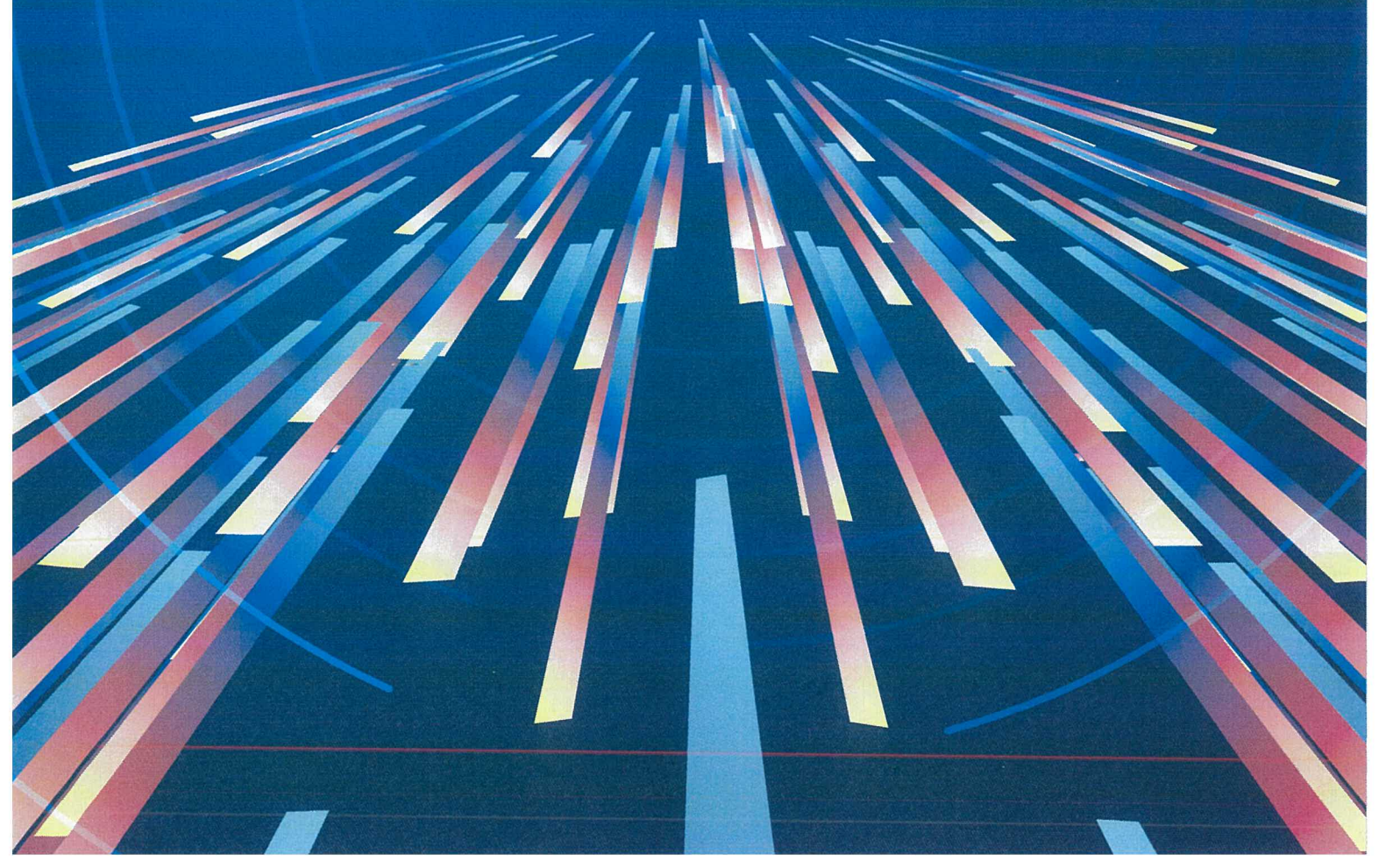


# INNOTEK

SUSTAINABILITY REPORT 2022

**STRENGTHENING  
OUR BUSINESS CORE**





| Contents   | Page |
|--|------|
| 1 ABOUT THE REPORT .....                             | 2    |
| 2 FEEDBACK .....                                     | 2    |
| 3 BOARD STATEMENT ON SUSTAINABILITY .....            | 3    |
| 4 ABOUT THE GROUP .....                              | 4    |
| 5 SR GOVERNANCE STRUCTURE.....                       | 5    |
| 6 STRATEGIC APPROACH FOR SUSTAINABILITY .....        | 5    |
| 7 STAKEHOLDER ENGAGEMENT .....                       | 6    |
| 8 MATERIALITY ASSESSMENT .....                       | 7    |
| 9 ENVIRONMENTAL.....                                 | 10   |
| 10 SOCIAL .....                                      | 15   |
| 11 GOVERNANCE .....                                  | 19   |
| GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX..... | 21   |

## 1 ABOUT THE REPORT

### Reporting Boundary

As a guide, this report covers operations and all subsidiaries for which InnoTek Limited (“InnoTek” or together with its subsidiaries, the “Group”) has management control, unless otherwise stated. It seeks to provide 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 2022 to 31 December 2022 (“FY2022”), namely:

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

\* Other geographical locations (i.e.: Mansfield (Thailand) Company Limited and Mansfield Vietnam Company Limited) have been excluded from this report due to minimal operations and materiality of revenue to the group which is less than S\$7.5million and S\$3million respectively. The Group will gradually scope in the next financial year sustainability reporting.

