

INNOTEK



FOSTERING
GROWTH

SUSTAINABILITY REPORT 2023

SUSTAINABILITY REPORT

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1. ABOUT THE REPORT

Reporting Boundary

As a guide, this report covers operations and all subsidiaries of InnoTek Limited (“**InnoTek**” or together with its subsidiaries, the “**Group**”) unless otherwise stated. It provides an overview of our approach, practices, commitment, and performance of the Group’s material Environmental, Social and Governance (“**ESG**”) topics. The report covers the sustainability performance of our substantial operations* in the People’s Republic of China (“**PRC**”) from 1 January 2023 to 31 December 2023 (“**FY’23**”), namely:

- Sun Mansfield Manufacturing (Dongguan) Co., Ltd.;
- Feng Chuan Tooling (Dongguan) Company Limited;
- Mansfield (Suzhou) Manufacturing Company Limited;
- Magix Mechatronics (Dongguan) Company Limited; and
- Mansfield Manufacturing (Wuhan) Company Limited

The subsidiaries situated in Thailand and Vietnam, namely Mansfield (Thailand) Co. Ltd., Mansfield Vietnam Company Limited, and Hua Yuan Sheng Industrial Company Limited, are presently excluded from our sustainability reports. Commencing from the subsequent year, we are committed to the phased integration of data from these overseas entities into our reporting framework, this integration will be contingent upon the progressive maturation of their respective data collection.

Reporting Period & Standard

The reporting period is the same as that of the financial year of the Group (1 January 2023 to 31 December 2023). This report was prepared with reference to the Global Reporting Initiative (“**GRI**”) Standards. The GRI Standards is the most widely used and internationally accepted sustainability reporting framework.

A GRI Content Index at the end of the report specifies the location of the relevant disclosures.

There was no restatement made in the previous report except for Emissions on page 8 and 12 due to a change in reporting currency used.

Independent Assurance

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

2. FEEDBACK

We are fully committed to our stakeholders, and we welcome feedback on any aspect of our sustainability policies, processes, and performance. Kindly address all feedback to innotek@innotek.com.sg. Your feedback is vital to us in achieving our goals to build a sustainable and thriving business. As an attempt to promote environmental conservation, there will be no hard copies of this report.

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3. BOARD STATEMENT ON SUSTAINABILITY

InnoTek Limited (“**InnoTek**” or together with its subsidiaries, the “**Group**”) is pleased to issue its sixth sustainability report prepared with reference to the GRI Standards and in compliance with the Singapore Exchange Securities Trading limited (“**SGX-ST**”) guidelines on sustainability reporting, including climate related disclosures consistent with the recommendations of the Task Force on Climate Related Financial Disclosure (“**TCFD**”) where applicable on a comply or explain approach.

The Group endeavours and is committed to integrate material environmental, social and governance topics with our core business strategy. The report seeks to present an accurate and even account of our practices and performance in our quest to be a sustainable, responsible corporate citizen.

The Board of Directors (“**Board**”) and senior management (“**Management**”) remain committed to establish and maintain an effective Sustainability Management Framework, which is supported by underlying internal controls, risk management practices and clear accountability and reporting processes. The Board evaluates and considers ESG risks and opportunities relevant to the Group during the formulation of overall business strategy, objectives and performance measurements.

The Sustainability Reporting (“**SR**”) Committee supports the Management in identifying the type of ESG topics relevant to its day-to-day operations. Management then determines the materiality of the ESG topics based on the level of significance of impact, influence on stakeholder values, and the achievement of the Group’s strategic objectives. The Board supports and approves the identification and assessment parameters of material ESG topics.

The ESG topics in this report reviewed by the Board and Management are assessed to be material and relevant. The Board and Management shall continue to dedicate leadership and maintain a high standard of sustainability governance to drive continuous and long-term growth for all stakeholders. The Group will continue to work towards a balanced disclosure on the management and monitoring of material ESG topics for continuous improvement.

4. ABOUT THE GROUP

Corporate Profile

InnoTek Limited’s wholly owned subsidiary, Mansfield Manufacturing Company Limited (“**MSF**”), is a leading manufacturing company in the PRC and Southeast Asia specialising in precision metal components. These components serve various industries, including TV and display, office automation and automotive industries. The three business units under MSF – precision metal stamping, tools and die design and fabrications, and precision machining – have a strong and diversified base of international customers.

MSF has five manufacturing plants in China, one in Thailand, and two in Vietnam, with a total manufacturing space spanning over 290 thousand square meters. In addition, we are equipped with more than 750 stamping machines alongside an array of CNC machine tools, specialised equipment, and automation devices and technologies. This setup enables us to offer a dynamic production capacity to our clients across various industries, including TV and display, office automation and automotive. Our robust infrastructure is key to our ability to consistently provide high-quality products and services, thereby fulfilling our customers’ diverse needs.



Mission

Our mission is to provide innovative products, technologies and competitive business solutions for our customers to help them achieve their operating and business goals.

We will continuously invest in technology and develop an operational structure that allows our customers to meet their cost targets while simultaneously assuring a good return to our shareholders. We always treat our employees as most invaluable assets and committed to investing in them, as they are the backbone of our organisation.



Vision

The Group aims to continuously seek business opportunities in line with our strategic growth and to deliver value to our customers and stakeholders as we continue to explore and expand our business operations. Within the industry, we have also built a reputation for quality and high standards in our operations, as well as excellence in the management of our operations.

Awards & Certification

As a group and across our various subsidiaries, we have attained and maintained various awards and certifications, such as the following:

- Certification for ISO 9001: 2015 Quality Management Systems
- ISO 14001: 2015 Certification – Environmental Management Systems
- IATF 16949: 2016 Certification – Quality Management Systems for automotive sectors
- Certified Authorised Economic Operator (“AEO”) – Globally recognised supply chain accreditation
- Third-party certification from TISAX (Trusted Information Security Assessment Exchange) (August 15, 2023).
- Certification of “Green Supplier” from Konica Minolta (March 22, 2023) Continental: “Best Performance within Category Deep Drawn and Spring Parts” for 2022 (August 2023).
- Vitesco: “Best Performance within Your Category” for 2022 (July 20, 2023).
- Vitesco: “Zero Defect” supplier for 2022.
- Ricoh: Outstanding Award for Stamping Parts in 2022 (August 4, 2023).
- Kyocera: QCC Excellent Award in 2023 (December 18, 2023).
- Guangdong Top 500 Manufacturing Enterprises in 2023.

