”) of Classification and Labelling of Chemicals as guideline	No	<ul style="list-style-type: none"> Departments are advised to observe safe work procedures based on the chemical characteristics on Safety Data Sheet (SDS) labels. Identify and classify chemical hazards with reference to GHS. Monitor the department’s monthly usage and workers’ exposure. Ensure that risk control processes and procedures are in place. Annual refresher training for spill control team members. Provision of suitable personal protective equipment (PPE) and periodic review of chemical exposure, such as masks.
Noise Hazard	Compliance with Workplace Safety & Health Act – (Noise) Regulation	No	<ul style="list-style-type: none"> Monitor noise level on weekly basis using dosimeter. Enforce wearing of ear plugs for areas with noise level between 86 db and 95 db. For areas >95db, workers have to wear both ear muffs and ear plugs. Hearing examination during health checks.
Dust/Exhaust Emission	Compliance with Workplace Safety & Health Act (Occupational Disease)	No	<ul style="list-style-type: none"> Enforce employees to use anti-dust mask respirator with goggles to carry out work assignments. Examination of lungs during health checks.
Repetitive Actions	Compliance with Workplace Safety & Health Act (Occupational Disease)	No	<ul style="list-style-type: none"> Rotation of job duties in intervals of 4 hours.

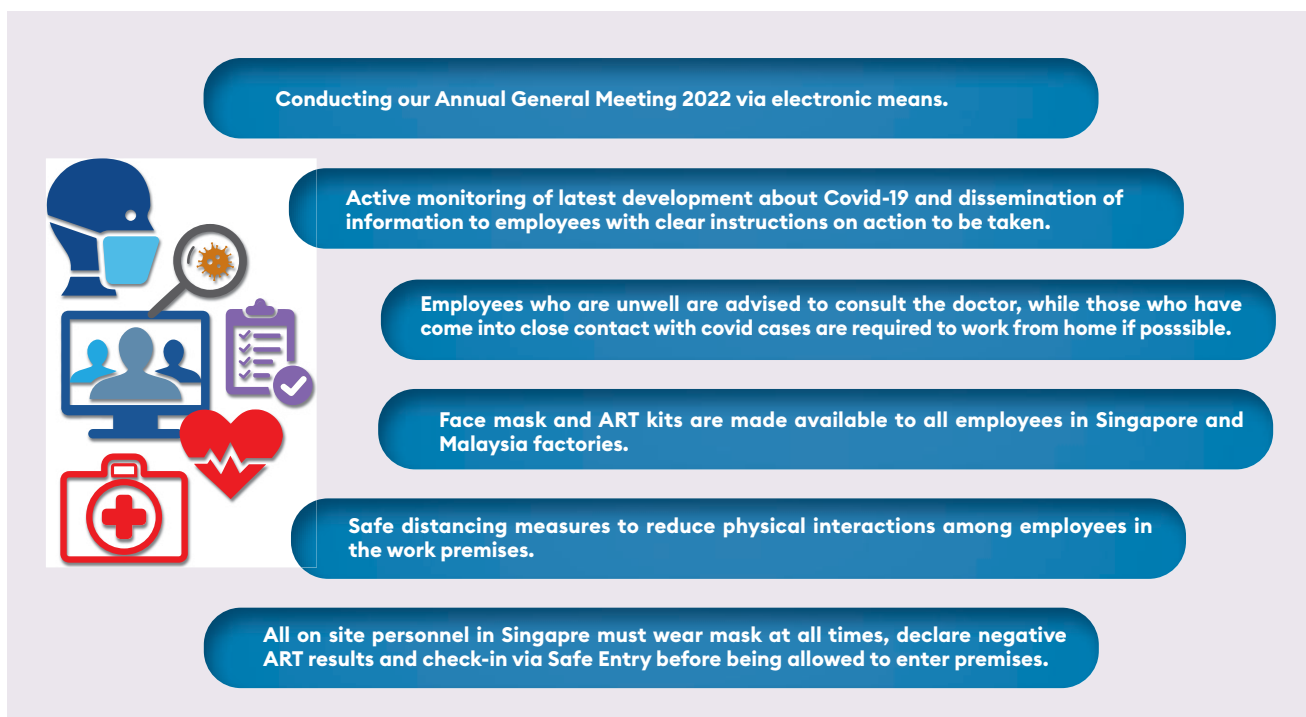
⁽¹⁾ Definition of significant injuries by MOM: <https://www.mom.gov.sg/faq/wsh-act/what-are-major-injuries-and-minor-injuries>

SUSTAINABILITY REPORT

INFECTIOUS DISEASES & PANDEMIC CONTINUITY PLAN

In 2022, even as pandemic restrictions ease, we continue maintaining several measures at our workplace to safeguard the well-being of our employees, minimise business disruptions, and comply with the local governmental advisories issued by the respective countries the Group operates in.

