SPINDEX

EXPANDING
HORIZONS,
STRENGTHENING
CONNECTIONS

SUSTAINABILITY REPORT 2024

Contents

Spindex Industries Limited - Sustainability Report FY2024

BOARD STATEMENT

Spindex Industries Limited (the "**Company**"), together with its subsidiaries (collectively as the "**Group**" or "**We**"), is pleased to publish its sustainability report ("**Report**"). For this Report, we provide an overview of our approach, practices, and performance of our material sustainability factors under the economic, environmental, social and governance pillars that are the most material and relevant to our business (collectively as "**Sustainability Factors**").

In line with our commitment to transparency in sustainability reporting, the Board of Directors ("**Board**"), having considered sustainability issues as an integral part of its strategy formulation process and business strategies, determined the material Sustainability Factors, exercised oversight and monitored them. The management team and functional units have the responsibility to identify, measure and address sustainability-related matters on an ongoing basis to ensure that they are addressed.

As we continue with our sustainability journey, we remain committed to building a responsible business that delivers sustainable value to our stakeholders over the long term.

SUSTAINABILITY FRAMEWORK AND PERFORMANCE HIGHLIGHTS

This Report also communicates our support towards the United Nations' Sustainable Development Goals ("**SDGs**"). As we collaborate closely with our stakeholders throughout the supply chain, their inputs serve as the compass directing our sustainability initiatives towards prioritising our material Sustainability Factors. Below shows the interaction between our material Sustainability Factors, stakeholders and the SDGs:
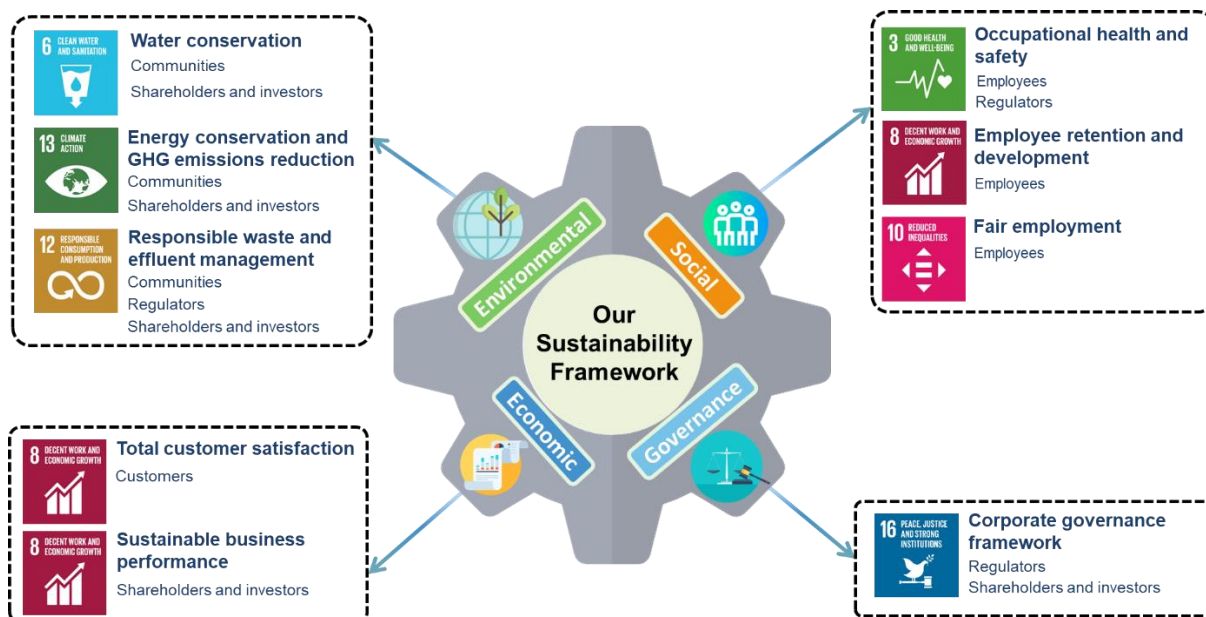
Spindex Industries Limited - Sustainability Report FY2024

A summary of our material sustainability performance for our financial year from 1 July 2023 to 30 June 2024 ("**FY2024**") is as follows:

Sustainability factor	Performance indicator	Sustainability performance	
		FY2024	FY2023
Economic	Market standards adopted	Relevant market standards [1] have been adopted in our operations	Relevant market standards[1] have been adopted in our operations
	Revenue	$180.3 million	$183.4 million
	Profit for the financial year	$15.6 million	$10.8 million
Environmental	Water consumption intensity (CuM/ revenue $'000)	2.08	1.87
	Scope 1 and 2 Greenhouse gas ("GHG") emissions (tonnes CO_2e)	25,550	22,787
	GHG emissions intensity (tonnes CO_2e/ revenue $'000)	0.14	0.12
	Hazardous waste generated intensity (tonnes/ revenue $'000)	0.03	0.03
	Non-hazardous waste generated intensity (tonnes/ revenue $'000)	0.02	0.02
Social	Number of workplace fatalities	1	-
	Number of high consequence[2] work-related injuries	-	-
	Turnover rate	20.3%	25.4%
	Average training hours	16	17
	Number of reported incidents of discrimination [3] raised by our employees	-	-
Governance	Number of incidents of corruption	-	-
	Number of reported incidents of non-compliance with laws and regulations for which significant fines (i.e. more than 5% of revenue) and/or non-monetary sanctions were incurred	-	-

REPORTING FRAMEWORK

This Report is prepared in accordance with 711A and 711B of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Rules. The Report is prepared in accordance with the Global Reporting Initiative ("**GRI**") Standards. We choose to report using the GRI Standards as it is one of the most widely used and internationally accepted sustainability reporting standards. A GRI content index is inserted at the end of this Report on our responses to the disclosure requirements.

As part of our continual efforts to align our sustainability reporting with relevant market standards, we mapped our sustainability efforts to the 2030 Agenda for Sustainable Development which is adopted by all United Nations Member States in 2015 ("**UN Sustainability Agenda**"). The UN Sustainability Agenda provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 SDGs, which form an urgent call for action by all countries – developed and developing – in a global partnership. We incorporated the SDGs, where appropriate, as a supporting framework to shape and guide our sustainability strategy.

Our climate-related disclosures are produced based on the 11 recommendations of the Taskforce on Climate-related Financial Disclosures ("**TCFD**").

We relied on internal data monitoring and verification to ensure accuracy for this Report. Internal review on the sustainability reporting process has been incorporated as part of our internal audit review cycle and we will work towards external assurance for our future sustainability reports, subject to market trends and regulatory requirements.

---

[1] The market standards adopted and certifications attained by selected entities of the Group to maintain customer experience include ISO 9001: 2015, ISO 14001:2015, IATF 16949: 2018 and High Technology Expertise certification.
[2] A high consequence work-related injury refers to an injury from which the worker cannot recover or cannot recover fully to pre-injury health status within 6 months.
[3] A reported incident of discrimination is one whereby an investigation by a relevant authority has resulted in a penalty to a company.

Spindex Industries Limited - Sustainability Report FY2024

REPORTING SCOPE

This Report articulates our strategies and practices in key aspects of sustainability and provides a detailed account of our sustainability performance and is applicable for FY2024. Historical performance data of the previous year, where applicable, is included for comparation. The scope of this Report focuses on the Group's major operations, namely the head office in Singapore, manufacturing operations in China, Malaysia and Vietnam which collectively contributed 100% of the Group's revenue for FY2024 (FY2023: 99.9%).

| S/N	Entity
1	Spindex Industries Limited ("Spindex")
2	Synturn (M) Sdn. Bhd.
3	Spindex Precision Engineering (Shanghai) Co., Ltd
4	Spindex Precision Technologies (Nantong) Co., Ltd.
5	Spindex Precision Engineering (Suzhou) Co., Ltd.
6	Spindex Industries (Hanoi) Co., Ltd

FEEDBACK

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

OUR BUSINESS

VALUE CHAIN

The Group is principally involved in precision machined components and assemblies with manufacturing locations in China, Malaysia and Vietnam. Details of our value chain are as follows:
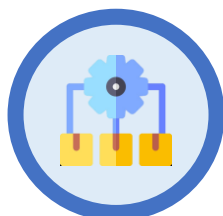
Our suppliers

We procure following materials, consumables and capital equipment from our suppliers:
- Metal materials such as brass, aluminium, steel, stainless steel and alloy steels;
- Components, tools and computer numerical control equipment for various precision engineering processes; and
- Cleaning solutions or chemicals for cleaning of components.

Our operations

We are a precision engineering manufacturer with the following core competencies:
- Turning;
- Machining;
- Grinding;
- Surface treatments; and
- Mechanical sub-assemblies.

Our customers

We have a global customer base across different industries, including:
- Printing and imaging;
- Automotive;
- Industrial and power tools; and
- Consumer products and others.

PEOPLE

As at 30 June 2024, the Group has a total of 1,634 (FY2023: 1,602[4]) employees with the following breakdown:

	Singapore	China	Malaysia	Vietnam	Total
Overall (full-time employees)[5]	21	327	712	574	1,634
Permanent employees	21	169	178	387	755
Temporary employees	-	158	534	187	879

POLICY, PRACTICE AND PERFORMANCE REPORTING

A sustainability reporting policy ("**SR Policy**") covering our sustainability strategies, governance structure, materiality assessment and processes in identifying and monitoring material Sustainability Factors, is established and serves as a point of reference in the conduct of our sustainability reporting. Under this SR Policy, we will continue to monitor, review and update our material Sustainability Factors from time to time, taking into account the feedback that we receive from our engagement with our stakeholders, organisational and external developments.