### Reporting Period & Standard

The reporting period is the same as that of the financial year of the Group (1 January 2022 to 31 December 2022). 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.

### 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](mailto: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.

### 3 BOARD STATEMENT ON SUSTAINABILITY

InnoTek Limited (“InnoTek” or together with its subsidiaries, the “Group”) is pleased to issue its fifth sustainability report prepared in accordance with the GRI Standards and in compliance with the Singapore Exchange – Securities Trading (“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 that specialises in precision metal components serving the 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 one newly commissioned manufacturing plant in Vietnam, with a combined total manufacturing space of over 200 thousand square feet. There are a total of 750 stamping presses that offer dynamic capacity ranges, computer numerical control machines, along with various dedicated devices and automation equipment to consistently provide high-quality products and services that meet the demands of our customers.



#### 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.



#### 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.

### 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
- InnoTek Ltd. was one of the 26 winners for the Singapore Corporate Awards (SCA) (2021 Special Edition)’s Corporate Excellence & Resilience Award.
- Mansfield Suzhou were awarded as Annual Comprehensive Excellent Supplier by Ricoh Shanghai in 2020.
- Sun Mansfield Manufacturing was awarded as Annual Best Supplier by Ricoh Shenzhen in 2019.

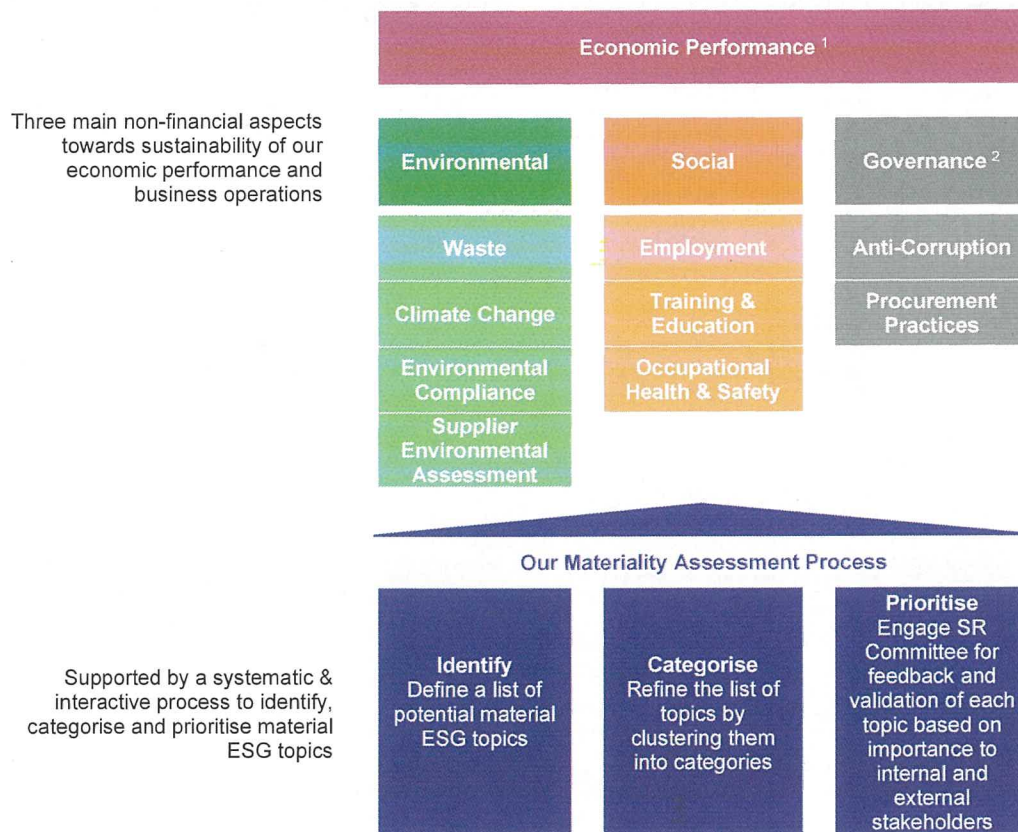
## 5 SR GOVERNANCE STRUCTURE

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 of senior management and board-level representatives from across our different businesses that execute 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.

## 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 FY2022, the Group has reviewed and defined our approach to 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 FY2022. For this FY, Management has incorporated one new topic for disclosure – Climate change (See Exhibit 1).

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 feedbacks. In FY2022, the SR Committee has reviewed and ascertained that 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"> <li>Regular Meetings</li> <li>Open feedback platform</li> <li>Annual performance appraisals</li> <li>Teambuilding activities</li> </ul> | <ul style="list-style-type: none"> <li>Department updates</li> <li>Training &amp; career development opportunities</li> <li>Health &amp; Safety</li> <li>Job security</li> </ul> | 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"> <li>Product sales channel</li> <li>Customer service</li> <li>Regular direct engagement and active partnership.</li> </ul> | <ul style="list-style-type: none"> <li>Product and service quality</li> <li>Group's reputation in the market</li> <li>Competition</li> </ul> | 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"> <li>Company website, phone and email channels</li> <li>AGM</li> <li>Analysts/ Investors meetings</li> <li>SGX announcement and media release</li> </ul> | <ul style="list-style-type: none"> <li>Group strategic development</li> <li>Current financial performance</li> <li>Future business outlook</li> </ul> | 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"> <li>Regular meetings and visits</li> <li>Phone and email channels</li> </ul> | <ul style="list-style-type: none"> <li>Integrity and effectiveness of the tender process</li> <li>Environmental, safety and health practices</li> <li>Product and technology updates</li> <li>Performance reviews</li> </ul> | By establishing policies and guidelines that ensure a fair selection and procurement process, and ethical business practices. |



