



Sustainability Report extracted from

ANNUAL REPORT **2023**

SUSTAINABILITY REPORT

1.1 Board Statement

On behalf of the Board of Directors (the “**Board**”) of Fu Yu Corporation Limited (“**Fu Yu**” or the “**Company**”, together with its subsidiaries, the “**Group**”), I am pleased to present the Sustainability Report for the financial year ended 31 December 2023 (“**FY2023**”).

As a leading provider of vertically integrated services in the design and manufacturing of precision plastic components and commodities supply chain management services, we acknowledge the significance of measuring, monitoring, and managing the Group’s performance in Economic, Environment, Social, and Governance (“**EESG**”) factors. In our commitment to sustainability, we understand the importance of comprehending and addressing the impacts of climate change. To this end, in FY2023, we conducted the evaluation of our business operations 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 mission to redefine the standards of precision engineering for our customers, through innovation and excellence.

In the FY2023 Sustainability Report, we continue to report on the Group’s sustainability efforts on Economic Performance, Protecting the Environment, Developing Our Workforce and Practicing Good Governance. The sustainability report highlights our business principles and approach, and how we are meeting the demand for energy in an economically, environmentally and socially responsible way. While we strive to make continual progress, there are always opportunities for improvement. We will also continue to track the key commitments for each area of our sustainability strategy to ensure that we have a robust sustainability programme in place.

Fu Yu is a member of the Carbon Pricing Leadership Coalition (“**CPLC**”) in Singapore. CPLC brings together leaders from government, private sector, academia, and civil society to share experience working with carbon pricing and to expand the evidence base for the most effective carbon pricing systems and policies.

The Group also recognises the importance of setting targets on material topics to enable us to identify areas of improvement and provide a clear direction for the Group to work towards improving our sustainability efforts. Dedicated to a Science Based Targets Initiative (“**SBTi**”), our organisation is developing our road map to limit global warming to 1.5 degrees Celsius (“**°C**”). Strengthening our sustainability disclosures would increase transparency, enhance stakeholders’ trust and support their sustainability efforts.

Lastly, we wish to confirm that the Board has considered sustainability issues as part of its strategic formulation. The Board has determined and overseen the management in monitoring these material EESG factors.

On behalf of the Board

Mr Christopher Huang
Independent Non-Executive Chairman
27 March 2024

2.1 Our Business

Fu Yu is a strategic hub for advanced precision engineering and technological expertise that has a significant history dating back to 1978. Since its inception, the Group has grown to become one of the largest manufacturers of high-precision plastic parts and moulds in Asia. Today, the Group has established a strong presence in the region with manufacturing facilities located in Singapore, Malaysia and China. The Group was listed on the Main Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 14 June 1995.

The Group offers a One-Stop Solution to customers through its vertically integrated services to build value, enhance customer experience and build mutually beneficial long-term partnerships.



Product Design:

Fu Yu provides New Production Introduction (“NPI”) and Material Selection services. Our skilled engineers collaborate with customers to propose design enhancements that optimise manufacturability and performance. In addition, we also partner with customers on transition to eco-friendly alternatives, such as low-carbon or bio-natural resins.



Tooling Design & Fabrication:

Fu Yu provides Innovative Expertise and Export Tooling services. Our team of experienced engineers leverages decades of tool-making expertise to create customised tools that improve efficiency, quality, and manufacturability. We also empower our customers by providing access to their customised moulds, with an option to purchase.



Production:

- **Plastic Injection Moulding:** Our expertise enables us to expertly mould molten plastic into intricately crafted products across a variety of applications and materials.
- **Metal Injection Moulding:** Our unique capability, suitable for producing high-precision metal components in large volumes, allows us to shape metal into intricately crafted products, delivering top-notch quality, cost-efficiency, and precision-crafted products to our customers.
- **Metal Stamping:** Our process of Progressive Metal Stamping, offers swift and continuous processing of precision metal components, particularly focusing on micro-stamped parts, demonstrating our commitment to efficiency and precision.



Box Build Assembly:

Fu Yu provides comprehensive Secondary Processes and Product Assembly services, tailored to support your complete box-build requirements. Our extensive range of secondary processes is designed to seamlessly integrate with your project, ensuring a complete and efficient assembly solution.



Supply Chain Solutions:

Fu Yu Supply Chain Solutions Pte Ltd, a wholly-owned subsidiary of the Company, is engaged in the business of providing supply chain management services for commodity raw materials. The primary activities involve sourcing, shipping, and supplying commodities not only within the Fu Yu Group but also to customers across the region.

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3.1 About the Report

Scope of the Report

The scope of this report is inclusive of the sustainability aspects related to Fu Yu, emphasising non-financial performance and the associated management approach disclosures. The reporting period covers the timeframe from 1 January 2023 to 31 December 2023, with any exceptions specified. We have included the historical data for FY2021 and FY2022 for comparison where available. The report is strategically crafted to provide a thorough response to stakeholders' concerns regarding sustainability issues stemming from the Group's business operations, which collectively constitute 100% of the Group's revenue. 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 manufacturing entities in Singapore, Malaysia, and China and the supply chain management services entity in Singapore.

The Group's business operations include the following:

1. Fu Yu Corporation Limited ("**FYC**")
2. Fu Yu Supply Chain Solutions Pte Ltd ("**FYSCS**")
3. Classic Advantage Sdn Bhd ("**CA**")
4. Fu Hao Manufacturing (M) Sdn Bhd ("**FHM**")
5. Fu Yu Moulding & Tooling (Dongguan) Co., Ltd ("**FYDG**")
6. Fu Yu Moulding & Tooling (Suzhou) Co., Ltd ("**FYSZ**")
7. Fu Yu Moulding & Tooling (Zhuhai) Co., Ltd ("**FYZH**")

For a comprehensive list of entities included in this report, please refer to **Appendix A**.

Reporting Standards

The report is prepared in compliance with the SGX-ST Section B: Rules of the Mainboard Listing Rule 711A and 711B ("**Mainboard Rules**") which draws on the guidance set out by the SGX-ST Practice Note 7.6 Sustainability Reporting Guide (the "**SR Guide**").

In addition to complying with the relevant listing rules, this report is also meticulously crafted with reference to the Global Reporting Initiative ("**GRI**") Standards which is recognised as a comprehensive and globally accepted framework for sustainability reporting. Our report adheres to the GRI's principles for determining report content and ensuring report quality. This involves a thorough consideration of the Group's activities, their associated impacts, and the significant expectations and interests of our stakeholders. Please refer to **Appendix B** for the GRI content index.

Furthermore, this report is prepared in accordance with the recommendations of the TCFD. We have adopted a phased approach in alignment with the recommendations in SGX-ST Practice Note 7.6 Sustainability Reporting Guide, focusing on specific areas of climate-related financial disclosures in our reporting. This approach enables us to address key aspects of climate risk and opportunities within the context of our operations and business activities. Please refer to **Appendix C** for the TCFD content index.

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Restatements

No restatements were made from the previous report.

Independent Verification

The data and information provided within the report have not been verified by an independent third party. We have relied on internal data monitoring and verification to ensure accuracy.

Sustainability Contact

The electronic version of this report can be accessed on the Company's website (<https://www.fuyucorp.com/>) under the section "Sustainability".

We welcome your views and feedback on our sustainability practices and reporting, please contact sustainability@fuyucorp.com.

SUSTAINABILITY REPORT

4.1 Highlights of Achievements

Our Performance



Environment

- 32,356 MWh of electricity consumed, indicating a 4.0% decrease compared to FY2022.
- 97,986 m³ of water consumed, indicating a 14.1% decrease compared to FY2022.
- 4.3% reduction in hazardous waste produced.



Social

- Zero forced labour or child labour.
- Zero workplace fatalities.
- 1:1 ratio of male and female employees.



Governance

- Zero confirmed incidents of corruption.
- Zero incidents of non-compliance with environmental laws and regulations resulting in significant fines or sanctions.
- Zero incidents of non-compliance with data protection laws.






Our Business Memberships

Region	Entities	Membership
Singapore	FYC	<ul style="list-style-type: none"> • Singapore Institute of Directors • Singapore Chinese Chamber of Commerce & Industry • Singapore National Employers Federation • Singapore Business Federation • Singapore Precision Engineering and Technology Association • SIMTech Innovation Factory
Malaysia	FHM	<ul style="list-style-type: none"> • Federation of Malaysian Manufacturers • Malaysian Plastics Manufacturers Association
Malaysia	CA	<ul style="list-style-type: none"> • Federation of Malaysian Manufacturers
China	FYSZ	<ul style="list-style-type: none"> • Chengnan Street, Wuzhong District, Suzhou Chamber of Commerce

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United Nations Development Goals (“UNSDG”)

Fu Yu’s support for UNSDG underscores its commitment to addressing global challenges. By aligning with these goals, we actively contribute to sustainable development efforts.

UNSDGs	How we support
<p>3 GOOD HEALTH AND WELL-BEING</p> 	<p>We contribute to UNSDG Goal 3 – Good Health and Well-being by prioritising the welfare of individuals within our premises through rigorous health and safety practices. Our commitment extends to emphasising the overall well-being of our employees and fostering a workplace culture that supports physical and mental health.</p>
<p>5 GENDER EQUALITY</p> 	<p>We support UNSDG Goal 5 – Gender Equality by eliminating discrimination in our recruitment process and offering equitable promotion opportunities to all genders.</p>
<p>8 DECENT WORK AND ECONOMIC GROWTH</p> 	<p>We contribute to the achievement of UNSDG Goal 8 – Decent Work and Economic Growth by generating economic value, resulting in the creation of high-quality job opportunities that offer competitive remuneration. This, in turn, supports the overall economic well-being of our society at the national level.</p>
<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> 	<p>We contribute to the achievement of UNSDG Goal 9 – Industry, Innovation and Infrastructure by consistently investing in innovative manufacturing methods. Our Industry 4.0 Smart Factory is equipped with cutting-edge automation which innovatively improves our production efficiency. Additionally, the integration of 3D printing and additive manufacturing technologies ensures the precise utilisation of materials, minimising waste and concurrently enhancing efficiency.</p>
<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 	<p>We contribute to the achievement of UNSDG Goal 12 – Responsible Consumption and Production by collaborating with both customers and suppliers, we facilitate the transition of our products to bio-based materials, aiming to minimise environmental impact. Additionally, we proactively explore automation opportunities in our processes to enhance productivity and efficiency.</p>
<p>13 CLIMATE ACTION</p> 	<p>We contribute to UNSDG Goal 13 – Climate Action by actively mitigating climate change through initiatives such as reducing fuel and electricity consumption, investing in the installation of solar panels to harvest renewable energy, and committing to set science-based targets for a more sustainable and eco-friendly business model.</p>

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5.1 Sustainability Strategy

Sustainability Governance Structure

Incorporating sustainability into our corporate strategy and core values is essential for attaining long-term growth. The values we generate for our stakeholders—our people, the environment, and society at large—significantly impact our financial performance. To align with our sustainability goals and values more effectively, we have established an organisational structure dedicated to advancing these initiatives.

Sustainability Steering Committee (“SSC”)

Led by the senior management team, the SSC is responsible for developing sustainability objectives and strategies, as well as managing the overall sustainability performance, on behalf of the Board.

Board

The Board provides strategic direction and incorporates sustainability as part of the Group’s strategic formulation, including the approval and management of material EESG factors.

Sustainability Task Force (“STF”)

The STF is pivotal in driving sustainability initiatives throughout the organisation. It including employees from various departments, ensuring a wide-ranging perspective and expertise in driving sustainability programs.



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Material EESG Factors

Fu Yu recognises and prioritises EESG factors that are crucial to both the Group and its stakeholders. The following material factors play a significant role in shaping the Group's strategy and decision-making processes:



Economic Performance

- Direct economic value generated and distributed



Protecting the Environment

- Energy
- Water
- Effluents and Waste



Developing Our Workforce

- Employment and Talent Retention
- Diversity & Equal Opportunity
- Training and Education
- Occupational Health & Safety
- Forced or Compulsory Labour
- Child Labour



Practising Good Governance

- Anti-corruption
- Environmental Compliance
- Protection of Confidential Information

Materiality Assessment Approach

In 2016, the Group initiated its inaugural formal materiality assessment to examine, prioritise, and validate the EESG issues that significantly impact business operations and are of interest to key stakeholders. This assessment process is an ongoing endeavour, with an annual review conducted using a four-step approach to ensure the continued relevance and importance of identified factors.

Upon completing the latest review, it was determined that the EESG factors reported in FY2022 retained their relevance in FY2023. The Group's materiality assessment approach for EESG factors is outlined below:

Identify Material EESG Factors

Relevant EESG factors were identified by taking reference to GRI Standards Materiality Principles.

Prioritise Materials EESG Factors

Relevant EESG factors are prioritised by evaluating the EESG impact, based on the importance to the Group and its stakeholders.

Integrate and Validate Materials EESG Factors

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

Review Materials EESG Factors

The EESG factors are continually reviewed for importance and relevance.

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Stakeholder Engagement

Fu Yu diligently considers the key concerns of its stakeholders when defining the reporting context. The table below provides a concise summary of these stakeholders' primary interests and outlines our strategies for engagement with them.

Stakeholders	Engagement Methods	Frequency	Key Topics of Interest	Responses
Investors	<ul style="list-style-type: none"> Timely updates of financial results and announcements, business developments, press releases, and other relevant disclosures via SGXNet and the Company's website Regular results briefing Annual General Meeting ("AGM") Extraordinary General Meeting ("EGM") 	<ul style="list-style-type: none"> Throughout the year At least twice a year Annually When required 	<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
Customers	<ul style="list-style-type: none"> Customer satisfaction surveys/feedback Regular meetings and discussions with respective Project Managers Business review / Quality score review Regular visits to customers by management Regular after-sales follow-up 	<ul style="list-style-type: none"> Annually Throughout the year Annually Throughout the year Throughout the year 	<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 with EESG material factors along the supply chain Protection of confidential information (includes the Personal Data Protection Act) 	<ul style="list-style-type: none"> Yearly assessment by the third-party certification body to achieve certification for the quality standards (i.e. ISO14001, ISO9001, IATF16949, ISO13485, ISCC EU) Project Managers respond to their customers promptly and meet their needs and quality standards Committed to providing the best quality promptly Conduct quality audits on customers' products

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Stakeholders	Engagement Methods	Frequency	Key Topics of Interest	Responses
Employees	<ul style="list-style-type: none"> • Induction programme for new employees • Training and development programmes • Career development performance appraisals • Recreational and wellness activities such as dinner and dance, Corporate Social Responsibility (“CSR”) activities • Regular e-mailers and meetings • Site visits by senior and middle management to observe the work environment • Employee satisfaction surveys 	<ul style="list-style-type: none"> • Throughout the year • Throughout the year • Annually • Annually • Throughout the year • Throughout the year • Annually 	<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 include career development and training opportunities • Update on the Group’s latest strategic developments • Employee empowerment • To maintain a work-life balance • Labour and human rights 	<ul style="list-style-type: none"> • Employees’ concerns will be discussed by the management and improvement plans will be implemented • Assimilate new hires into the Group’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 among employees
Communities	<ul style="list-style-type: none"> • Corporate volunteering includes CSR activities such as blood donation and cash donation to charitable organisations • Open feedback channels 	<ul style="list-style-type: none"> • Annually • Throughout the year 	<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 needs

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Stakeholders	Engagement Methods	Frequency	Key Topics of Interest	Responses
Government and regulators	<ul style="list-style-type: none"> Meetings and dialogue sessions Membership in industry associations 	<ul style="list-style-type: none"> Throughout the year Throughout the year 	<ul style="list-style-type: none"> Compliance with, and keeping 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 relationships with the government and industry associations
Suppliers	<ul style="list-style-type: none"> Regular dialogue sessions with key suppliers and service providers Establish channels of communication Quality score review Quality on-company audits Supplier performance feedback 	<ul style="list-style-type: none"> Throughout the year Throughout the year Annually Annually 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

Performance Monitoring

To assess our EESG performance, we have defined metrics and targets for the material EESG factors outlined in our EESG structure. We continue to exclude FYSCS's revenue and environmental data from the computation of environmental metrics. This is because FYSCS's trading business activities have minimal environmental impacts. To maintain alignment with our dynamic strategy, we regularly introduce new metrics and update targets, fostering a culture of continual improvement. Our dedication to sustainability is evident in the meticulous annual tracking and review of our program, conducted collaboratively with the Board. This thorough assessment, held at least once a year, underscores our commitment to transparency and accountability.

For comprehensive details on our EESG metrics, please refer to the attached Sustainability Scorecard in **Appendix D**. For the methodologies for the measurement of our metrics, please refer to the appended Methodologies and Data Boundaries in **Appendix E**.

6.1 Economic Performance

The Group recognises that our economic contributions play a crucial role in supporting the broader community where we operate. This support is demonstrated through the payment of taxes to governments, investments in the community, sourcing goods locally from suppliers and generating both direct and indirect employment through our operations. We are dedicated to achieving strong financial performance to ensure the delivery of sustainable value and to contribute positively to the overall economy.