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5. SUSTAINABILITY REPORT GOVERNANCE STRUCTURE

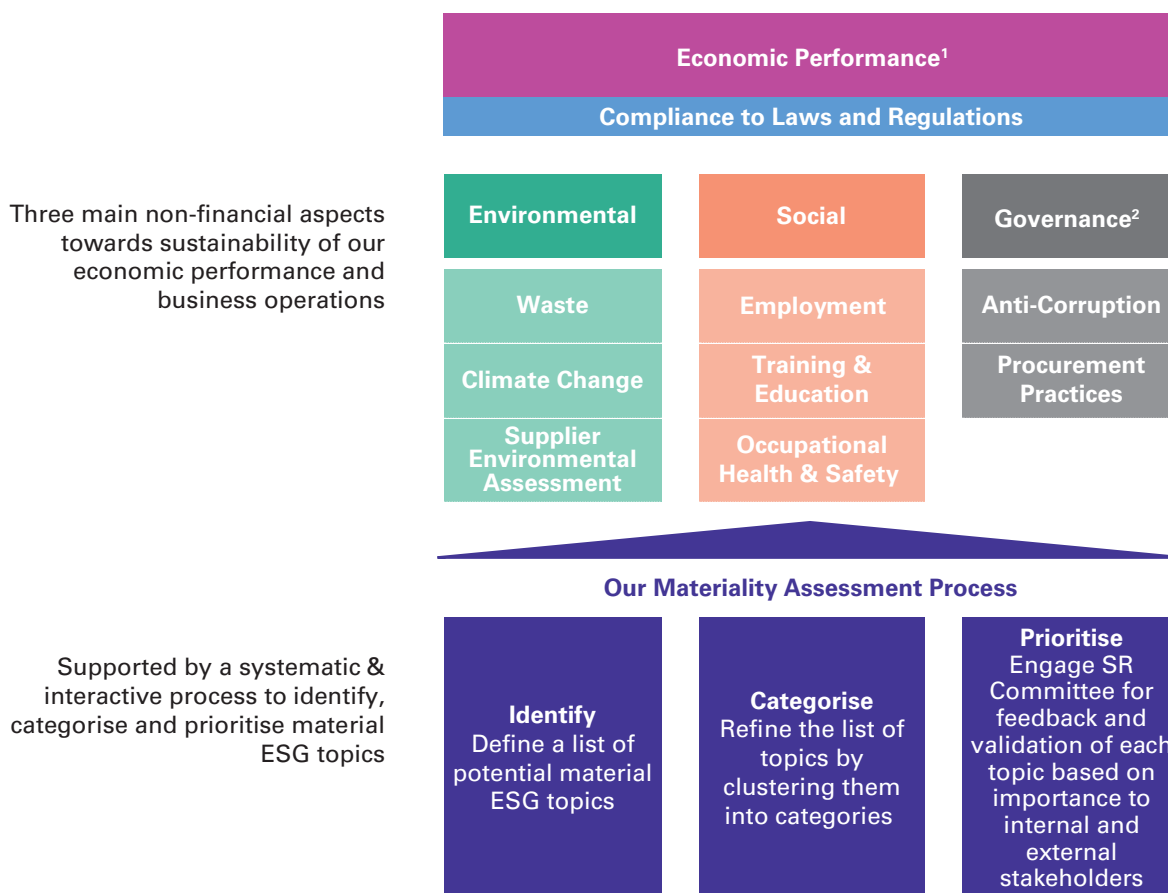
Sustainability is integrated into our business and embedded across various roles and functions. The SR Committee, chaired by our Chief Executive Officer (“CEO”), Mr Lou Yiliang, comprises senior management and board-level representatives from Innotek’s various business units, who execute strategies and report on material ESG aspects. The Board and the Audit and Risk Management Committee review and oversee the management and monitoring of the material ESG factors of the Group to ensure that sustainability matters are considered as part of its business strategy.

Management is pleased to report that all Directors of the Company attended the Listed Entity Director (“LED”) Programme on the ESG Core Module conducted by the Singapore Institute of Directors (“SID”) via electronic means between June 2022 and October 2022.

6. STRATEGIC APPROACH FOR SUSTAINABILITY

InnoTek firmly believes that while our businesses are driven by earnings, we must assure positive interaction with environment and society that underpin our value creation process. In FY’23, the Group has continued to adopt the similar approach in FY’22 towards sustainability management and concluded that these topics identified under the four main aspects remain material to the sustainability of our economic performance and business operations in FY’23.

Exhibit 1. An Overview of Our Approach to Sustainability Management



1. Please refer to Financial Statement of the annual report.

2. Please refer to the Corporate Governance section of the annual report for more details.

7. STAKEHOLDER ENGAGEMENT

InnoTek recognises that understanding the demands and concerns of stakeholders are key to sustainable growth and regular engagement with stakeholders helps us better determine material focus areas. The Group operates and maintains multiple communication channels and platforms to understand stakeholders' requirements and feedback. In FY'23, the SR Committee has reviewed and ascertained those employees, customers, shareholder, investors, business partners, and subcontractors are our key stakeholder groups (See Exhibit 2).

Exhibit 2. Our Key Stakeholder Groups



Employees

We recognise that our employees are fundamental to the Group's productivity and continuity. We aim to nurture them well to increase their engagement and contribution to the Group.

How We Engage	Main Concerns & Expectations	How We Respond
<ul style="list-style-type: none"> Regular Meetings Open feedback platform Annual performance appraisals Teambuilding activities 	<ul style="list-style-type: none"> Department updates Training & career development opportunities Health & Safety Job security 	By adopting sound HR policies and practices that promote fair treatment and safe working conditions, rewards and recognition.



Customers

We strive to maximise our customer satisfaction, to increase our sales and revenue. We ensure that we understand our customers' needs and expectations and we aim to build long-lasting relationships with our customers to win their support and confidence.

How We Engage	Main Concerns & Expectations	How We Respond
<ul style="list-style-type: none"> Product sales channel Customer service feedback Regular direct engagement and active partnership. 	<ul style="list-style-type: none"> Product and service quality Group's reputation in the market Competition 	By establishing policies for quality control and assurance that ensure our goods are of excellent quality and to promptly address customer complaints.



Shareholders and Investors

We aim to maintain profitability and maximise shareholders' return, as well as uphold a high standard of corporate governance and transparency.

How We Engage	Main Concerns & Expectations	How We Respond
<ul style="list-style-type: none"> Company website, phone and email channels AGM Analysts/ Investors meetings SGX announcement and media release 	<ul style="list-style-type: none"> Group strategic development Current financial performance Future business outlook 	By being transparent and proactive in engaging. The Group retains an investor relations firm to assist in the timely dissemination of material information.



Business Partners and Subcontractors

We work closely with our business partners and subcontractors to ensure that all our operations that were carried out are in line with our sustainability efforts and industry practices.

