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GP Industries Limited Sustainability Report 2021-2022

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1. Statement from Chairman

The Board of Directors (the “Board”) of GP Industries Limited (the “Company” or “GP Industries”) is pleased to present the sustainability report of the Company and its subsidiaries (the “Group”) for the financial year ended 31 March 2022 (“FY2022”).

The Group is committed to protect the environment and be socially responsible to its stakeholders which include its employees, customers, suppliers, shareholders, government and regulatory authorities and local communities. The Group values stakeholders’ views and actively collaborates with stakeholders to achieve its objectives towards sustainable development.

As a major global developer, manufacturer and distributor of primary and rechargeable batteries as well as one of the largest consumer battery producers in China, the Group complies with the highest international safety standards and good manufacturing practices and has made its batteries products safe, reliable, eco-friendly and of high quality.

At GP Industries, we value the contributions of all employees and remunerate them fairly. We implement adequate safety practices at our workplaces to ensure the safety of our employees onsite.

This sustainability report summarises the Group’s initiatives and achievements in embracing sustainability as part of its culture. It also sets out the Group’s targets, in qualitative terms, regarding its sustainability efforts.

The Group will continue to engage its stakeholders so as to remain relevant in addressing their major concerns.

The Group would not have managed the many difficult challenges of COVID-19 without the concerted efforts of our management team and employees. I would like to extend my gratitude to our staff members for their dedication and hard work during the challenging year. I wish to thank my fellow Board members and management team for their dedication and devotion. I also thank our stakeholders, including customers, suppliers, shareholders and bankers for their unswerving trust and support during this tough financial year.

Victor LO Chung Wing

Chairman and Chief Executive Officer
17 August 2022

2. Organizational Profile

The Company is incorporated in Singapore and has been listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”) since 1995. It is the main industrial investment vehicle of Hong Kong-listed Gold Peak Technology Group Limited which currently owns an 85.59% interest in the Company as at 17 August 2022.

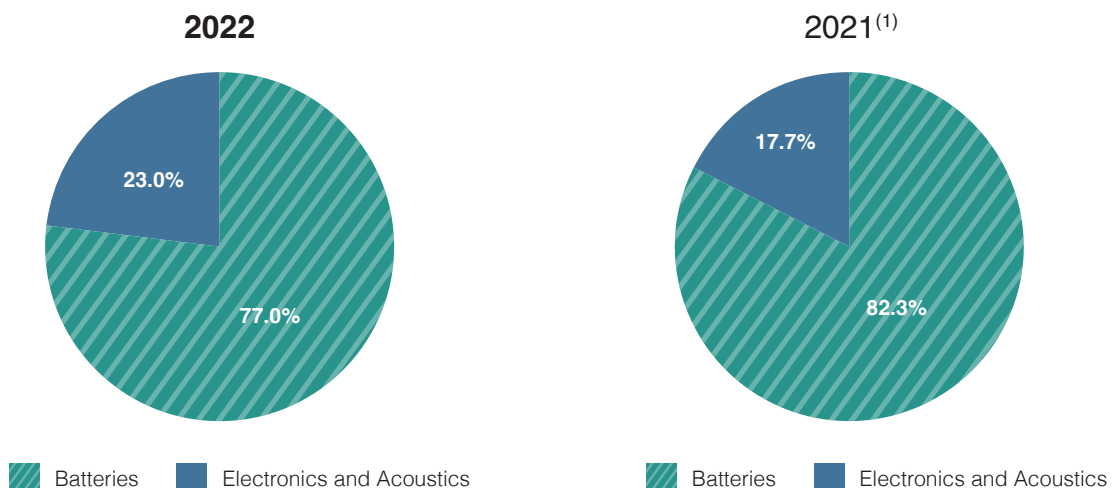
The Company is principally engaged in holding of investment in subsidiaries and associates, and is the regional headquarters of the Group. The Group is principally engaged in the development, manufacture and marketing of batteries and related products, and electronic and acoustic products. During FY2022, the Group disposed of its subsidiaries which are engaged in the manufacturing of automotive wire harness products (the “Automotive Wire Harness Business”).

In addition to the manufacturing of batteries and electronic and acoustic products on an original equipment manufacturing and original design manufacturing bases, the Group has built renowned brand names for its major product categories, such as “GP” batteries (“GP Batteries”), “KEF” premium consumer loudspeakers and music systems, and “CELESTION” professional speaker drivers, which are marketed and distributed globally. In addition, the Group also manufactures, markets and distributes the “双鹿” batteries and markets and distributes certain types of “Toshiba” batteries in Mainland China.