### 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 participate as members of organisations that include:

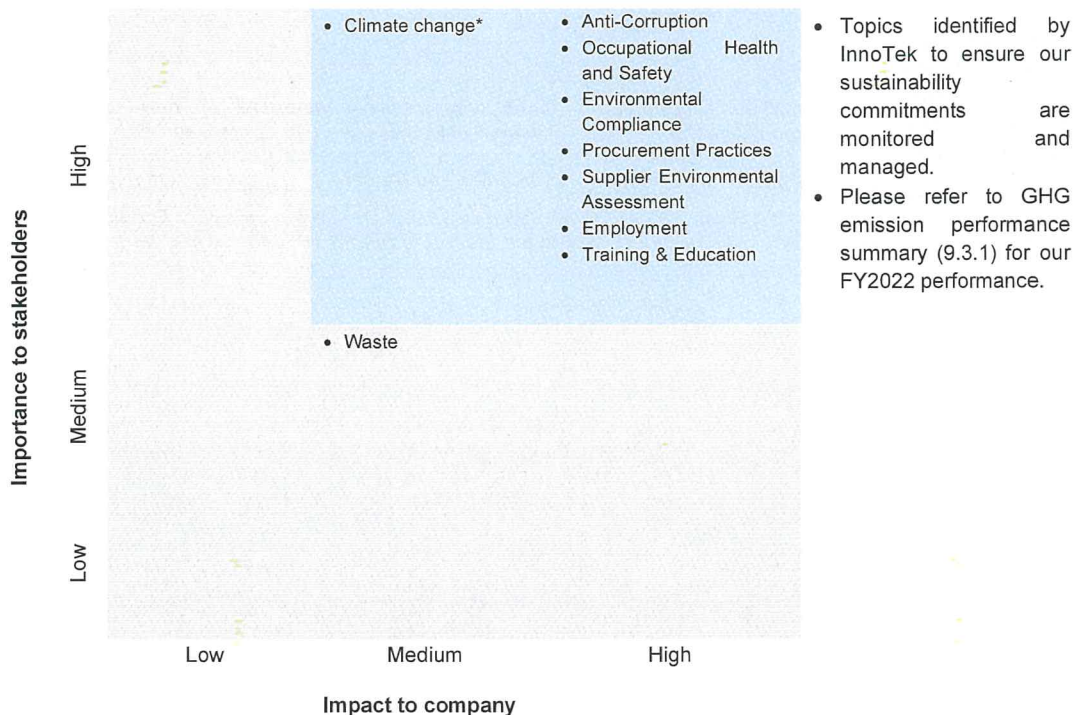
- Suzhou New District Overseas Chinese Chamber Association
- Suzhou New District HR Manager’s Association
- Vice-President of the Shenzhen Commercial Display System Industry Association

## 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 stakeholders topics of concern and expectations , the SR Committee together with the Senior 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



*In FY2022, there is 1 topic\* included in the FY2022 sustainability report that have not been previously reported. This is not new issue to the business and are managed on a day to day by the business. Disclosure of additional topic is to improve transparency of the overall sustainable practices within the Group.*

The below material ESG topics were also reviewed by the Board of Directors and were determined to be relevant, specific, and measurable to InnoTek’s context in our current business environment. In addition, the Group have also adopted the climate related disclosure in accordance with the recommendations of TCFD in FY2022. 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 ESG Topics               | Targets and Commitments   | Key Highlights  |  |
|-----------------------------------|---|---|--|
|                                   |   | FY2022  | FY2021   |
| <b>ENVIRONMENTAL</b>              |   |   |  |
| Waste                             | ❖ Ensure waste disposal are in accordance with regulatory requirements.   | Zero incident of regulatory non-compliance maintained.<br><br>No fines/non-monetary sanctions for non-compliance with environmental laws and regulations. |  |
| Environmental Compliance          | ❖ Zero incidents of non-compliance<br>❖ No significant fines or non-monetary sanctions for non-compliance with environmental laws and regulations |   |  |
| Climate change                    | ❖ Refer to Note.  | Refer to 9.3.1 for more details.  | Refer to Note.   |
| Supplier Environmental Assessment | ❖ Ensure all new suppliers are screened against the Group’s environmental criteria prior to onboarding.   | All 85 new suppliers were screened which complies with our environmental assessment requirement.  | All 57 new suppliers were screened which complies with our environmental assessment requirement. |

Note: FY2022 is the initial year that the Group is evaluating and disclosing Scope 1 and 2 Green House Gas Emission, as such, there are no comparative numbers for 2021 and no targets or commitments being determined (To be disclosed next year).