How We Engage	Main Concerns & Expectations	How We Respond
<ul style="list-style-type: none"> Regular meetings and visits Phone and email channels 	<ul style="list-style-type: none"> Integrity and effectiveness of the tender process Environmental, safety and health practices Product and technology updates Performance reviews 	By establishing policies and guidelines that ensure a fair selection and procurement process, and ethical business practices.

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List of Memberships of Association

Aspiring to widen our exposure to industry standards and collaborate within and beyond the industry to improve on current sustainable practices, the Group participates as members of organisations that include:

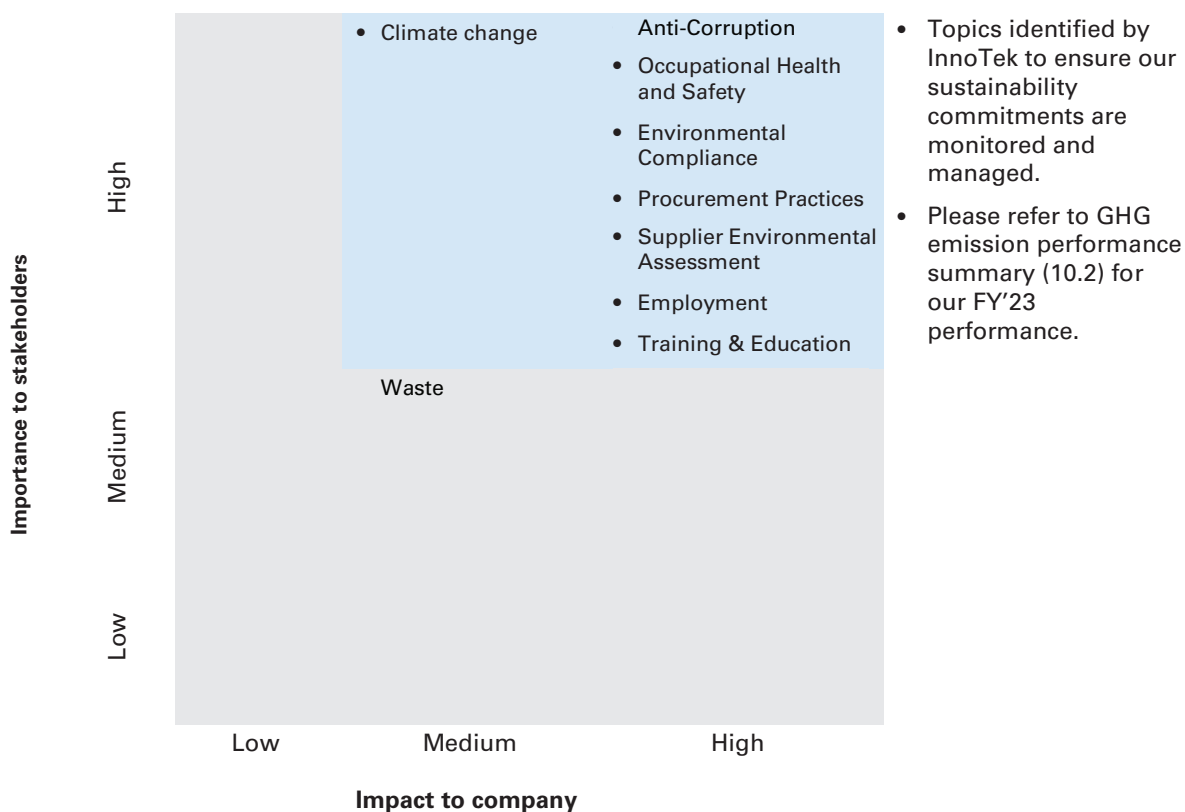
- Suzhou New District Overseas Chinese Chamber Association
- Suzhou New District HR Manager’s Association
- Vice-President of the Shenzhen Commercial Display System Industry Association

8. MATERIALITY ASSESSMENT

Materiality with respect to sustainability reporting, as outlined by the GRI Standards, includes topics and indicators that reflect the organisation’s significant economic, environmental, and social impacts; and would substantively influence the assessments and decisions of stakeholders.

Having considered key stakeholder’s topics of concern and expectations, the SR Committee together with the Management have assessed and prioritised the material topics to focus on for the Group, as well as targets and commitments. Based on the topics identified, the Management has evaluated these topics with our business and geographies that we operate in and have evaluated the impact to our organization in accordance with the importance to key stakeholders and the Group, with the definition of high, medium, and low impact.

InnoTek’s Group Materiality Matrix



9. ESG PERFORMANCE OVERVIEW

The below material ESG topics are reviewed by the Board of Directors and determined to be relevant, specific, and measurable to InnoTek's context in our current business environment. The Group adopted the recommendations of TCFD for climate related disclosures. Moving forward, to keep abreast of critical issues, the Management will review InnoTek's material ESG topics against the changing business environment, stakeholder opinions, and emerging global and local trends annually.

Material Topics and Indicators	Reporting Period	
	FY'23	FY'22
Environmental		
Scope 1 emissions (Mt CO₂)¹	477.56	338.08
Scope 2 emissions (Mt CO₂)¹	13,099.29	11,315.48
GHG emission intensity (Mt CO₂/S\$ '000 revenue)	0.068	0.072 ²
Total non-hazardous waste generated (tonnes)	8,927	8,254
Total hazardous waste generated (tonnes)	126	77
Social		
Employees		
• Male	1,239	1,018
• Female	799	572
• Full-time employees (number)	1,538	1,590
• New hires (number)	511	925
• Fatal accidents (number)	0	0
• Total turnover (number)	563	963
Average training hours per employee	7.4	13.5
Annual performance appraisal completion rate (%)	100	100
Governance		
Confirmed incidents of corruption or bribery	0	0
Incidents of non-compliance with regulations	0	0
Major safety issue and negative feedback	0	0
Number of new suppliers were screened which complies with environmental assessment requirement.	45	85
Percentage of materials purchased were from local suppliers	91	89

1 GHG emissions are derived in accordance with the requirements of the "GHG Protocol Corporate Accounting and Reporting Standard". The Global Warming Potential dataset is based on the 2014 IPCC Fifth Assessment Report.

2 GHG emission intensity for FY'22 had been restated to aligned the currency used to calculate the emission intensity, i.e. previously HKD in FY'22 to SGD.

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10. ENVIRONMENTAL

To address global issues of resource scarcity and a changing climate, we recognise the importance of integrating environmental considerations into the Group's business decisions. We are committed to understanding, managing and minimising our environmental footprint across our value chain, including our business operations, suppliers and customers. Our environment efforts are largely focused on maximising material utilisation and optimising energy consumption. We will continue to strengthen our expertise in the areas of environmental programs and be selective about the strategic initiatives that will yield a greater positive impact in the future.