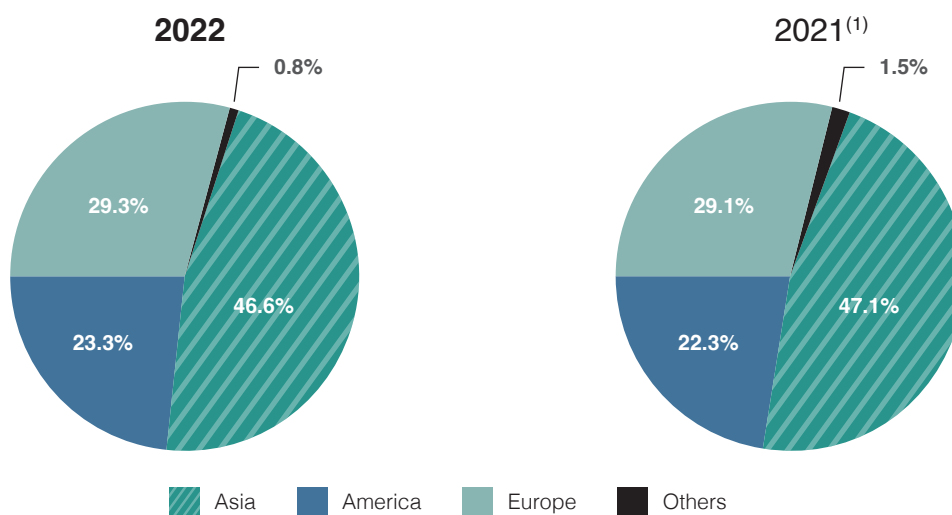
The Group has a strong and extensive manufacturing and distribution network. The Group’s manufacturing activities are mainly carried out in Mainland China, Malaysia, Thailand and Vietnam. The Group has established subsidiaries in Singapore, Mainland China, Hong Kong, Taiwan, Japan, Malaysia, United Kingdom, Germany, United States of America, Poland and South Korea to market and distribute the Group’s products. A substantial part of the Group’s management and administrative activities are carried out in Hong Kong.

The Group’s revenue from continuing operations for FY2022 and the financial year ended 31 March 2021 (“FY2021”) analysed by business segments and geographical areas are as follows:

Revenue analysed by business segments



Revenue analysed by geographical areas



⁽¹⁾ Prior year comparative figures have been re-presented due to discontinued operations attributable to the disposed Automotive Wire Harness Business.

The Group's major suppliers are mainly located in China. The Group's purchases include metals and chemicals used for the manufacturing of batteries, electronic components, wood panels and wooden boxes for the manufacturing of electronics and acoustics products.

The Group's associates are principally engaged in the manufacturing of metallic products, electronic components and acoustics products, and manufacturing, marketing and trading of batteries and battery products. During FY2022, an associate, XIC Innovation Limited (formerly known as Linkz Industries Limited), disposed of its entire indirect holding of 63.58% equity interest in Time Interconnect Technology Limited, which is principally engaged in the manufacturing of electronic cables, wires and cable assemblies.

3. The Group's Sustainability Story

Conservation, Product Excellence and Corporate Social Responsibility

The Group has always held a high standard for environmental, social and governance (“ESG”) issues. The Group is committed to protecting the environment and being socially responsible to its stakeholders. The Group values stakeholders’ views and actively collaborates with them in order to achieve its objectives towards sustainable development.

It is one of the Group’s vision to promote the quality of life through adopting green energy, modernizing manufacturing facilities, and developing safe, reliable, eco-friendly yet cost-efficient products.

The Group sees sustainability as responsibility for business continuity and regenerative growth. The Group now has a strong and diverse team to navigate uncertain business environments, better serve customers, expand market reach and create benefits for our community and the planet.

The Group makes strategic sustainability-focused hires to help promulgate collaborative creativity and people-, stakeholder- and life-centric design as part of the business culture, and embrace sustainable growth in our work practices.

Reform of the Group’s manufacturing strategies and investment in our factories have placed the Group in good stead to tackle severe supply chain disruption during the COVID-19 pandemic and trade anomalies. The Group’s manufacturing facility modernization plan in China and Southeast Asia has enabled it to deploy automation and state-of-the-art control of manufacturing for safety, efficiency and quality assurance. By relocating to modern facilities, the Group is also able to provide better wellbeing-driven working and living conditions for its workers.

The Group’s “Zero Waste to Landfill” validations substantiate its commitment to stay responsible and be conscious of optimising the use of resources and minimising waste generation. The Group is also working on product packaging re-design to avoid using plastics to the extent possible.

The Group strives to develop innovative products that are both eco-friendly and cost-efficient in order to enrich the daily experience and improve the living standard of its customers as a whole. During FY2022, the Group launched the Recyko Charge 10, the world’s fastest Nickel Metal Hydride (“NiMH”) rechargeable battery system, and the new Recyko Pro, the world’s fastest photo-flash battery. The Group will continue to invest into technology and product innovation to provide better sound and portable power solutions for consumers in the effort to maintain our leadership position in the market.

The Batteries Business has dedicated significant amount of resources and efforts to its research and development centre for the development of new products and introduction of advanced equipment. In order to meet the increasing market demand, the Batteries Business has equipped itself with cost-effective automated systems that enhance productivity and quality control. The Batteries Business’ quality management system and manufacturing process is data-driven and follows the continuous improvement philosophy. Factors / parameters that could affect product quality are hence prevented by data automation.

To enhance the future competitiveness of the Group, new centers of excellence are being set up in key cities including Hong Kong, Kuala Lumpur, London, Shenzhen and Singapore. The strategic plan is not only to expand the Group's talent base, but also enable the Group to be more responsive to the latest consumer trends and technologies in the regions surrounding these global cities.