| Material ESG Topics                   | Targets and Commitments   | Key Highlights  |  |
|---------------------------------------|---|---|--|
|                                       |   | FY2022  | FY2021   |
| <b>SOCIAL</b>                         |   |   |  |
| <b>Employment</b>                     | <ul style="list-style-type: none"> <li>❖ Continue to promote diversity and equal opportunity in the workplace.</li> <li>❖ Comply with local labour regulations across our operations.</li> </ul>  | <p>The Group continues to embrace diversity and equal opportunity in the workplace. Majority of employees were male due to the nature of the industry.</p> <p>The Group remained compliant with respective local regulations across our operations. There was no incident of complaints of discrimination against the Group.</p> <p>Please refer to Employment section 10.1 for employee breakdown.</p> |  |
| <b>Training &amp; Education</b>       | <ul style="list-style-type: none"> <li>❖ Achieve an average of 2 hours of training per employee annually.</li> <li>❖ Ensure learning and development roadmap account for future skills required to improve the efficiency of the business.</li> </ul> | <p>The Group is committed to develop its employees to their fullest potential.</p> <p>In 2022, each employee was provided an average of 13 to 14 hours of training.</p> <p>Please refer to Training &amp; Developments section 10.2 for a breakdown.</p>  | <p>The Group is committed to develop its employees to their fullest potential and have achieved an approximately 250% increase in training hours per employee.</p> <p>In 2021, each employee was provided an average of 13 to 14 hours of training.</p> <p>Please refer to Training &amp; Developments section 10.2 for a breakdown.</p> |
| <b>Occupational Health and Safety</b> | <ul style="list-style-type: none"> <li>❖ Zero fatalities and/or workplace injuries.</li> </ul>  | <p>47 working days loss due to workplace injuries, an increase of approximately 12% working days loss from FY2021.</p> <p>Zero workplace fatalities, total permanent injuries and occupational health and diseases.</p>   | <p>42 working days loss due to workplace injuries, a reduction of approximately 50% working days loss from FY2020.</p> <p>Zero workplace fatalities, total permanent injuries and occupational health and diseases.</p>  |
| <b>GOVERNANCE</b>                     |   |   |  |
| <b>Anti-Corruption</b>                | <ul style="list-style-type: none"> <li>❖ Zero incidents of bribery and corruption, including facilitation payment.</li> <li>❖ Zero tolerance towards all forms of bribery and corruption.</li> </ul>  | <p>Zero incident of regulatory non-compliance and/or incidents pertaining to whistleblowing.</p>  | <p>1 whistleblowing incident was reported, and it was found to be untrue after investigation.</p>  |
| <b>Procurement Practices</b>          | <ul style="list-style-type: none"> <li>❖ Create positive economic impact within our business eco-system.</li> </ul>   | <p>89% of materials purchased were from local suppliers, an increase of 3% in local purchases.</p>  | <p>86% of materials purchased were from local suppliers, an increase of 3% in local purchases.</p>   |

**Note:**

- Data disclosed in each ESG topic has excluded other geographical locations (i.e.: Mansfield (Thailand) Company Limited and Mansfield Vietnam Company Limited).
- This exclusion applies to data disclosed from section 9.1 to 11.2.

## 9 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 minimizing our environmental footprint across our value chain, including our business operations, suppliers and customers. Our environment efforts are largely focused on maximizing 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.

### 9.1 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 prioritize sustainable waste disposal methods, such as reusing, recycling and recovery that minimize 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.

#### **Waste**

The Group strives to minimise waste generation, increase opportunities for reusing and recycling, as well as treat and dispose of waste responsibly where other options are not practical. The Group has begun sustainable packaging initiatives by utilising recycled packaging materials. Hazardous waste generated is handled, stored and disposed of in a manner that adheres to best practices and meets local regulatory requirements. The Group ensures that our waste is safely disposed of to prevent potential environmental contamination. Hazardous waste typically relates to chemical waste that has substantial or potential threats to public health or the environment.

In FY2022, total hazardous waste generated was 77 tons (FY2021: 130 tons). All hazardous waste generated was managed and disposed of in compliance with local regulations by authorised waste contractors. Non-hazardous waste mainly relates to typical packaging and production waste, comprising of paper, plastic and metallic materials. In FY2022, the amount of non-hazardous waste generated was approximately 8,254 tons (FY2021: ~7,844 tons). All non-hazardous waste was disposed via licensed waste collectors for recycling and reuse whenever possible.

#### **Moving Forward**

To maintain the highest standard of environmental compliance, 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.

### 9.2 ENVIRONMENTAL COMPLIANCE

Environmental compliance forms an integral part of the Group's sustainability strategy. With increased pressure on corporations to be accountable for their ecological footprint and the rising cost of natural resources, we endeavour to not just comply but also integrate the best sustainability practices across business operations to reduce adverse environmental impact on the ecosystem.

Over the years, the Group's operations continue to conform to local environmental laws and regulations. The Group maintains a zero-tolerance for non-compliance and encourages our stakeholders to report any incidences via our established whistleblowing channels. All employees of the Group are encouraged to be proactive and forthcoming in managing and reporting environmental related issues and complaints.

In FY2022, there were no incidents of non-compliance and penalties pertaining to environmental-related issues (FY2021: No incidents of non-compliance and penalties). The Board and Management continues to review and improve the current environmental management system and practices to ensure that all our activities and operations comply with regulatory and customers' requirements. It is of utmost importance to the Group that we maintain this unblemished record.