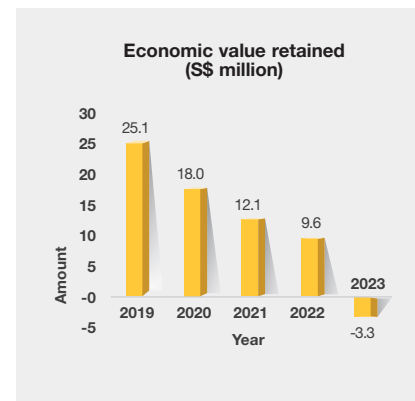
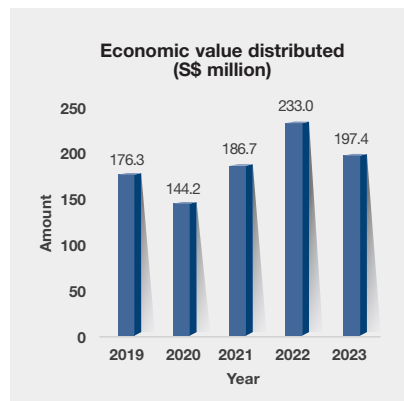
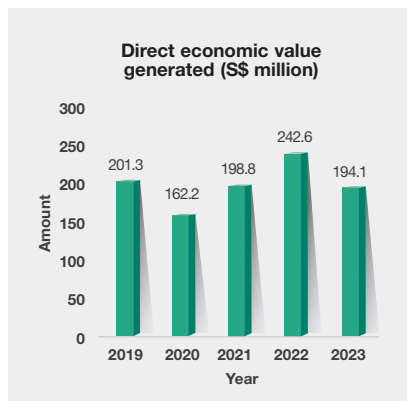
During FY2023, the Group faced challenges in the business environment, leading to a 20.7% decrease in revenue from S\$240.1 million in FY2022 to S\$190.4 million in FY2023. Consequently, the Group shifted from a net profit of S\$14.6 million in FY2022 to a net loss of S\$10.1 million in FY2023. This notable shift was primarily due to a decline in direct economic value generated as well as the increase in impairments and depreciations of our assets. Apart from the above factors, Fu Yu also incurred expenses related to developing its Smart Factory in Singapore.

The table below details the 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 FY2023, the Group generated a direct economic value of S\$194.1 million. The total economic value distributed during FY2023 amounted to S\$197.4 million. Purchases of goods and services contributed to S\$154.3 million, approximately 78.2% of the total distribution; employee salaries and benefits contributed to S\$37.6 million, approximately 19.0% of the total distribution.

Economic Value Generated and Distributed (S\$ million)

	FY2023	FY2022	FY2021	FY2020	FY2019
Direct economic value generated	194.1	242.6	198.8	162.2	201.3
Revenue	190.4	240.1	195.5	153.4	194.1
Other income	3.7	2.5	3.3	8.8	7.2
Economic value distributed	197.4	233.0	186.7	144.2	176.3
Purchases of goods and services	154.3	179.3	132.7	90.2	121.9
Employee salaries and benefits	37.6	38.3	38.1	39.6	39.6
Payments to providers of capital	5.5	12.8	12.8	10.6	12.5
Payments to government	—*	2.6	3.1	3.7	2.3
Community investments/ donations	—*	—*	—*	0.2	—*
Economic value retained	(3.3)	9.6	12.1	18.0	25.1
Net (Loss)/Profit	(10.1)	14.6	17.6	16.9	12.7

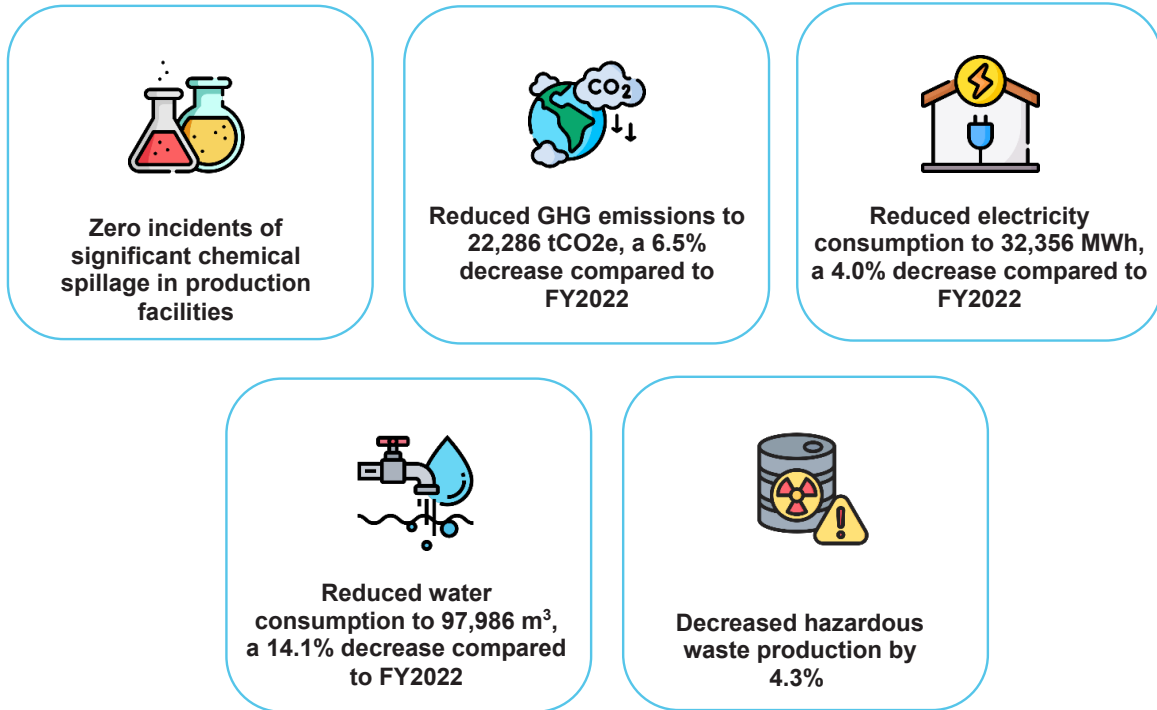
* Amount less than S\$100,000



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7.1 Protecting Our Environment

FY2023 Key Performance



Climate Change Resiliency

Recognising that climate change is an imminent challenge, we are unwaveringly dedicated to collaborating with our stakeholders to mitigate its impacts on the environment and society. Our commitment extends to actively managing the risks associated with climate change on our business operations, all while maintaining our commitment to environmentally responsible practices. The TCFD report serves as a tangible manifestation of our commitment to combating climate change. We firmly believe that the disclosures provided in this report are crucial for our stakeholders to comprehend our approach to handling climate-related risks and identifying opportunities in our operations.

Governance

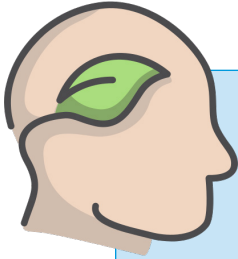
In our pursuit of long-term growth, sustainability plays a pivotal role in our corporate strategy and core values. The value we generate for our stakeholders, encompassing our people, the environment, and society, profoundly influences our financial performance. To champion this commitment to sustainability, our dedicated SSC actively fosters a culture of sustainability within Fu Yu while effectively managing and overseeing the overall sustainability performance on behalf of the Board. Meanwhile, the STF executes various sustainability initiatives across the Group's operations.

Strategy

In FY2023, we conducted a comprehensive re-assessment of climate-related risks and opportunities in collaboration with the management teams of our various business units. This assessment involves a thorough evaluation that considers both the likelihood and potential impact of climate risks and opportunities on our business. These risks and opportunities are categorised into three distinct time horizons, which include **Short-term (≤ 5 years)**, **Medium-term (5 to 15 years)** and **Long-term (> 15 years)**.

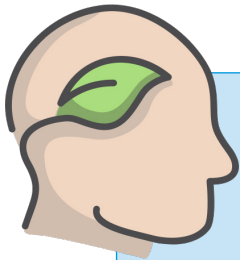
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The following are the key climate-related risks and opportunities identified:

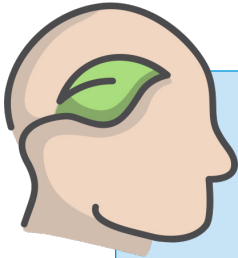


Heightened regulatory oversight and reporting obligations		
Category	Significancy	Timeline
Policy and Legal	Medium	Short-term
Description of Risks and Opportunities	Impact	Our Strategy
Transitional Risk We are currently navigating the dynamic business landscape, characterised by increased regulatory oversight from SGX-ST, particularly regarding sustainability reporting.	Enhanced sustainability reporting requirements may lead to higher compliance costs. In addition, the cost of acquiring raw materials that have lower greenhouse gas emissions or eco-friendly, like certain plastics may also increase.	We closely monitor changes in regulatory requirements through collaboration with our dedicated SSC, STF and external consultants. This proactive approach ensures that we stay aligned with evolving regulations and maintain a strong commitment to sustainability.
		We are committed to Science Based Targets Initiative (“ SBTi ”) and are currently in the midst of developing our road map to limit global warming to 1.5°C. We prioritise sustainability by embracing innovative practices and technologies, ensuring our actions align with the latest scientific principles.
		Furthermore, in FY2023 we initiated a trial run of Scope 3 greenhouse gas emissions GHG inventory accounting. By embarking on this accounting endeavour, we aim to gain valuable insights that will form our future sustainability strategies and contribute to our ongoing efforts in environmental stewardship.

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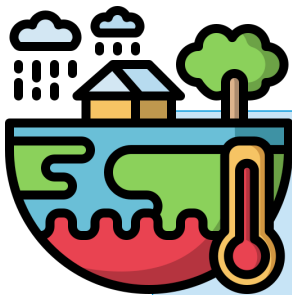


Transitional Risk	<u>Increasing energy prices</u>		
	Category	Significance	Timeline
	Policy and Legal	Medium	Short-term
	Description of Risks and Opportunities	Impact	Our Strategy
	Electricity rates in Singapore has seen a notable increase, primarily influenced by the incorporation of carbon taxes into the energy prices. This shift has been compounded by China's ongoing transition away from coal as part of its commitment to cleaner energy sources. The combined impact of these factors has led to a surge in energy prices, posing challenges for consumers and businesses alike.	Operational expenses may increase due to a surge in electricity prices.	We plan to complete the installation of solar panel at our Singapore facilities in the second quarter of FY2024. In addition, we are actively planning to expand our solar panels projects to other locations, aiming to mitigate the impact of rising energy costs on our operations.
	<u>Disruption caused by sustainable technologies</u>		
	Category	Significance	Timeline
	Technology	Low	Medium-term
	Description of Risks and Opportunities	Impact	Our Strategy
	Sustainable innovations, such as bio-based materials, biodegradable plastics, and advanced recycling techniques, have the potential to significantly reshape traditional market dynamics. As these sustainable solutions gain traction, businesses and industries accustomed to conventional practices may face challenges in adapting to these emerging technologies.	Investing in the development of new technologies impact cash flows, and there may be a need for write-offs or early retirement of existing assets or technologies that become obsolete. However, adopting new technologies can lead to reduced operational cost through reduced energy dependency.	The Group is progressively replacing hydraulic machinery with electric alternatives to enhance operational efficiency and reduce oil consumption. In addition, the incorporation of 3D printing and additive manufacturing technologies ensures precise material usage, and helps to minimise waste and improve cost efficiency.



Transitional Risk	<u>Shift in customer preferences towards eco-friendly products</u>		
	Category	Significancy	Timeline
	Market and Reputation	Low	Long-term
	Description of Risks and Opportunities	Impact	Our Strategy
	Growing market trends and shifting consumer preferences towards sustainable and eco-friendly products may lead to a decrease in demand for traditional plastics, potentially favouring alternative materials.	Revenue fluctuations resulting from shifts in consumer preferences towards more environmentally friendly products.	The Group is currently engaging in discussions with both its suppliers and customers regarding the utilisation of biodegradable bio-resin as a material for manufacturing disposables, consumables, and packaging caps.
	<u>Negative perceptions among stakeholders</u>		
	Category	Significancy	Timeline
	Reputation	Low	Short-term
	Description of Risks and Opportunities	Impact	Our Strategy
	Failure to proactively address climate risks could lead to negative perceptions among stakeholders, impacting the Group's reputation.	The potential for decreased revenue due to loss of customers from reputational damage highlights the financial risks of negative public perception. In addition, cost of manpower may increase due to poor employee attraction and retention. Furthermore, reduction in capital availability from investors may occur, as a consequence of these negative perceptions.	We prioritise open communication with our stakeholders, keeping them well-informed about the Group's commitment to sustainability. This includes regular updates on our sustainability initiatives, aiming to build trust and transparency.

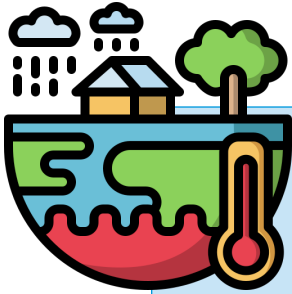
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Extreme weather event - floods, heatwave and typhoons

Physical Risk

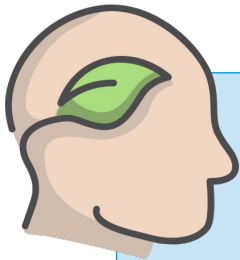
Category	Significance	Timeline
Acute or Chronic	Medium	Medium-term
Description of Risks and Opportunities	Impact	Our Strategy
<p>Singapore faces exposure to climate change, characterised by more extreme precipitation, rising sea levels, and significant temperature increases, leading to increased risk of flooding and heatwaves.</p> <p>Extreme weather events can disrupt the supply chain by causing damage to infrastructure, leading to delays in both production and delivery, and shortening of business hours. Such events also result in damage to the Group's assets, including factory buildings and production equipment, resulting in decreased valuation and higher insurance costs. Furthermore, these conditions can result in casualties, including injuries or fatalities among the workforce.</p>	<p>Supply chain disruptions caused by extreme weather events present a broad range of operational challenges. These include reduced production output and consequent revenue loss – direct results disruptions to the production process. The financial implications are compounded by the costs associated with the repair and replacement of damaged assets. In addition, there will likely be an increase in medical and insurance expenses, as the organisation grapples with the aftermath of such events, addressing potential injuries or health issues among employees.</p> <p>The cumulative impact of these challenges underscores the critical need for comprehensive risk management strategies to enhance resilience and mitigate potential adverse effects on both operational efficiency and financial health.</p>	<p>While our facilities are not within the flood zones, we have nonetheless established a comprehensive emergency response plan. This plan is vital for ensuring our organisation's preparedness and resilience, facilitating swift and effective responses in crisis situations to safeguard both assets and personnel.</p> <p>In addition, to fortify our supply chain resilience and reduce the risks associated with regional disruptions, we are actively diversifying our suppliers globally.</p>



Water stress due to diminishing of water resources

	Category	Significancy	Timeline
		Chronic	Low
Physical Risk	Description of Risks and Opportunities	Impact	Our Strategy
	<p>Singapore's limited domestic water sources pose a significant risk of water stress, necessitating innovative and comprehensive strategies for sustainability. Singapore has turned to advanced technologies such as NEWater and desalination, alongside extensive water conservation efforts, to address this challenge. Elsewhere, we identified FYSZ facilities located in Suzhou, China, as being in a water-stressed region.</p>	<p>Water scarcity can disrupt water-dependent operations, lead to service suspensions from water rationing, compromise service quality due to water interruptions, and increase water prices due to resource scarcity.</p> <p>These factors can result in potential revenue loss from service disruptions and diminished service quality, alongside increased operational costs due to higher water prices.</p>	<p>To counteract these risks, we are actively enhancing water efficiency across our operations. This includes the installation of water-saving taps and the implementation of real-time water consumption monitoring systems equipped with sensors to quickly detect and address leaks.</p> <p>Additionally, we have adopted rainwater harvesting practices in Singapore for washing of our facilities, reducing dependence on conventional water sources. This approach not only conserves water but also aligns with environmentally friendly practices by utilising a natural and renewable resource.</p> <p>For water-saving initiatives in other regions, please refer to the section on water consumption.</p>

SUSTAINABILITY REPORT



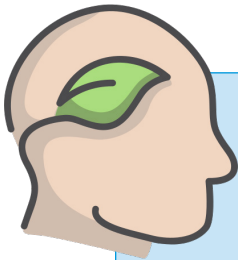
Transitional Opportunity

Increasing government support for sustainability-related projects

Category	Significance	Timeline
Policy and Legal	Medium	Short-term
Description of Risks and Opportunities	Impact	Our Strategy
To address potential financial hurdles from the implementation of green technologies, companies now have access to an expanding array of government subsidies, grants, and sustainable financing options from banks. These incentives are designed to encourage the adoption of green technologies, and enable businesses to incorporate environmentally sustainable practices more easily.	Sustainability-related projects can benefit significantly from government subsidies and grants, which can greatly reduce the initial costs of investment. This financial support makes it more viable for businesses to undertake projects aimed at improving their environmental footprint.	We are actively exploring opportunities to leverage these incentives for potential and suitable projects that only align with the objectives and criteria of these incentives, but also contribute meaningfully to our sustainability goals. In addition, we are also exploring green financing with banks, specifically green deposits, directing our funds towards projects and initiatives that have a positive impact on the environment.

Innovation in sustainable technologies

Category	Significance	Timeline
Technology	Medium	Medium-term
Description of Risks and Opportunities	Impact	Our Strategy
The introduction of new technologies aimed at reducing energy consumption and carbon footprint of plastic moulding processes present an opportunity to lower GHG emissions and advocate for more eco-friendly production methods in the plastic moulding industry.	Adopting these technologies could lead to a decrease in operational expenses by reducing energy dependency.	The Group is actively transitioning from hydraulic to electric machinery to enhance operational efficiency and reduce oil consumption. In addition, we are incorporating 3D printing and additive manufacturing technologies, which allow for precise material use, waste minimisation, and enhanced cost efficiency.