The Group cares about the community by organizing and participating in various social caring events. Driven by this fundamental value, the Group continues to put in resources to protect environment, promote health and safety in the workplace, take an active role in shouldering corporate social responsibility and stay committed to providing the best products and services for its customers and the community.

Sustainability Targets

It is the Group's long-term sustainability targets to:

- Limit the use of hazardous substances
- Lower energy consumption during manufacturing
- Maintain zero occupational health and safety incidents
- Minimising and avoiding carbon emissions

Noteworthy Sustainability Initiatives

Zero Waste to Landfill Validation



The mantra “Reduce, Reuse, Recycle” is more than a way of life or business; for the Batteries Business, it's a promise. In 2020, the Batteries Business delivered on that promise and became the first in the battery industry to receive UL's (Underwriters Laboratories) Silver Zero Waste to Landfill (“ZWTL”) Validation. This important validation recognizes companies that handle waste in environmentally responsible and innovative ways from energy production via incineration to reuse, recycling and composting.

In addition, the Batteries Business marked another milestone in its commitment to advancing sustainability performance by achieving UL's Gold ZWTL Validation for a manufacturing facility in Malaysia. As the first plant in Malaysia to receive the Gold ZWTL Validation, the plant located in Tebrau, Malaysia has met the requirement of waste diversion levels of 95% to 99% by implementing best practices and process improvements that have helped increase waste diversion.

By now, two battery factories in Malaysia, including the one located at Tebrau, received UL's Gold ZWTL Validation, and two battery factories, each located in China and Malaysia, received UL's Silver ZWTL Validation.

The project teams on location in Malaysia continue to be dedicated to the zero waste to landfill initiative and carry out the project in unique ways based on their particular locations, challenges, and waste streams with an emphasis on waste classification and sorting.

In addition to extensive staff training to ensure waste is correctly diverted for recycling or reuse, innovative practices have also been put in place, including reusing metal or plastic bins as trash cans to fully utilize the recycled resources.

Devised to measure and validate companies' commitment to diverting waste, UL's ZWTL Validation offers a credible third-party verification, which allows companies and organizations to prove their environmental leadership in the market. GP Batteries has worked with UL to continue to advance its ZWTL efforts with the vision that more facilities will achieve validation in the years to come.

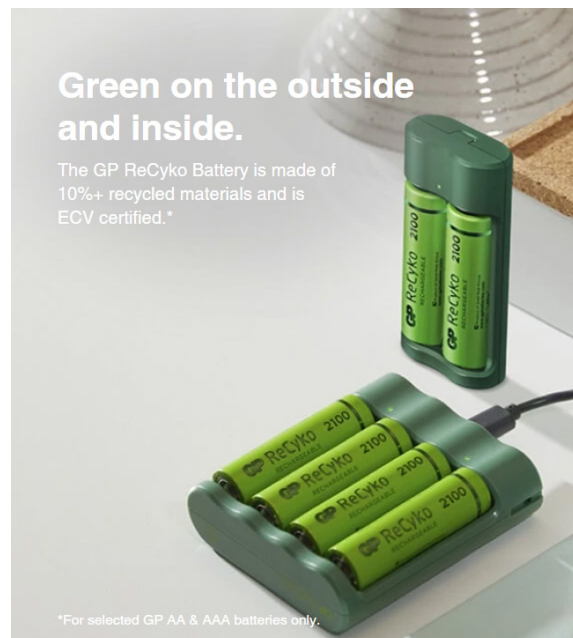
Greener Batteries



The Group develops more sustainable sources of power for people’s everyday lives. Recyko, GP Batteries’ NiMH rechargeable batteries, have been designed to reduce energy usage, consumption of fresh raw materials, pollution and waste to landfill. Significant investment has also been committed for promoting Recyko rechargeable batteries to encourage consumers worldwide to reduce their consumption of single-use batteries.



Apart from moving towards greener operations such as ZWTL for our battery manufacturing plants, the Group is walking extra miles to reduce waste for consumers. GP Batteries’ effort in producing more efficient and convenient rechargeable battery systems, such as Recyko Charge 10, is an important initiative to promote reusable batteries and switch more consumers to use green energy.



The Group is constantly looking for ways to increase the use of recycled materials in our battery products. GP Batteries is the first battery company in Greater China that has obtained voluntary UL Environmental Claim Validation (“ECV”) certificate for recycled content (UL ECVP 2809) and many of the Group’s rechargeable battery models contain at least 10% recycled material.

Planet-friendly Packaging



Beyond the products themselves, the Group is actively exploring ways to increase the use of recycled materials in packaging. For instance, the new range of ReCyko rechargeable batteries and chargers features plastic-free FSC (Forest Stewardship Council) certified paper packaging.

Safety first



As one of the world's leading battery brands, GP Batteries is committed to providing products that live up to the highest international safety standards. GP Batteries adheres to strict safety requirements and the Group's quality assurance centres and laboratories have been well-recognized by international bodies. GP Batteries' emphasis on safety doesn't end at the product itself – for example, GP Batteries also introduced childproof packaging for its lithium battery coins to prevent children from accidental battery ingestion.