### 9.3 CLIMATE CHANGE

The Group is committed to the preservation of the environment by introducing green practices to reduce energy and greenhouse gas ("GHG") emissions. To further strengthen the Group's awareness and understanding of climate change impact, we embedded climate related risks into our risks assessment across our business in China. The impact assessment was reviewed by the Board of Directors and the Audit and Risk Management Committee and the impact (Low, Moderate or High) to the Group assessed from a short, medium and long-term basis.

| Description             |  | Impact                                     | Time Period (Short "S", Medium "M" & Long "L" Term) |
|-------------------------|--|--|---|
| <b>Risks</b>            |  |  |   |
| Physical (Acute)        | Reduced revenue due to disruption in operations from extreme weather condition.  | Loss of revenues                           | S - Moderate<br>M - Moderate<br>L - High            |
| Physical (Acute)        | Supply chain disruption in operations from extreme weather condition.  | Increase costs of maintenance / operations | S - Moderate<br>M - Moderate<br>L - High            |
| Physical (Acute)        | Increase in cost of manufacturing due to climate related events, i.e., extreme weather (rainfall or draught) events may impact production output of final goods or related materials, consequently increasing procurement costs. | Increase costs of maintenance / operations | S - Low<br>M - Moderate<br>L - High                 |
| Physical (Acute)        | Disruption to manufacturing facility due to impact from floods or climate related events, i.e., temporary access restriction or facility shutdown.   | Increase costs of maintenance / operations | S - Moderate<br>M - Moderate<br>L - Moderate        |
| Physical (Chronic)      | Increase cost of upkeep, maintenance / repairs due to floods / draught related events, i.e., damage to buildings and infrastructure due to extreme weather conditions.   | Increase costs of maintenance / operations | S - Moderate<br>M - Moderate<br>L - Moderate        |
| Physical (Chronic)      | Stress in workforce (due to extreme weather condition) and increasing strain on operations resulting in errors and loss of care.   | Loss of revenues                           | S - Low<br>M - Low<br>L - Low                       |
| Transition (Reputation) | Shift in consumer preference to environment friendly products.   | Loss of revenues                           | S - Low<br>M - Moderate<br>L - High                 |

| Description                      |  | Impact                                     | Time Period (Short, Medium & Long Term) |
|----------------------------------|--|--|---|
| Transition (Technology)          | Substitution of plastic materials due to restriction or regulatory changes, i.e., increase costs due to use of biomass or recycle materials.       | Increase costs of maintenance / operations | S - Low<br>M - Low<br>L - Low           |
| Transition (Policy & Legal)      | Tightening regulations on local Greenhouse Gas Emission – carbon pricing, energy standards & disclosure reporting increase costs of manufacturing. | Increase costs of maintenance / operations | S - Low<br>M - Moderate<br>L - High     |
| Transition (Policy & Legal)      | Increase insurance premium & lending costs.  | Increase costs of maintenance / operations | S - Low<br>M - Low<br>L - Low           |
| Transition (Reputation)          | Negative ESG News Appearance: Companies Failing to Meet Policy Regulations or Targets of International Climate Change Initiatives.                 | Loss of revenues                           | S - Low<br>M - Moderate<br>L - Moderate |
| Transition (Technology & Market) | inability to develop products that are (1) align with industry regulation & customer preference and (2) minimizing environmental impact.           | Loss of revenues                           | S - Low<br>M - Low<br>L - Low           |
| <b>Opportunities</b>             |  |  |   |
| Resource Efficiency              | Sourcing of suppliers via alternative routes to mitigate risks of supply disruptions.  | Mitigating risks of revenue losses         | On-going                                |
| Resource Efficiency              | Sourcing of energy saving devices and / or machineries throughout our plants.  | Improve costs of operations and efficiency | On-going                                |

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.

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"> <li>Climate risks &amp; opportunities and associated metrics have been presented to the Board of Directors. Climate related risks &amp; opportunities are evaluated based on the Group’s business &amp; strategy and part of the Group’s sustainability topics.</li> <li>Climate risks &amp; opportunities are managed by the SR committee, including the development of relevant policies and processes.</li> </ul> | <ul style="list-style-type: none"> <li>Climate risks &amp; opportunities is part of the Group’s risks management process.</li> <li>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.</li> </ul> |
| Strategy  | Metrics   |
| <ul style="list-style-type: none"> <li>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 &amp; opportunities.</li> </ul>  | <ul style="list-style-type: none"> <li>Scope 1 and 2 greenhouse gas emission have been identified across the business to further understand the Group’s emission.</li> </ul>  |

We identified GRI 305 Emission as the metrics used to assess climate related risks & opportunities. As FY2022 is the 1<sup>st</sup> year that the Group have identified this topic, the Group will continue to monitor and develop a better understanding of its emission exposure prior to determining a reasonable target to reduce carbon emission, where applicable.

In addition, the Group is committed to improve our energy efficiency in the operations to reduce our environmental impacts. In this respect, the Group has appointed an external consultant, who has deep expertise in Environment, Social & Governance (“ESG”) related testing, inspection and certification services to assist the Group to achieve ISO14064 certification (International Standard for quantifying and reporting greenhouse gas emissions). Part of this FY initiatives include training workshops provided by the external consultant to increase sustainability awareness across the Group. The external consultant had also guided 44 key employees to identify Greenhouse Gas Protocol (“GHG”) factors and formulate energy conservation and emission reduction measures.

The Group will continue to emphasize and scale up on our GHG reduction projects via energy improvement in our operations and supply chain such as energy-saving transformation of air compressors, installation of solar panel, optimal route planning to help reduce GHG emission.