These health and safety measures include:



FORCED OR COMPULSORY LABOUR

The Group endeavours to prevent and combat all forms of forced or compulsory labour within the scope of our activities. Firstly, we have a clear policy which strictly forbids the use of forced, bonded or indentured labour, including debt bondage, involuntary prison labour and slavery or human trafficking.

We also carry out a factory audit for each of our factories in Singapore, Malaysia and China when requested by customers by following the guidance of Responsible Business Alliance, which is a set of standards on social, environmental and ethical issues in the electronics industry supply chain. The standards set out in the Code of Conduct reference international norms and standards including the Universal Declaration of Human Rights, ILO International Labour Standards, OECD Guidelines for Multinational Enterprises, ISO and SA standards, and many more.

In addition, we ensure that our employment contracts are drawn up in languages that are easily understood by workers, to facilitate their understanding of the job scope and procedures for leaving the Company.

In 2022, there were no incidents of non-compliance with forced or compulsory labour at our manufacturing facilities. Moving forward, the Group's target is to achieve zero incidents of non-compliance with Labour Laws relating to forced or compulsory labour. We also aim to achieve a rating of "satisfactory" or above on all Responsible Business Alliance factory audits, if any.

SUSTAINABILITY REPORT

CHILD LABOUR

The Group recognizes that our industry is labour intensive and that labour risk and human rights issues may occur throughout our value chain. We adhere to all national labour laws in the jurisdictions in which we operate in and our CSR, and Recruitment Policy prohibits the use of child labour in all our activities. We strongly encourage our customers to conduct an audit of our manufacturing facilities to assess the risk of child labour under the Responsible Business Alliance Guidelines, whenever they believe it to be appropriate.

In 2022, there were no incidents of non-compliance with child labour at our manufacturing facilities. Moving forward, the Group’s target is to achieve zero incidents of non-compliance with Labour Laws relating to child labour. We also aim to achieve a rating of “satisfactory” or above on all Responsible Business Alliance factory audits, if any.

PRACTICING GOOD GOVERNANCE

At Fu Yu, we are committed to ensuring and maintaining high standards of corporate governance and business conduct to uphold market integrity and safeguard the interests of our stakeholders for the Group’s long-term success. We believe in fostering an organisational culture that promotes the highest level of integrity and ethical business practices, including compliance with applicable laws and regulations, respect for human rights and environmental conservation.

To strengthen our ethical culture and reinforce professional conduct, we organise training sessions to communicate the Group’s Corporate Business Ethics and Code of Conduct Policy to our employees. Our policy provides detailed guidelines on employees’ business conduct, including requirements for employees to declare any direct or indirect interest in, or relationship with other businesses and organisations where potential conflicts of interest may arise.

ANTI-CORRUPTION

Our management takes the lead in fostering a strong corporate governance culture and implementation of policies that promote ethical behaviour. With zero tolerance towards unethical and corrupt practices, the Group places significant emphasis on effective prevention and detection of fraudulent activities and misconduct. We have adopted a Fraud Risk Management Framework and Policy that guides all employees on anti-fraud measures to minimise the risks of fraud. Our respective plant general managers conduct a fraud risk assessment yearly and reports any key fraud risks and anti-fraud mitigation measures to Audit Committee and the Board.

In addition, we have also put in place a Whistle Blowing Policy that provides a transparent channel for employees to raise concerns about possible fraud, improprieties in financial reporting and other matters. At the same time, this policy also provides reassurance that employees will be protected from reprisals or victimisation for whistle blowing in good faith. We conduct refresher training sessions annually on anti-corruption and whistle blowing policies for all our employees at the Group’s operating sites.

Fraud Risk Assessment Process



There were no confirmed incidents of corruption during the year. Moving forward, the Group targets to maintain zero confirmed incidents of corruption continuously.

SUSTAINABILITY REPORT

ENVIRONMENTAL COMPLIANCE

The Group adheres to the highest standards of business practices to ensure compliance to all applicable environmental laws and regulations. We are mindful of the potential impact on the Group's operations, and reputation as well as legal liabilities that could result from a breach of applicable laws or regulations. To this end, we ensure that all of the Group's factories are ISO 14001 certified.

In 2022, there were no incidents of non-compliance with environmental laws and regulations resulting in significant fines or sanctions. Moving forward, the Group targets to maintain zero incidents of non-compliance with environmental laws and regulations resulting in significant fines or sanctions

Our Latest Environmental Compliance Projects

2021

In fulfilling our corporate social responsibility, significant investment has been made at our China sites, by upgrading our VOC exhaust gas treatment to prevent air pollution.