Noteworthy Awards

During FY2022, the Group received a number of awards in recognition of its efforts in protecting the environment and product innovation:

Batteries Business

- GP Batteries International Limited and three factories in China

Bank of China (Hong Kong) (“BOCHK”) and Federation of Hong Kong Industries

- 5 Years+ EcoPioneer, EcoPartner or EcoChallenger of BOCHK Corporate Environmental Leadership Awards



- GP M2 Series PowerBank

Red Dot Design Museum, Germany

- Red Dot Award Product Design 2022

Electronics and Acoustics Business

- GP Electronics (HK) Limited

Fender Musical Instruments Corporation

- 2021 Collaboration Award : to recognize its initiative and swift action made to redesign the products to maintain product supply under the worldwide material shortages
- KEF LS50 Meta loudspeaker

What Hi-Fi? Sound & Vision, UK and EISA, UK

- Product of the year 2021 – Best Standmount Speaker £750-£1500
- Best Product 2021-2022: Standmount Loudspeakers

- KEF LS50 Wireless II

What Hi-Fi? Sound & Vision, UK and EISA, UK

- Product of the year 2021 – Best All-in-One System over £1000
 - Best Product 2021-2022: Wireless Standmount Loudspeakers
- KEF KC62 subwoofer

EISA, UK

- Best Product 2021-2022: Hi-Fi Subwoofer

Considering Stakeholders' Interest amid the COVID-19 Pandemic

The Group recognises the importance for all of its stakeholders to weather the COVID-19 pandemic together. With the gradual easing of COVID-19 prevention and control measures adopted in a number of jurisdictions, the Group refined its efforts in taking the interests of its stakeholders into consideration while achieving the Group's business objectives amid the COVID-19 pandemic.

Employees

In addition to full compliance with the relevant regulations and legislations imposed by various governments and jurisdictions regarding workplace safe management, the Group continued to adopt precautionary measures to minimise the risk of spreading the virus at the workplace by implementing flexible working hours and split team working arrangements. Antigen rapid test kits were provided to employees to conduct tests regularly.

The Hong Kong office also implemented special arrangements to facilitate employees to get vaccinated and sent fruit baskets to support employees who were recovering from COVID-19 infections.

Customers and Suppliers

Active engagements with customers and suppliers enabled the Group to swiftly arrive at optimal solutions when there were logistic or supply chain disruptions.

Local Communities

Amidst the COVID-19 pandemic, the Group continued to attend the needs of the community as discussed in paragraph 12.5.

4. Ethics and Integrity

Business Ethics and Integrity

The Group subscribes to the principles of fair business practices and refrain from unfair trade practices, such as bribery and corruption, and strives to achieve business growth through fair market competition. The Group is committed to ensuring that its affairs are conducted with the highest standard of probity and in compliance with the law and strives to uphold the highest levels of business conduct and integrity in all transactions and interactions. Directors of the Company (the “Directors”) have a responsibility to lead by example. The Board has adopted a Code of Business Conduct and Ethics for the Directors (the “Ethics Code”). The Ethics Code serves to guide the Directors on the following areas of ethical risk and sets a framework where integrity and accountability are paramount:

- (i) avoid conflict of interest in (a) corporate opportunities; and (b) other board appointments;
- (ii) maintain confidentiality of confidential or proprietary information that a Director may learn of when discharging his duties as a Director;
- (iii) compliance with laws, rules and regulations, including those relating to the dealing in the Company’s securities; and
- (iv) fair dealing with customers, suppliers, competitors and employees.

The Ethics Code requires Directors to practise and promote ethical behaviour. Through the adoption of the Ethics Code, the Board affirms it shall take steps to ensure the Company encourages its employees (i) to seek guidance from supervisors, managers and appropriate personnel when in doubt about the best course of action in any particular situation; and (ii) to report any violations of laws and Company policy.

The Ethics Code also sets out the channel of communication for the Directors to report matters concerning improper business conducts and unethical practices.

Whistle Blowing Policy

The Audit and Risk Committee has established a whistle blowing policy and is responsible for oversight and monitoring of the said policy, whereby staff and outsider may raise concerns about possible improprieties such as irregularities in financial reporting, fraudulent acts, bribery and corruption and other matters allegedly committed by management and staff of the Company or its subsidiaries. Pursuant to the whistle blowing policy:

- (i) arrangements are in place for independent investigations by the Audit and Risk Committee of such matters and review of the outcome of the follow-up actions;
- (ii) the identity of the whistle blower is kept confidential; and
- (iii) any form of disadvantage or reprisal against the whistle blower by management is expressly prohibited.

The whistle blowing policy and reporting procedure is posted on notice boards of the Group’s factories and the Group’s intranet.

Anti-Corruption

The Group is committed to preventing corruption, bribery, extortion, fraud and money laundering, as well as complying with applicable anti-corruption laws and regulations. It prohibits its employees from offering, making or receiving any bribes or kickbacks for the purpose of securing improper business advantages, or otherwise engaging in corrupt activities or practices.

The Group's whistle blowing policy also enables suspected corruptive practices within the Group to be reported in strictest confidence.

During FY2022, the Group complied with all relevant laws and regulations that have significant impact on the Group relating to bribery, extortion, fraud and money laundering. No legal case regarding corrupt practices was brought against the Group or its employees.