SUSTAINABILITY GOVERNANCE

The Board considers sustainability issues as part of a larger strategy formulation for long-term value creation and leads the sustainability agenda. The Group integrates sustainability in its business decision making and operations. As part of our continual efforts to upgrade the knowledge of our directors on sustainability reporting and to meet the requirement of SGX-ST under Listing Rule 720 (7), we confirm that all directors have attended one of the approved sustainability training courses.
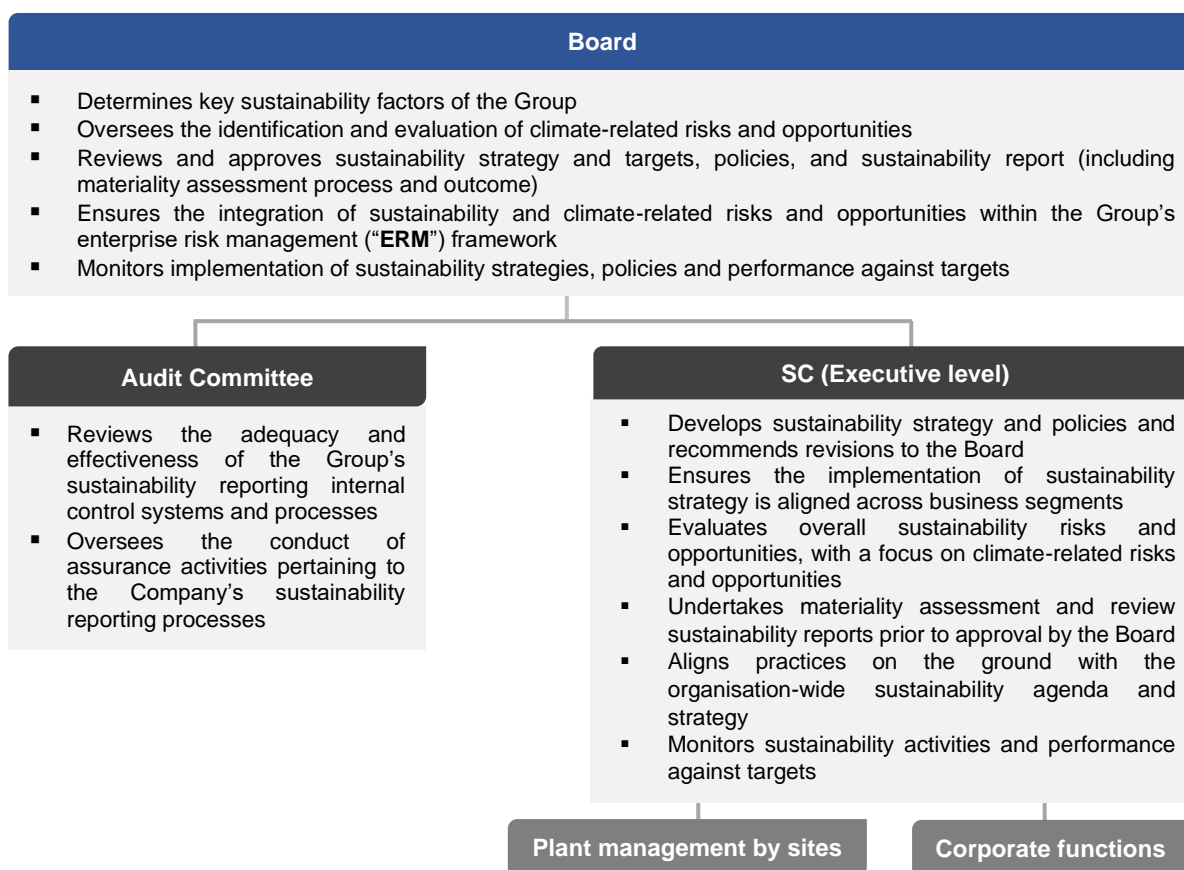
The Board, with support from the Group's executive level Sustainability Committee ("**SC**"), will review the material Sustainability Factors, evaluate the performance and provide strategic direction on the reporting process. Our sustainability strategy is developed and directed by the SC in consultation with the Board. The SC, which includes senior management executives and representatives of plant management from various sites, is led by the Group Managing Director. It is tasked to develop the sustainability strategy, responsible for all sustainability related matters such as identifying material Sustainability Factors, review their material impacts, recommending improvement initiatives, consider stakeholder priorities, set goals and targets, as well as collect, verify, monitor and report performance data for this Report.

Besides the SC, the Board is also supported by the Audit Committee on specific sustainability matters under its terms of reference. Our sustainability governance structure and the responsibilities of component parties are detailed as follows:

---

[4] Figure has been restated as a correction which resulted in the restatements of other related HR metrics.
[5] Full-time employees comprise those under both permanent and temporary employment contracts. We do not have any employees under non-guaranteed hours arrangement in FY2024.

Board
▪ Determines key sustainability factors of the Group
▪ Oversees the identification and evaluation of climate-related risks and opportunities
▪ Reviews and approves sustainability strategy and targets, policies, and sustainability report (including materiality assessment process and outcome)
▪ Ensures the integration of sustainability and climate-related risks and opportunities within the Group's enterprise risk management ("**ERM**") framework
▪ Monitors implementation of sustainability strategies, policies and performance against targets

Audit Committee	**SC (Executive level)**
▪ Reviews the adequacy and effectiveness of the Group's sustainability reporting internal control systems and processes ▪ Oversees the conduct of assurance activities pertaining to the Company's sustainability reporting processes	▪ Develops sustainability strategy and policies and recommends revisions to the Board ▪ Ensures the implementation of sustainability strategy is aligned across business segments ▪ Evaluates overall sustainability risks and opportunities, with a focus on climate-related risks and opportunities ▪ Undertakes materiality assessment and review sustainability reports prior to approval by the Board ▪ Aligns practices on the ground with the organisation-wide sustainability agenda and strategy ▪ Monitors sustainability activities and performance against targets

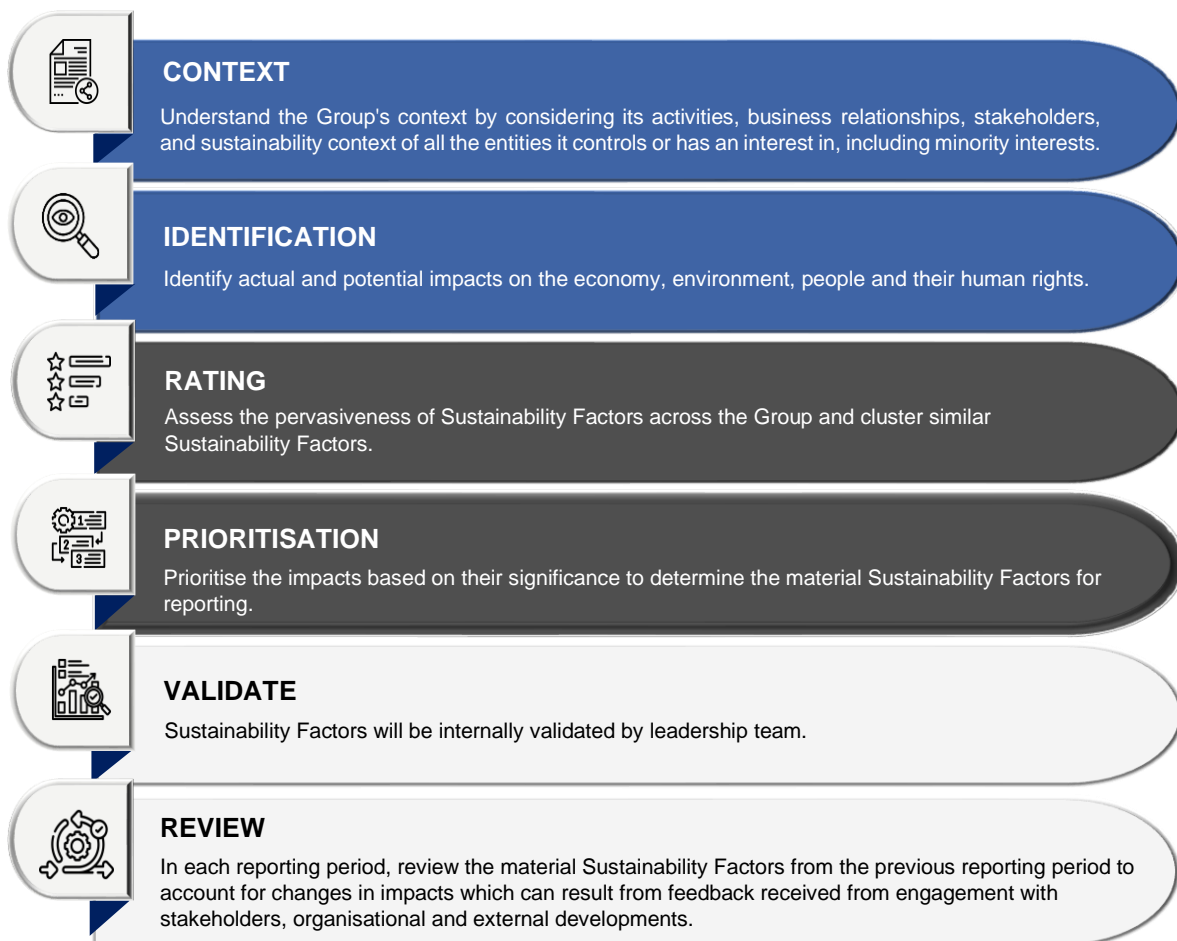| **Plant management by sites**	**Corporate functions**

As we are still refining our sustainability related metric measuring, tracking and target setting mechanism, we will link the key executives' remuneration to sustainability performance when the mechanism is more mature and stable.