Transitional Opportunity

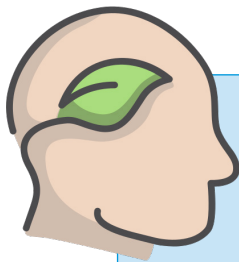
Use of eco-friendly materials

Category	Significancy	Timeline
Product and Services	Medium	Long-term
Description of Risks and Opportunities	Impact	Our Strategy
The shift towards eco-friendly plastics allows our customers to offer end products that are more environmentally conscious, appealing to a growing segment of consumers interested in sustainability.	Introducing eco-friendly plastic components to the market can lead to an increase in revenue as consumer demand for sustainable products grows.	The Group are in discussions with both suppliers and customers about using biodegradable bio-resin for manufacturing disposables, consumables, and packaging caps, aligning our product offerings with environmental sustainability goals.

Renewable energy integration

Category	Significancy	Timeline
Energy source	Medium	Medium-term
Description of Risks and Opportunities	Impact	Our Strategy
The shift towards renewable energy sources, such as solar or wind power, is a strategic response to rising energy costs and reducing carbon footprints.	Initial transition to renewable energy may increase operational costs due to the installation and integration of new energy systems.	We are committed to integrating renewable energy into our operations. The installation of solar panels at our Singapore facilities is scheduled for completion in the second quarter of FY2024. We are actively planning to extend our solar panels projects to other locations.

SUSTAINABILITY REPORT



Sustainable practices communication		
Category	Significance	Timeline
Reputation	Medium	Short-term
Description of Risks and Opportunities	Impact	Our Strategy
Companies that demonstrate strong climate-related practices not only mitigate environmental impacts but also enjoy improved access to capital, and opportunities for green financing.	Effective communication of sustainable practices leads to increase investor confidence and attract new funding sources.	We prioritise transparent and open communication with our stakeholders, keeping them well-informed about the Group's sustainability practices to foster trust and transparency. This involves providing regular updates on our ongoing sustainable initiatives.

Transitional Opportunity

Risk Management

Fu Yu acknowledges the critical need for a robust strategy and risk management framework to support our sustainability initiatives. With increasing scrutiny from regulatory bodies, investors, and stakeholders on sustainability and climate-related factors, integrating these considerations into our decision-making process has become a priority.

To effectively assess climate risks and opportunities, we have implemented a comprehensive enterprise risk management framework. This framework ensures that climate-related risks are identified, assessed, and managed appropriately. Risks are evaluated through an analysis of the likelihood and impact of each risk.

The impact of these risks is categorised into 3 tiers – **Major, Moderate and Low**. This categorisation helps us prioritise risks and initiatives based on the significance of their impact on our business, allowing us to allocate adequate resources efficiently. Likelihood is assessed as **Unlikely, Medium and Likely**. Based on this assessment, risks are managed through various strategies, including enhancing existing internal controls, or implementing new controls to mitigate and transfer risks. We also develop monitoring mechanisms to review the effectiveness of our strategies.

Recognising the interconnected nature of climate-related risks with other business risks, we integrate climate considerations into our broader risk management strategy. Our risk management framework is applied consistently to both general business risks and climate-related risks, involving the identification, assessment, and ongoing monitoring of these risks and opportunities in line with our enterprise risk management framework.

Greenhouse Gas Emissions

In our steadfast commitment to environmental responsibility and combating climate change, we have conducted an in-depth review of our GHG emissions for FY2023.

Our efforts have been focused on a detailed evaluation of both direct and indirect emissions, i.e. direct Scope 1 emissions, arising from our forklift operations and truck deliveries, and indirect Scope 2 emissions, arising from electricity used in our buildings and manufacturing facilities.

To calculate our GHG emissions, we adopted the Greenhouse Gas Protocol, established by the World Resources Institute and the World Business Council for Sustainable Development as a reference to calculate our GHG emissions. This protocol serves as the benchmark for measuring corporate greenhouse gas emissions.

The following is our GHG emissions profile:

GHG Emissions	Unit	FY2022	FY2023
Total GHG Emissions	tCO2e	23,842.9	22,286.2
GHG Scope-wise Emissions			
Scope 1	tCO2e	162.5	153.6
Scope 2	tCO2e	23,680.4	22,132.6
Percentage (%)			
Scope 1	Proportion	0.7%	0.7%
Scope 2	Proportion	99.3%	99.3%
Intensity			
GHG Emissions Intensity	tCO2e/ S\$ million of revenue	170.2	214.4
GHG Scope-wise Intensity			
Scope 1	tCO2e/ S\$ million of revenue	1.2	1.5
Scope 2	tCO2e/ S\$ million of revenue	169.0	212.9

The GHG emissions of the Group in absolute terms have reduced by 6.5% as compared to last year, due to reduced consumption of fuel and electricity. However, as the revenue in FY2023 has reduced significantly, it has led to arithmetic increase in the intensity values.

GHG Emissions Targets

Fu Yu has been onboarded to SBTi. Governed by a collaborative partnership involving multiple organisations, the SBTi establishes criteria and guidelines for setting science-based emissions reduction targets. Its goal is to help companies define targets for reducing greenhouse gas emissions in line with global climate objectives, thereby contributing to a low-carbon future. We are in the process of setting our long-term GHG emissions targets to support the global effort to limit warming to 1.5°C above pre-industrial levels.

In addition to our long-term goal, we have also set medium and short-term targets to reinforce our commitment to reduce carbon emissions. Our medium-term target is to reduce the Scope 2 overall emissions by 30% by FY2030, using FY2023 as the baseline. Our short-term target is to reduce Scope 2 carbon emissions by 3% in FY2024, using FY2023 as the baseline.

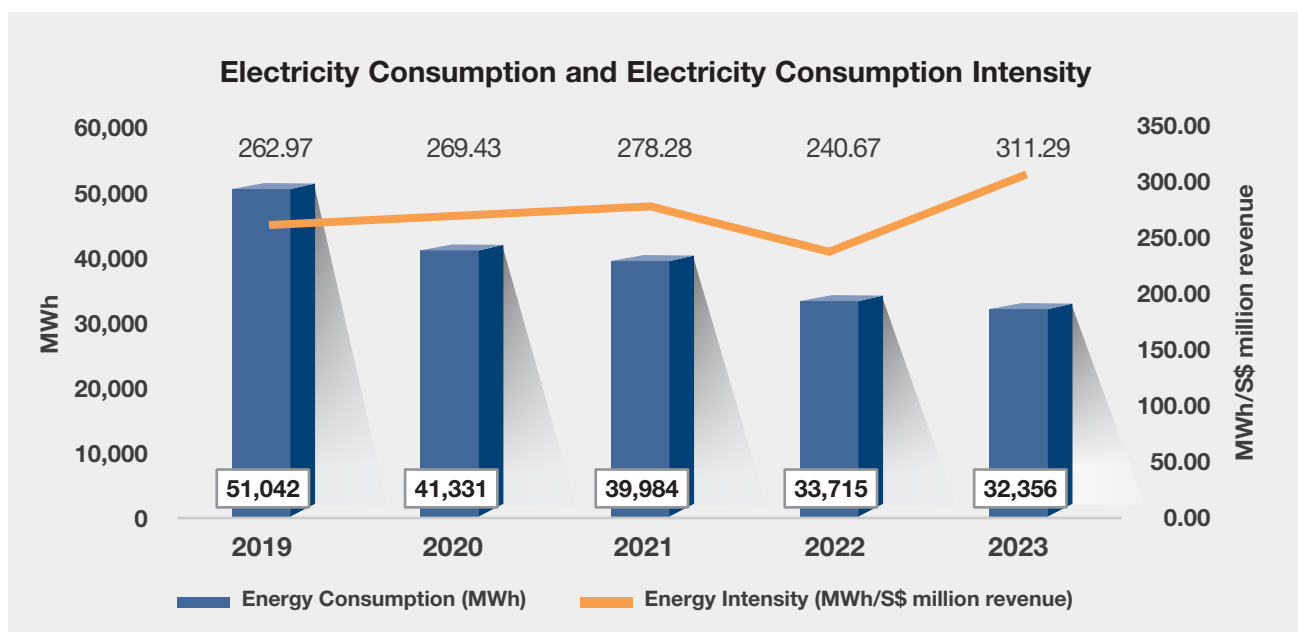
We are also committed to extending our GHG emissions computation beyond the existing Scope 1 and Scope 2 emissions, and include Scope 3 emissions in the future. By comprehensively understanding our GHG emissions performance, we strategically position ourselves to determine the most effective approach to achieving our medium-term target and meaningfully set a long-term target.

SUSTAINABILITY REPORT

Energy Consumption

The Group purchases electricity from the grid, and do not generate our own energy. In FY2023, we consumed 32,356 megawatt-hours (“MWh”) of purchased electricity, a 4.0% decrease from 33,715 MWh in FY2022. Despite the reduction in electricity usage, electricity consumption intensity was increased 29.3% from 240.67 MWh/S\$ million of revenue in FY2022 to 311.29 MWh/S\$ million of revenue in FY2023.

The increase in electricity consumption intensity is primarily attributed to a decline in both revenue and electricity consumption, with the reduction in revenue surpassing the decrease in electricity consumption. In FY2024, the Group plans to invest in energy-efficient electric machines to replace older hydraulic machines and upgrade existing lighting with more efficient LED lighting.



Our proactive measures to reduce energy consumption and enhance efficiency include the installation of energy-efficient LED light fixtures throughout managed properties. Other energy-saving initiatives include:

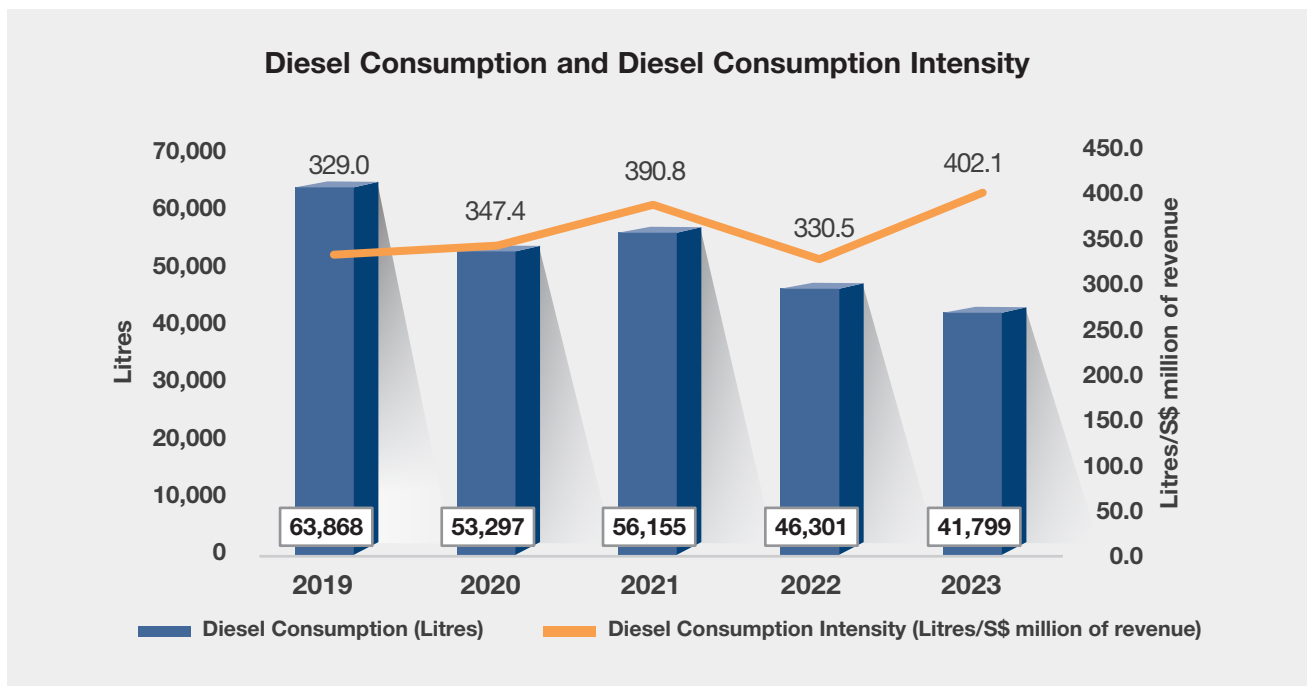
- Optimise production planning to reduce machinery idling time.
- Use of frequency conversion air compressors to reduce power utilisation.
- Transition to renewable energy with solar panel installation in our production facilities.
- Replace older machinery that consumes more energy with newer energy-efficient machinery.
- Replace older air conditioners with energy-saving units and control temperatures to be more energy-efficient.
- Regular maintenance of plant and machinery to improve productivity, prolong useful life span and reduce energy usage.

SUSTAINABILITY REPORT

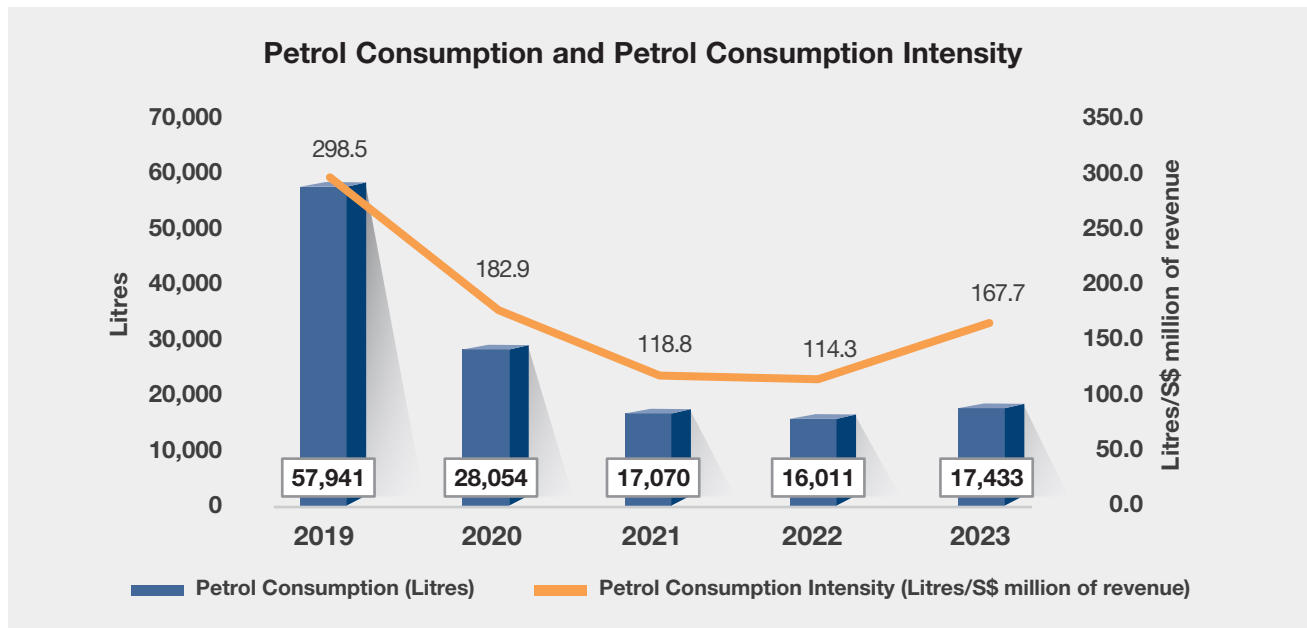
Besides monitoring electricity consumption, the Group also monitors diesel and petrol consumption, aiming to manage and reduce our GHG emissions.

Diesel is primarily used for forklift operations, truck deliveries and staff canteen activities. In FY2023, our annual diesel consumption decreased by 9.7% from 46,301 litres in FY2022 to 41,799 litres in FY2023. This decrease was mainly attributed to a decrease in production volume during the year. Petrol is primarily used for company cars and vehicles. In FY2023, our annual petrol consumption increased by 8.9% from 16,011 litres in FY2022 to 17,433 litres in FY2023. This increase was driven an expansion of business activities, particularly in the China region following the easing of COVID-19 movement restrictions. This increase was necessary to support and facilitate business development activities during this period. In FY2023, diesel consumption intensity was 402.1 litres/S\$ million of revenue and the petrol consumption intensity was 167.7 litres/S\$ million of revenue, increased by 21.7% and 46.7% respectively from FY2022 due to a significant revenue decrease in FY2023.

At Fu Yu, our commitment focuses on reducing our energy consumption throughout daily operations. This initiative aligns with our dedication to environmental responsibility while concurrently unlocking significant cost savings for our business.



SUSTAINABILITY REPORT



Water Consumption

In our continuous dedication to sustainability, Fu Yu places high priority on responsible water consumption across our facilities. Recognising water as a precious and limited resource, we are committed to implementing measures that promote water conservation and responsible use.

The Group sources all its water from municipal water supplies, operating in Singapore, Malaysia, and China. Water is primarily used in our operations for cooling towers, cooling for injection moulding and tooling machines during manufacturing, and various cleaning purposes.

We have identified that our FYSZ facility is situated in a water scarce region. As a responsible business, we understand the need to conserve water and reduce water wastage. Sustainable and efficient water usage practices are integral to our manufacturing operations, underscoring our commitment to environment conservation. These practices include:

- Record and monitor meter readings and cross-check with water consumption bills monthly.
- Regular maintenance of water fittings and drainage systems to minimise the risk of leakage.
- Educating employees on the importance of water conservation to influence positive behavioural changes.
- Encourage employees to report any observed water leaks to the Human Resources Department.