Interested Person Transactions ("IPTs")

The Company has adopted an internal policy in respect of any transaction with interested persons and has set out the procedures for review and approval of the Group's IPTs. Please refer to the section on Interested Person Transactions in the Group's Annual Report for FY2022 ("FY2022 AR") for our disclosure in accordance with Rule 907 of the SGX-ST Listing Manual in respect of IPTs for FY2022.

Dealing in Securities

The Group has adopted a Code of Best Practices on Securities Transactions with respect to dealings in securities by Directors and officers of the Group.

Directors and officers of the Group are prohibited from dealing in the Company's securities during the period commencing two weeks before the announcement of the Company's results for each of the first three quarters of its financial year, and one month before the announcement of the Company's full year results (if the Company announces its quarterly financial statements, whether required by SGX-ST or otherwise), or one month before the announcement of its half-yearly results (if the Company does not announce quarterly financial statements), and one month before the announcement of the Company's full year results, ending on the date of the relevant announcement of the results.

On 14 February 2020, the Company announced that it would cease quarterly reporting with immediate effect, as allowed by the amended Rules of the SGX-ST effective 7 February 2020. Accordingly, the Company would only announce its half-yearly and full year results with effect from 14 February 2020. Directors and officers are also prohibited from dealing in the Company's securities when they are in possession of potentially price sensitive information.

Directors and officers of the Group are also not expected to deal in the Company's securities on considerations of a short-term nature.

The Company has complied with its Code of Best Practices on Securities Transactions.

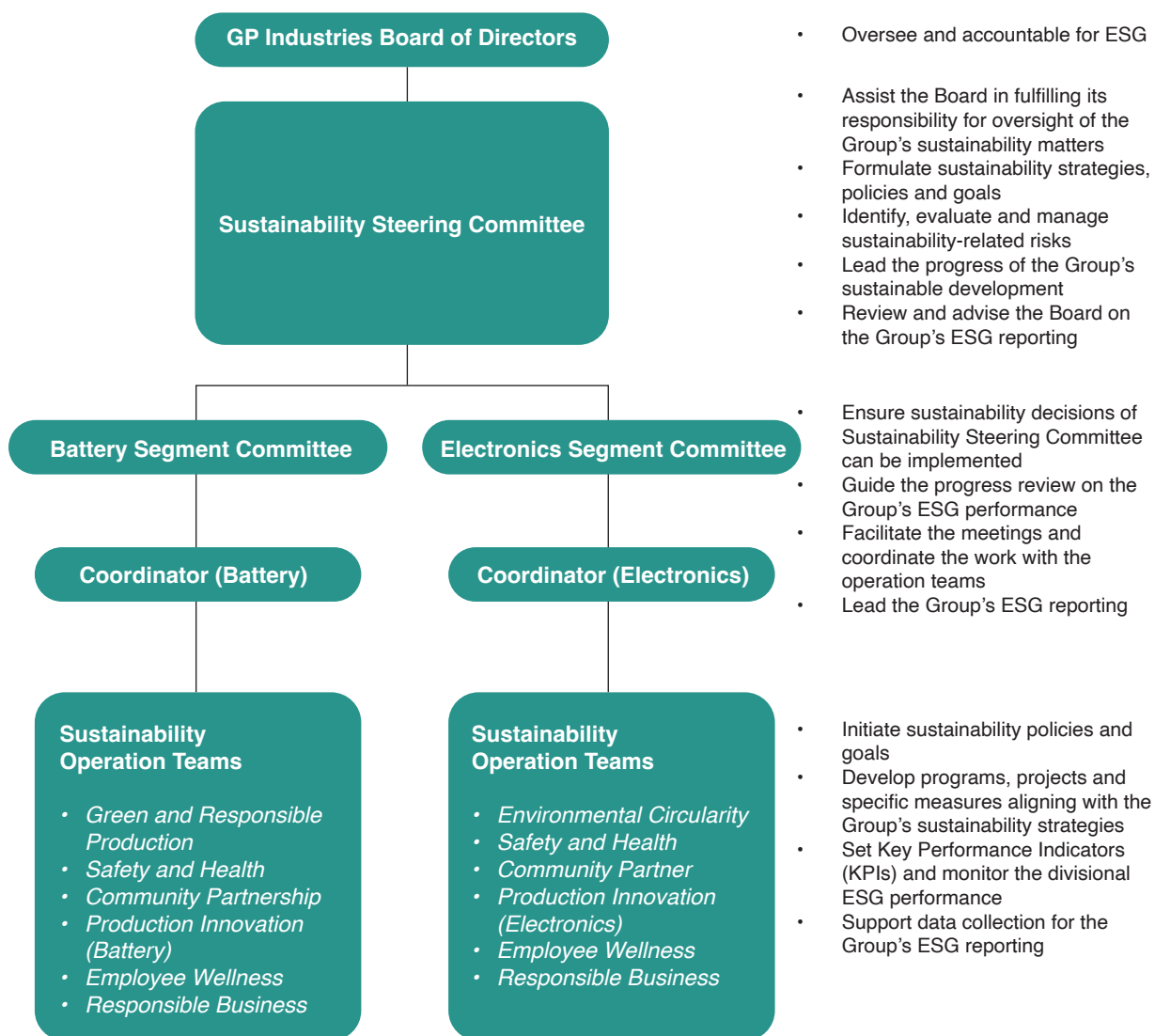
5. Statement of the Board and Governance

Sustainability Strategy

Sustainability is a key factor to the long-term success of the Group, which enhances the stakeholder value. In formulating its business strategies, due consideration is given by the Board to risks and opportunities arising from the sustainability issues.