SUSTAINABILITY REPORTING PROCESS

Under our SR Policy, our sustainability process begins with an understanding of the Group's context. This is followed by the ongoing identification and assessment of the Group's impacts. The most significant impacts are prioritised for reporting, and the result of this process is a list of material Sustainability Factors disclosed in this Report.

Processes involved are shown in the chart below:

CONTEXT

Understand the Group's context by considering its activities, business relationships, stakeholders, and sustainability context of all the entities it controls or has an interest in, including minority interests.

IDENTIFICATION

Identify actual and potential impacts on the economy, environment, people and their human rights.

RATING

Assess the pervasiveness of Sustainability Factors across the Group and cluster similar Sustainability Factors.

PRIORITISATION

Prioritise the impacts based on their significance to determine the material Sustainability Factors for reporting.

VALIDATE

Sustainability Factors will be internally validated by leadership team.

REVIEW

In each reporting period, review the material Sustainability Factors from the previous reporting period to account for changes in impacts which can result from feedback received from engagement with stakeholders, organisational and external developments.

MATERIALITY ASSESSMENT

We constantly refine our management approach to adapt to the changing business landscape. The Group performs an annual materiality assessment to ensure that issues disclosed in our sustainability reports remain current, material, and relevant. From the assessment, we identify key areas that impact our ability to create value for our stakeholders.

Impacts, positive and negative, actual and potential, are assessed based on: (i) the likelihood of the occurrence of actual and potential negative and positive impacts and (ii) their significance on the economy, environment, people and their human rights and contribution to sustainable development.

PERFORMANCE TRACKING AND REPORTING

We track the progress of our material Sustainability Factors by identifying the relevant data points and measuring them. In addition, performance targets are set to ensure that we maintain the right course in our path to sustainability. We also consistently enhance our performance-monitoring processes and improve our data capturing systems. A sustainability report will be published annually in accordance with our SR Policy.

STAKEHOLDER ENGAGEMENT

Through an internal stakeholder mapping exercise, we identified key stakeholder groups which we prioritise our engagements with. They include individuals or groups that have an interest and that are affected or could be affected by our activities.

The SC reviewed the stakeholders across the Group's value chain and identified key stakeholder groups of communities, customers, employees, regulators, shareholders and investors and suppliers. Relevant stakeholders are identified for each of our Sustainability Factors and we engage them as follows:

Key stakeholder groups	How we engage	Frequency	Main concerns and expectations	How we respond
Communities	• Phone and email channels • Media relations	Ongoing	• Contribution to communities • Impacts of business decisions on their environment • Pollution (air, land, water)	Raise awareness through sustainable business practices and assessing our potential harmful impacts on the environment
Customers	• Monitoring product sales • Contacts to our customer service • Feedback channels through email	Ongoing	• Reputation in the market • Quality control	Establish policies for quality control and assurance that ensure our goods are of excellent quality and to promptly address customer complaints
Employees	• Meetings • Training and development • Emails • Face-to-face communication	As and when required	• Fair employment • Training and career development opportunities • Workplace health and safety • Job security • Remuneration and benefits	• Adopt human resource policies and best practices that promote fair treatment, safe working conditions, rewards and recognition for performance • Ensure career growth
	Performance appraisals	Annually		
	Long-service awards	Annually		
Regulators	Consultations and briefings organised by key regulatory bodies such as Singapore Exchange and relevant government agencies/ bodies	As and when required	• Corporate governance • Environmental compliance • Workplace health and safety • Manpower related matters	• Attend courses regularly to stay updated on latest regulatory requirements • Engage with the respective local government authorities and agencies where we operate, as a mean to keep abreast of changes to laws and regulations

Key stakeholder Groups	How We Engage	Frequency	Main Concerns and Expectations	How We Respond
Shareholders and investors	• Annual general meeting • Annual reports • Sustainability reports	Annually	• Group's strategic development • Current financial performance • Market valuation • Dividend payment • Corporate governance	• Appoint an investor relations firm on a retainer basis, to communicate regularly with the analysts • Monitor the dissemination of material information closely to ensure that it is disclosed to the market timely • On a need basis and with the help of the investor relations firm, meetings are held based on interest level of analysts and shareholders. This provides us with the opportunity to build strong relationships with our analysts and shareholders
	Result announcements on SGXNet	Half-yearly		
	• Company's website • General announcements on SGXNet • Meetings with analysts and shareholders	As and when required		
Suppliers	• Regular meetings • Visits • Emails • Tender process	As and when required	• Transparency with tender process • Demand and pricing volatility	Establish policies and guidelines that ensure a fair selection and procurement process, and in line with ethical business practices

MEMBERSHIP OF ASSOCIATIONS

The Group engages with various relevant industry/trade associations through the following memberships:

Country	Membership
Singapore	• Singapore National Employers' Federation • Singapore Business Federation • Singapore Institute of Directors • Entrepreneur's Organisation • Young Presidents' Organisation
China	Shanghai Electroplating Association
Malaysia	• Federal of Malaysian Manufacturers • Malaysia External Trade Development Corporation

MATERIAL SUSTAINABILITY FACTORS

In FY2024, a stakeholder engagement session[6] and materiality assessment were conducted by the SC. Through the materiality assessment and having considered the topics of concerns and expectations of identified key stakeholders, factors with significant impacts on the economy, environment, people and their human rights were updated. The results are presented as follows:

S/N	Material Sustainability Factor	SDG	Key stakeholder
Economic			
1	Total customer satisfaction	Decent work and economic growth	Customers
2	Sustainable business performance	Decent work and economic growth	Shareholders and investors
Environmental			
3	Water conservation	Clean water and sanitation	• Communities • Shareholders and investors
4	Energy conservation and GHG emissions reduction	Climate action	• Communities • Shareholders and investors
5	Responsible waste and effluent management	Responsible consumption and production	• Communities • Regulators • Shareholders and investors
Social			
6	Occupational health and safety	Good health and well-being	• Employees • Regulators and investors
7	Employee retention and development	Decent work and economic growth	Employees
8	Fair employment	Reduced inequalities	Employees
Governance			
9	Corporate governance framework	Peace, justice and strong institutions	• Regulators • Shareholders and investors

To ensure the relevance of the material Sustainability Factors, the SC constantly reviews them against the changing business environment, stakeholder opinions, and emerging global and local trends. The details of each material Sustainability Factor are presented as follows:

ECONOMIC

TOTAL CUSTOMER SATISFACTION

Our commitment
In line with our vision to be a world class and preferred precision parts solution provider for our customers globally, we are committed to providing appropriate solutions to our customers that is competitive in pricing, quality and delivery, and ensuring service excellence.

---

[6] The Company distributed an online survey to both its internal and external stakeholders of customers, employees and suppliers to gather perspectives on the most important sustainability factors for the Group to prioritise.

Our approach
We are committed to building a loyal customer base for our long-term sustainability by maximising customer's satisfaction through the following:

Offering a comprehensive range of precision engineering solutions that meets customers' needs
Spindex was founded in 1981 and today it is a highly integrated solution provider of precision machined components and assemblies with manufacturing locations in China, Malaysia and Vietnam. We serve diverse market sectors consisting of multinational corporations in imaging and printing, consumer-related products and machinery and automotive systems. Through investments in flexible manufacturing and information technology and an agile organisation, we are able to constantly reconfigure our resources to customise our products and services to meet our customers' needs. We pride ourselves on our ability to integrate into the supply chain of our worldwide customer base and continuously re-invent ourselves to be at the forefront of today's global marketplace.

Proactively gather customer feedback to formulate strategies
Customer feedback collected from various touchpoints such as our customer service teams and emails are monitored and analysed to gather valuable insights into current and future customer requirements. Insights gathered are discussed during regular management meetings to drive product and service improvements, enhance operational level and provide inputs for strategies. Customer complaints are investigated, corrective actions are taken and relevant policies and procedures are in place to address complaints promptly.

Adoption of market standards on quality control and technological innovation
Quality is our top priority. We have developed quality systems (including policies and procedures), over the years of our business, to ensure that only certified good quality products are shipped to our customers. Our quality assurance teams ensure compliance with the requirements of our customers and our quality systems. We are committed to continually improve the effectiveness of our quality systems.

Innovation is the fundamental driving force for our enterprise development. We prioritise continuous improvements and innovation through investment in research and development to achieve our vision to be a preferred precision parts solution provider for our customers.

Our performance
To align with market standards and best practices, our operations attained the following certifications:

Standard/ certification	Area
ISO 9001:2015	ISO 9001: 2015 standard specifies requirements for a quality management system that can demonstrate the ability to consistently provide products and services that meet customer and applicable statutory and regulatory requirements.
ISO 14001:2015	ISO 14001: 2015 standard specifies requirements for an environmental management system that can be used to enhance environmental performance.
IATF 16949:2018	The International Standard for Automotive Quality Management Systems emphasises the development of a process-oriented quality management system that provides for continual improvement, defect prevention and reduction of variation and waste in the supply chain. The goal is to meet customer requirements from the automotive sector efficiently and effectively.
High Technology Expertise certification (高新技术企业)	The High-tech Enterprise certification demonstrates a company's strong credibility and dedication to technological innovation.

SUSTAINABLE BUSINESS PERFORMANCE

Our commitment
We believe in creating long-term economic value for our shareholders through relevant and meaningful ways.

Our approach

We strive to strike a balance between rewarding shareholders by way of delivering profits, executing our business strategy, which includes staying abreast with market trends, maintaining a robust balance sheet with strong operating cash flow, whilst mitigating relevant business risks identified.