Fu Yu Dongguan

Spray paint workshop VOC treatment engineering



Injection workshop VOC treatment engineering



Fu Yu Suzhou

Injection moulding workshop: Upgraded grade II activated carbon adsorption



SUSTAINABILITY REPORT

PROTECTION OF CONFIDENTIAL INFORMATION

We conduct our business in compliance with data protection laws and standards such as the Personal Data Protection Act (PDPA). Our Group's Personal Data Protection Policy ("PDPP") sets out the rules on data protection and the legal conditions that must be satisfied in relation to the collection, handling, processing, storage, transportation and destruction of personal data. All employees are encouraged to familiarise themselves with the PDPP and ensure that they shall manage or handle any personal data in adherence to the PDPP.

With the increasing prevalent and complexity of cyberattacks and data theft threats, the Group's Information Technology (IT) department has established a Cybersecurity framework across the Group's business subsidiaries. This risk assessment based approach translates into a holistic Cyber Defence Strategy and work plan involving investment into Upgrade of Hardware, Detection of Intrusion and Prevention and Response etc across the Group.

The Group has also put in place a Cybersecurity awareness training programme for existing staff and all newly joined employees. We conduct phishing email simulation testing to test all our employees annually.

We have established policies to manage Cybersecurity Risk. These policies are audited by external auditors on a regular basis.

Customer Privacy

The Group enforces strict customer privacy which underpins the level of trust and the quality of relationships we have established with stakeholders over the years. We strive to inform customers of the privacy and data security policies, practices and technologies that we have put in place. The Group has also developed responsible measures to ensure the security of personal data that we collect, store, process and disseminate. To protect the interests of customers, the Group adheres to strict confidentiality through legally enforceable contracts and Non-Disclosure Agreements with customers in a bid to protect their competitive data, proprietary information and other intellectual property.

There were no identified leaks, thefts or losses of customer confidential information in 2022. Moving forward, the Group targets to maintain zero incident in the forthcoming year.

SUSTAINABILITY REPORT

CORPORATE SOCIAL RESPONSIBILITY

Fu Yu strongly believes in giving back and creating a positive impact for our local communities. Aside from the financial support for good causes, we show our support through volunteer work. This also gives our employees the opportunity to interact with the local communities.

In 2022, Fu Yu has participated in “Gift from your Heart” (GFTH) an annual initiative by Food, Drinks and Allied Workers Union (FDAWU) and Chemical Industries Employees Union (CIEU). The welfare scheme is to aid eligible lower-wage members and their families to help them cope on the continuous rise on cost of living. This is done through the donation of food and household items, packing and distributing them.

In addition, Fu Yu participated and donated to the Singapore Red Cross Charity Golf event. A humanitarian organization focused on serving the vulnerable and enhancing community resilience.



CASH DONATION & BLOOD DONATION

FH contributed to the community through their donation to Tzu Chi Merits Society Malaysia and Yayasan MAA Medicare. The donation would be used to upgrade infrastructure of schools and parks. In addition, the donation will assist underprivileged patients with kidney disease to afford dialysis treatment.



Aside from these cash donations, and despite the pandemic, Fu Yu Suzhou volunteered in a blood donation drive. In addition, Fu Yu Suzhou also volunteered work at Covid-19 epidemic prevention.



SUSTAINABILITY REPORT

GRI CONTENT INDEX

GRI Standards		Notes/Page number(s)
GRI 2: General Disclosures 2021		
Organisation And Its Reporting Process		
2-1	Organisational details	Corporate Profile, page 1
2-2	Entities included in the organisation's sustainability reporting	Group Structure, page 9 Our Network, page 14 Our Report, page 17
2-3	Reporting period, frequency and contact point	Our Approach to Sustainability, page 19
2-5	External assurance	External assurance has not been sought for this reporting period and we may consider it for future periods.
Activities and workers		
2-6	Activities, value chain and other business relationships	Corporate Profile, page 1
2-7	Employees	Employment and Talent Retention, pages 31 to 33
2-8	Workers who are not employees	Employment and Talent Retention, pages 31 to 33
Governance		
2-9	Governance structure and composition	Board Statement, page 17 Our Approach to Sustainability, page 19
2-10	Nomination and selection of the highest governance body	Corporate Governance Report, Board Membership, page 52
2-11	Chair of the highest governance body	The chair of the Board is not a senior executive of the organisation.
2-12	Role of the highest governance body in overseeing the management of impacts	Board Statement, page 17 Our Approach to Sustainability, page 19
2-13	Delegation of responsibility for managing impacts	Our Approach to Sustainability, page 19
2-14	Role of the highest governance body in sustainability reporting	Material Factors, pages 22 to 23
2-15	Conflicts of interest	Corporate Governance Report, The Board's Conduct of Affairs, page 46
2-16	Communication of critical concerns	Stakeholder Engagement, pages 20 to 21
2-17	Collective knowledge of the highest governance body	Board Statement, page 17
2-18	Evaluation of the performance of the highest governance body	Corporate Governance Report, Board Performance, page 55
2-19	Remuneration policies	Corporate Governance Report, Level and Mix of Remuneration, page 56
2-20	Process to determine remuneration	Corporate Governance Report, Procedures for Developing Remuneration Policies, page 55
2-21	Annual total compensation ratio	For competitive reasons, Fu Yu is unable to disclose this information.