Refer to below table – 9.3.1 for the GHG emission performance summary.

| Material Topics:<br>Climate Change                                       | Reference                              | Unit            | China*<br>FY2022 | China<br>FY2021  |
|--|--|-----------------|------------------|------------------|
| GRI 305-1 (2016)<br>Direct (Scope 1) GHG<br>emissions (CO2e)             | Total Scope 1 GHG<br>emissions (CO2e)  | MT CO2e         | 338.08           | Refer to Note**. |
| GRI 305-2 (2016)<br>Energy indirect<br>(Scope 2) GHG<br>emissions (CO2e) | Total Scope 2 GHG<br>emissions (CO2e)  | MT CO2e         | 11,315.48        |                  |
| GRI 305-4 (2016)<br>Greenhouse gas<br>(GHG) emissions<br>intensity       | Total GHG emissions<br>intensity ratio | MT CO2e/k (HKD) | 0.012897         |                  |

\*Note:

- 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 due to data unavailability.

\*\*Note: FY2022 is the initial year that the Group is evaluating and disclosing Scope 1 and 2 Green House Gas Emission, as such, there are no comparative numbers for 2021

## 9.4 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, pickling, spray painting etc.) to external suppliers.*

As part of supplier onboarding, suppliers are stringently assessed under criteria such as track record, financial health, commitments towards high quality of raw materials and services, and health and safety standards.

Our main suppliers are required to submit relevant environmental certifications to prove they are licensed or certified according to the law and regulations. Additionally, we conduct random periodic checks to ensure they comply with the relevant laws and regulations. The Group conducts the necessary due diligence, to ensure that we do not compromise on quality and that our suppliers are conducting business in an environmentally conscious manner.

There were 85 new suppliers in FY2022 (FY2021: 57 new suppliers). All 85 were screened against our environmental criteria and were in compliance with our requirements. We also have procurement policies and guidelines in place, such as “Guidelines and procedures in selecting and evaluating vendors” and “Code of conduct when dealing with vendors”.

In addition, the Group performs an annual inspection on existing suppliers with high environmental risks to ensure they are complying with the relevant laws and regulations. In FY2022, we have inspected 145 suppliers and ensure that they have obtained the necessary environmental related certifications. For other suppliers with lower risks, sample checks were performed.

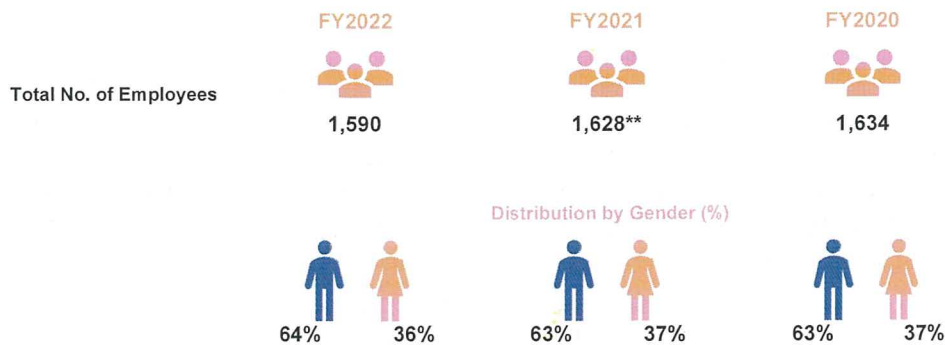


## 10 SOCIAL

### 10.1 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 2022, we have a total of 1,590 full time employees\*. In general, the Group was able to maintain a strong and healthy workforce despite the relatively high turnover rate which is inherent in the manufacturing industry. There was a slight reduction in FY2022 headcount as the Group continues its efforts in transformation of production lines from largely relying on low-skilled manual work to semi-automation and automation with higher efficiency, accuracy and productivity. The Group continues to maintain a consistent gender ratio among total employees over the last 4 years. The employment numbers for high-skilled positions remains consistent, with our key management personnel unchanged in FY2022.



|  |                            | New Hires |         |      |        |         |      |        |         |      |
|--|----------------------------|-----------|---------|------|--------|---------|------|--------|---------|------|
|  |                            | FY2022    |         |      | FY2021 |         |      | FY2020 |         |      |
| Total No. of New Hires<br>(Including part-time employees)          |                            | 925       |         |      |        |         |      |        |         |      |
|  |                            | 1,170     |         |      |        |         |      |        |         |      |
|  |                            | 1,930     |         |      |        |         |      |        |         |      |
| Majority of new hires were male due to the nature of the industry. |                            |           |         |      |        |         |      |        |         |      |
|  |                            | FY2022    |         |      | FY2021 |         |      | FY2020 |         |      |
|  |                            | < 30      | 30 - 50 | > 50 | < 30   | 30 - 50 | > 50 | < 30   | 30 - 50 | > 50 |
| Total No. of New Hire by Age Group                                 |                            | 299       | 492     | 134  | 520    | 580     | 70   | 900    | 1,007   | 23   |
|  | % of New Hire by Age Group | 32%       | 53%     | 15%  | 44%    | 50%     | 6%   | 47%    | 52%     | 1%   |

|   |                            | Turnover |         |      |        |         |      |        |         |      |
|---|----------------------------|----------|---------|------|--------|---------|------|--------|---------|------|
|   |                            | FY2022   |         |      | FY2021 |         |      | FY2020 |         |      |
| Total Turnover<br>(including part-time employees) |                            | 963      |         |      |        |         |      |        |         |      |
|   |                            | 1,304    |         |      |        |         |      |        |         |      |
|   |                            | 2,106    |         |      |        |         |      |        |         |      |
|   |                            | < 30     | 30 - 50 | > 50 | < 30   | 30 - 50 | > 50 | < 30   | 30 - 50 | > 50 |
| Total No. of Turnover by Age Group                |                            | 297      | 503     | 163  | 515    | 726     | 63   | 914    | 1,146   | 46   |
|   | % of Turnover by Age Group | 31%      | 52%     | 17%  | 39%    | 56%     | 5%   | 43.5%  | 54.5%   | 2%   |

\*Total employees for substantial People's Republic of China operations.