Our performance

Further details of our economic performance can be found in the financial contents and audited financial statements of the Annual Report 2024.

ENVIRONMENTAL

WATER CONSERVATION

Our commitment

We recognise the importance of managing our water consumption efficiently to avoid the depletion of valuable water resources. Accordingly, we are committed to the responsible usage of water resources.

Our approach

We rely on water resources supplied primarily by municipal water suppliers mainly for rinsing of chemicals during plating process, cleaning of precision engineering components and wastewater treatment at our manufacturing plants. Water consumption trends are regularly tracked, analysed and corrective actions are taken when unusual consumption patterns are observed.

Our Hanoi plant implemented a pipeline system to reduce water consumption by recycling water from the plating process. Overflow from the rinse tanks is directed to a storage tank and then repurposed for washing products.

Our performance

Key statistics on water consumption in FY2024 are as follows:

Performance indicator	Unit of measurement	FY2024	FY2023
Water consumption from all areas of operations	CuM	374,642	342,727
Water consumption from areas of operations with water stress[7]	CuM	131,813	120,875
Water consumption intensity	CuM/ revenue $'000	2.08	1.87

Water consumption intensity increased mainly due to the production ramp up at Nantong plant in FY2024. During the production ramp up, the plant operated at reduced efficiency while processes were being adjusted and optimised. Consequently, we experienced a disproportionate increase in water consumption relative to the revenue growth.

ENERGY CONSERVATION AND GHG EMISSIONS REDUCTION

Our commitment

We acknowledge that our energy consumption and the resultant GHG emissions contribute to climate change. Accordingly, we are committed to reduce our carbon footprint whilst open to capitalise on opportunities that may arise as we transit to become a low-carbon organisation.

Our approach

In our operations, we rely mainly on the following energy sources:
- Diesel and petrol fuel for a small fleet of vehicles and forklifts; and
- Electricity for operating machinery and equipment, forklifts and office equipment that is supplied by the local utilities service providers.

---

[7] Areas with water stress across the Group's areas of operations are identified based on the World Resources Institute Aqueduct Water Risk Atlas. This include our manufacturing plants located in China and Vietnam. We are monitoring steps taken at the governmental level to mitigate water stress in the respective countries or regions, whilst strengthening our water conservation efforts.

Spindex Industries Limited - Sustainability Report FY2024

We aim to reduce our environmental footprint and at the same time, establish operational resilience that delivers long-term and sustainable value to our business. We adopt a balanced approach in effectively managing and minimising the impacts arising from our business operations.

Decarbonisation approach
To achieve our decarbonisation goals, we set up a 7-step continuous circular process for our decarbonisation efforts as follows:

Decarbonisation approach

1 Establish baseline
Define boundary, measure emissions and set baseline

2 Identify opportunities and set targets
Identify opportunities to decarbonise and set targets for GHG emissions

3 Develop roadmap
Evaluate opportunities based on cost-benefit considerations and develop roadmap

4 Sustainability report
Incorporate decarbonisation strategy and performance in sustainability report

5 Execution
Execute decarbonisation strategy

6 Assurance
Conduct assurance on reporting process and/or performance

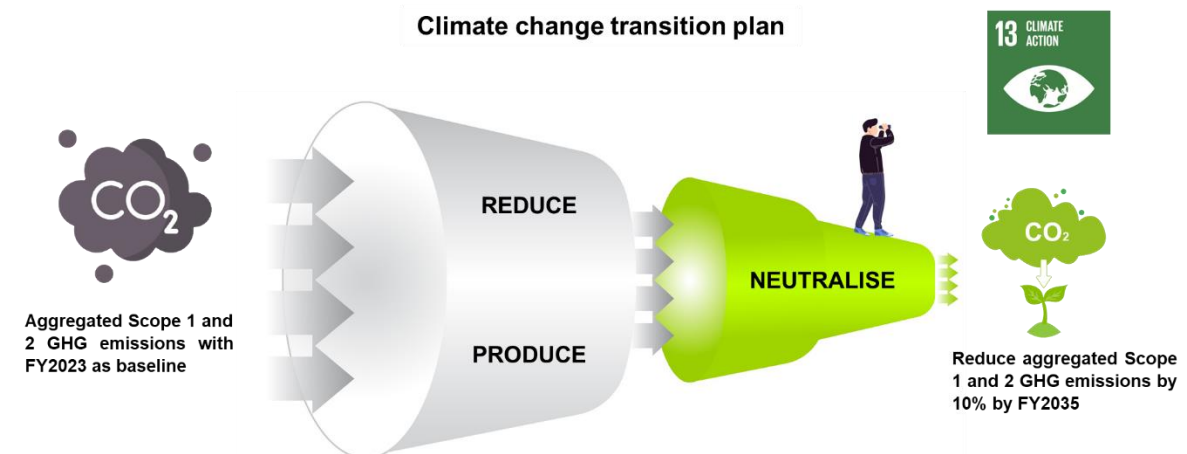**7 Refinement and improvements**
Re-establish and improve

We track and monitor our Scope 1, 2 and certain categories of Scope 3 GHG emissions closely and are developing mechanism to track our other categories of our scope 3 GHG emissions, where relevant and practicable.

We developed a climate change transition plan and will refine and improve the plan as we progressively implement it, by considering changes in business operations, environment and market trends. Progress updates and performance will be provided in our future sustainability reports with assurance on the reporting process covered by an internal review.

Climate change transition plan
Our climate change transition plan steers us on our decarbonisation journey. Under this strategy, we commit to reduce our aggregated Scope 1 and 2 GHG emissions by 10% by FY2035, with FY2023 as our baseline. Our climate change transition plan is focused on three (3) strategic levers of reduce, produce and neutralise as follows:

Climate change transition plan

Aggregated Scope 1 and 2 GHG emissions with FY2023 as baseline

REDUCE

PRODUCE

NEUTRALISE

Reduce aggregated Scope 1 and 2 GHG emissions by 10% by FY2035

Details of our strategic levers are as follows:

Lever	Reduce	Produce	Neutralise
Description	• Reduce absolute GHG emissions first within our operations and followed by our supply chain • Replace existing energy source with low or zero-carbon sources	On-site generation of green or renewable energy	Neutralise unavoidable residual GHG emissions
Focus Area	• Energy efficiency ❖ Machinery and Equipment ❖ Lighting • Clean energy	Solar energy	• Renewable energy certificates ("**REC**") • Carbon credits

We review our energy consumption regularly to control usage and corrective actions are taken when there are unusual consumption patterns. We continuously strive to improve our energy use and efficiency through the following initiatives and plans:

Lever	Key Initiative	Description
Reduce	Energy efficiency – Machinery and equipment	• Select energy-saving electrical devices • Shift transformers and various high heat generating equipment to better-ventilated areas to reduce heat generation at manufacturing plants
	Energy efficiency – Lighting	Replace lightings with energy efficient LED light bulbs
	Behavioural changes	We constantly remind our staff on basic and socially responsible habits at their workplaces such as adopting greener work ethics, switching off appliances if not in use and enabling power saving mode.
	Clean energy	We constantly explore opportunities to source for clean and/or renewable energy where we operate in.
Produce	Solar energy	Solar panels are installed on the rooftop of our Malaysia plant to generate electricity. This initiative enables us to generate clean energy and at the same time, reduces our utility cost.
Neutralise	• REC • Carbon credits	The Group plans to explore the use of REC and carbon credits to offset unavoidable residual GHG emissions when the relevant markets mature.

Our performance

Key statistics on energy consumption and GHG emissions in FY2024 are as follows:

Performance indicator	Unit of measurement	FY2024	FY2023
Energy consumption			
Fuel consumption	GJ	1,151	1,185
Purchased electricity consumption	GJ	151,444	134,488
Renewable solar energy consumption	GJ	3,477	3,392
Energy consumption intensity			
Fuel consumption intensity	GJ/ revenue $'000	0.01	0.01
Purchased electricity consumption intensity	GJ/ revenue $'000	0.84	0.73
GHG emissions			
Scope 1[8] GHG emissions (Direct emissions)	tonnes CO_2e	90	93
Scope 2 [9] GHG emissions (Indirect emissions from electricity)	tonnes CO_2e	25,460	22,694
Aggregated Scope 1 and 2 GHG emissions	tonnes CO_2e	25,550	22,787
GHG emissions intensity			
Aggregated Scope 1 and 2 GHG emissions intensity	tonnes CO_2e/ revenue $'000	0.14	0.12

Aggregated Scope 1 and 2 GHG emissions intensity increased mainly due to the production ramp up at Nantong plant in FY2024. During the production ramp up, the plant operated at reduced efficiency while processes were being adjusted and optimised. Consequently, we experienced a disproportionate increase in GHG emissions relative to the revenue growth.

During the Reporting Period, we started to track selected Scope 3 GHG emissions for our operations as follows:

Category	Coverage	Unit of Measurement	FY2024[10]
Category 1: Purchased goods and services	• Purchased materials such as carbon steel, stainless steel, aluminium • Water supply	tonnes CO_2e	20,059
Category 6: Business travel	Air travel	tonnes CO_2e	62
Category 7: Employee commuting	Transportation of employees between their homes and their worksites	tonnes CO_2e	2,717

RESPONSIBLE WASTE AND EFFLUENT MANAGEMENT

Our commitment

Proper waste and effluent management are essential for environmental sustainability. We conscientiously monitor and control waste generated, and effluent discharged into the environment, minimising our environmental impact.

---

[8] Scope 1 GHG emissions occur from sources that are owned or controlled by the Company. Scope 1 GHG emissions are calculated based on the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

[9] Scope 2 GHG emissions are indirect emissions that arise from the generation of purchased electricity consumed by the Company. Scope 2 GHG emissions are calculated based on the grid emission factors published by the relevant local authorities. Renewable energy has no direct emissions at the point of electricity generation, and therefore use an emission factor of zero in Scope 2 GHG emissions.