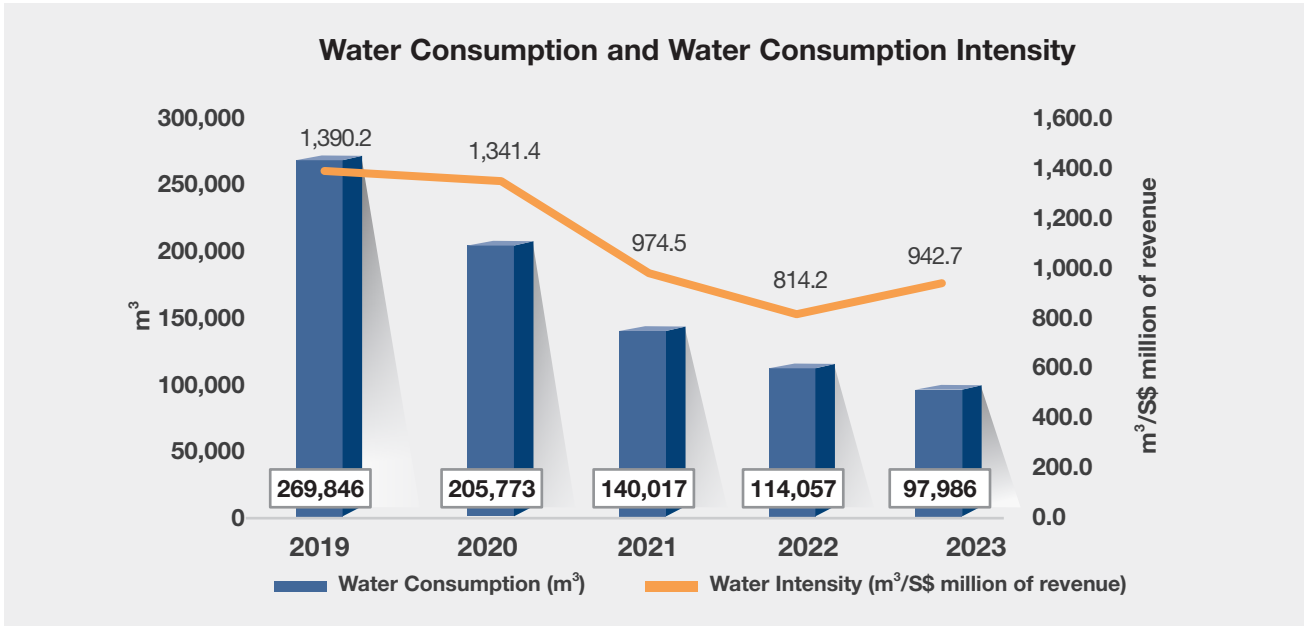
At our FYSZ facility, we are finalising the adoption of the water recycling system. After undergoing advanced treatment at sewage facilities, wastewater is recycled for use. We have upgraded infrastructure and optimised the treatment processes to improve the efficiency of the water recycling system, enabling the reintroduction of recycled water into various applications.

At our FYDG facility, we are strengthening regular inspections of water pipes to prevent the aging and leakage, ensuring early detection and proactive maintenance. In addition, the timely replacement of older water pipes with modern, more durable materials further reduces the risk of leaks and enhances the overall reliability of the water supply infrastructure.

Elsewhere, we implemented rainwater harvesting for general cleaning tasks. By capturing and storing rainwater through this eco-friendly method, we reduced our dependency on conventional water sources for cleaning, further minimising the environmental impact associated with water consumption.

Fu Yu is committed to doing our part in safeguarding the planet's water resources and ensuring sustainable water management practices.

SUSTAINABILITY REPORT

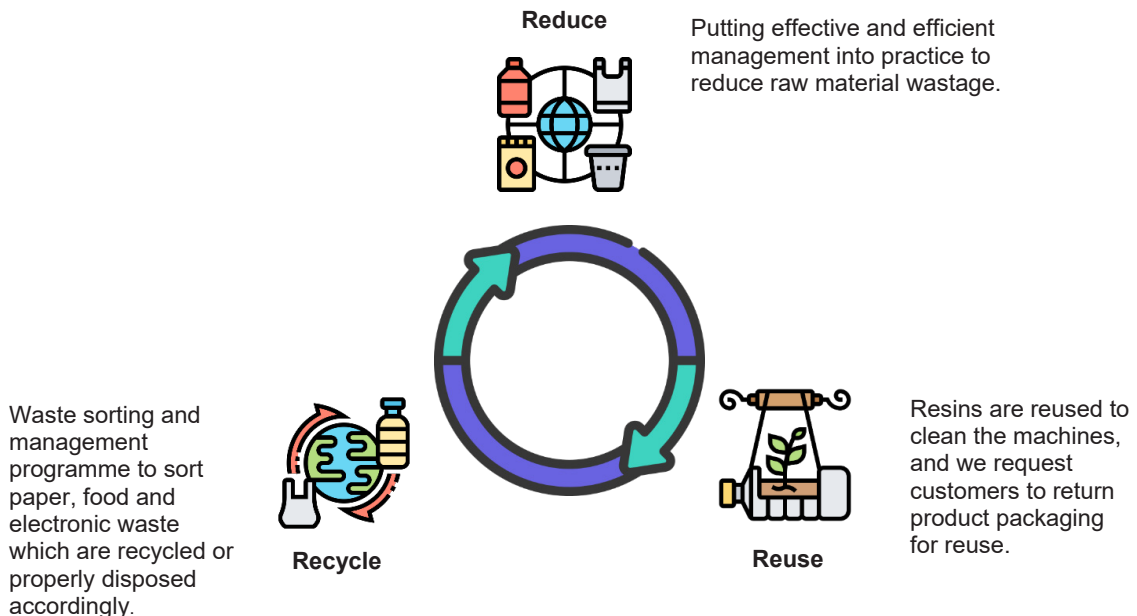


In FY2023, our total water consumption amounted to 97,986 m³, a 14.1% decrease from 114,057 m³ in FY2022. Water consumption intensity increased from 814.2 m³/S\$ million of revenue in FY2022 to 942.7 m³/S\$ million of revenue in FY2023. The increase in water consumption intensity is primarily attributed to a decline in both revenue and water consumption, with the reduction in revenue surpassing the decrease in water consumption. Over the years, our Group’s water usage has been on the decline, in line with our commitment to minimise water consumption. Moving forward, the Group targets to maintain our water intensity at the current level, continuing our commitment to efficient and responsible water use.

Effluents and Waste

At the heart of the Group’s operational philosophy is our commitment to waste management, encapsulated in our “3Rs” approach – **“REDUCE, REUSE AND RECYCLE”**.

We believe that proper waste management and effective resource utilisation underpins our responsibility towards the environment and contributes to reduce our overall operating costs. Our comprehensive waste management strategy emphasises “reduction of waste” at the source, followed by “waste reuse on-site” and “material recycling”. Through this structured approach, we aim to minimise our environmental footprint and promote sustainability within our operations.



SUSTAINABILITY REPORT

Reduce

Our commitment to sustainable practices includes the responsible procurement of materials, a key aspect of which involves cultivating collaborative relationships with our vendors. In this pursuit, we actively engage with our suppliers to replace harmful substances with environmentally friendly alternatives, aiming to reduce the ecological impact of our operations and products.

Furthermore, in response to growing environmental awareness and customer preferences, we proactively seek out materials that bear accredited green labels. This proactive sourcing strategy emphasises our dedication to environmentally conscious practices, ensuring that the products we manufacture not only meet high-quality standards but also align with environmentally friendly and sustainable principles.

Reuse

We promote the reuse of resins in our manufacturing processes. Resins, often used in various production stages, are systematically recycled to clean machines, contributing to the reduction of waste and minimising the environmental impact associated with their disposal. This initiative not only aligns with our dedication to resource efficiency but also reflects our commitment to a circular economy, where materials are reused and repurposed to extend their lifecycle.

Furthermore, in order to minimise packaging waste, we encourage our customers to participate in our packaging return program. This program encourages customers to send back product packaging for reuse. By doing so, we aim to reduce the overall environmental footprint associated with packaging materials.

Recycle

We implemented a comprehensive waste sorting and management program that addresses various waste streams, including paper, food, and electronic waste. Through this program, we aim to promote responsible waste handling and minimise our environmental impact.

For paper waste, we prioritise recycling initiatives to ensure that paper materials are diverted from landfills and repurposed. Our commitment to sustainable practices extends to the proper disposal of food waste, where we implement eco-friendly solutions such as composting or other environmentally responsible methods.

For electronic waste, we adhere to specialised disposal practices that align with regulatory guidelines to prevent environmental harm and promote the responsible handling of electronic components.

By incorporating these measures into our waste sorting and management program, we demonstrate our commitment to sustainable and eco-conscious practices throughout our operations.



SUSTAINABILITY REPORT

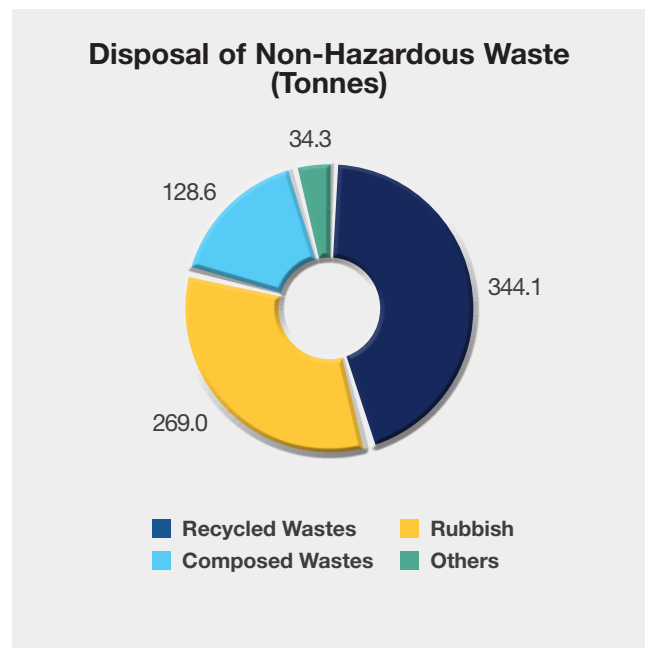
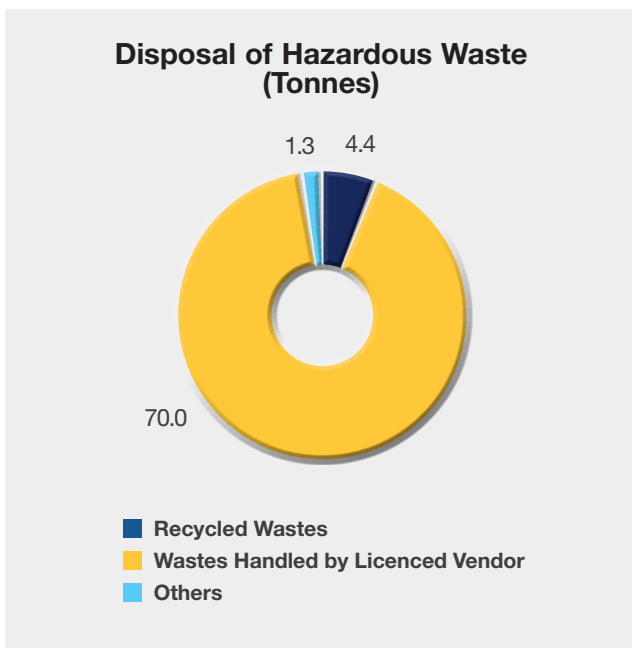
In FY2023, we generated 76 tonnes of hazardous waste, a 4.3% decrease from 79 tonnes in FY2022. In addition, we generated 776 tonnes of non-hazardous waste in FY2023, a 2.8% increase from 755 tonnes in FY2022. This increase was a result of relocation to a new office in Singapore, accompanied by the disposal of some obsolete items by FYC.

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

Disposal of hazardous wastes

The Group places a strong emphasis on proper waste disposal, particularly relating to hazardous waste. To ensure environmentally responsible practices, all hazardous waste is meticulously disposed through licensed collection vendors, significantly minimising its environmental impact. In line with our 3Rs approach, we actively strive to divert waste from disposal wherever feasible.

When recycling is not an option, we employ a systematic approach for handling non-recyclable waste. Such waste is accumulated and stored on-site, adhering to predetermined schedules for disposal as specified by the respective local collection vendors. This comprehensive waste management strategy reflects our commitment to minimising our environmental footprint and upholding responsible waste disposal practices throughout our operations.



Chemical Spillage Control

In the rare incidence of a chemical spillage, our in-house Chemical Spillage Control Team is promptly activated to swiftly mitigate the potential environmental impact of such incidents. We conduct annual refresher training courses to ensure that our team remains well-prepared to effectively manage and remedy any incidents of chemical spillage.

In FY2023, there were no significant incidents of chemical spillage in our production facilities. Looking ahead, our commitment remains firm, with the Group striving for zero significant cases of chemical spillage and improper disposal of waste at our manufacturing facilities in the coming year.



FHM - Chemical Spillage Training

SUSTAINABILITY REPORT

Paper Usage Reduction

Embracing sustainability and digital innovation, our operations have undergone remarkable transformations since 2020. In Singapore, we've replaced paper carton boxes with 7,000 reusable containers, resulting in annual savings of over 300 tonnes of paper. This initiative sets the stage for our commitment to environmental stewardship. Additionally, FHM has embraced paperless documentation through a Manufacturing Execution System (“**MES**”) since 2021, enhancing efficiency and reducing our ecological footprint. In line with our digital evolution, CA and FYC have implemented an e-leave system and embraced e-banking in 2022, marking significant strides towards a more sustainable and digitally-driven future.

In FY2023, we continued our efforts to reduce paper usage by adopting packaging specifications designed to minimise the types of packaging in use and reduce paper waste. Notably, the usage of packaging papers at our plants in Malaysia, CA and FHM, decreased by 35.4% and 16.0% respectively compared to FY2022. These ongoing efforts underscore our dedication to sustainable practices and continual improvement in resource efficiency.

Beyond packaging, we also actively reduce our paper usage in our administration processes. These include:

- Usage of e-signature whenever possible.
- Usage of double sides whenever possible.
- Placing signage as a reminder to reduce paper usage.
- Usage of e-banking to reduce the need for cheques and the printing of telegraphic slip.
- Usage of digital solutions to eliminate the use of paper-based documents (e.g. e-leave system).

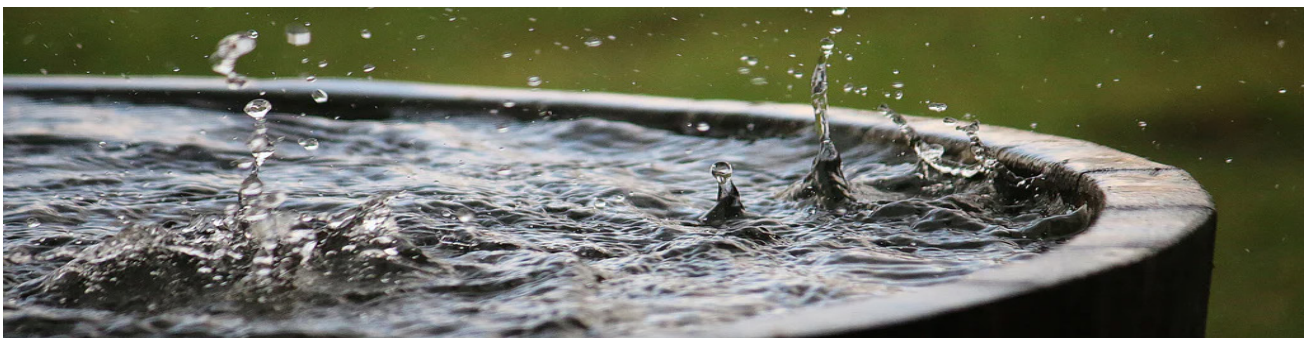
We are committed to actively exploring opportunities to reduce paper usage in both packaging and administrative processes. This includes adopting integrated packaging specifications, sourcing eco-friendly packaging materials and embracing digital solutions to minimise reliance on paper. Our commitment to these initiatives aligns with our goal of promoting sustainability and reducing our environmental impact.

Environmental-friendly Supply Chain

In our ongoing dedication to minimising our environmental impact, we ensure that our suppliers comply with environmental laws and regulations while providing goods and services to our organisation.

Within our supply chain management framework, we conduct annual vendor evaluation assessments to appraise new vendors. Additionally, we consistently measure and monitor the performance of our existing vendors. This proactive approach aids in cost reduction, and risk mitigation, and fosters continuous improvement initiatives directed towards enhancing environmental sustainability. Through these evaluations, we aim to strengthen our partnerships, ensure efficient operations, and align our supply chain with the principles of environmental responsibility.

We prioritise environmental compliance by signing both the Restriction of Hazardous Substance (“**RoHS**”) and Registration, Evaluation, Authorisation and Restriction of Chemical (“**REACH**”) agreements with all our suppliers, regardless of whether they are longstanding partners or newly onboarded ones. This commitment ensures that all parties involved adhere to the restrictions on hazardous substances and meet the regulatory standards set forth by these agreements.



Our Initiatives

Innovative Production

Outfitted with cutting-edge automation and sensors, the Group's Industry 4.0 Smart Factory not only aids customers in monitoring their carbon footprint across the supply chain but also actively monitors and optimises our electricity usage. This dual functionality underscores our dedication to advancing sustainability for our clients while concurrently mitigating our environmental impact through effective energy management.

Demonstrating our unwavering commitment, the Group is systematically replacing hydraulic machinery with electrically powered alternatives, aiming to improve operational efficiency and reduce oil consumption.

Additionally, the integration of 3D printing and additive manufacturing technologies ensures the precise utilisation of materials, minimising waste and concurrently enhancing cost efficiency.