SUSTAINABILITY REPORT

GRI Standards		Notes/Page number(s)
GRI 2: General Disclosures 2021		
Strategy, policies and practices		
2-22	Statement on sustainable development strategy	CEO Message, pages 3 to 4
2-23	Policy commitments	Governance, pages 38 to 40
2-24	Embedding policy commitments	Governance, pages 38 to 40
2-25	Processes to remediate negative impacts	Anti-corruption, page 38
2-26	Mechanisms for seeking advice and raising concerns	Anti-corruption, page 38
2-27	Compliance with laws and regulations	Anti-corruption, page 38 Environmental Compliance page 39 Others includes sensitive information of business affairs and are not to be disclosed due to confidentiality reasons.
2-28	Membership associations	Stakeholder Engagement, pages 20 to 21
Stakeholder Engagement		
2-29	Approach to stakeholder engagement	Stakeholder Engagement, pages 20 to 21
2-30	Collective bargaining agreements	Fu Yu has collective bargaining agreements in place.
Disclosures on material topics		
3-1	Process to determine material topics	Material Factors, pages 22 to 23
3-2	List of material topics	Material Factors, pages 22 to 23
GRI 201: Economic Performance 2016		
3-3	Management of material topics	Economic performance, page 24
201-1	Direct economic value generated and distributed	Economic performance, page 24
GRI 302: Energy 2016		
3-3	Management of material topics	Energy, pages 25 to 26
302-1	Energy consumption within the organization	Energy, pages 25 to 26
302-3	Energy intensity	Energy, pages 25 to 26
GRI 303: Water 2018		
3-3	Management of material topics	Water, page 27
303-3	Water withdrawal	Water, page 27
GRI 306: Waste 2020		
3-3	Management of material topics	Effluents and Waste, pages 28 to 30
306-3	Waste generated	Effluents and Waste, pages 28 to 30
306-4	Waste diverted from disposal	Effluents and Waste, pages 28 to 30

SUSTAINABILITY REPORT

GRI Standards		Notes/Page number(s)
GRI 3: Material Topics 2021		
GRI 307: Environmental Compliance 2016		
3-3	Management of material topics	Environmental Compliance, page 39
307-1	Non-compliance with environmental laws and regulations	Environmental Compliance, page 39
GRI 401 Employment 2016		
3-3	Management of material topics	Employment and Talent Retention, pages 31 to 33
401-1	New employee hires and employee turnover	Employment and Talent Retention, pages 31 to 33
GRI 403: Occupational Health and Safety 2018		
3-3	Management of material topics	Occupational Health and Safety, pages 34 to 36
403-9	Work-related injuries	Occupational Health and Safety, pages 34 to 36
403-10	Work-related ill health	Occupational Health and Safety, pages 34 to 36
GRI 404 Training and Education 2016		
3-3	Management of material topics	Training and Education, page 33
404-1	Average hours of training per year per employee	Training and Education, page 33
GRI 405 Diversity and Equal Opportunity 2016		
3-3	Management of material topics	Diversity and Equal Opportunity, page 32
405-1	Diversity of governance bodies and employees	Diversity and Equal Opportunity, page 32
GRI 408 Child Labour 2016		
3-3	Management of material topics	Child Labour, page 38
408-1	Operations and suppliers at significant risk for incidents of child labor	Child Labour, page 38
GRI 409 Forced or Compulsory Labor 2016		
3-3	Management of material topics	Forced or Compulsory Labour, page 37
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Forced or Compulsory Labour, page 37
GRI 205: Anti-Corruption 2016		
3-3	Management of material topics	Anti-corruption, page 38
205-3	Confirmed incidents of corruption and actions taken	Anti-corruption, page 38
GRI 418 Customer Privacy 2016		
3-3	Management of material topics	Protection of confidential information, page 40
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Protection of confidential information, page 40



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