\*\*Total No. of Employees in FY2021 has been restated from 1,519 to 1,628 due to the omission of the No. of Employees generated from a newly acquired workshop under MGX in FY2021 statistics.

We strive to foster an inclusive and performance-driven work environment to attract, retain and develop our human capital. As an equal opportunity employer, the Group has implemented a system to ensure equal opportunities and non-preferential treatment for all employees. There are no preferences or prejudices towards religion, age, ethnicity, any physical disability or gender. Employees are required to observe and adhere to all relevant policies and practices.

Majority of employees were male due to the nature of the industry. The Group makes a conscious effort to maintain diversity in middle management, to generate creativity and innovation and improve the organisation's culture. There were no reported incidences of discrimination raised by our employees in FY2022.

The Group also has an open-door policy where employees are encouraged to speak up or report grievances directly to their superior, head of department, human resource department, chief executive officer and/or independent directors. This is to reinforce our commitment to our employees to provide them with a workplace that is healthy, safe and secure. Across our business segments, there were no workplace grievance cases reported in FY2022.

#### Employee Remuneration and Benefit

The Group recognises the valuable contribution of all employees and strongly believes in fair remuneration and salary packages which are competitive and sufficient to attract, retain and motivate personnel. In setting remuneration packages, the Group considers the regulatory requirements, salary, and employment conditions by benchmarking against companies in the same industry. In addition to the competitive remuneration offered in FY2022, the Group continue to maintain its list of employees' benefits including but not limited to:

| Employment Benefits  | Descriptions   |
|--|--|
| <b>Medical Insurance</b>                                     | Employees are reimbursed for outpatient treatments, surgery or hospitalization expenses covered under medical insurance.   |
| <b>Disability Insurance</b>                                  | 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.   |
| <b>Parental Leave</b>  | 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.  |
| <b>Retirement Provision</b>                                  | 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. |
| <b>Accommodation and Staff Canteen</b>                       | 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.  |
| <b>Year-end and Performance Bonus</b>                        | 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.  |
| <b>Paid Leave</b>  | Our employees are offered paid leave, such as marriage leave, compassionate leave, family leave and annual leave of up to 10 days.   |
| <b>Annual Appreciation Events and Festival Celebrations*</b> | 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.                              |

\* Due to COVID-19 situation, these social activities were carried out according to guidelines imposed by the government authorities.

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.

## 10.2 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 to hone their skills and develop a fulfilling career, both on-the-job and ad-hoc trainings are made available to our employees. Employees are encouraged to attend courses which are relevant to their respective job scopes.



### **Programmes for Upgrading Employee Skills and Transition Assistance**

The Group is committed to allocating budget and plan skills upgrading to equip employees to meet strategic targets of the Group. We believe that more skilled employees enhance the Group's human capital and contribute to employees' satisfaction, which will then enhance overall performance.

### **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 FY2022, all employees are assessed and remunerated fairly based on their experience, qualifications and performance.

The Group shall continue to provide training and education opportunities through development programmes wherever applicable and promote a conducive corporate environment where everyone could achieve their potential.

### 10.3 OCCUPATIONAL HEALTH & SAFETY

Safety is an integral part of our business and a key focus area for our board of directors and senior 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.

Key Elements of Our Health & Safety System



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.

## Workplace Health & Safety Performance

| Category                                   | FY2022 | FY2021 | FY2020 |
|--|--------|--------|--------|
|  | Total  | Total  | Total  |
| Minor Injury                               | 25*    | 28*    | 50*    |
| Injury requiring medical attention         | 0      | 0      | 27     |
| Injury resulting in temporary disabilities | 2**    | 2**    | 0      |
| Death or Total Permanent Disabilities      | 0      | 0      | 0      |
| Occupational Injury and Disease            | 0      | 0      | 0      |

In FY2022, 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.

*\*Since FY2020, the Group have put in a conscientious effort to improve workplace safety by enhancing the monitoring and redefining the definition of minor injury (which includes minor bruises and cuts) for further workplace safety measures improvements. Employees with minor injuries are advised to report to Management for data collection and strongly advised to rest. This is part of our continuous commitment to create a safer working environment for our employees.*

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

## Covid-19 Compliance and Safety Measures

The outbreak of Covid-19 pandemic has greatly impacted the global economy and businesses worldwide, including the Group. To safeguard the health and safety of our employees, customers and stakeholders, we have taken corresponding safety measures in accordance with the respective local government requirement's such as distributing masks to employees, taking and recording body temperature, regular disinfection and safety checks on external visitors.

In FY2022, most of the areas from China suffer major COVID-19 infection. The Group have about 90% of its employees been infected successively but all of them are under mild symptoms. After medical treatments, all the affected employees have fully recovered and have returned to work in less than a week after their infection.