The Group has recently transitioned to an integrated cloud-based platform, paving the way for completely paperless mould-making. This transition not only eradicates paper consumption, but also streamlines the mould-making process, improved accuracy, efficiency, real-time collaboration, and an overall elevation in the quality and speed of production.

Sustainable Raw Materials

Collaborating actively with partners, the Group is committed to helping our customers transition to eco-friendly resins. It is also in active discussions with a supplier of biodegradable bio-resin sourced from sugar cane fibre. This bio-resin can be used to produce disposables, consumables, and packaging caps. Through close collaboration with customers, their preferences are thoughtfully incorporated, playing a crucial role in shaping product development and seamlessly integrating bio-resins into their offerings. As the demand for environmentally conscious solutions continues to surge, Fu Yu's effective utilisation of bio-resins strategically places it in a market that increasingly values eco-friendly characteristics.

Renewable Energy

Fu Yu is forging a strategic alliance with a solar energy system developer to implement photovoltaic solar panels across the rooftops of our facilities. The generated energy will be utilised to power our in-house operations. FYC will complete the installation of solar panels on four of its buildings in the second quarter of FY2024. The Group is proactively expanding its solar panel initiatives in Malaysia, with a comprehensive plan to install solar panels for CA in FY2024, followed by FHM in the subsequent years.



FYC - Solar panels



FYC - Solar panels

SUSTAINABILITY REPORT

8.1 Developing Our Workforce

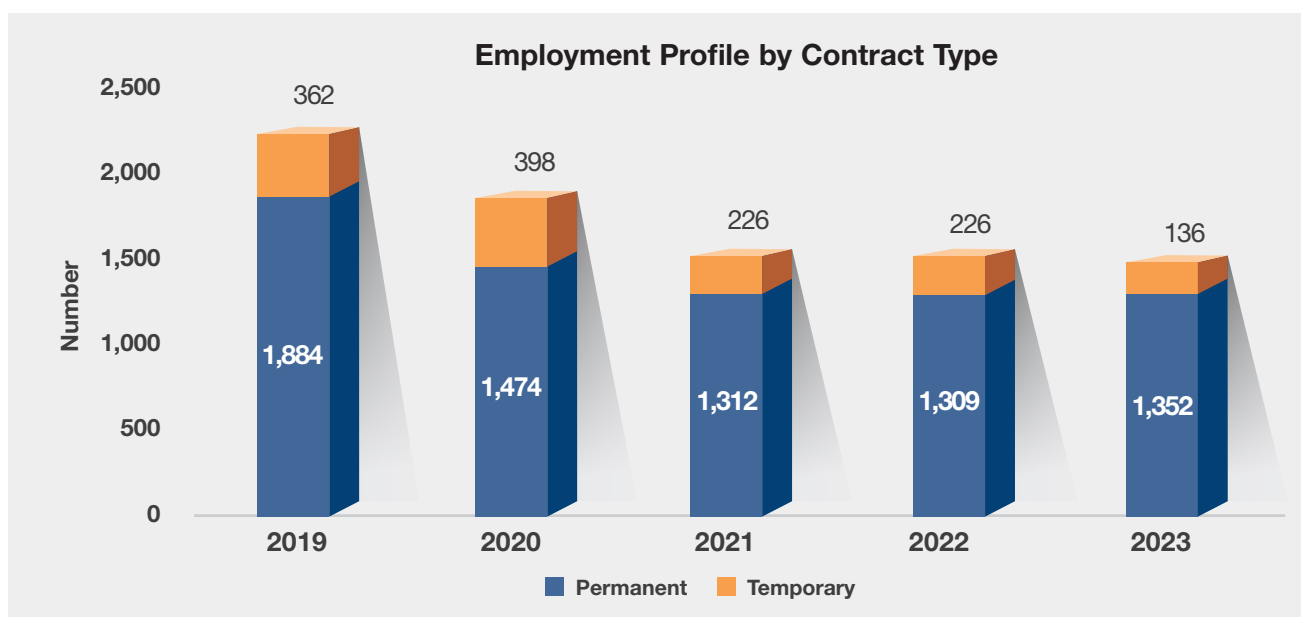
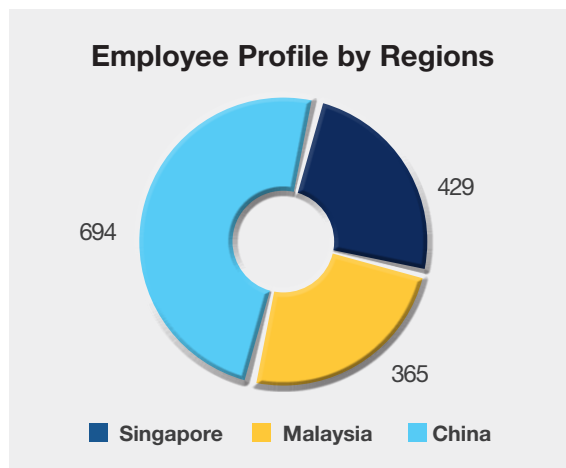
FY2023 Key Performance



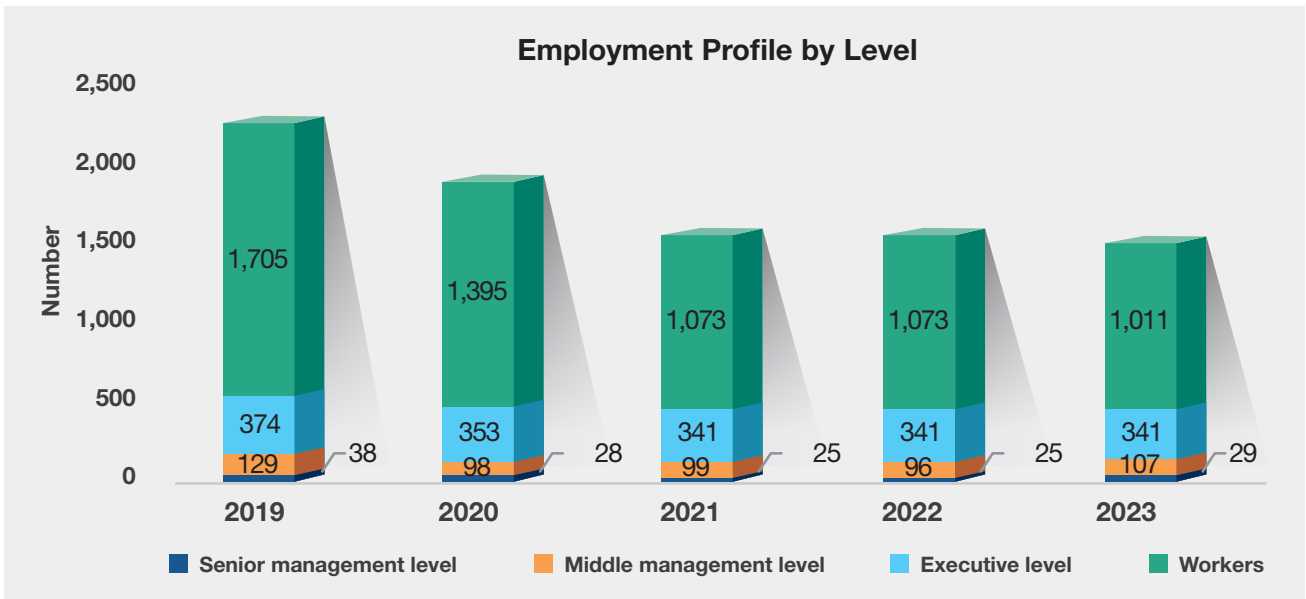
Employment

Our workforce is primarily composed of permanent, full-time employees, who are the cornerstone of our organisational structure. These employees are pivotal to our operations, providing the stability and continuity necessary for our success. To complement our core team and meet the dynamic needs of our operational environment, we also engage temporary employees when necessary. As at the end of FY2023, our workforce comprises 1,352 permanent employees and 136 temporary employees.

The following graphs illustrate our employment profile categorised by regions, contract types and levels.

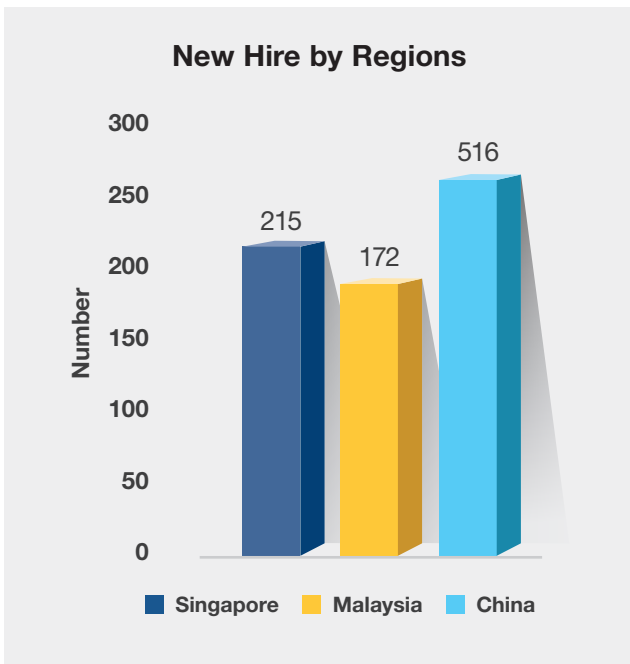


SUSTAINABILITY REPORT



Throughout 2023, we successfully integrated 903 new employees, which includes 458 new permanent employees and 445 new temporary employees into our workforce, making strategic additions to strengthen our team. The new hire rate for FY2023 is reported at 60.7%. This new hire rate encompasses temporary employees, whose recruitment is subject to our operational needs. Excluding temporary employees, the adjusted new hire rate for FY2023 stands at 33.9%.

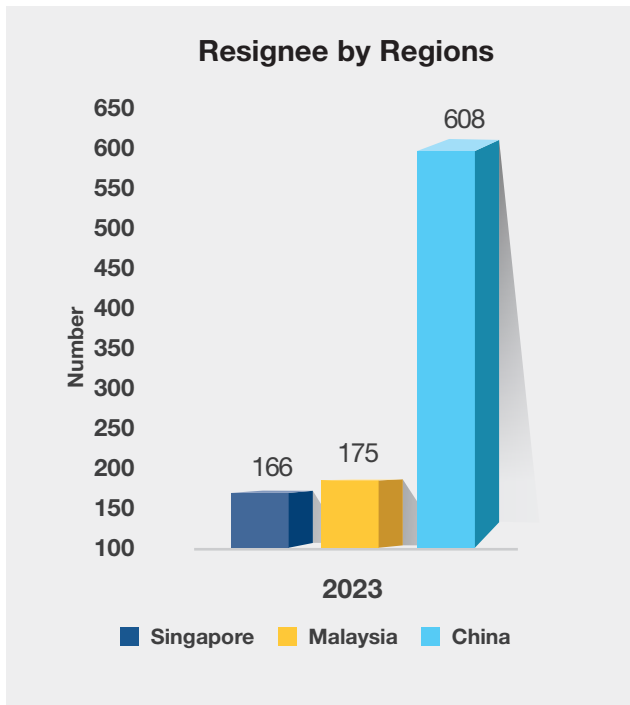
The following graphs illustrate our new hires by regions and contract types.



SUSTAINABILITY REPORT

However, we also have 413 permanent employees and 536 temporary employees, totaling 949 employees who left us during the year. The turnover rate for FY2023 is reported at 63.8%. Similarly to the new hiring rate, this turnover rate encompasses temporary employees, whose recruitment is subject to our operational needs. Excluding temporary employees, the adjusted turnover rate for FY2023 stands at 30.5% which increase from 24.4% in FY2022. Going forward, our goal is to maintain a turnover rate (exclusive of temporary workers) below 30%.

The following graphs illustrate our turnover by regions and contract types.



SUSTAINABILITY REPORT

Fu Yu understands that our employees are integral to the Group's long-term success. We view it as our duty to facilitate their excellence by ensuring a secure and positive work environment aligned with our core values.

In FY2023, the Group demonstrated a steadfast commitment to the well-being of its employees through a series of initiatives. The provision of free lunches or food vouchers during festive seasons recognises the importance of fostering a sense of celebration and togetherness among the employees. Additionally, the annual employee satisfaction survey serves as a testament to the Group's dedication to understanding and addressing the concerns and preferences of its workforce, ensuring a conducive and supportive work environment.

The Group organised events such as Safety Champion programs, employee gatherings involving activities like bowling and laser tag, and the annual Dinner and Dance. These initiatives not only promote team building and camaraderie but also contribute

to the overall mental well-being of employees by offering opportunities for relaxation and enjoyment. Special events like the Durian Feast and Christmas celebrations, complete with gift exchanges and festive buffets, add a touch of joy and festivity to the workplace, reinforcing the Group's commitment to creating a positive and inclusive company culture that prioritises the holistic well-being of its valued employees.

CA has planned to establish an Employee Health Initiative with the introduction of a Fun Room, designated for recreational activities after working hours. The room will feature games like pool/snooker, ping-pong, and dart. The primary goal is to enhance employee health and well-being while fostering a health-conscious culture and a sense of community within CA. The initiative is in progress to be set up, showcasing CA's commitment to promoting a healthy and enjoyable workplace for its employees.



FYZH - Outing Activities



CA - Chinese New Year event



FYC - Durian Feast



FYC - Laser Tag

SUSTAINABILITY REPORT

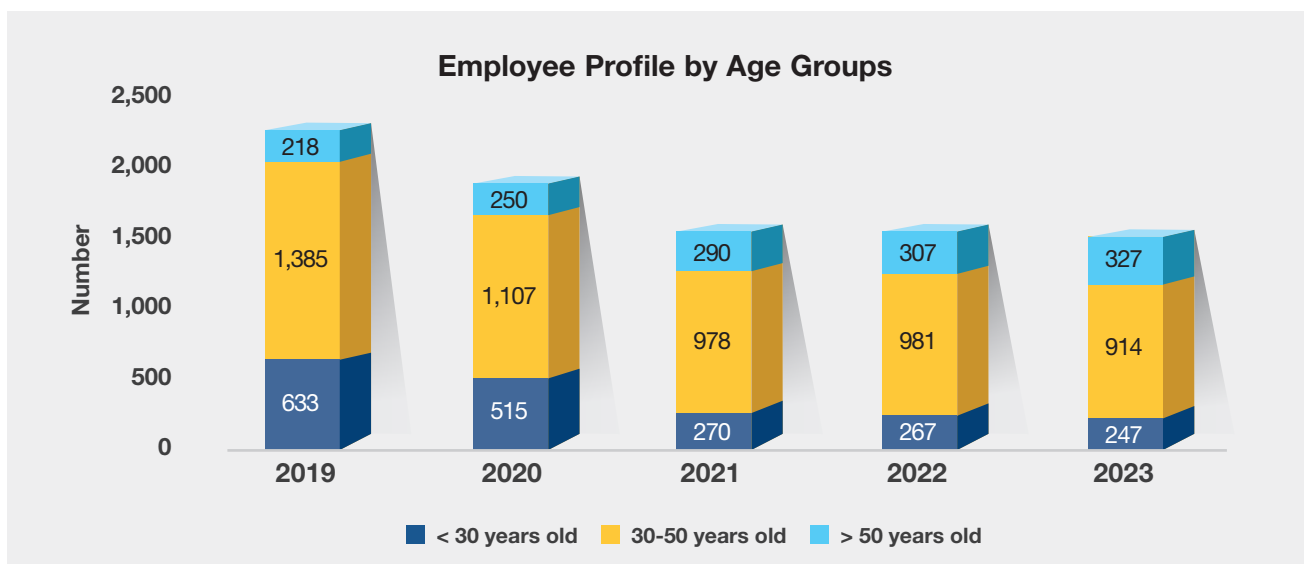
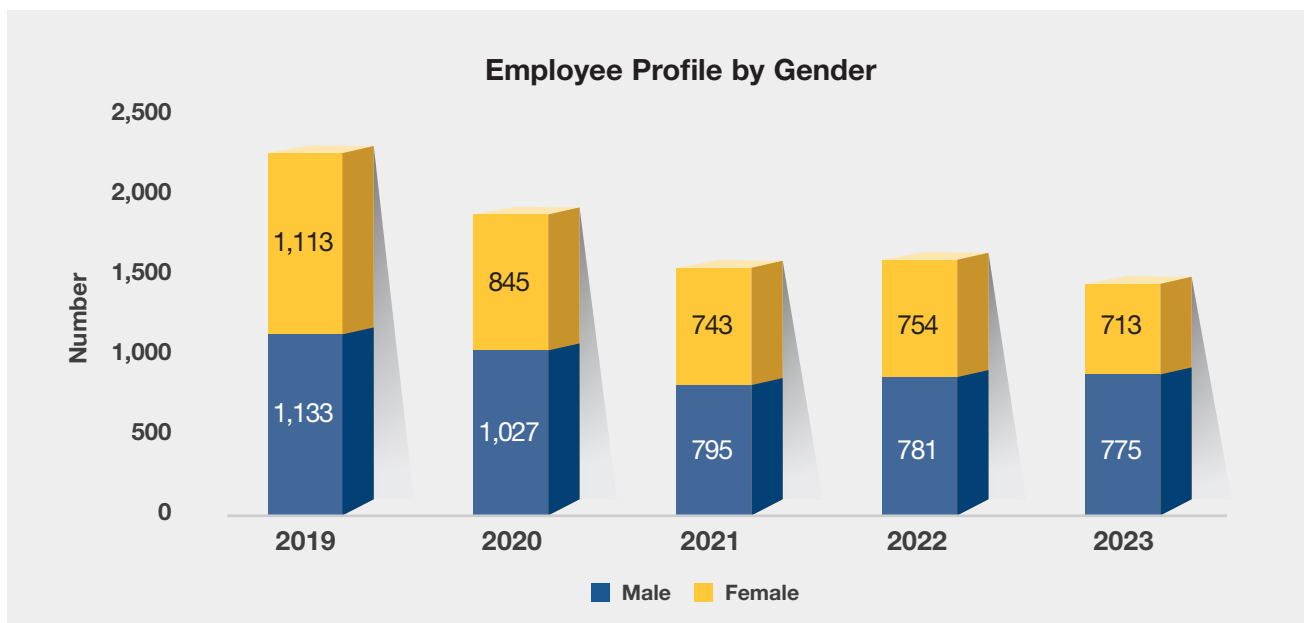
Diversity and Equal Opportunity

The Group advocates fair and equal opportunities for all our employees regardless of age, race, gender, religion, marital and family status or disability. Our goal is to attract and retain employees' interest in a long-term career with us. We commit to providing equal employment opportunities, prohibit harassment and discrimination in the workplace and align with applicable laws and regulations. Our selection and recruitment criteria focus solely on the skills, experience, and ability of candidates to perform job tasks. We believe that creating a diverse work environment and valuing achievements, capabilities, and equal opportunities, enhance overall productivity in the workplace.