10.1 WASTE

Effluents and waste management are critical for global sustainable development. The Group conscientiously monitors our discharges into the environment and seeks to reduce any environmental impact. It is thus vital to prioritise sustainable waste disposal methods, such as reusing, recycling and recovery that minimise residual effects. Proper treatment of our effluents is also crucial in ensuring that hazardous substances do not leak into ecosystems and undergo bio-amplification along the food chain.

The Group aims to reduce waste generation, promote reuse and recycling, and responsibly manage waste when alternative options are not feasible. Initiatives have been launched to adopt sustainable packaging practices using recycled materials. Hazardous waste is managed, stored, and disposed of in accordance with industry best practices and local regulations to prevent environmental harm. The Group prioritises the safe disposal of waste to mitigate any potential risks of environmental contamination, particularly concerning chemical waste that poses significant threats to public health and the environment.

Our Performance and Target

Total Waste Generated (Tonnes)	FY'23	FY'22
• Hazardous	126	77
• Non-hazardous	8,927	8,254

In FY'23, there was an increase of 49 tonnes in hazardous waste and 673 tonnes in non-hazardous waste as compared to FY'22. The increase in hazardous waste is due to the periodic treatment of sludge from the sewage treatment pools starting in 2023, with this sludge being included in the statistics for hazardous waste. Furthermore, non-hazardous waste increase can be attributed to the rise in production volume in 2023.

All hazardous waste generated were disposed of in accordance with local regulations by authorised waste contractors. Non-hazardous waste, which includes standard packaging and production materials like paper, plastic, and metal, was either recycled or reused by licensed collectors whenever possible. There were no incidents of environmental non-compliance.

To maintain the highest standard of environmental compliance, and to meet our commitment and target, Management will continue to review and improve the current environmental management system and practices and ensure that all our activities and operations comply with existing regulatory requirements.

10.2 CLIMATE CHANGE

The Group is committed to environmental preservation through the implementation of green practices aimed at reducing energy consumption and greenhouse gas (GHG) emissions. In order to enhance the Group's awareness and understanding of the impact of climate change, we have incorporated climate-related risks into our risk assessment processes throughout our operations in China. The Board of Directors and the Audit and Risk Management Committee have reviewed the impact assessment, evaluating the potential impact on the Group as low, moderate, or high, considering short-, medium-, and long-term perspectives.

Risks	Description	Impact	Short Term	Medium Term	Long Term
Physical (Acute)	Increase in cost of manufacturing due to climate related events <i>i.e extreme weather (rainfall/draught) events may impact yield of end products or related materials, increasing cost of procurement.</i>	Increase in operation costs	Low	Moderate	Moderate
Physical (Acute)	Disruption to manufacturing facility due to impact from floods or climate related events <i>i.e temporary access restriction/shutdown to facility</i>	Reduction in revenue	Low	Moderate	Moderate
Physical (Chronic)	Increase cost of upkeep, maintenance/repairs due to floods/draught related events <i>i.e damage to buildings and infrastructure due to extreme weather conditions</i>	Increase in operation costs	Low	Moderate	Moderate
Transition (Market)	Shift in customer's preference to lower emission products or suppliers with lower Scope 1 & 2 emissions	Reduction in revenue	Low	Moderate	Moderate
Transition (Policy & Legal)	Tightening regulations on local Greenhouse Gas Emission	Reduction in revenue	Low	Moderate	Moderate
Transition (Reputation)	Negative ESG News Appearance <i>i.e Companies Failing to Meet Policy Regulations or Targets of International Climate Change Initiatives</i>	Reduction in revenue	Low	Low	Moderate

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Further, in managing risks and opportunities associated with climate, the Group will be referencing to the TCFD's recommendation in the 4 areas related with Governance, Risk Management, Strategy and Metrics.

Governance	Risk Management
<ul style="list-style-type: none"> Climate risks & opportunities and associated metrics have been presented to the Board of Directors. Climate related risks & opportunities are evaluated based on the Group's business & strategy and part of the Group's sustainability topics. Climate risks & opportunities are managed by the SR committee and Management on a day-to-day basis, including the development of relevant policies and processes. 	<ul style="list-style-type: none"> Climate risks & opportunities have been integrated as part of the Group's overall risks management process. Climate physical and transition risks have been identified as risks and action plans are developed to mitigate these risks to a risk level that is aligned with the Group's risk appetite. The Group's risks, impact and action plans will be reviewed on annually basis.
Strategy	Metrics
<ul style="list-style-type: none"> The SR Committee led by the Chief Executive Officer, comprises of senior management and board-level representatives from across our different businesses is responsible to evaluate climate related risks & opportunities. Developed medium to long-term plan for energy conservation and emission reduction within the Company 	<ul style="list-style-type: none"> Specific measures to reduce greenhouse gas emissions (Scope 1 and Scope 2) were defined in FY'23 and efforts to further reduce the intensity of greenhouse gas emissions will continue in the future.

This is the 2nd year of providing GRI 305: Emissions disclosures and having developed a better understanding of its emission exposure, the Group has commenced quantitative calculation of the subsidiaries carbon emissions footprint and emission intensity. The Group is committed to improve our energy efficiency in the operations to reduce our environmental impacts and had adopted the following opportunities:

Climate Related Opportunities	Existing Initiatives
Energy Source	<ul style="list-style-type: none"> Upgrade water heating systems in worker dormitories to energy-efficient smart air compressor stations with heat recovery technology.
Resource Efficiency	<ul style="list-style-type: none"> Subsidiaries are required to install additional solar photovoltaic power generation equipment where conditions permit.
	<ul style="list-style-type: none"> Replace high-energy-consuming and outdated air compressors with efficient variable-frequency smart gas stations to supply compressed air to the factory.
	<ul style="list-style-type: none"> Implement regular machinery maintenance to extend its lifespan.
	<ul style="list-style-type: none"> Ensure aircon temperatures are set between 24-26 degrees, using of smart timers to control air-con operations to turn off after working hours to reduce consumption.
	<ul style="list-style-type: none"> Promote recycling and reuse packaging cardboards and pallets, where applicable, including requiring suppliers to recycle and reuse packaging paper use for storing raw materials.
	<ul style="list-style-type: none"> Replace old voltage regulators by utilising municipal power supply.
	<ul style="list-style-type: none"> Replacing iron pipes with PVC water pipes to improve tap water quality and reduce the discharge of contaminated water. Reusing the wastewater generated for initial washing of the spray water tank in the cleaning line to reduce the use of tap water.

The SR Committee will continue to evaluate key opportunities on an 'on-going' basis with external subject matter expert to improve the Group's resilience and financial impact to climate related risks.

Our Performance and Target

Refer to below table for the GHG emission performance summary.