Sustainability and ESG Governance

The Group has established a comprehensive Sustainability and ESG governance framework that provides a strong foundation for incorporating sustainability into the Group's businesses and ensuring that the Group's stakeholders' interests and expectations are taken into account in the Group's development strategies and implementations. The comprehensive framework facilitates communications and defines the roles and responsibilities of the team to properly address ESG issues. The following shows the Group's Sustainability and ESG governance structure:



6. Material ESG Factors – Policies, Practices, Performance and Targets

The Group identifies and evaluates material ESG factors regularly to ensure such factors are relevant in a rapidly changing business environment and to the Group's evolving business strategies. The Group recognises engagement with stakeholders is critical to the successful identification of material ESG factors.

The existing framework and policy are reviewed and enhanced continuously. In addition, realistic achievement targets are set with proper parameters determined for evaluation of the progress.

7. Reporting Practice

This sustainability report is prepared in accordance with the Sustainability Reporting Guide of SGX-ST, and the Global Reporting Initiative (“GRI”) Standards.

The report incorporates the primary components of report content as set out by the SGX-ST’s “Comply or Explain” requirements on sustainability reporting under Rule 711B of the SGX-ST Listing Manual.

This report has been prepared in accordance with the GRI Standards’ “Core” option. The GRI Standards represent the global best practices for reporting on economic, environmental and social topics.

This report supplements the Group’s [FY2022 AR](#). Detailed section reference with GRI Standards is found at the end of this report.

GRI does not require external assurance and Management has assessed that external assurance is not required for this FY2022 report.

The consolidated financial statements of the Group for FY2022, as set out in its [FY2022 AR](#), incorporate the financial statements of the Company and its subsidiaries made up to 31 March 2022. Information of the significant subsidiaries of the Company are set out on page 119 to 123 of [FY2022 AR](#).

This report does not cover the ESG performance of the associates of the Group, as the Group does not have control in these entities. Information of the significant associates of the Company are set out on page 124 to 127 of [FY2022 AR](#). The Board is also pleased to note that some of the significant associates have already embarked on their sustainability journey and such information can be accessed as follows (correct as at 17 August 2022):

Name of associate	Report or sustainability initiatives
Dongguan Jifu Metallic Products Co., Ltd.	Social Responsibility Policy (Labour and Corporate Ethics Policy)
Meiloon Industrial Co., Ltd.	2018 Corporate Social Responsibility Report
	Corporate Social Responsibility
	RoHS 2 / REACH
	Industry-Academic Cooperation
	Conflict Minerals Sourcing Policy
	Conflict Minerals - EICC Report
Stakeholder Engagement	

8. Stakeholder Engagement

The Company is committed to stakeholder engagement as a core component of the Group's sustainability strategy. Stakeholder engagement enables the Group to address the material issues, topics or concerns which affect our stakeholders, so that the Group can align its sustainability strategy with those of the stakeholders.

The Group endeavours to engage stakeholders regularly to maximise opportunities for them to share their perceptions and experience, as well as for the Group to provide updates on recent developments through diverse engagement channels.

Management identify key stakeholders as groups which have material impact or could potentially be impacted by our operations. The following is a summary of our key stakeholders, how they are principally engaged and what are the key topics and concerns raised:

Stakeholder	Method of engagement	Topics and concerns
Employees	<ul style="list-style-type: none"> Formal and informal internal communications 	<ul style="list-style-type: none"> Career development Occupational health and safety Remuneration and benefits Compliance with local labour laws Prevent child labour and forced labour Employment management system Employer-employee relations
Customers	<ul style="list-style-type: none"> Regular meetings Customer satisfaction surveys 	<ul style="list-style-type: none"> Pricing Health and safety of customers and products EHS practices Ethical practices Customer management and after-sales services
Suppliers	<ul style="list-style-type: none"> Suppliers' assessment Suppliers' training 	<ul style="list-style-type: none"> Economic performance Ethical practices Respect intellectual property rights Product and service quality management
Shareholders	<ul style="list-style-type: none"> Annual reports Annual general meetings Investor relationship management 	<ul style="list-style-type: none"> Economic performance Distribution to shareholders
Government and regulatory authorities	<ul style="list-style-type: none"> Periodic reports and returns Ongoing dialogues 	<ul style="list-style-type: none"> Compliance with laws and regulations
Local communities	<ul style="list-style-type: none"> Community services 	<ul style="list-style-type: none"> Environmental impacts Community engagement

In addition, more than one stakeholders are concerned with certain environmental topics, as follows:

- Energy usage and efficiency
- Efficient use of other resources
- Impact on the environment and natural resources
- Air emission management
- Waste management

9. Material Topics and Boundaries

Material topics are identified by communications with stakeholders as discussed in paragraph 8. Reporting and disclosure requirements imposed by regulatory authorities are also considered. Material sustainability topics of the peers are also considered if they are relevant to the Group. The identified material topics are then evaluated internally and prioritised accordingly to the impact to the stakeholders and attributable to the risk and opportunities. In addition, during FY2022, certain key internal and external stakeholders were invited to participate in surveys to evaluate the importance of a list of potential material topics. The assessment result reflects the materiality of the topics in multiple aspects including the Group's strategy, mission, resources, industry trends and stakeholders' concerns. A shift of focus towards supply chain-, environment- and employee-related topics has been observed. The result would assist the Group in prioritising its ESG initiatives.