Our organisation is dedicated to promoting gender equality and supporting women's progress within the workplace. We believe that cultivating a diverse and inclusive workforce, where every employee has equal opportunities for success and contribution, is imperative for our business as a socially responsible entity.

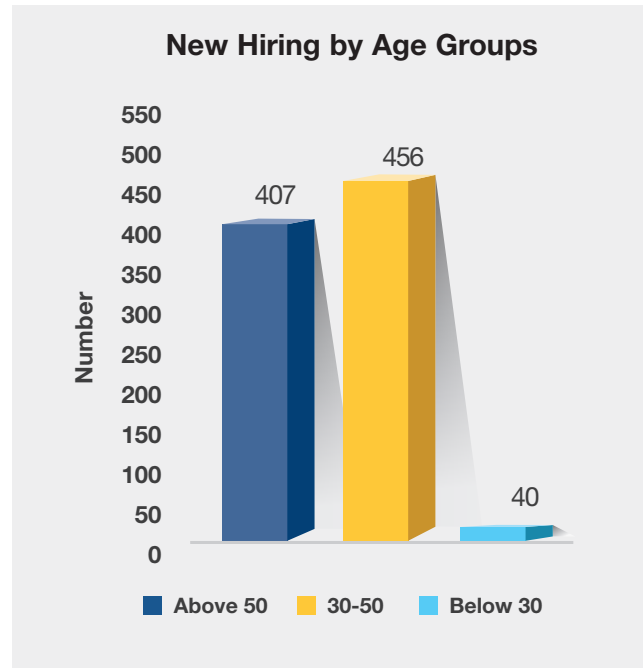
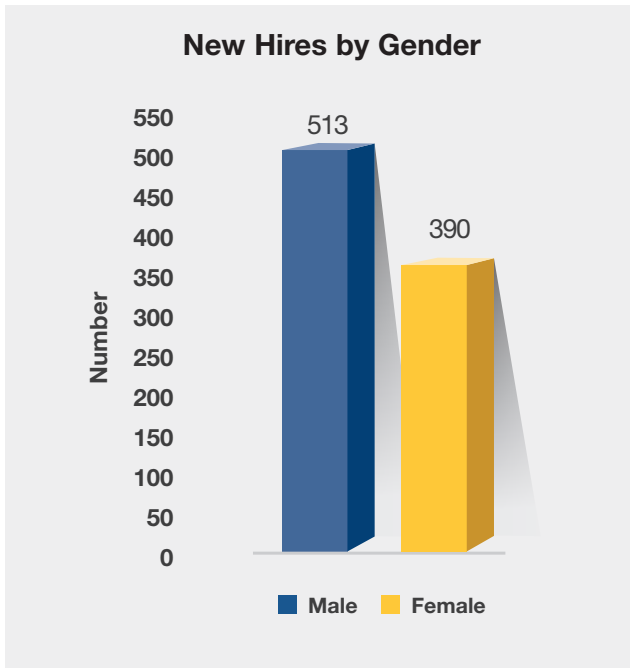
In FY2023, the gender distribution within our workforce remained a close ratio of 1:1 male to female employees. Furthermore, it is noteworthy that the majority of our workforce is aged between 30 to 50 years, which is in line with industry norms.

The graphs below illustrate our employment profile categorised by gender and age groups.

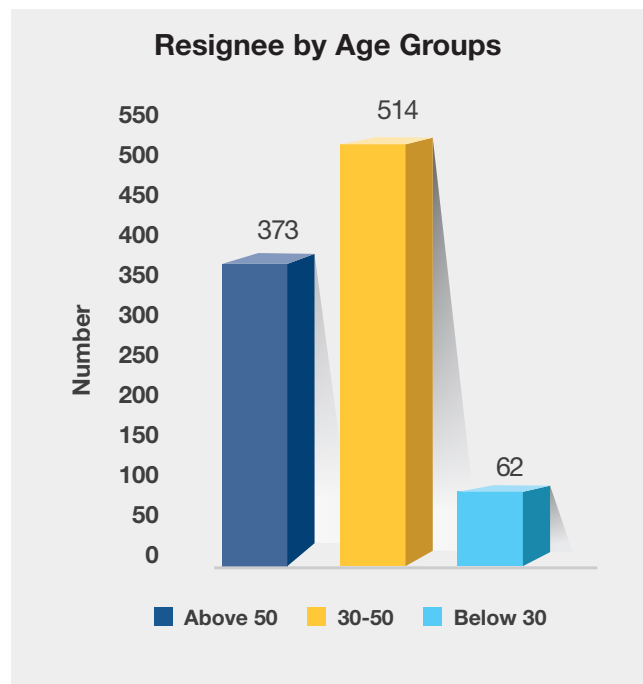
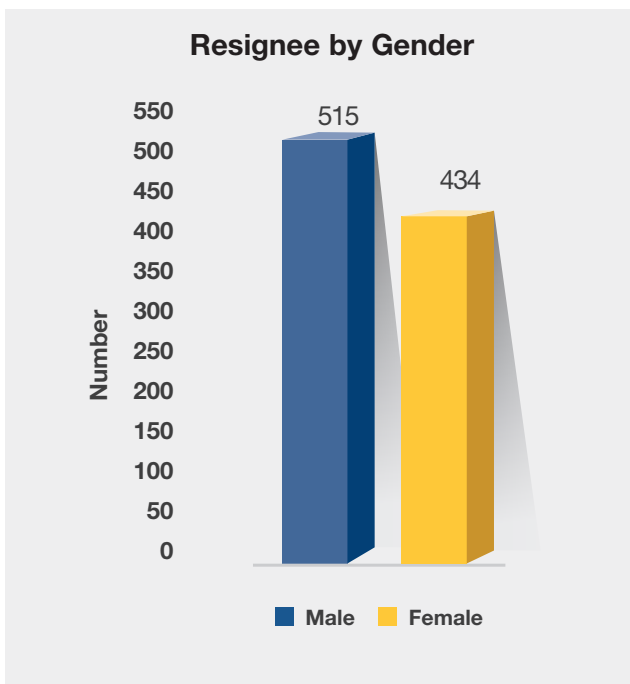


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Throughout FY2023, we integrated 390 new female employees, as a result, our female new hire rate is 54.7%. The new hire rates by age group are 124.5% for above 50, 49.9% for 30-50, and 16.2% for below 30.



However, we also have 434 female employees who left us during the year, as a result, our female turnover rate is 60.9%. The turnover rates by age group are 114.1% for above 50, 56.2% for 30-50 and 25.1% for below 30.



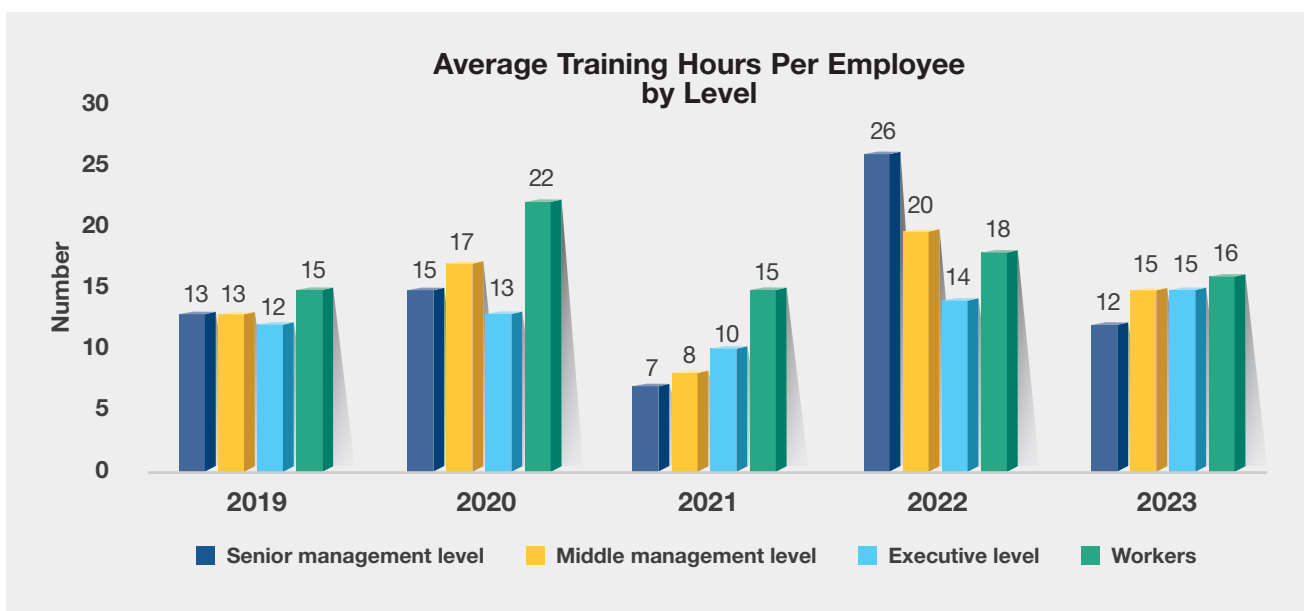
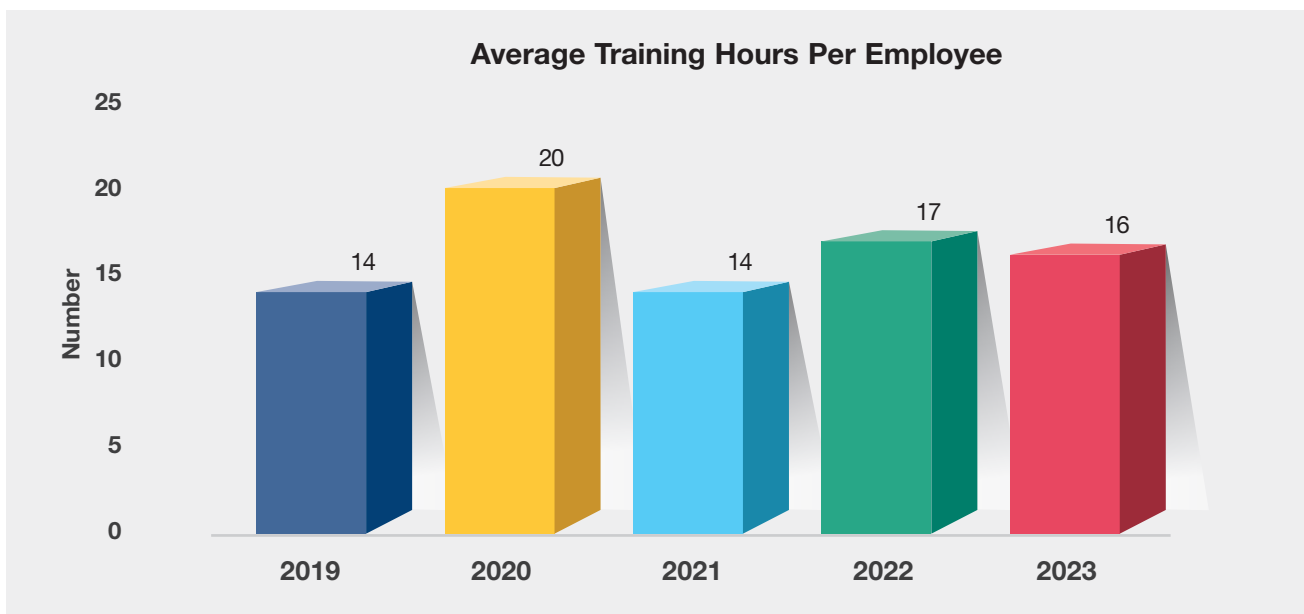
SUSTAINABILITY REPORT

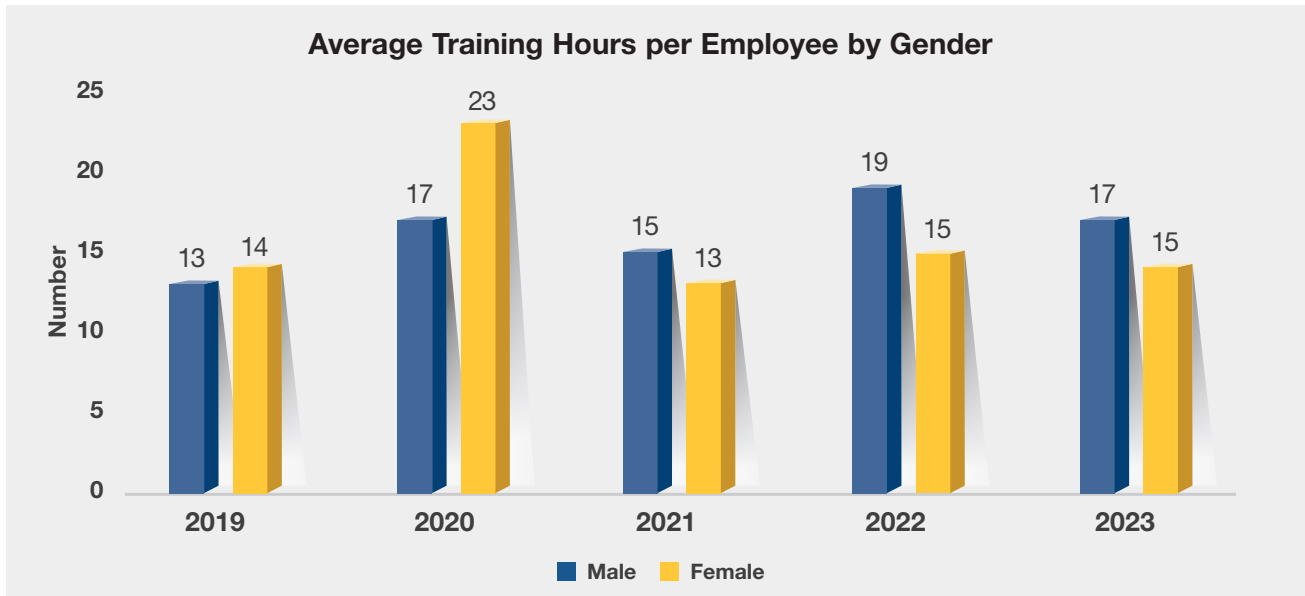
Training and Education

In the current landscape of intense market competition and economic challenges, the strategic recruitment, retention, and development of human capital is of utmost importance. Recognising the critical role of employee training and development in this context, we place great emphasis on enabling our workforce to reach their full potential. The Group firmly believes that enabling employees to enhance their knowledge and skills not only contributes to their individual growth but also strengthens the collective competency of the organisation. By committing to continuous learning and skill enhancement, we aim to strategically position our workforce to meet the dynamic demands of the competitive and challenging economic environment.

In FY2023, our average training hours per employee were slightly decreased from 17 hours to 16 hours. For FY2024, FYC and FHM have established specific targets for total training hours, aiming for 1,800 hours and 5,370 hours respectively. This initiative reflects our ongoing commitment to fostering a culture of continuous professional development and enhancing our team's capabilities to sustain our competitive edge.

The graphs below illustrate our average training per employee categorised by level and gender.





The Group implements training and personal development programs customized to individual strengths and needs of our employees. Concurrently, we conduct an annual employee performance assessment to gauge the effectiveness of these programmes. This strategic approach aims to align organisational objectives with individual skill enhancement, creating a symbiotic relationship where the professional growth of our workforce seamlessly aligns with the Group’s overarching goals. Through focused and personalised training initiatives, we aim to maximise employee potential, cultivating a highly skilled and adaptable workforce capable of navigating the dynamic complexities of the modern professional landscape.

Occupational Health and Safety

Fu Yu understands the critical importance of the health and safety of our workforce and is committed, as a responsible employer, to provide a secure and healthy work environment. We have cultivated an organisational culture that prioritise the health and safety of our employees, understanding that this focus is crucial in ensuring operational efficiency and effective value delivery. Recognising the pivotal role of mental wellness, we acknowledge that safeguarding the mental well-being of our employees is instrumental in boosting productivity, thereby enhancing our overall performance and facilitating talent retention. Moving forward, we aim to concentrate on the mental well-being of our employees and embark on a workplace outreach wellness program to ensure the recognition and implementation of their rights to both physical and mental health.