GHG Emission	FY'23	FY'22 ²
Total carbon emission (Metric tonnes CO₂ equivalent)¹	13,576.85	11,653.56
Scope 1 emissions (Mt CO₂)	477.56	338.08
Scope 2 emissions (Mt CO₂)	13,099.29	11,315.48
GHG emission intensity (Mt CO₂/Revenue SGD '000)	0.068	0.072 ³

1 GHG emissions are derived in accordance with the requirements of the "GHG Protocol Corporate Accounting and Reporting Standard". The Global Warming Potential dataset is based on the 2014 IPCC Fifth Assessment Report.

2 FY'22 Data disclosed in each material topics has excluded other geographical locations (i.e.: Mansfield (Thailand) Company Limited and Mansfield Vietnam Company Limited). Data disclosed in each material topics has excluded Feng Chuan Tooling (Dongguan) Company Limited and Mansfield Manufacturing (Wuhan) Company Limited in 2022 due to date unavailability. In 2023, the data from these two subsidiaries were added.

3 GHG emission intensity for FY'22 had been restated to align the currency used to calculate the emission intensity, i.e. previously HKD in FY'22 to SGD.

In FY'23, there was an overall increase in carbon emissions of 1,923.29 Mt CO₂, alongside a decrease in emission intensity of approximately 6% compared to FY'22. The rise in emissions is attributed to increased operational activities in FY'23 and the inclusion of Feng Chuan Tooling (Dongguan) Company Limited and Mansfield Manufacturing (Wuhan) Company Limited. The Group will continue to prioritise and expand projects aimed at enhancing energy efficiency, and decreasing the intensity of greenhouse gas emissions.

10.3 SUPPLIER ENVIRONMENTAL ASSESSMENT

The Group has in place a strict selection process for suppliers, and only engages those who are aligned with our values of environmental sustainability. Our suppliers fall under the following categories:

- Raw materials
- Production accessories
- Tooling
- Subcontracting*
- Transport and logistics
- Calibration

* MSF has allocated some specialised tasks, mainly in surface treatment (e.g. electroplating, acid cleaning, spray painting etc.) to external suppliers.

During supplier onboarding, the Group evaluates suppliers based on criteria including their track record, financial stability, commitment to providing high-quality raw materials and services, and adherence to health and safety standards. Our raw material suppliers are required to furnish environmental certifications demonstrating compliance with legal regulations.

We conduct random inspections to ensure compliance to these requirements. The Group conducts due diligence on major suppliers to safeguard quality and ensure our suppliers operate in an environmentally responsible manner.

Our Performance and Target

In FY'23, 45 new suppliers were onboarded (FY'22: 85 new suppliers). All newly onboarded suppliers underwent screening based on our environmental criteria and met our requirements. Additionally, we have procurement policies and guidelines – "Guidelines and procedures for selecting and evaluating vendors" and "Code of conduct for vendor interactions." to provide guidance to our employees when dealing with vendors.

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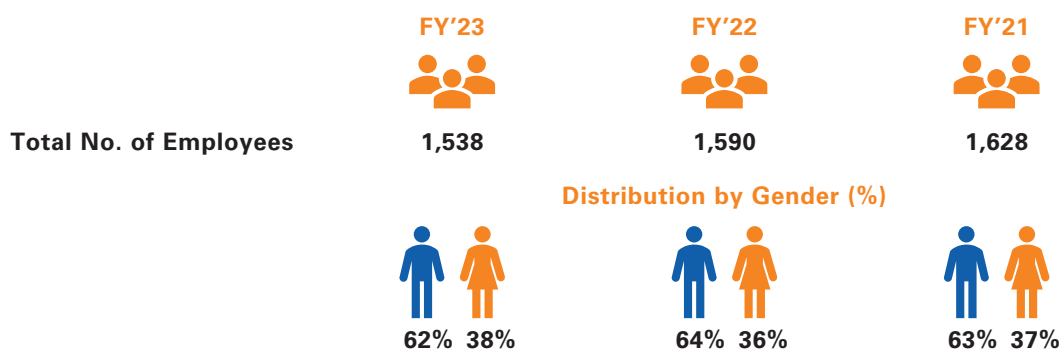
11. SOCIAL

11.1 EMPLOYMENT

Our employees are one of our most valuable assets and the Group believes in and is committed to fair employment practices, upholding human rights principles, and investing in developing and training our people. As of 31 December 2023, we have a total of 1,538 full time employees, representing a decrease from 2022, details as follows:

	Singapore	China
Male	0	975
Female	2	561

The Group was able to maintain a strong and healthy workforce despite the relatively high turnover rate which is inherent in the manufacturing industry. FY'23 saw a decrease in both new hires and turnover compared to FY'22, attributed to the Group's ongoing efforts in transforming production lines towards semi-automation and automation, resulting in higher efficiency, accuracy and productivity. The Group's overall turnover is significantly influenced by the seasonal nature of its orders. To enhance workforce adaptability, the Group employs a strategy of establishing short-term contracts with a certain percentage of employees, enabling adjustments in workforce size in response to order volume. The Group continues to maintain a consistent gender ratio among total employees over the last 3 years.



		New Hires								
		FY'23			FY'22			FY'21		
Total No. of New Hires		511			925			1,170		
Majority of new hires were male due to the nature of the industry.										
		FY'23			FY'22			FY'21		
Total No. of New Hire by Age Group		< 30	30 - 50	> 50	< 30	30 - 50	> 50	< 30	30 - 50	> 50
		52	403	56	299	492	134	520	580	70
% of New Hire by Age Group		10%	79%	11%	32%	53%	15%	44%	50%	6%

		Turnover								
		FY'23			FY'22			FY'21		
Total Turnover		563			963			1,304		
Total No. of Turnover by Age Group		< 30	30 - 50	> 50	< 30	30 - 50	> 50	< 30	30 - 50	> 50
		57	444	62	297	503	163	515	726	63
% of Turnover by Age Group		10%	79%	11%	31%	52%	17%	39%	56%	5%

We aim to cultivate a work environment that promotes inclusivity and encourages high performance to attract, retain, and develop our workforce. As an equal opportunity employer, the Group has established a system to guarantee fair treatment and equal opportunities for all employees. We do not discriminate based on religion, age, ethnicity, physical disability, or gender. Employees are expected to comply with all relevant policies and practices.

Majority of employees are male due to the nature of the industry. However, the Group actively ensures diversity within middle management to foster creativity, innovation, and enhance organisational culture. There were no reported instances of discrimination raised by our employees in FY'23.

The Group maintains an open-door policy, urging employees to voice concerns or grievances directly to their immediate supervisor, department head, HR department, CEO, and/or independent directors. This underscores our dedication to ensuring a workplace that is healthy, safe, and secure for our employees. There were no reported workplace grievance cases across our business segments in FY'23.