[10] No comparative data is available as we have only started tracking Scope 3 GHG emissions in FY2024. Scope 3 GHG emissions were calculated using a mix of emission factors from Department for Environment Food and Rural Affairs, UK ("**DEFRA**"), "Life cycle assessment of water supply in Singapore - A water-scarce urban city with multiple water sources", life cycle databases such as International Stainless Steel Federation and International Aluminium Institute, and calculation tools comprising International Civil Aviation Organization Carbon Emissions Calculator, Carbon and Emissions Recording Tool, GHG Protocol GHG Emissions from Transport or Mobile Sources Tool.

Our approach

Under our commitment to manage waste and effluent responsibly, various measures were implemented, and they include promoting recycling and reusing of raw materials, proper treatment of effluent and hazardous waste before discharge or disposal and organising annual training courses on environmental awareness for employees relating to chemical safety, waste classification, spillage response to promote environmental compliance.

Key waste and effluent generated from the operations of our manufacturing plants are as follows:

- Hazardous waste typically relates to waste from chemicals that may be harmful to humans if consumed, such as plating effluents comprising sludge, nickel dross, waste oil and coolant;
- Effluent mainly relates to wastewater generated from our manufacturing plants; and
- Non-hazardous waste mainly relates to typical packaging and production waste, comprising papers, plastic, wooden and metallic materials.

Waste sent for disposal

Hazardous waste that is not reused or recycled, is handled, stored, and disposed in a manner that adheres to best practices and meets local regulatory requirements. We ensure that waste generated is safely disposed to prevent the risk of environmental contamination.

We conducted annual supplier audits to monitor the performance of our disposal vendors and ensure that they are licensed and satisfy applicable regulations.

Waste diverted from disposal

Waste generated is subjected to reuse and recycle processes. We are aware of the impact of waste generation on the environment and have taken the following reuse and recycling measures:

- Improve compressing, filtering, and spinning processes to properly filter impurities from used cutting oil for reuse;
- Conduct packaging recycling programmes such as collaboration with customers to improve reusing and recycling of packaging materials, environmentally friendly packaging methods and avoiding contamination of packaging materials to allow for effective recycling; and
- Initiate awareness campaigns on reusing and recycling at the manufacturing plants to encourage reduction of waste generated from operations.

Effluent treated before discharge

Effluent (i.e. wastewater from industrial activities) is treated at our in-house waste treatment plants before being discharged into the local waterways. For respective manufacturing plants, wastes and effluent generated are monitored and tracked alongside production activities. In addition, month-to-month comparisons are also made to detect irregularities.

Our performance

Waste generated

Key statistics on the amount of waste generated in FY2024 are as follows:

Performance indicator	Unit of measurement	FY2024	FY2023
Effluent generated	CuM	334,063	324,607
Effluent generated intensity	CuM/ revenue $'000	1.85	1.77
Amount of hazardous waste generated	tonnes	5,804	5,571
Hazardous waste generated intensity	tonnes/ revenue $'000	0.03	0.03
Amount of non-hazardous waste generated	tonnes	3,894	3,312
Non-hazardous waste generated intensity	tonnes/ revenue $'000	0.02	0.02

<u>Waste diverted from disposal</u>
As a result of the initiatives on reusing and recycling of certain waste generated from operations, we achieved a 29% (FY2023: 13%) reusability of packaging materials and a 98% (FY2023: 47%) reusability of cutting oil across the Group in FY2024. The increase in the reusability rate of packaging materials is mainly attributable to the production ramp up at the Nantong Plant, which improved the reusability of packaging materials in its production process whilst the new machinery acquired by our Malaysia plant enhanced the recovery rate of cutting oil during its production process.

During the Reporting Period, there were zero (FY2023: zero) incidents of significant fines and/ or non-monetary sanctions incurred as a result of non-compliance with applicable environmental laws and/or regulations.

SOCIAL

OCCUPATIONAL HEALTH AND SAFETY

Our commitment
Employees' safety and wellbeing have always been and continue to be a key priority for us. We strive to create a safe and healthy working environment for our employees, raise awareness, maintain vigilance, and foster a strong safety awareness culture particularly at the ground level by ensuring that proper trainings are provided to our employees.

Our approach
A Safety Committee is in place to supervise workplace safety and health ("**WSH**") and the dissemination of related information and requirements. As a group centralised function, the committee comprises representatives from various departments. On WSH matters, the Safety Committee is primarily responsible for overseeing the WSH function of our subsidiaries to ensure that WSH standards are upheld and in line with industry's best practices. Other responsibilities of the committee include reviewing, reinforcing existing WSH standards and regulations and effective implementation of new WSH standards and regulations. Members of the Safety Committee hold regular meetings to assess safety inspection results, evaluate infrastructures, and review incidents, as well as to coordinate and organise safety-related workshops. Employees are empowered to report any potentially unsafe situations and to take ownership of the safety culture within the workplace.

Regular hazard identification and risk assessments are conducted at our Malaysia plant to identify the hazards and risks associated in various work activities and processes. The identified hazards are assessed taking into consideration the existing controls in place and additional controls required. We also work closely with third-party vendors to ensure that they understand the relevant regulatory requirements on occupational health and safety, as well as our requirements and expectations.

On dissemination of WSH information and requirements, the Safety Committee conducts external and internal trainings such as orientation programmes on workplace safety, safe work procedures and personal protection equipment, chemical handling, radiation safety, occupational noise-related hazards, fire drill, forklift safety awareness and first aid to promote awareness amongst employees. Employees from designated departments are also sent for specialised safety trainings. The Safety Committee works closely with the Human Resource Department to provide comprehensive coverage and emphasis on employee health and safety through annual medical check-ups and audiometric tests.

All near-miss incidents and accidents are promptly reported to the Safety Committee. With timely reporting, the Group ensures that all injured workers are attended to, and investigations are promptly conducted. Post-incident briefings are also provided to the employees to raise awareness and reduce the likelihood of recurrence. To reinforce awareness, regular safety briefings are conducted to remind employees of established safety measures and precautions. Other measures adopted to manage WSH at the workplace include daily patrols to alert employees on potential unsafe practices and the provision of personal protection equipment. Employees or visitors on site are required to follow our WSH policies. We will continue to monitor safety performance at our manufacturing plants to ensure that necessary measures are taken to address any other forms of health and safety risks at the workplace.

Our performance

Key statistics on the number and rate (per 200,000 recordable working hours) of our work-related injuries and work-related ill health cases in FY2024 are as follows:

Disclosure	FY2024		FY2023	
	Number	Rate	Number	Rate
Workplace fatalities	1	0.04	-	-
High consequence work-related injuries	-	-	-	-
Recordable work-related injuries[11]	3	0.13	5	0.23
Recordable work-related ill health cases[12]	-	-	-	-

The workplace fatality relates to an employee who was found unconscious outside his working area. No penalties were imposed by the relevant authorities for non-compliance with applicable regulations.

EMPLOYEE RETENTION AND DEVELOPMENT

Our commitment

Today's constantly changing business environment calls for a competitive workforce attuned to the latest developments in skills and capabilities. The Group recognises this and believes that an engaged workforce with strong leadership is a key driver for growth, innovation, and sustainability. Investment in employee's learning and development helps us to build a resilient and future-ready workforce, which will in turn provide a competitive edge for the Group's future growth and success.

Our approach

Training and education

We believe in investing in continuous development and training for our employees. Within the Group, training and development opportunities are identified based on employees' training needs and role requirements.

Performance appraisal system

We provide competitive remuneration based on merit to our employees. Our confirmed full-time employees receive regular feedback on their performance and career development. Regular training need analysis is conducted based on employees' competencies and professional knowledge.

Employee remuneration and benefits

The Group recognises the valuable contribution of all employees. We strongly believe that with fair remuneration and the provision of equal opportunities for development, our engaged workforce will be driven to contribute positively to the Group. In determining our remuneration packages and human resource policies, we consider relevant regulatory requirements, salary, and employment conditions of comparable companies within the industry. We also encourage our staff to provide feedback regularly to align expectations and aid decision making.

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

[11] Recordable work-related injuries refer to all work-related injuries that a company is required to report to the authorities.
[12] Work-related ill health cases refer to negative impacts on health arising from exposure to hazards at work.

In support of local government's pro-family legislation across our operations, eligible working mothers and fathers are entitled to maternity leave, paternity leave and where applicable, childcare leave in certain areas of operations. For instance, in our Singapore operations, eligible working mothers and fathers who are legally married and whose new-born child is a Singapore citizen, are entitled to 16 weeks of maternity leave and 2 weeks of paternity leave respectively. Eligible working parents of at least one child who is a Singapore citizen are entitled to either 6 days of paid childcare leave annually if the child is below seven years old or 2 days of extended childcare leave annually if the child is between ages of 7 to 12 years old.

In addition, we provide medical insurance for our employees, as well as annual health screenings for certain employees. To take care of employees' welfare, respective subsidiaries have carried out their own initiatives such as the distribution of festival goods to employees and reimbursement for sports-related activities.