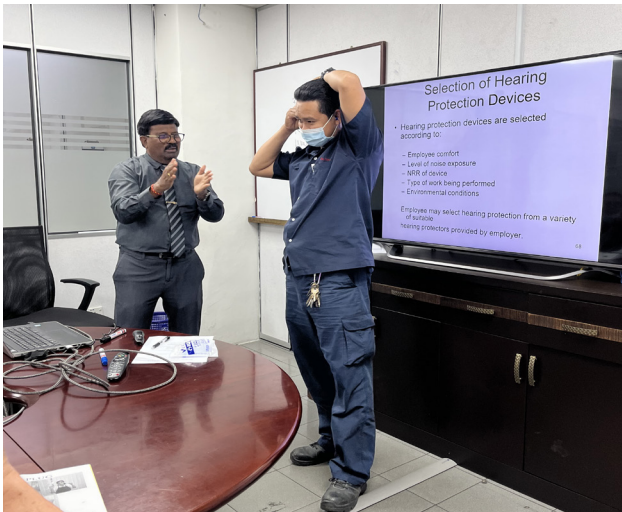
The establishment of a Workplace Safety and Health Committee (“**WSHC**”) reflects our systematic approach to health and safety. This committee is tasked with regularly reviewing and monitoring our health and safety practices to ensure compliance with the relevant laws and regulations across the countries where we operate. The WSHC actively develops programs and activities to raise awareness about occupational health and safety (“**OHS**”) including compulsory safety briefings as part of our Induction Training for all new hires. During daily operations, it is compulsory for employees to verify the proper implementation of safety measures before commencing work. As part of our assurance process, routine practice sessions are conducted to reinforce OHS requirements, in-house safety regulations, and job-specific safety protocols.

In line with our commitment to employees’ safety awareness and resilience training, fire drills are conducted to familiarise employees with proper evacuation routes and practices. This ensures that every employee evacuates safely and in an orderly manner in response to fire alarms. Employees also receive training on the correct and safe use of fire extinguishers, constituting an integral component of our comprehensive health and safety initiatives.

In CA, we held a series of important training sessions to enhance our organisation’s preparedness and compliance capabilities, including Emergency Response Team (“**ERT**”) training, Waste Handling training, and ISO14001:2015 (EMS) Awareness Training (in-house). In FHM, we have conducted Noise safety training. In FYC, we have weekly safety orientation training, annual refresher training and external mandatory training for respective staff.

SUSTAINABILITY REPORT

In Chinese entities, safety hazard inspections are conducted quarterly to identify and address potential risks. In addition, monthly activities focusing on risk recognition and improvement in hazard inspections are implemented to ensure that equipment and facilities comply with various safety standards. We also undergo its annual occupational health and safety inspections, underscoring the commitment to maintaining a safe and healthy work environment. These systematic evaluations play a crucial role in the proactive management of workplace safety, ensuring alignment with industry standards and regulatory requirements.



FHM - Noise Hazard Training



FYSZ - Fire drill activities

Lost-Time Injury Rate (%)	2019	2020	2021	2022	2023
Group	4.64	4.54	8.97	6.12	3.56

*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 saw a significant decrease from 6.12% in FY2022 to 3.56% in FY2023, a testament to the Group's proactive implementation of enhanced safety procedures and equipment in response to injuries recorded in the previous year. In FY2023, the Group recorded two work-related incidents at the Assembly Department of FYC. The FYC team responded promptly, and the affected employees have fully recovered with no lasting injuries. Following these incidents, we have reiterated safety guidelines to our employees, with a particular focus on safe machine operation practices.

To further enhance safety, there has been an increased focus on employee safety briefings, reinforcing awareness and emphasising the importance of adhering to established safety guidelines and protocols.

In FY2023, the Group continue to adopt the Singapore Ministry of Manpower's ("**MOM**") definition of major injuries, as outlined on the MOM website. This uniform definition is applied consistently across all subsidiaries for disclosure purposes, in line with the GRI standards.

Looking ahead, the Group is committed to achieving a zero-workplace incident rate. Concurrently, we are intensifying our efforts to minimise instances of employee ill health due to work-related causes. A thorough assessment has identified specific work-related hazards associated with elevated risks of injury or ill health. Consequently, various preventive measures have been implemented to mitigate these risks.

SUSTAINABILITY REPORT

Examples of such work-related hazards include:

Work-Related Hazards That Pose a Risk of Ill Health / Injury	Entities	How These Hazards Have Been Determined	Did It Cause / Contribute to Ill Health in FY2023	Action Taken / Underway to Eliminate this Hazard and Minimise Risks Using the Hierarchy of Controls
Chemical Hazards	FYC	GHS (Global Harmonised System of Classification and Labelling of Chemicals)	No	<ul style="list-style-type: none"> • Signboards have been placed and Material Safety Data Sheet (“MSDS”) Report are displayed at each chemical storage area for easy access and reference. • Enhance the use of personal protective equipment for employees, including the proper wearing of masks, anti-static gloves, and earplugs. In addition, Volatile Organic Compounds (“VOC”) environmental purification devices have been introduced to improve workplace air quality. • Departments are provided with safe work procedures based on chemical characteristics outlined on the MSDS labels. • Identify and classify chemical hazards with reference to GHS. • Monitor department monthly usage of chemicals and workers’ exposure levels. • Risk control processes and procedures in place • Annual refresher training for spill control team members
	CA	Internal ISO 1400:2015 audits & Purchase data analysis		
	FHM	Environmental Quality Act 1974 (Regulation 2005 Scheduled Waste)		
Noise	FYC	Workplace Safety & Health Act (Noise)	No	<ul style="list-style-type: none"> • Weekly noise level monitoring using dosimeter to ensure they remain within safe limits. • Enforce wearing of earplugs for areas with noise levels between 86 dB. and 95 dB. For areas exceeding 95 dB, workers are required to wear both earmuffs and earplugs to provide additional protection. • Annual audiometry testing for workers exposed to prolonged noise. • Conduct indoor noise level testing every 5 years.
	CA	Machine sounds testing (within the EMS framework)		
	FHM	OSHA (Occupational Safety and Health Administration) Act 1994 (Regulation 2019 on Noise Monitoring)		

SUSTAINABILITY REPORT

Work-Related Hazards That Pose a Risk of Ill Health / Injury	Entities	How These Hazards Have Been Determined	Did It Cause / Contribute to Ill Health in FY2023	Action Taken / Underway to Eliminate this Hazard and Minimise Risks Using the Hierarchy of Controls
Other	Workplace Safety & Health Act (Occupational Disease) <ul style="list-style-type: none"> • Silica sand • Spray paint • Repetitive actions 		No	<ul style="list-style-type: none"> • Silica sand and spray paint: <ul style="list-style-type: none"> o Enforce wearing of anti-dust mask respirators and goggles to carry out work assignments involving silica and spray paint. o Lung examination testing every 3 years. • Repetitive actions over prolonged deployment <ul style="list-style-type: none"> o Rotation of job duties at 4-hours intervals to reduce strain and fatigue.

In CA, we review hazard identification, risk assessment and risk control for legal compliance. Our commitment to safety and health is evident through our regular dissemination of information via the monthly Environment, Health & Safety (“EHS”) Bulletin, distributed to CA employees through email. To further enhance awareness, we are planning EHS Toolbox Talks, designed to address a variety of topics tailored to specific areas, focusing on the relevant risks and hazards.

CA have scheduled a fire and evacuation drill in January 2024, in collaboration with the Fire Department in Skudai, Johor. This initiative is part of our ongoing effort to ensure preparedness and safety. Additionally, we are in process of developing EHS induction training material for new CA employees, and refresher training for existing employees, underscoring our steadfast commitment to maintaining a safe and healthy work environment.

In FYC and FHM, we employ key performance indicators (“KPIs”) to monitor aspects, such as absenteeism, and employee satisfaction survey results. Additionally, we conduct on-site operational risk assessments to establish and maintain robust safe work practices. These measures collectively contribute to our commitment to maintaining a safe and conducive work environment for our employees.

In Chinese entities, the injection moulding workshop has upgraded its VOC air purification system to enhance the air quality within the facility. Additionally, posters on safety operating procedures, risk notification cards, warning signs, and other informational materials are placed at our facilities to ensure that employees are aware of the surrounding hazards and appropriate response measures. Employees in various positions undergo occupational disease health check-ups annually or biennially. Furthermore, protective safety equipment such as masks, gloves, earplugs, and other necessary items are regularly distributed to ensure the safety and well-being of employees.

Forced Or Compulsory Labour

The Group is committed to proactively preventing and eradicating all forms of forced or compulsory labour within the realm of our operations. Our comprehensive policy unequivocally prohibits the utilisation of forced, bonded, or indentured labour, encompassing debt bondage, involuntary prison labour, slavery, and human trafficking. Factory audits are systematically conducted for each of our facilities in Singapore, Malaysia, and China, adhering to the guidelines set forth by the Responsible Business Alliance. This framework comprises standards addressing social, environmental, and ethical issues in the electronics industry supply chain, referencing international norms and standards such as the Universal Declaration of Human Rights; International Labour Standards (“ILO”) global guidelines set by organisations like the International Labour Organisation to ensure fair and decent working conditions, covering aspects such as freedom of association, collective bargaining, and the elimination of forced labour and child labour; The Organisation for Economic Cooperation and Development (“OECD”) Guidelines for Multinational Enterprises; ISO and Social Accountability (“SA”) standards, among others.

Moreover, employment contracts are carefully crafted in local languages that are easily understood by our workers, facilitating their understanding of job responsibilities and departure procedures. In FY2023, no incidents of non-compliance with forced or compulsory labour regulations were reported in our manufacturing facilities. Our ongoing objective is to achieve zero incidents of non-compliance with labour laws about forced or compulsory labour.

In addition, we aspire to attain a rating of "satisfactory" or above in all Responsible Business Alliance factory audits, where applicable. This commitment underscores our dedication to the ethical treatment of workers and continuous improvement in labour practices.

Child Labour

Our commitment to eradicating child labour is diligently implemented through our employment protocols. Our recruitment policy staunchly prohibits the hiring of individuals falling below the minimum age requirements outlined in the Employment Act. We ensure strict adherence to all national labour laws in the jurisdictions where we operate, in alignment with our CSR and Recruitment Policy, which unequivocally prohibits the engagement of child labour in all our activities. Moreover, we actively encourage our customers to conduct audits of our manufacturing facilities using the Responsible Business Alliance Guidelines whenever they deem it necessary.

In FY2023, no incidents of child labour were reported in our manufacturing facilities. This reaffirms our proactive stance in upholding rigorous ethical standards and ensuring the overall well-being of our workforce.

SUSTAINABILITY REPORT

9.1 Practicing Good Governance

Fu Yu is dedicated to upholding rigorous standards of corporate governance and ethical business conduct. Our commitment is centred on preserving market integrity and protecting the interests of stakeholders for the sustained success of the Group. We aim to cultivate an organisational culture that champions the highest levels of integrity and ethical business practices. This involves compliance with applicable laws and regulations, as well as a profound respect for human rights and environmental conservation.

To strengthen our ethical culture and reinforce professional conduct, we conduct training sessions to disseminate the Group's Corporate Business Ethics and Code of Conduct Policy among our employees. This policy offers comprehensive guidelines on the business conduct expected from employees, encompassing the obligation to disclose any direct or indirect interest in or affiliation with, other businesses and organisations where potential conflicts of interest may arise.

FY2023 Key Performance



- Zero confirmed incidents of corruption
- Zero incidents of non-compliance with environmental laws and regulations resulting in significant fines or sanctions
- Zero incident non-compliance with data protection law

Anti-corruption

Fu Yu's management takes the lead in fostering a strong corporate governance culture and putting in place policies that promote ethical behaviour. Our anti-corruption practices are governed by various policies including our Fraud Risk Management Framework and Policy, Whistle Blowing Policy. These policies established our principle of "zero tolerance" towards all forms of unethical and corrupt practices.

Fraud Risk Management Framework and Policy 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 report any key fraud risks and anti-fraud mitigation measures to the Audit Committee and the Board.

In addition, we encourage our stakeholders to report any concerns or potential improprieties in good faith. To facilitate this process, our Whistleblowing Policy offers a transparent channel for employees to voice concerns regarding potential fraud, improprieties in financial reporting, and other related matters. This policy ensures that employees can raise such concerns in good faith, providing reassurance that they will be protected from reprisals or victimisation. We underscore the critical importance of maintaining confidentiality throughout this process, assuring stakeholders that their reports will be handled with the utmost discretion. Additionally, we conduct annual refresher training sessions on anti-corruption and whistleblowing policies for all employees at the Group's operating sites.

As a result, there were no confirmed incidents of corruption during the year. Moving forward, the Group targets to maintain zero confirmed incidents of corruption continuously.

Environmental Compliance

We are dedicated in our commitment to adhere to local government laws and regulations, striving to ensure that our operations consistently align with legal requirements. To fortify our commitment, we have implemented a robust monitoring mechanism that oversees our compliance across a spectrum of areas, encompassing Company Act adherence, listing requirements, operational licensing requirements, health and safety standards, and human resources regulations. To this end, we ensure that all the Group's factories are ISO 14001 certified.

In FY2023, 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.

Data Protection Law Compliance

We operate our business in adherence to data protection laws and standards, including the Personal Data Protection Act ("PDPA").

Our Group's Personal Data Protection Policy ("PDPP") outlines the regulations governing data protection and the legal requirements applicable to the collection, handling, processing, storage, transportation, and disposal of personal data. All employees are urged to acquaint themselves with the PDPP and are expected to manage or handle any personal data in strict accordance with its provisions. The Group values customer privacy, which is crucial for trust and relationships. We communicate our privacy and data security measures. Strict confidentiality is maintained through legal contracts and Non-Disclosure Agreements, safeguarding customer data and intellectual property.

Furthermore, the Group's Information Technology ("IT") department implemented a cybersecurity framework throughout its 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 Prevention and Response etc across the Group. Additionally, the Group has initiated a cybersecurity awareness training program for both existing and new staff. To enhance preparedness, we conduct annual phishing email simulation tests for all employees.

There were no identified leaks, thefts or losses of customer confidential information in FY2023. Moving forward, the Group targets to maintain zero incidents in the forthcoming year.



SUSTAINABILITY REPORT

Corporate Social Responsibility

Fu Yu is deeply committed to making a positive contribution to our local communities, recognising that such engagement extends beyond mere financial assistance. Our approach to corporate social responsibility (“**CSR**”) involves active participation in volunteer efforts, offering our employees with valuable opportunities to directly engage with and support the local communities we serve.

In FY2023, Fu Yu has participated in the “Gift from the Heart” (“**GFTH**”) initiative, an annual event organised by the Food, Drinks and Allied Workers Union (“**FDAWU**”) and the Chemical Industries Employees Union (“**CIEU**”). This welfare scheme aims to assist eligible lower-wage workers and their families, helping them cope with the rising cost of living through the donation and distribution of essential items, such as food and household necessities.

Furthermore, FHM has contributed to the community by donating to the Tzu Chi Merits Society Malaysia, the Children Protection Home, and the Kidney Dialysis Association. These donations would be used for infrastructure upgrades in schools and parks, as well as providing financial assistance to underprivileged patients requiring kidney dialysis treatment.



FYC – Voluntary work with FDAWU & CIEU



FHM - Donation

SUSTAINABILITY REPORT

Appendix A: List of entities included in this report (√: Yes, N: No)

Regions	Business Segment	Name	Data disclosed in Material Factors			
Entities included in the Sustainability Reporting			Economic Performance	Protecting the Environment	Developing our Workforce	Practising Good Governance
Singapore	Holding Company and manufacturing	Fu Yu Corporation Limited	√	√	√	√
Singapore	Supply Chain Solutions	Fu Yu Supply Chain Solutions Pte Ltd	√	N	√	√
Malaysia	Manufacturing	Classic Advantage Sdn Bhd	√	√	√	√
Malaysia	Manufacturing	Fu Hao Manufacturing (M) Sdn Bhd	√	√	√	√
China	Manufacturing	Fu Yu Moulding & Tooling (Dongguan) Co., Ltd	√	√	√	√
China	Manufacturing	Fu Yu Moulding & Tooling (Suzhou) Co., Ltd	√	√	√	√
China	Manufacturing	Fu Yu Moulding & Tooling (Zhuhai) Co., Ltd	√	√	√	√
Entities not Included in Sustainability Reporting but included in Financial Reporting						
Singapore	Investment Holding Company	Fu Yu Investment Pte Ltd	N	N	N	N
Malaysia	Investment Holding Company	LCTH Corporation Sdn Bhd	N	N	N	N
Singapore	Investment Holding Company	Fu Yu Ventures Pte Ltd	N	N	N	N
Singapore	Manufacturing	Fu Yu Biomedical Pte Ltd	N	N	N	N

SUSTAINABILITY REPORT

Appendix B: GRI content index GRI Standards Content Index

The GRI Content Index references the Fu Yu's Sustainability Report 2023 ("SR"), and the Annual Report 2023 ("AR").