Employee Remuneration and Benefit

The Group values the contributions of all employees and prioritises fair and competitive salary packages that are sufficient to attract, retain, and motivate staff. When establishing these packages, the Group considers regulatory requirements and benchmarks against industry standards. Additionally, alongside the competitive remuneration provided in FY'23, the Group maintains a list of employee benefits, including but not limited to:

Employment Benefits	Descriptions
Medical Insurance	Employees are reimbursed for outpatient treatments, surgery or hospitalization expenses covered under medical insurance.
Disability Insurance	All our employees are covered under personal accident insurance and work-related injury. For instance, the organisation will reimburse any rehabilitation costs or monthly pay-outs for each case of disability.
Parental Leave	Both female and male employees are entitled to maternity leave and paternity leave where applicable. We provide other leave benefits catering to our employees' children, during the stages of infant care and childcare.
Retirement Provision	The Group and the employees make monthly contribution to social insurance in accordance with local labour law. With the contribution made, employees who are qualified for pension on the retirement age will receive monthly financial support from the government.
Accommodation and Staff Canteen	Workers are granted free accommodation, coupled with necessities such as proper sanitation and water. We also provide a large variety of food in the staff canteen.
Year-end and Performance Bonus	In the event of outstanding results, either the financial performance of the Group or individual performance judged by appraisal matrices, our employees are entitled to these bonuses.
Paid Leave	Our employees are entitled to various types of paid leave, including marriage leave, compassionate leave, and family leave. In addition to these, employees receive annual leave, guaranteed at a minimum of 10 days, which increases with their service duration.
Annual Appreciation Events and Festival Celebrations	We organise company events annually to celebrate and recognise the efforts of our employees. In line with our spirit of embracing diversity and honouring our rich heritage and culture, we celebrate traditional festivals as a Group.

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In FY'23, there are 11 female employees who took maternity leave and returned to work in the reporting period after maternity leave had ended. We are committed to maintain a diverse and inclusive workforce and maintain a 100% return-to-work rate for all employees who have taken parental leave.

The Group is in full compliance with local labour regulations across our operations, as well as minimum wage laws, where such laws exist. Being in an industry that is largely labour-intensive, we are dedicated to constantly reviewing our employment policies, benefits and remuneration practices to ensure compliance with the updated employment laws and keep up with the best industry practices to provide the optimal working conditions for our people.

The Group strives to continuously cultivate a transparent and inclusive environment for all employees, as well as ensure a top-down approach to promote fair and ethical business dealings. We maintain our zero-tolerance stance on unethical labour practices such as child labour, forced labour, slavery, and human trafficking throughout our entire organisation.

11.2 TRAINING & EDUCATION

The Group recognises that employees need to stay informed and be updated in their skill sets in the ever-changing work environment. To encourage and support our employees in honing their skills and developing a fulfilling career, both on-the-job and ad-hoc training is made available to our employees. Employees are encouraged to attend courses which are relevant to their respective job scopes.

Our Performance and Target



During the pandemic, the Group provided employees with additional business and professional training, resulting in higher training hours in 2022. In FY'23, although the average training hours per employee had decreased, it is still higher than pre-pandemic levels.

The Group remained committed to allocating funds and devising skill enhancement programs aimed at preparing employees to meet strategic objectives. Through targeted training plans, tailored to both future business requirements and employee feedback, we aimed to enhance skills, bridge gaps, and bolster competencies. We firmly believe that investing in employee development not only strengthens the Group's human capital but also fosters greater employee satisfaction, ultimately leading to improved overall performance.

For FY'24, the Group remains committed to continuously identify relevant trainings and enhancing the intensity of training for our employees.

Our Performance and Career Development Review

Performance and career development review of employees are performed during the performance appraisal process. This process is conducted annually whereby there will be two-way communication and engagement between supervisors and subordinates to assess the performance of our employees. Upon completion of the appraisal process, consideration of career advancements such as promotion; quantum of salary increments, and an annual variable bonus will be determined based on the performance appraisal results.

In FY'23, all qualified employees are assessed and remunerated fairly based on their experience, qualifications, and performance.

11.3 OCCUPATIONAL HEALTH & SAFETY

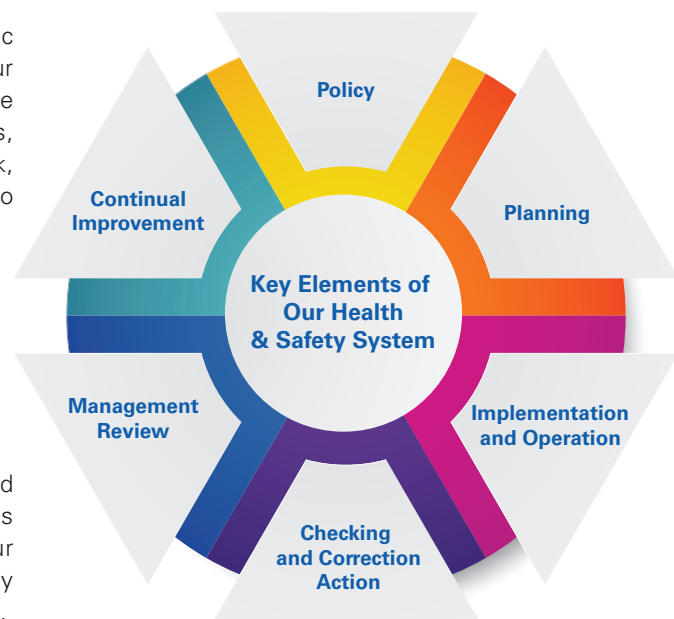
Safety is an integral part of our business and a key focus area for both our Board and Management. The Group recognises that it is the company's responsibility to ensure that our employees' safety is top priority. We firmly believe that all our employees deserve to work in a safe and healthy environment and a conducive working environment will boost morale, productivity and efficiency of our workforce.

Occupational Health & Safety Management Framework

As a group, we assessed the risk of specific occupational injuries and diseases that may occur due to workplace conditions. After extensive research and feedback from our employees, we consider the following diseases as high-risk, coupled with the methods we undertake to combat these risks:

- Impairment in hearing (Stamping);
- Visual impairment (Welding); and
- Respiratory damage (Painting).

Processes are in place to identify, mitigate and report risks and communicate best practices across the Group, and we work with our employees and stakeholders to ensure that they understand our requirements and expectations.