## 11 GOVERNANCE

### 11.1 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. In FY2022, there were

no incidents of regulatory non-compliance across InnoTek's group of businesses. There were also no reported incidents pertaining to whistleblowing for this reporting period under review. The Group continues to work towards reinforcing a full compliance culture.

## 11.2 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 periodic monitoring over suppliers and / or subcontractors.

In addition, we have performed a list of supplier assessment as stated in 9.4 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.

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 89% in FY2022 from 86% in FY2021. During the reporting period, the Group's purchases amounted to RMB 448.2 million (FY2021: RMB 406.9 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.

*\*The Group's purchases in FY2021 have been restated from RMB 755.7million to RMB 406.9 million.*

## GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

|                         |   |
|-------------------------|---|
| <b>Statement of use</b> | The Group has reported the information cited in this GRI content index for the period 1 January 2022 to 31 December 2022 with reference to the GRI Standards. |
| <b>GRI 1 Used</b>       | GRI 1: Foundation 2021  |

| Category                                 | Disclosure                       | Description  | Page Reference and Remarks  |
|--|----------------------------------|--|---|
| GRI 2:<br>General<br>Disclosures<br>2021 | 2-1                              | Organisational details   | Name of the organisation : Cover Page<br>Location of operations : Page 2<br>Location of headquarters : InnoTek Limited<br>160 Robinson Road, SBF Center #24-12<br>Singapore 068914.<br>Ownership and legal Form : Refer to AR<br>FY2022 – Group Structure |
|  | 2-2                              | Entities included in the organisation's sustainability reporting | Refer to AR FY2022 –<br>Notes to The Finance Statement – Note 4<br>and Note 5   |
|  | 2-3                              | Reporting period, frequency and contact point                    | Page 2  |
|  | 2-4                              | Restatements of information                                      | Page 15, 20   |
|  | 2-5                              | External Assurance   | The Group has not sought external assurance for this sustainability report  |
|  | 2-6                              | Activities, value chain and other business relationships         | Page 4,<br>Refer to AR FY2022 –<br>Notes to The Finance Statement – Note 1<br>Note 5 Revenue by Primary Geographical<br>Markets<br>Supply chain : Page 14   |
|  | 2-7                              | Employees  | Page 15   |
|  | 2-9                              | Governance structure and composition                             | Page 5,<br>Refer to AR FY2022<br>Corporate Governance<br>Corporate Structure  |
|  | 2-22                             | Statement on sustainable development strategy                    | Refer to AR FY2022<br>Chairman's Statement  |
|  | 2-23                             | Policy commitments   | Page 4 - 5  |
|  | 2-27                             | Compliance with laws and regulations                             | Page 10 - 11  |
|  | 2-28                             | Membership associations  | Page 7  |
|  | 2-29                             | Approach to stakeholder engagement                               | Page 6  |
| 2-30                                     | Collective bargaining agreements | None   |   |

| Category                                      | Disclosure | Description  | Page Reference and Remarks  |
|---|------------|--|---|
| GRI 3:<br>Material Topics 2021                | 3-1        | Process to determine material topics   | Page 7  |
|   | 3-2        | List of material topics  | Page 7 – 9<br>No significant changes from previous reporting periods in the list of material topics and topic boundaries. |
|   | 3-3        | Management of Material Topics  | Page 7 – 9  |
| GRI 204:<br>Procurement Practices             | 204-1      | Proportion of spending on local suppliers  | Page 20   |
| GRI 205:<br>Anti-corruption                   | 205-3      | Confirmed incidents of corruption and actions taken  | Page 19,<br>Refer to AR FY2021 – Corporate Governance   |
| GRI 305: Emissions                            | 305-1      | Direct (Scope 1) Emission  | Page 13   |
|   | 305-2      | Energy Indirect (Scope 2) GHG Emission   | Page 13   |
|   | 305-4      | GHG Emission Intensity   | Page 13   |
| GRI 306:<br>Waste 2020                        | 306-2      | Waste by type and disposal method  | Page 10   |
|   | 306-4      | Waste diverted from disposal   | Page 10   |
|   | 306-5      | Waste directed to disposal   | Page 10   |
| GRI 308:<br>Supplier Environmental Assessment | 308-1      | New suppliers that were screened using environmental criteria                                      | Page 14   |
|   | 308-2      | Negative environmental impacts in the supply chain and actions taken                               | Page 14   |
| GRI 401:<br>Employment                        | 401-1      | New employee hires and employee turnover   | Page 15   |
|   | 401-2      | Benefits provided to full-time employees that are not provided to temporary or part-time employees | Page 16   |
|   | 401-3      | Parental leave   | Page 16   |
| GRI 403:<br>Occupational Health and Safety    | 403-1      | Occupational health and safety management system   | Page 18   |
|   | 403-9      | Work-related injuries  | Page 19   |
| GRI 404:<br>Training and Education            | 404-1      | Average hours of training per year per employee  | Page 17   |
|   | 404-2      | Programs for upgrading employee skills and transition assistance programmes                        | Page 17   |
|   | 404-3      | Percentage of employees receiving regular performance and career development reviews               | All employees are assessed regularly and remunerated fairly based on their experience, qualifications and performance.    |





# INNOTEK

## INNOTEK LIMITED

Co. Reg. No. 199508431Z

160 Robinson Road #24-12 SBF Center

Singapore 068914

T (65) 6535 0689 | F (65) 6533 2680

[www.innotek.com.sg](http://www.innotek.com.sg)