Material topics discussed in this report	Boundaries (i.e. which segment, country or subsidiary, where applicable)
Economic	
Market presence	By country
Economic performance	Group-wide
Anti-corruption	
Environmental	
Materials	Group-wide
Energy	
Water	
Effluents and waste	
Environmental compliance	
Social	
Occupational health and safety	Group-wide
Training and education	
Diversity and equal opportunity	
Local communities	
Supplier social assessment	
Customer health and safety	
Socioeconomic compliance	

For questions or feedback about this sustainability report, please contact us at gpind@gp-industries.com.

10. Economic Topics

10.1 Direct economic value generated and distributed (201-1)

Economic performance is considered important to the Group as this is a key indicator on the Group's capability to meet the expectation of various groups of stakeholders. The Group's income statement for FY2022 are set out on page 36 of FY2022 AR. The following is a statement of direct economic value generated and distributed of the Group for FY2022, as compiled from the afore-mentioned income statement and other information set out in FY2022 AR:



The components of economic value generated and distributed are set out below:

	2022 ⁽²⁾ S\$' million	2021 ⁽²⁾ S\$' million
Direct economic value generated:		
Revenue	1,298.5	1,227.4
Proceeds from disposal of assets ⁽³⁾	11.7	2.8
Share of results of associates, net of taxation	49.5	42.5
Economic value distributed:	1,273.3	1,198.1
Operating costs ⁽⁴⁾	1,016.1	938.8
Employee wages and benefits ⁽⁴⁾	214.6	213.0
Payments to providers of capital (finance costs and dividends)	35.1	34.5
Payments to government	7.5	11.8
Economic value retained:	25.2	29.3

⁽²⁾ Include continuing operations and discontinued operations.

⁽³⁾ FY2022 amount includes loss from disposal of Automotive Wire Harness Business of S\$2.9 million and restructuring charges written back of S\$13.1 million.

⁽⁴⁾ Includes economic value distributed attributable to community investments activities, which was not separately identified.

The Group's revenue for FY2022 was S\$55.2 million higher than that for FY2021, due mainly to the net effect of an increase in revenue of the Electronics and Acoustics Business, and decrease in revenue of the Automotive Wire Harness Business due to disposal during FY2022.

11. Environmental Topics

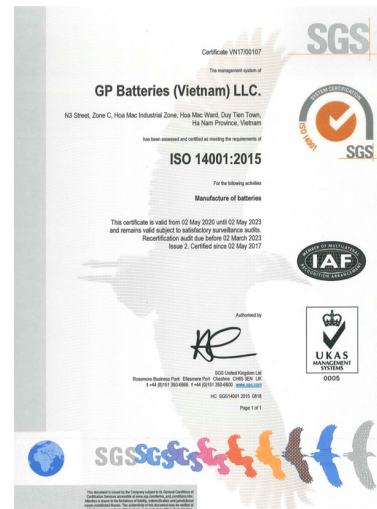
Environmental Stewardship

The Group's operation put great emphasis on environmental stewardship to protect the planet for present and future generations. Through adopting relevant policies and standards in every aspect of our business, maintaining green operations and investing in eco-friendly technologies, as well as developing products, the Group endeavours to optimise the use of resources, minimise adverse environmental impacts, and foster the transition to the low-carbon economy.

The Group conducts business in an environmentally conscious manner and advocates good practices in our value chain. The Group's environmental policy covers a wide range of topics, including greenhouse gas management, air pollution, solid waste management, water management and sewage management.

To conserve natural resources, the Group adopts efficiency-enhancing practices to promote optimal use of resources and to identify the opportunities for resource recycling. The Group's environmental policy is in place to ensure the efficient use of resources, including energy, water and other raw materials. The Group also aims to reduce total energy consumption, and increase the proportion of renewable energy consumption by gradually replacing internal combustion engine powered vehicles used in its operations with electric vehicles.

The Group established an effective environmental management system to control and manage our environmental performance. Our factories have been accredited with ISO 14001 environmental management system.



As discussed under paragraph 3, some factories of the Group in China and Malaysia received UL Zero Waste to Landfill Validation to acknowledge their achievements in minimizing production waste, diverting the waste from the landfill for reuse, recycling and incineration with energy recovery, as well as its commitment to sustainable development. The Group intends to gradually have more of its manufacturing plants accredited with such validation.

11.1 Materials used by weight or volume (301-1)

The Group uses eco-friendly packaging materials for finished products. Apart from the necessary protection for shipment, the Group strives to avoid excessive packaging design. Packaging is designed to be reused or recycled easily. Reuse is achieved through repeated usage, or waste recycling for making new products, waste-to-energy combustion or composting. This can reduce pollution to the environment and fully utilise resources. Types of packaging material usually include cartons, plastics, metal and plywood pallets. Biodegradable packaging materials are also used to avoid the formation of permanent waste. Product packaging is constantly reviewed in order to reduce material usage and minimize the impact on the environment.