We have established a Safety Committee to facilitate the physical supervision of workplace safety, and the relaying of Workplace Safety and Health ("WSH") related messages. Each entity has its own Safety Committee, which comprises both employee and employer representatives. The Safety Committee oversees subsidiaries' operations to ensure that safety standards are always upheld and in line with industry-leading practices. In addition, the role and responsibilities of the Safety Committee include reviewing, implementing and reinforcing safety standards and regulations to ensure all safety risks are adequately mitigated. The Safety Committee members meet regularly to review safety inspection results, infrastructure and incidents, as well as to coordinate and organise workplace safety-related activities. Going forward, the Group has plans to have more workers join the Safety Committee to improve the effectiveness of workplace safety supervision.

The Group seeks to learn from past mistakes and strives to prevent similar incidents from recurring. All near-miss incidents and accidents are promptly reported to the Safety Committee, which will provide timely incident analysis briefings to employees. These safety briefings aim to strengthen the safety awareness of employees and to remind them of established safety measures and precautions, as well as safety protocols in the event of similar incidents.

We also ensure each worker is well protected before the start of each assignment by updating personal protective equipment records to ensure that each worker is sufficiently equipped with protective gear. We have also developed a list of protocols and precautions for workers to ensure safety in the workplace.

SUSTAINABILITY REPORT

Our Performance and Target

Category	FY'23 Total	FY'22 Total	FY'21 Total
Minor Injury	14	25	28
Injury requiring medical attention	0	0	0
Injury resulting in temporary disabilities	0	2**	2**
Death or Total Permanent Disabilities	0	0	0
Occupational Injury and Disease	0	0	0

In FY'23, there were no incidents of fatalities across the Group's business operations. The Group strives to continue to maintain its health & safety standards and continuous improvement in its Operational Health and Safety processes and performance.

** The two temporarily disabled employees have fully recovered after treatment and have returned to normal work.

12. GOVERNANCE

12.1 ANTI-CORRUPTION

The Group is committed to upholding the highest standards of corporate governance and business integrity across its business activities, which are essential for the long-term viability of the Group's operations and the enhancement of shareholder value. The Board undertakes to investigate complaints of suspected fraud in an objective manner and has put in place a whistle-blowing policy and procedures which provide employees with well-defined and accessible channels within the Group. Suspected bribery, corruption, dishonest practice, or other similar matters will be reported directly to the Audit and Risk Management Committee.

The policy aims to encourage the reporting of such matters in good faith, with the confidence that employees making such reports will be treated fairly and, to the extent possible, protected from reprisal. The policy and its effectiveness will be reviewed and updated by the Audit and Risk Management Committee periodically, as and when it is deemed necessary.

Additionally, when dealing with external counterparties, the Group engages in various practices to ensure ethical conduct. This includes signing supplier commitment letters and incorporating anti-commercial corruption clauses into contracts. Furthermore, employees in supervisory roles and higher (including employees in the purchasing and sales department) are required to sign the "Conflict of Interest Statement and Integrity Commitment".

Our Performance and Target

In FY'23, there were no incidents of regulatory non-compliance across InnoTek's group of businesses. There were also no reported incidents pertaining corruption via the whistleblowing channel for this reporting period under review. The Group strives to continue maintaining a zero-target approach and reinforcing a culture of full compliance.

12.2 PROCUREMENT PRACTICES

The Group firmly believes that its suppliers and subcontractors as key business partners which create a positive economic impact, thus enhancing stakeholder's return. In this respect, the Group maintains a stringent vendor selection process, which is based on the vendors past track records and adherence to occupational health and safety standards.

We have also developed procurement policies and guidelines to guide our process, such as:

- Guidelines and procedures on selection and evaluation of new suppliers and/or subcontractors;
- Guidelines and procedures on monitoring over suppliers and/or subcontractors.

In addition, we have performed a list of supplier assessment as stated in 10.3 Supplier Environmental Assessment. Partners and suppliers are encouraged to continuously improve sustainable practices to reduce potential negative impact to the environment. We consider potential new suppliers' sustainability performance and practices as one of the main components in our supplier evaluation process.

Our Performance and Target

The Group purchases a range of raw materials from its suppliers, with aluminium and steel being our main raw materials. Purchases from local material suppliers have increased to 91% in FY'23 from 89% in FY'22. During the reporting period, the Group's purchases amounted to RMB464.6 million (FY'22: RMB448.2 million).

We will continue to remain fully committed to continue prioritising suppliers with sustainable practices while generating positive economic and social benefits for the local communities we operate in.

Moving Forward

The Audit and Risk Management Committee continues to support the Board in its oversight of anti-corruption, procurement practices and the Group's focus on implementing effective compliance and governance systems. At an operational level, the respective department within the Group continues to be responsible to identify, self-assess the adequacy and effectiveness of mitigating measures, and manage their financial, operational, information technology, compliance and reputational related risks.

Please refer to the Corporate Governance section of the annual report for more information.

12.3 COMPLIANCE WITH LAWS AND REGULATIONS

The Group is committed to maintaining high standards of corporate governance and business conduct to uphold market integrity and safeguard the interests of our stakeholders for the long-term success of the Group. We aim to foster an organisational culture that promotes integrity and ethical business practices, including compliance with laws and regulations, respect for human rights, and environmental conservation.

The Group maintains zero tolerance for non-compliance and encourages our stakeholders to report any incidences via our established whistle-blowing channels. All employees of Innotek are encouraged to be proactive and forthcoming in managing and reporting compliance-related issues and complaints.

Our Performance and Target

FY'22 Performance	FY'23 Target	FY'23 Performance	FY'24 Target
Zero incidents of non-compliance and penalties	Maintain zero incidents of non-compliance and penalties	Zero incidents of non-compliance and penalties	Maintain zero incidents of non-compliance and penalties