Our performance

New hires

Key statistics on new hires of our full-time employees are as follows:

Disclosure	FY2024		FY2023	
	Number of new hires	Rate of new hires	Number of new hires	Rate of new hires
Overall new hires	381	23.3%	417	26.0%
Gender				
New hires (Male)	247	22.9%	320	30.5%
New hires (Female)	134	24.1%	97	17.6%
Age				
New hires (< 30)	188	34.2%	281	50.4%
New hires (30 - 50)	190	18.8%	136	13.9%
New hires (> 50)	3	4.2%	-	-%

Turnover

Key statistics on employee turnover of our full-time employees are as follows:

Disclosure	FY2024		FY2023	
	Number of turnover	Rate of turnover	Number of turnover	Rate of turnover
Overall turnover	331	20.3%	407	25.4%
Gender				
Turnover (Male)	207	19.2%	251	23.9%
Turnover (Female)	124	22.3%	156	28.3%
Age				
Turnover (< 30)	162	29.5%	203	36.4%
Turnover (30 - 50)	158	15.6%	194	19.9%
Turnover (> 50)	11	15.3%	10	14.3%

We will continuously work towards reducing our turnover rate.

<u>Training and education</u>
The training and development programmes attended by employees covered relevant areas such as orientation, first aid, occupational health and safety, waste and effluent management and skill development. Key statistics on employee training hours are as follows:

Disclosure	FY2024	FY2023[13]
Overall		
Total training hours	25,766	26,506
Average training hours per employee	16	17
Gender (Male)		
Total training hours	16,055	16,888
Average training hours per employee	15	16
Gender (Female)		
Total training hours	9,710	9,618
Average training hours per employee	17	17
Management		
Total training hours	3,046	2,010
Average training hours per employee	24	16
Non-management		
Total training hours	22,720	24,496
Average training hours per employee	15	17

The decrease in average overall training hours per employee is mainly due to one-time training conducted in FY2023 and lesser employees sent to attend training programmes given a tighter production schedule.

<u>Performance appraisal system</u>
During the Reporting Period, 99% (FY2023: 100%) of our confirmed employees received regular performance appraisals.

<u>Parental leave</u>
Key statistics on maternity leave and paternity leave (collectively as "**Parental Leave**") taken by confirmed full-time employees are as follows:

Performance Indicator	FY2024		FY2023	
	Male	Female	Male	Female
Number of employees entitled to Parental Leave	19	19	29	15
Number of employees who took Parental Leave	19	19	29	15
Number of employees who returned to work after Parental Leave ended	19	19	29	15
Return to work rate of employees who took Parental Leave	100%	100%	100%	100%
Retention rate of employees 12 months after they returned to work from Parental Leave[14]	90%	87%	92%	100%

FAIR EMPLOYMENT

Our commitment
As workforce demographics shift and the emergence of global markets, workplace diversity is fast becoming a necessity to cater to market demands.

Our approach
The Group is committed to fair employment practices and emphasis is placed on protecting human rights and adopting equitable labour practices. The Group's recruitment process adheres to the strict guidelines on non-discrimination and fairness, regardless of gender, ethnicity, religion or age.

---

[13] Figure has been restated as a correction.
[14] Retention rate is calculated based on employees who took Parental Leave in the preceding reporting period.

Our performance

As at 30 June 2024, the Group had a total of 1,634 (FY2023: 1,602) employees across its offices and manufacturing plants, of which males made up 66.0% (FY2023: 65.5%) of the total workforce. The higher proportion of males is attributable to the nature of the industry we operate in. Across the Group, there were no reported incidents of discrimination raised by our employees in FY2024 (FY2023: none).

Key statistics on employee demographics are as follows:

Gender diversity (%)
Key statistics on gender diversity of our employees are as follows:

Disclosure	FY2024		FY2023	
	Male	Female	Male	Female
Overall	66.0%	34.0%	65.5%	34.5%
Employee category				
Management	43.2%	56.8%	44.9%	55.1%
Non-management	67.9%	32.1%	67.3%	32.7%
Employment type				
Full-time	66.0%	34.0%	65.5%	34.5%

Age diversity (%)
Key statistics on age diversity of our employees are as follows:

Disclosure	FY2024			FY2023		
	Below 30	30 – 50	Over 50	Below 30	30 – 50	Over 50
Overall	33.6%	62.0%	4.4%	34.8%	60.9%	4.4%
Employee category						
Management	13.6%	67.2%	19.2%	10.3%	72.2%	17.5%
Non-management	35.2%	61.6%	3.2%	36.9%	59.8%	3.3%
Employment type						
Full-time	33.6%	62.0%	4.4%	34.8%	60.9%	4.4%

GOVERNANCE

**CORPORATE GOVERNANCE FRAMEWORK**

Our commitment

The Group is committed to uphold the highest standards of corporate governance and business integrity in all our business dealings, which we believe are essential for the long-term viability of our businesses and the enhancement of shareholder value.

Our approach

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

We aligned our corporate governance and risk management approach with the Three Lines Model issued by the Institute of Internal Auditors ("**IIA**"). The Three Lines Model serves to identify structures and processes that best assist the achievement of organisational objectives and facilitate strong governance and risk management. Under the Three Lines Model, the roles and responsibilities of governing body, management (first- and second-line roles), internal audit (third line roles) and the relationship among them are defined as follows:
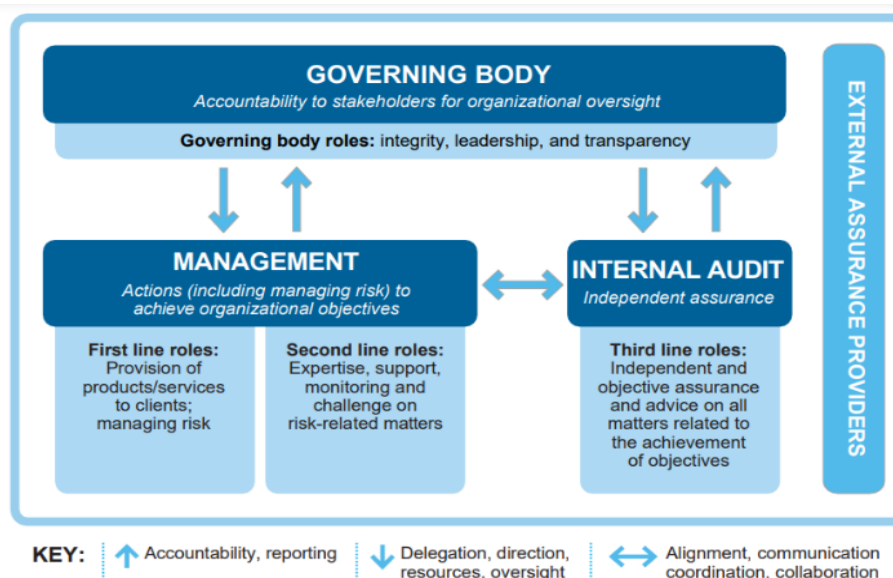
Source: Three Lines Model issued by the IIA

We put in place an ERM framework to track and manage the risks in which we are exposed. We regularly assess and review our businesses and operational environment to identify and manage strategic, operational, financial and compliance risks that may impact our sustainability. With a positive and proactive attitude, we believe that risks faced by the Group could be converted into opportunities and bring about favourable outcomes.

Recognising that non-compliance with laws and regulation may pose detrimental financial and reputational impact on the Group, we maintain a zero-tolerance stance towards bribery, corruption, fraud and violation of laws and regulations.

Given the geographical diversity of our businesses, the Management and Audit Committee constantly update themselves on the latest developments in the laws and regulations of countries where the Group operates to ensure compliance. The subsidiaries also constantly engage with the local government authorities and agencies, as a mean to keep abreast of changes to laws and regulations.

The Group's Human Resources Department put in place an anti-corruption policy which is applicable to the Company, its subsidiaries, all directors, officers, and employees of the Group. Its objectives are to set forth a high standard of corporate governance, provide a channel of communication for employees to report fraudulent practices and guide employees on available process to address their concerns on suspicious fraudulent or irregular activities. The Group's orientation and induction programme for all new employees also includes information on code of business conduct and ethics and related corporate policies including entertainment, gifts and whistleblowing.

The Group maintains a whistle-blowing policy, which provides guidance on suspicion, reporting and investigation of fraudulent and irregular practices within the Group. The whistle-blowing policy sets forth the process for investigation and management reporting. All whistle-blowing cases reported are objectively investigated by independent personnel with appropriate remedial measures and follow-up actions taken where warranted. The Audit Committee maintains oversight of this policy and periodically reviews the adequacy of the whistle-blowing arrangements to ensure that employees may confidently raise their concerns about potential improprieties in matters of financial reporting or business transactions.

You may refer to the Corporate Governance Report of the Annual Report 2024 for details of our corporate governance practices.

Our performance
In FY2024, all employees received anti-corruption training. We reported no (FY2023: zero) incidents of corruption reported in FY2024. Additionally, there were no (FY2023: zero) reported incidents of non-compliance with laws and regulations for which significant fines (i.e. more than 5% of revenue) and/or non-monetary sanctions were incurred.

TARGETS AND PROGRESS

To measure our ongoing sustainability performance and drive continuous improvement, we developed a set of targets related to our material sustainability factors. Our progress against these targets is reviewed and reported on an annual basis with details as follows:

Legend	Progress tracking
○○○	New target
●●●	Target achieved
●●○	On track to meet target
●○○	Not on track, requires review

S/N	Material Sustainability Factor	Target[15]	Current year's progress
Economic			
1	Total customer satisfaction	<u>Ongoing and long-term</u> Adhere to the market standards and best practices in operations	●●● Achieved ISO 9001:2015, ISO 14001:2015, IATF 16949:2018 and High Technology Expertise certifications
2	Economic performance	<u>Short-term</u> Improve our financial performance subject to market conditions	●●● The Group's profit for the year improved despite the marginally lower revenue. This was achieved through a combination of prudent cost management, better product mix and a softening of inflationary costs on some material prices. Lower effective tax rate due to timing difference of deferred tax liabilities also contributed to the increase in profit for the year.
		<u>Ongoing and long-term</u> Maximise returns for long-term profitability, with the aim of creating sustainable shareholder value	○○○ The uncertainty of the world economies is likely to set the stage for further volatility in FY2025. The Group will continue to manage its operations efficiently and its expenses prudently in the face of these challenges. The Group is in a strong financial position and will continue to invest selectively to maximise production efficiency and capitalise on opportunities to expand its business during this period of economic volatility.