Disclosure number	Disclosure title	Reference and remarks	
GRI 1: Reporting in accordance with the GRI Standards			
Requirement 1	Apply the reporting principles	SR Reporting Standards, Page 18	
Requirement 2	Report the disclosures in GRI 2: General Disclosures 2023	Appendix B, Pages 62 to 64	
Requirement 3	Determine material topics	SR Material EESG Factors, Page 23	
Requirement 4	Report the disclosures in GRI 3: Material Topics 2023	Appendix B, Pages 62 to 64	
Requirement 5	Report disclosures from the GRI Topic Standards for each material topic	Appendix B, Pages 62 to 64	
Requirement 6	Provide reasons for the omission of disclosures and requirements that the organisation cannot comply with	Appendix B, Pages 62 to 64	
Requirement 7	Publish a GRI content index	Appendix B, Pages 62 to 64	
Requirement 8	Provide a statement of use	Appendix B, Pages 62	
Requirement 9	Notify GRI	We will notify GRI after publication of SR	
GRI 2: General disclosures			
The organisation and its reporting practices	2-1	Organisation details	SR Our Business, Page 17
	2-2	Entities included in the organisation's sustainability reporting	SR Appendix A, Page 61
	2-3	Reporting period, frequency and contact point	SR Scope of the Report, Page 18 SR Sustainability Contact, Page 19
	2-4	Restatements of information	SR Restatements, Page 19
	2-5	External assurance	No external assurance
Activities and workers	2-6	Activities, value chain and other business relationships	AR Business Segment Review, Page 7
	2-7	Employee	SR Employment, Pages 46 to 49
	2-8	Workers who are not an employee	SR Employment, Pages 46 to 49

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Disclosure number	Disclosure title	Reference and remarks	
Governance	2-9	Governance structure and composition	SR Board Statement, Page 16 Sustainability Governance Structure, Page 22
	2-10	Nomination and selection of the highest governance body	AR Board Matters, Page 73 SR Our Business Memberships, Page 20
	2-11	Chair of the highest governance body	AR Board Matters, Page 73
	2-12	Role of the highest governance body in overseeing the management of impacts	SR Board Statement, Page 16 Sustainability Governance Structure, Page 22
	2-13	Delegation of responsibility for managing impacts	Sustainability Governance Structure, Page 22
	2-14	Role of the highest governance body in sustainability reporting	SR Materiality Assessment Approach, Page 23
	2-15	Conflicts of interest	AR Interested Person Transactions, Page 94
	2-16	Communication of critical concerns	SR Stakeholder Engagement, Pages 24 to 26
	2-17	The collective knowledge of the highest governance body	SR Board Statement, Page 16
	2-18	Evaluation of the performance of the highest governance body	AR Board Matters, Page 73
	2-19	Remuneration policies	AR Remuneration Matters, Page 83 to 84
	2-20	The process to determine the remuneration	AR Remuneration Matters, Page 83 to 84
	2-21	Annual total compensation ratio	AR Key management personnel compensation, Page 160
Strategy, policies and practices	2-22	Statement on sustainable development strategy	SR Scope of report, Page 18
	2-23	Policy commitments	SR Practicing Good Governance, Page 58
	2-24	Embedding policy commitments	SR Practicing Good Governance, Page 58
	2-25	Processes to remediate negative impacts	SR Anti-corruption, Page 58
	2-26	Mechanisms for seeking advice and raising concerns	SR Anti-corruption, Page 58
	2-27	Compliance with laws and regulations	SR Anti-corruption, Page 58 SR Environmental Compliance, Page 59 SR Data Protection Law Compliance, Page 59
	2-28	Membership associations	SR Stakeholder Engagement, Pages 24 to 26

SUSTAINABILITY REPORT

Disclosure number		Disclosure title	Reference and remarks
Stakeholder engagement	2-29	Approach to stakeholder engagement	SR Stakeholder Engagement, Pages 24 to 26
	2-30	Collective bargaining agreements	Fu Yu has collective bargaining agreements in place.
GRI 3: Disclosures on material topics			
Material topics	3-1	The process of determining material topics	SR Materiality Assessment Approach, Page 23
	3-2	List of material topics	SR Material EESG Factors, Page 23
	3-3	Management of material topics	SR Materiality Assessment Approach, Page 23
GRI 200: Economic disclosures			
Anti-corruption	205-1	Operations assessed for risks related to corruption	SR Anti-corruption, Page 58
	205-2	Communication and training about anti-corruption policies and procedures	SR Anti-corruption, Page 58
	205-3	Confirmed incidents of corruption and actions taken	SR Anti-corruption, Page 58
GRI 300: Environment disclosures			
Energy	302-1	Energy consumption within the organisation	SR Energy Consumption, Pages 38 to 40
	302-3	Energy intensity	SR Energy Consumption, Pages 38 to 40
Water and Effluents	303-1	Interactions with water as a shared resource	SR Water Consumption, Pages 40 to 41
	303-5	Water consumption	SR Water Consumption, Pages 40 to 41
Emissions	305-1	Direct (Scope 1) GHG emissions	SR Greenhouse Gas Emissions, Pages 37
	305-2	Energy indirect (Scope 2) GHG emissions	SR Greenhouse Gas Emissions, Pages 37
	305-3	Other indirect (Scope 3) GHG emissions	SR Greenhouse Gas Emissions, Pages 37
GRI 400: Social disclosures			
Employment	401-1	New employee hires and employee turnover	SR Employment, Pages 46 to 48

SUSTAINABILITY REPORT

Disclosure number	Disclosure title	Reference and remarks	
Occupational health and safety	403-1	Occupational health and safety management system	SR Occupational Health and Safety, Pages 53 to 56
	403-2	Hazard identification, risk assessment, and incident investigation	SR Occupational Health and Safety, Pages 53 to 56
	403-3	Occupational health services	SR Occupational Health and Safety, Pages 53 to 56
	403-4	Worker participation, consultation, and communication on occupational health and safety	SR Occupational Health and Safety, Pages 53 to 56
	403-5	Worker training on occupational health and safety	SR Occupational Health and Safety, Pages 53 to 56
	403-6	Promotion of worker health	SR Occupational Health and Safety, Pages 53 to 56
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	SR Occupational Health and Safety, Pages 53 to 56
	403-8	Workers covered by occupational health and safety management system	SR Occupational Health and Safety, Pages 53 to 56
	403-9	Work-related injuries	SR Occupational Health and Safety, Pages 53 to 56
	403-10	Work-related ill health	SR Occupational Health and Safety, Pages 53 to 56
Training and education	404-1	Average hours of training per year per employee	SR Training and Education, Pages 52 to 53
	404-2	Programs for upgrading employee skills and transition assistance programs	SR Training and Education, Pages 52 to 53
	404-3	Percentage of employees receiving regular performance and career development reviews	SR Training and Education, Pages 52 to 53
Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	SR Employment, Pages 46 to 48
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	SR Diversity and Equal Opportunity, Pages 50 to 51
Child labour	408-1	Operations and suppliers at significant risk for incidents of child labour	SR Child Labour, Page 57
Forced or compulsory labour	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	SR Forced or Compulsory Labour, Page 57
Customer Health and Safety	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	SR Occupational Health and Safety, Pages 53 to 56
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	SR Data Protection Law Compliance, Page 59

SUSTAINABILITY REPORT

Appendix C: TCFD recommendations content index

TCFD Recommendations Content Index

The TCFD Recommendation Content Index indicates our current implementation status for climate reporting.

TCFD Thematic Areas	Recommended Disclosures	Reference and Remarks
Governance		
Disclose the organisation's governance around climate-related risks and opportunities	Describe the board's oversight of climate-related risks and opportunities	Governance, Page 28
	Describe management's role in assessing and managing climate-related risks and opportunities	Governance, Page 28
Strategy		
Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	Strategy, Page 28
	Describe the impact of climate-related risks and opportunities on the organisation's business, strategy, and financial planning	Strategy, Page 28
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	The Group currently does not employ scenario analysis in identifying climate risks and opportunities. However, there are plans to integrate scenario analysis into our assessment of climate risks and opportunities in the future.
Risk Management		
Disclose how the organisation identifies, assesses, and manages climate-related risks	Describe the organisation's processes for identifying and assessing climate-related risks	Risk Management, Page 36
	Describe the organisation's processes for managing climate-related risks	Risk Management, Page 36
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	Risk Management, Page 36
Metrics and Targets		
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Pages 29 to 36
	Disclose Scope 1, Scope 2, and if appropriate, Scope 3 GHG emissions, and the related risks	The Group has disclosed Scope 1 and Scope 2 GHG emissions (Page 37). The Group plans to include Scope 3 GHG emissions in the total GHG emissions in the future.
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Pages 29 to 36

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Appendix D: Sustainability scorecard

Economic

Performance indicators	Units	FY2021	FY2022	FY2023
Direct economic value generated	S\$ million	198.8	242.6	194.1
Economic value distributed	S\$ million	186.7	233.0	197.4
Economic value retained	S\$ million	12.1	9.6	(3.3)
Net Profit/ (Loss)	S\$ million	17.6	14.6	(10.1)

Environment

Performance indicators	Units	FY2021	FY2022	FY2023
Electricity usage	MWh	39,984	33,715	32,356
Electricity usage intensity	MWh/S\$ million of revenue	278.28	240.67	311.29
GHG emissions	tCO ₂ e	Not tracked ¹	23,842.9	22,286.2
GHG emissions intensity	tCO ₂ e/S\$ million of revenue	Not tracked ¹	170.2	214.4
Water consumption	M ³	140,017	114,057	97,986
Water consumption intensity	M ³ /S\$ million of revenue	974.5	814.2	942.7

Social

Performance indicators	Units	FY2021	FY2022	FY2023
Employment				
Total number of employees	Number	1,538	1,535	1,488
New hiring	Number (%)	1,108 (72)	883 (58)	903 (61)
Turnover	Number (%)	1,384 (90)	918 (60)	949 (64)
Total number of employees (exclude temporary employees)	Number	1,312	1,309	1,352
New hiring (exclude temporary employees)	Number (%)	248 (19)	372 (28)	458 (34)
Turnover (exclude temporary employees)	Number (%)	375 (29)	319 (24)	413 (31)
Employee by Categories				
• Senior management level	Number (%)	25 (2)	25 (2)	29 (2)
• Middle management level	Number (%)	99 (6)	96 (6)	107 (7)
• Executive level	Number (%)	341 (22)	341 (22)	341 (23)
• Workers	Number (%)	1073 (70)	1073 (70)	1011 (68)
Employee by Genders				
Female employee	Number (%)	743 (48)	754 (49)	713 (48)
New hiring (Female)	Number (%)	275 (37)	321 (43)	390 (55)
Turnover (Female)	Number (%)	355 (48)	330 (44)	434 (61)

1 This data was not disclosed in FY2021 SR Report.

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Performance indicators	Units	FY2021	FY2022	FY2023
Employee by Age Group				
Current employee by age group				
• Above 50	Number (%)	290 (19)	307 (20)	327 (22)
• 30-50	Number (%)	978 (64)	961 (63)	914 (61)
• Below 30	Number (%)	270 (17)	267 (17)	247 (17)
New hiring by age group				
• Above 50	Number (%)	32 (1)	32 (10)	407 (125)
• 30-50	Number (%)	421 (43)	440 (46)	456 (50)
• Below 30	Number (%)	655 (243)	411 (154)	40 (16)
Turnover by age group				
• Above 50	Number (%)	38 (13)	55 (18)	373 (114)
• 30-50	Number (%)	862 (88)	509 (53)	514 (56)
• Below 30	Number (%)	484 (179)	354 (133)	62 (25)
Training				
Total training hours	Hours	21,131	26,448	23,736
Average training hours per employee	Hours	14	17	16
Average training hours per employee (Female)	Hours	13	15	15
Workplace Safety				
Number of Man Hours	Hours	3,788,569	3,756,110	3,648,324
Work-related fatalities	Number	0	0	0
Work-related fatalities rate	Number / Million hours worked	0	0	0
High-consequences work-related injury	Number	0	0	0
High-consequences work-related injury rate	Number / Million hours worked	0	0	0
Number of work-related injuries	Number	34	23	13
Work-related injury rate	Number / Million hours worked	9.0	6.1	3.6
Number of work-related ill health	Number	0	0	0
Work-related ill health rate	Number / Million hours worked	0	0	0
Lost days due to work-related injuries	Days	208	349	368

Governance

Performance indicators	Units	FY2021	FY2022	FY2023
Independent Directors	Number (%)	3 (60)	3 (60)	3 (60)
Female on the Board of Directors	Number (%)	0	0	0

Appendix E: Methodologies and data boundaries

This section details the key definitions, methodologies and data boundaries applied to Fu Yu's Sustainability Report to enhance transparency and facilitate the comparability of the data disclosed. These definitions and methodologies are adapted with reference to the GRI Standards Glossary 2021, Reporting Recommendations and Guidance set out in the respective GRI disclosures and various authoritative intergovernmental instruments.

Climate-related Physical Risks

Climate-related physical risks can be event-driven (acute), such as increased severity of extreme weather events (e.g., cyclones, droughts, floods, and fires). They can also relate to longer-term shifts (chronic) in precipitation and temperature and increased variability in weather patterns (e.g., sea level rise).

Climate-related Transitional Risks

Climate-related transitional risks can be associated with the transition to a lower-carbon economy, including policy, legal, technology, market, and reputational changes.

Climate-related Opportunities

Climate-related opportunities arise from efforts to mitigate and adapt to climate change, leading to potential positive impacts and benefits such as resource efficiency, cost savings, the adoption and utilisation of low-emissions energy sources, development of new products and services, and building resilience along the supply chain.

GHG Emissions

Scope 1 emissions refer to emissions generated from the direct consumption of fuels. The emissions factors used for calculating GHG emissions are obtained from The United Kingdom Department for Environmental, Food & Rural Affairs ("**UK Defra**").

Scope 2 emissions refer to emissions from the generation of purchased or acquired electricity. The Grid Emissions Factor ("**GEF**") used for calculating GHG emissions are obtained from the following:

- Singapore: National Environmental Agency ("**NEA**").
- Malaysia: Malaysia Energy Commission ("**MEC**").
- China: Ministry of Ecology and Environment of the People's Republic of China ("**MEECN**")

All GHG emissions are expressed in tonnes of carbon dioxide equivalent ("**tCO₂e**"). Data from FYSCS is excluded from this calculation.

GHG Emissions Intensity

This is the ratio of GHG emissions relative to the million-dollar revenue in Singapore Dollars ("**S\$**"), expressed in tCO₂e per S\$ million of revenue ("**tCO₂e/ S\$ million of revenue**"). Data from FYSCS is excluded from this calculation.

Energy Consumption

This represents electricity and fuels consumed. Electricity consumed is expressed in megawatt-hours ("**MWh**") and fuels consumed is expressed in Litres. Data from FYSCS is excluded from this calculation.

Electricity Consumption Intensity

This is the ratio of electricity consumption relative to the revenue in S\$. Energy intensity is expressed in MWh per S\$ million of revenue ("**MWh/S\$ million of revenue**"). Data from FYSCS is excluded from this calculation.

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Water Consumption

This represents the total volume of water consumed. Considering the specific context of Fu Yu's business, where water is sourced from a single third-party supplier provided by the municipality, and no discharge monitoring is required, the total amount of water withdrawn is assumed to be equivalent to the amount reflected in the utility bills received by the Group. Water consumption is expressed in cubic meters ("m³"). Data of FYSCS is excluded from this calculation.

Water Intensity

This is the ratio of water consumption relative to the million-dollar revenue in S\$. Water consumption intensity is expressed in m³ per S\$ million of revenue ("m³/ S\$ million of revenue"). Data from FYSCS is excluded from this calculation.

Employee

Employees are defined as individuals who are in an employment relationship with the Group.

New Hires and Turnover (rates)

New hires are defined as new employees who have joined the Group during the financial year.

Turnover is defined as all employees who have left the Group voluntarily, or due to dismissal, retirement or death in service during the financial year.

New hires/turnover rate is the total number of new hires/employee turnovers in the financial year, relative to the total number of employees recorded at financial year-end.

New hires/turnover rate by region is the total number of new hires/employee turnovers for each region in the financial year, relative to the total number of employees in the respective region recorded at financial year-end.

New hires/turnover rate by age group is the total number of new hires/employee turnovers for each age group in the financial year, relative to the total number of employees in the respective age groups recorded at financial year-end.

New hires/turnover rate by gender is the total number of female/(male) new hires/employee turnovers for each gender in the financial year, relative to the total number of female/(male) employees recorded as at financial year-end.

Training hours

Average training hours per employee is the total number of training hours incurred during the financial year provided to employees, relative to the total number of employees recorded as at financial year-end.

Average training hours per female/male employee is the total number of training hours provided to female/male employees, relative to the total number of female/male employees recorded as of financial year-end.

Average training hours per employee category is the total number of training hours provided to each category of employees, relative to the total number of employees in the category recorded as of financial year-end.

Fatalities in workplace (rate)

The number of fatalities as a result of work-related injury during reporting period across the organisation.

The rate of fatalities as a result of work-related injury by employees is the number of employees' fatalities as a result of work-related injury per million hours worked, relative to the total scheduled hours worked by all employees recorded as at financial year-end.

High-consequence injuries in the workplace (rate)

Number of high-consequence work-related injuries (an injury that results in a fatality from which the worker cannot recover fully to pre-injury health status within 6 months) excluding fatalities during the reporting period.

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The rate of high-consequence injuries as a result of high-consequence injuries by employees is the number of employees' high-consequence injuries as a result of high-consequence injuries per million hours worked, relative to the total scheduled hours worked by all employees recorded as at financial year-end.

Work-related injuries (rate)

The number of work-related injuries during the reporting period.

The rate of work-related injuries as a result of work-related injuries by employees is the number of employees' work-related injuries as a result of work-related injuries per million hours worked, relative to the total scheduled hours worked by all employees recorded as at financial year-end.

Work-related ill health cases (rate)

The number of recordable work-related illnesses or health conditions arising from exposure to hazards at work during the reporting period.

The rate of work-related ill health as a result of work-related ill health by employees is the number of employees' work-related ill health as a result of work-related ill health per million hours worked, relative to the total scheduled hours worked by all employees recorded as at financial year-end.



FUYU
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