SUSTAINABILITY REPORT

13. GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

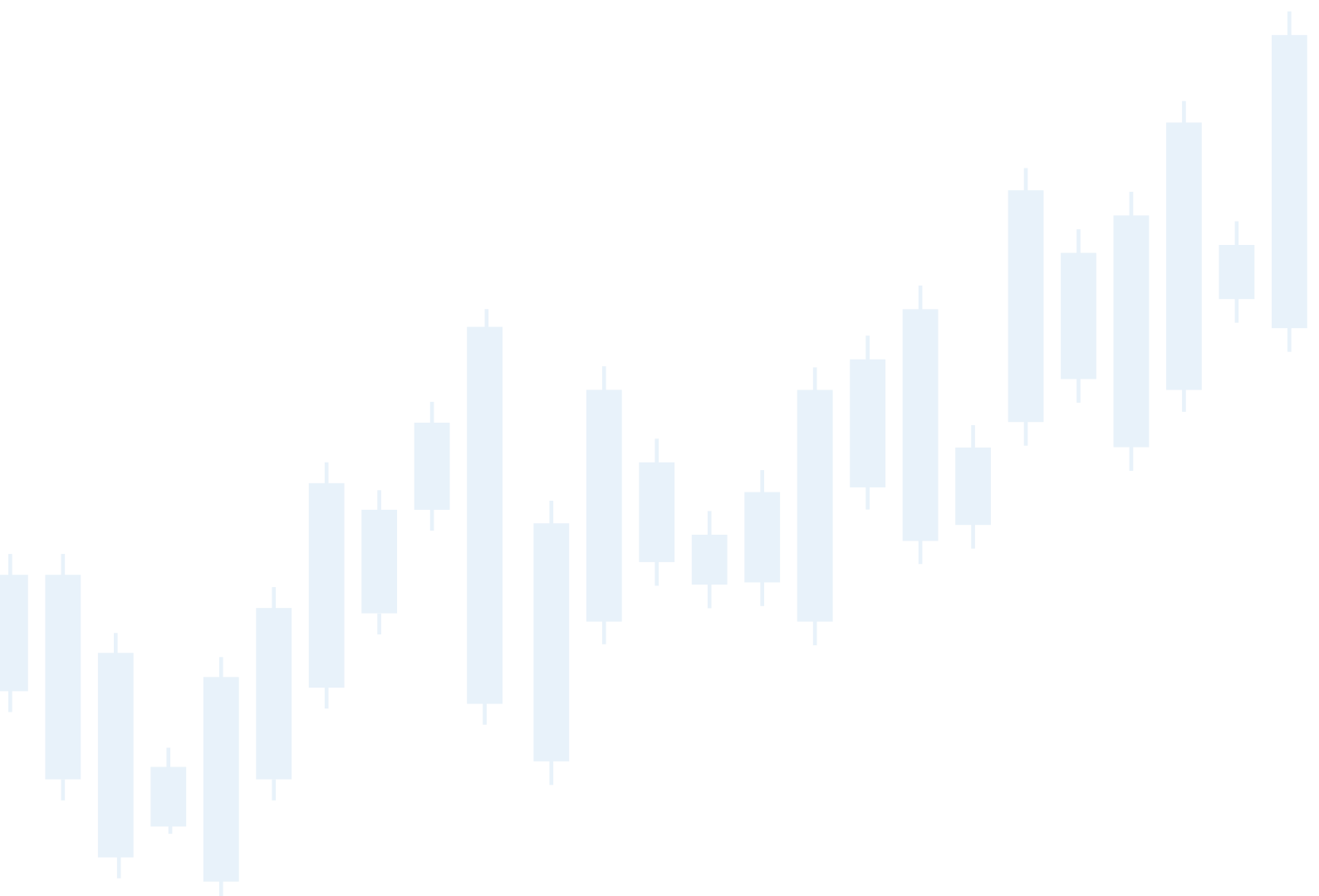
Statement of use	The Group has reported the information cited in this GRI content index for the period 1 January 2023 to 31 December 2023 with reference to the GRI Standards.
GRI 1 Used	GRI 1: Foundation 2021

Category	Disclosure	Description	Page Reference
GRI 2: General Disclosures 2021	2-1	Organisational details	Annual Report ("AR") (Pages 2, 15, 16)
	2-2	Entities included in the organisations sustainability reporting	Sustainability Report ("SR") (Page 2)
	2-3	Reporting period, frequency and contact point	SR (Page 2)
	2-4	Restatements of information	SR (Page 2)
	2-5	External Assurance	SR (Page 2)
	2-6	Activities, value chain and other business relationships	SR (Pages 3 – 4) AR (Pages 8 – 9)
	2-7	Employees	SR (Page 13)
	2-8	Workers who are not employees	None
	2-9	Governance structure and composition	AR (Pages 20 – 25)
	2-10	Nomination and selection of the highest governance body	AR (Pages 26 – 28)
	2-11	Chair of the highest governance body	AR (Page 26)
	2-12	Role of the highest governance body in overseeing the management of impacts	AR (Page 20 – 21) SR (Pages 3, 5)
	2-13	Delegation of responsibility for managing impacts	AR (Pages 20 – 25)
	2-14	Role of the highest governance body in sustainability reporting	SR (Pages 3, 5)
	2-15	Conflicts of interest	SR (Pages 17, 18) AR (Page 36 – 38, 41)
	2-16	Communication of critical concerns	SR (Page 17) AR (Pages 40 – 41)
	2-17	Collective knowledge of the highest governance body	AR Pages (23 – 25)
	2-18	Evaluation of the performance of the highest governance body	AR (Page 29)
	2-19	Remuneration policies	AR (Page 29)

Category	Disclosure	Description	Page Reference
	2-20	Process to determine remuneration	AR (Pages 29 – 31)
	2-21	Annual total compensation ratio	AR (Pages 31 – 32)
	2-22	Statement on sustainable development strategy	SR (Page 3)
	2-23	Policy commitments	SR (Pages 3 – 5)
	2-24	Embedding policy commitments	SR (Pages 3 – 5)
	2-25	Processes to remediate negative impacts	AR (Pages 33 – 38, 40 – 41)
	2-26	Mechanisms for seeking advice and raising concerns	AR (Pages 40 – 41)
	2-27	Compliance with laws and regulations	SR (Page 21)
	2-28	Membership associations	SR (Page 7)
	2-29	Approach to stakeholder engagement	SR (Page 6)
	2-30	Collective bargaining agreements	None
GRI 3: Material Topics 2021	3-1	Process to determine material topics	SR (Page 7)
	3-2	List of material topics	SR (Page 7)
	3-3	Management of Material Topics	SR (Pages 9 – 18)
GRI 204: Procurement Practices	204-1	Proportion of spending on local suppliers	SR (Page 19)
GRI 205: Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	SR (Page 17)
GRI 305: Emissions	305-1	Direct (Scope 1) Emission	SR (Page 12)
	305-2	Energy Indirect (Scope 2) GHG Emission	SR (Page 12)
	305-4	GHG Emission Intensity	SR (Page 12)
GRI 306: Waste 2020	306-2	Waste by type and disposal method	SR (Page 9)
GRI 308: Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	SR (Page 12)
GRI 401: Employment	401-1	New employee hires and employee turnover	SR (Page 13)
	401-3	Parental leave	SR (Page 14)

SUSTAINABILITY REPORT

Category	Disclosure	Description	Page Reference
GRI 403: Occupational Health and Safety	403-1	Occupational health and safety management system	SR (Page 16)
	403-9	Work-related injuries	SR (Page 17)
GRI 404: Training and Education	404-1	Average hours of training per year per employee	SR (Page 15)
	404-2	Programs for upgrading employee skills and transition assistance programmes	SR (Page 15)
	404-3	Percentage of employees receiving regular performance and career development reviews	SR (Page 15)



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