[15] Time horizons for target setting are (1) short-term: before FY2025, (2) medium-term: FY2025 – FY2035, (3) long-term: after FY2035, (4) on-going: short, medium and long-term time horizons.

Spindex Industries Limited - Sustainability Report FY2024

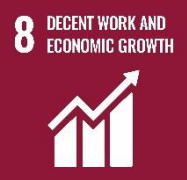| S/N	Material Sustainability Factor	Target	Current year's progress
Environmental			
3	Water conservation	<u>Short-term</u> Reduce or maintain water consumption intensity	●○○ Increase in water consumption intensity mainly due to the ramping up of production at Nantong plant in FY2024
4	Energy conservation and GHG emissions reduction	<u>Short-term</u> Reduce aggregated Scope 1 and 2 GHG emissions intensity <u>Medium-term</u> Reduce our aggregated Scope 1 and 2 GHG emissions by 10% by FY2035, with FY2023 as our baseline	●○○ Increase in aggregated Scope 1 and 2 GHG emissions intensity mainly due to the production ramp up at Nantong plant in FY2024 ○○○ We developed a climate change transition plan and will refine and improve the plan as we progressively implement it, by considering changes in business operations, environment and market trends
5	Responsible waste and effluent management	<u>Ongoing and long-term</u> Maintain zero incidents of significant fines and/ or non-monetary sanctions incurred as a result of non-compliance with applicable environmental laws and/or regulations	●●● Maintained zero incidents of significant fines and/ or non-monetary sanctions incurred as a result of non-compliance with applicable environmental laws and/or regulations
Social			
6	Occupational health and safety	<u>On-going and long-term</u> • Maintain zero workplace fatalities, high consequence work-related injuries and ill health cases • Reduce number of recordable work-related injuries	●○○ • Recorded 1 workplace fatality. The workplace fatality relates to an employee who was found unconscious outside the working area. No penalties were imposed by the relevant authorities for non-compliance with applicable regulations. • Maintained zero high consequence work-related injuries and ill health cases • Decrease in number of recordable work-related injuries
7	Employee retention and development	<u>Short-term</u> Maintain or improve average training hours per employee	●○○ Decrease in average overall training hours per employee mainly due to one-time training conducted in FY2023 and allocation of lesser employees for training programmes given a tighter production schedule
8	Fair employment	<u>On-going and long-term</u> Maintain zero reported incidents of discrimination raised by our employees	●●● Maintained zero reported incidents of discrimination raised by our employees

S/N	Material Sustainability Factor	Target	Current year's progress
Governance			
9	Corporate governance framework	**On-going and long-term** • Maintain zero incidents of corruption • Maintain zero incidents of non-compliance with laws and regulations for which significant fines and/or non-monetary sanctions were incurred	●●● • Maintained zero incidents of corruption • Maintained zero incidents of non-compliance with laws and regulations for which significant fines and/or non-monetary sanctions were incurred

For the material Sustainability Factors identified this Report, the Board and SC have considered the relevance and usefulness of setting related targets in the short, medium and long term horizons. As the historical data trends for certain material Sustainability Factors have yet to stabilise, we have not set the related medium and long-term targets and will disclose such targets in our future sustainability reports when the data trends have stabilised and subject to market trends.

SUPPORTING THE UN SUSTAINABLE DEVELOPMENT GOALS

We incorporated the SDGs under the 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, where appropriate, as a supporting framework to shape and guide our sustainability strategy. The results shown below are how our Sustainability Factors relate to these SDGs:

SDG	Our effort
3 GOOD HEALTH AND WELL-BEING Ensure healthy lives and promote well-being for all at all ages	<u>Occupational health and safety</u> We implement measures to ensure that the environment our employees work in is both safe and secure, as well as to maintain the physical and mental health of our employees.
6 CLEAN WATER AND SANITATION Ensure availability and sustainable management of water sanitation for all	<u>Water conservation</u> We implement checks and measures to minimise wastage of water from our business operations, which in turn helps us to work towards achieving sustainable management and efficient use of natural resources.
8 DECENT WORK AND ECONOMIC GROWTH Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	<u>Total customer satisfaction</u> We place heavy emphasis on customer satisfaction as we understand that maintaining a high level of customer satisfaction is essential to the continued success of our business. This in turn helps to contribute to economic growth as well as the creation of new jobs. <u>Sustainable business performance</u> We contribute to economic growth through creating long-term value for our shareholders. <u>Employee retention and development</u> We believe in creating decent and fulfilling jobs and a rewarding working environment for our employees which in turn contributes to economic growth through offering our employees training opportunities and providing various employee benefits such as medical insurance coverage and health screenings.

SDG	Our effort
10 REDUCED INEQUALITIES Reduce inequality within and among countries	**Fair employment** We create a diverse and inclusive workplace that will bring new perspectives to our business and strengthen our ability to overcome new challenges.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION Ensures sustainable consumption and production patterns	**Responsible waste and effluent management** We implement measures to reduce environmental impacts of waste that is generated from our business operations.
13 CLIMATE ACTION Take urgent action to combat climate change and its impacts	**Energy conservation and GHG emissions reduction** We implement measures to reduce our energy consumption rate as not only does it help to improve our energy efficiency and reduce GHG emissions, it also helps us to save costs incurred to support our business operations.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	**Corporate governance framework** We are committed to high standards of corporate governance as we believe that a high standard of corporate governance is integral in ensuring the sustainability of our businesses as well as safeguarding shareholders' interests and maximising long-term shareholder's value.

SUPPORTING THE TCFD

Our climate-related disclosures are produced based on the 11 recommendations of TCFD.

Governance

a. Describe the board's oversight of climate-related risks and opportunities.
The Board oversees the management and monitoring of the Sustainability Factors and consider climate-related issues in determining the Group's strategic direction and policies.

b. Describe management's role in assessing and managing climate-related risks and opportunities.
Our sustainability strategy is developed and directed by the SC in consultation with the Board. The SC, which includes senior management executives and representatives of plant management from various sites, is led by the Group's Managing Director. The responsibilities of the SC include considering climate-related issues in the development of sustainability strategy, target setting, as well as collection, monitoring and reporting of performance data.

Spindex Industries Limited - Sustainability Report FY2024

Strategy

a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.
b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.

We recognise that climate change poses different types of risks to our business. The Group's assessment on potential implication of climate-related risks was undertaken based on the Network of Central Banks and Supervisors for Greening the Financial System ("**NGFS**") range of climate scenarios:

Scenario	Description
NGFS – Orderly	This scenario assumes that climate policies are introduced early and become gradually more stringent. Both physical and transition risks are relatively subdued through cohesive stringent climate policies and innovation.
NGFS – Hot house world	This scenario assumes that some climate policies are implemented in some jurisdictions, but global efforts are insufficient to halt significant global warming. Critical temperature thresholds are exceeded, leading to severe physical risks and irreversible impacts like sea-level rise. Only currently implemented policies are preserved, leading to high physical risks.

We selected NGFS' orderly and hot house world scenarios for the purpose of our qualitative climate scenario analysis. The impact of the climate-related risks is analysed on group-wide activities in the short term (before FY2025), medium term (FY2025 – FY2035) and long term (after FY2035). Based on the above-mentioned scenarios, the climate-related risks and opportunities identified by the Group during a climate-related risk assessment exercise includes the following:

Climate-related risks and opportunities

Climate-related Risk	Potential Impact	Mitigation Measure	Climate-related Opportunity
Transition Risk			
Increased carbon pricing	In the countries which the Group operates in, climate-related policies and regulations may impose carbon taxes. As part of governmental efforts to reduce national GHG emissions and achieve national climate goals, carbon taxes are expected to increase over time. Although carbon tax is currently mainly levied on large emitters of GHG emissions, the cost of increased carbon taxes may be passed on by suppliers to the Group by way of price increases.	To strengthen our sustainability governance structure, we put in place a SC for managing and monitoring our material Sustainability Factors, including working with the various business units to ensure these are integrated into our day-to-day operations. In addition, we established terms of reference for component parties involved in the sustainability reporting process, for clarity and accountability purposes. With the above, we will be in a better position to meet the changes in regulations and rising expectations of stakeholders on the environment.	The enhanced emissions reporting obligations and increase in regulatory costs will raise climate awareness among our employees and with more defined job responsibilities and training, the Group will be better positioned to adopt environmentally friendly practices.
Enhanced GHG emissions-reporting obligations	With rising concerns over the effects of climate change, key stakeholders such as the regulators and shareholders are requiring reporting of climate-related information. Failure to comply with enhanced GHG emissions reporting obligations may lead to adverse impacts on the Group's reputation and financial performance.		

Climate-related Risk	Potential Impact	Mitigation Measure	Climate-related Opportunity
Physical Risk			
Increased severity of extreme weather events	With rising temperatures and more frequent heatwaves arising from global warming and climate change, risks of increasing cooling expenditure and reduced labour productivity are expected to increase.	We developed and disclosed our inaugural climate change transition plan to steer us on our decarbonisation journey. The increased severity of extreme weather events drove us in transiting to renewable energy sources and increasing our operational efficiency. Solar panels were installed on the rooftop of our Malaysia plant to provide us with clean energy. We also adopted LED lighting to lower energy usage and shifted transformers and high heat generating equipment to better-ventilated areas to reduce heat generation at our manufacturing plants. You may refer to Energy Conservation and GHG Emissions Reduction section for further details.	Opportunities, which we can capitalise on, are available in improving our operational and production efficiency and increasing the utilisation of renewable and clean energy sources.

NGFS – Orderly

Risk	Potential impact magnitude		
	Short-term	**Medium-term**	**Long-term**
Key transition risk identified			
Increased carbon pricing	🟢	🟡	🟡
Enhanced emissions-reporting obligations	🟢	🟡	🟡
Key physical risk identified			
Increased severity of extreme weather events	🟢	🟢	🟢

NGFS – Hot house world

Risk	Potential impact magnitude		
	Short-term	**Medium-term**	**Long-term**
Key transition risk identified			
Increased carbon pricing	🟢	🟢	🟢
Enhanced emissions-reporting obligations	🟢	🟢	🟢
Key physical risk identified			
Increased severity of extreme weather events	🟢	🟡	🔴

Legend

🟢 Minor 🟡 Moderate 🔴 Major

These climate-related risks and opportunities remain valid for the Group for the purpose of planning and decision making and will be updated periodically or where there is a major change in our business model.

In terms of our business strategy and financial planning based on the scenarios above, we will continue to formulate adaptation and mitigation plans and explore allocating resources towards transitioning to low-carbon practices. We strive to minimise the climate risks associated with our business and will seize opportunities in an effective manner such as expanding collaboration and partnership with key stakeholders to innovate and develop low carbon goods and services for the market.

c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

The resilience of an organisation's strategy is dependent on its ability to adapt and thrive in the face of changing circumstances and emerging risks. The climate scenario analysis is crucial in providing insights on the potential extent of the climate-related risk exposure to our businesses as well as the potential opportunities.

Through our climate scenario analysis, we concluded that unmitigated climate risks (under warming scenario 2: Hot house world) may result in a severe financial impact in the long term. Under the warming scenario 1: Orderly, the vast majority of the impact will be attributable to transition risks from the cost increase from carbon pricing and enhanced GHG emissions-reporting obligations. To address the risks and capitalise on opportunities associated with climate change, we will continuously build on our strategy to remain resilient as we progress in our sustainability journey.

Risk Management

a. Describe the organisation's processes for identifying and assessing climate-related risks.
b. Describe the organisation's processes for managing climate-related risks.
c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.

The Group's climate related risks and opportunities are identified and assessed during a climate-related risk assessment exercise. We also manage our climate-related risks by monitoring the trend of climate-related performance indicators. Under the assessment, business units and support functions are responsible for identifying and documenting their relevant risk exposures that might hinder their progress towards contributing to the Group's business objectives. We will integrate the climate-related risks into our risk management framework in the future.

Metrics and Targets

a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

We track, measure and report on our environmental performance, such as energy and GHG emissions and disclose related metrics in our Report. Monitoring and reporting these metrics help us in identifying areas with material climate-related risks and enabling us to be more targeted in our efforts.

b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions, and the related risks.

To support the climate change agenda, we disclose our Scope 1 and Scope 2 GHG emissions in the sustainability report and set climate-related targets such as those related to energy and GHG emissions.

We recognise the importance of monitoring our indirect Scope 3 GHG emissions and started tracking and disclosing indirect Scope 3 GHG emissions from purchased goods and services (category 1), business travel (category 6), employee commuting (category 7) in FY2024. We aim to review our Scope 3 GHG emissions to better track and disclose our material Scope 3 GHG emissions and expand the reporting coverage of our Scope 3 GHG emissions on categories relevant to the Group wherever applicable and practicable.

c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

As a commitment towards mitigating climate change, we set climate-related targets related to energy consumption and GHG emissions. For further details, please refer to Targets and Progress section.

GRI CONTENT INDEX

Statement of use	Spindex Industries Limited has reported in accordance with the GRI Standards for the period from 1 July 2023 to 30 June 2024.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	None

GRI standard	Disclosure	Location/ Page reference
General Disclosures		
GRI 2: General Disclosures 2021	2-1 Organisational details	Pages 1, 3, Annual Report 2024 ("**AR2024**"): Pages 40, 84 - 85
	2-2 Entities included in the organisation's sustainability reporting	Page 3
	2-3 Reporting period, frequency and contact point	Pages 2 - 3, 6
	2-4 Restatements of information	Page 4, 19
	2-5 External assurance	Page 2
	2-6 Activities, value chain and other business relationships	Pages 3, 9 - 10
	2-7 Employees	Pages 4, 20
	2-8 Workers who are not employees	We have an average of approximately 363 workers who are not employees as at 30 June 2024. They include agency workers who are mainly involved in production, inspection, warehouse operations, security services and office cleaning. The number of workers who are not employees may vary due to fluctuations in sales forecast.
	2-9 Governance structure and composition	Pages 4 - 5, AR2024: Page 1
	2-10 Nomination and selection of the highest governance body	AR2024: Pages 14 - 16
	2-11 Chair of the highest governance body	Page 4, AR2024: Page 13
	2-12 Role of the highest governance body in overseeing the management of impacts	Pages 4 - 5
	2-13 Delegation of responsibility for managing impacts	Pages 4 - 5
	2-14 Role of the highest governance body in sustainability reporting	Pages 4 - 5
	2-15 Conflicts of interest	AR2024: Page 9
	2-16 Communication of critical concerns	Page 21
	2-17 Collective knowledge of the highest governance body	Page 4
	2-18 Evaluation of the performance of the highest governance body	AR2024: Page 17
	2-19 Remuneration policies	AR2024: Pages 17 - 21
	2-20 Process to determine remuneration	AR2024: Pages 17 - 21
	2-21 Annual total compensation ratio	Information is not provided due to confidentiality constraints.
	2-22 Statement on sustainable development strategy	Page 1
	2-23 Policy commitments	Pages 16 - 17, 19, 21
	2-24 Embedding policy commitments	Pages 16 - 17, 19, 21
	2-25 Processes to remediate negative impacts	Page 21, AR2024: Page 25
	2-26 Mechanisms for seeking advice and raising concerns	Page 21, AR2024: Page 25
	2-27 Compliance with laws and regulations	Pages 16, 20, 22
	2-28 Membership associations	Page 8
	2-29 Approach to stakeholder engagement	Pages 7 - 8

Spindex Industries Limited - Sustainability Report FY2024

GRI standard	Disclosure	Location/ Page reference
General Disclosures		
GRI 2: General Disclosures 2021	2-30 Collective bargaining agreements	As at 30 June 2024, 30% of the Group's full-time employees are covered by collective bargaining agreements. This is attributable to our employees located in Vietnam.
Material Topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Pages 5 - 6, 9
	3-2 List of material topics	Page 9
Sustainable Business Performance		
GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 10 - 11, 22
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Pages 2, 11, 22, AR2024: Pages 36, 39
	201-2 Financial implications and other risks and opportunities due to climate change	Pages 26 - 28
	201-3 Defined benefit plan obligations and other retirement plans	AR2024: Pages 46 - 47, 54
	201-4 Financial assistance received from government	AR2024: Page 53
Corporate Governance Framework		
GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 20 - 22, 24
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Page 21
	205-2 Communication and training about anti-corruption policies and procedures	Pages 21 - 22
	205-3 Confirmed incidents of corruption and actions taken	Page 22
Energy Conservation and GHG Emissions Reduction		
GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 11 - 14, 23
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Page 14
	302-2 Energy consumption outside of the organisation	Page 14
	302-3 Energy intensity	Page 14
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Page 14
	305-2 Energy indirect (Scope 2) GHG emissions	Page 14
	305-3 Other indirect (Scope 3) GHG emissions	Page 14
	305-4 GHG emissions intensity	Page 14
	305-5 Reduction of GHG emissions	Pages 13 - 14
Water Conservation		
GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 11, 23
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Page 11
	303-3 Water withdrawal	Page 11
	303-5 Water consumption	Page 11
Responsible Waste and Effluent Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 14 - 16, 23
GRI 303: Water and Effluents 2018	303-2 Management of water discharge-related impacts	Page 15
	303-4 Water discharge	Page 15
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Pages 15 - 16
	306-2 Management of significant waste-related impacts	Pages 15 - 16
	306-3 Waste generated	Page 15
	306-4 Waste diverted from disposal	Pages 15 - 16
	306-5 Waste directed to disposal	Pages 15 - 16

GRI standard	Disclosure	Location/ Page reference
Employee Retention and Development		
GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 17 - 19, 23
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Page 18
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Pages 17 - 18
	401-3 Parental leave	Page 19
GRI 403: Occupational Health and Safety 2018	403-3 Occupational health services	Page 18
	403-6 Promotion of worker health	Page 18
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Page 19
	404-2 Programs for upgrading employee skills and transition assistance programs	Page 19
	404-3 Percentage of employees receiving regular performance and career development reviews	Page 19
Occupational Health and Safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 16 - 17, 23
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Page 16
	403-2 Hazard identification, risk assessment, and incident investigation	Page 16
	403-3 Occupational health services	Page 16
	403-4 Worker participation, consultation, and communication on occupational health and safety	Page 16
	403-5 Worker training on occupational health and safety	Page 16
	403-6 Promotion of worker health	Page 16
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 16
	403-8 Workers covered by an occupational health and safety management system	Page 16
	403-9 Work-related injuries	Page 17
	403-10 Work-related ill health	Page 17
Fair Employment		
GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 19 - 20, 23
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Page 20
	405-2 Ratio of basic salary and remuneration of women to men	Information is not provided due to confidentiality constraints.
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Page 20

SPINDEX