The weight and intensity of packaging material used, determined by direct measurements or estimation as deemed appropriate by the concerned entity, are as follows:

	2022 Tons	2021 Tons
Weight	17,100.8	<i>Restated</i> ⁽⁵⁾ 14,457.4
Intensity (per S\$ million revenue)	13.821	12.230

⁽⁵⁾ Prior period comparative figures have been restated to conform to current year's presentation.

11.2 Energy consumption within the organization (302-1)

Energy consumption is closely tracked and reviewed to maintain a lean and efficient operation. The energy efficiency of equipment is considered in capital investment. For the development of manufacturing equipment, the Group adopts energy-saving technology and uses energy-effective components. The Group also actively promotes the use of green energy through the use of solar equipment. Factories adopt various green building concepts to save energy which include using natural lighting from windows and courtyard glass, installing utilities underground for more headroom, utilising glass as a partition as much as possible, replacing various light sources with LED tubes and using solar energy for certain lighting systems. To encourage energy-saving behaviours, we placed stickers next to switches to remind colleagues to turn off lights, and also prepared an introduction video to educate colleagues about the green office initiatives so as to raise their awareness.

Total electric energy consumption purchased from external parties and determined by direct measurements based on meter readings, are as follows:

	2022 Million kWh	2021 Million kWh
Electricity consumption	104.5	<i>Restated</i> ⁽⁶⁾ 100.6
Intensity (per S\$ million revenue)	0.085	0.085

⁽⁶⁾ Prior period comparative figures have been restated to conform to current year's presentation.

11.3 Water withdrawal (303-3)

The Group regularly monitors its water consumption to ensure that its business activities are managed with awareness to protect water resources, such as minimising our water usage in operations by installing low-flow faucets and setting up water-saving toilets. We will continue to strengthen the discussion of water use reduction measures and take actions where feasible.

Water supply facilities and equipment are properly maintained while water-saving washing facilities are utilised to improve water efficiency. Water used in certain production plants is recycled for operations such as floor washing, battery washing, water spray de-dusting, washing dusty uniforms and containers. There was no issue in sourcing water that is fit for the Group's manufacturing purpose in FY2022.

Total water consumption, all supplied by public water utilities and determined by direct measurements based on meter readings, are as follows:

	2022	2021
	Million litres	Million litres
Water consumption	584.5	584.3
Intensity (per S\$ million revenue)	0.472	0.494

⁽⁷⁾ Prior period comparative figures have been restated to conform to current year's presentation.

11.4 Waste by type and disposal method (306-2)

Guided by the Group's environmental policy, standardised approaches are adopted to manage hazardous waste and avoid waste generation whilst promoting resource recycling. The Group's environmental policy states that solid waste from operations must be monitored, segregated, and disposed of in a way that prevents harm to the local environment. Facilities must handle, store, transport and dispose of hazardous waste legally and responsibly, and keep proper and accurate records of resource consumption and waste streams.

Hazardous wastes include mainly nickel, manganese, metals and waste mineral oil-water emulsion from scrap and unqualified batteries as well as rags and containers which were contaminated by oil and paints, organic solvents and a trace of metals. In accordance with the standardised management approach, all hazardous wastes to be disposed of are centrally stored in special warehouses with labels according to different categories. Production volumes are measured and recorded in ledgers by assigned workers. The production, collection, storage and handling of hazardous wastes have been properly carried out in order to reduce the negative impacts on soil, water and air. Hazardous wastes are aptly collected and sold to recycling companies for proper treatment.

Non-hazardous wastes include mainly scrapped cardboards, wood, plastics, metals, kitchen wastes and office wastes. Non-hazardous wastes are classified into non-recyclable and recyclable wastes. More than 80% of the non-hazardous wastes are recyclable. Non-recyclable wastes are collected and disposed of by garbage collection companies. Recyclable scrap parts such as cardboard, solder oxide wastes and copper wire scraps are collected and sold to recycling companies. To minimise waste, waste segregation is implemented to store, utilise and move waste according to regulations or standards to turn waste into public resources. Food waste is reduced by outsourcing canteen vendors to sort and collect food waste for soil enrichment, fish and pig farms. In 2021, the factory in Vietnam processed 20,000 kilograms of food waste. In China, kitchen waste of the Xiegang factory is recycled by qualified companies to breed black soldier flies and convert it into insect protein and organic fertiliser.

Total wastes generated are as follows:

	2022	2021
	Tons	Tons
Hazardous waste	1,884.8	2,514.0
Non-hazardous waste	2,419.6	2,031.6
Total	4,304.4	4,545.6
Intensity (per S\$ million revenue)	3.479	3.845

⁽⁸⁾ Prior period comparative figures have been restated to conform to current year's presentation.

The Group is committed to reducing waste generation and diverting more waste away from being disposed to landfills. Through reuse and recycling, we constantly explore ways to improve our waste recycling rate. To accelerate the elimination of packaging waste, for instance, together with suppliers, packaging is redesigned to be more recyclable and eco-friendly. The Group also take the initiative to influence its suppliers and industry peers to make sustainable packaging innovations, and to raise the awareness of reducing, reusing and recycling among customers.

11.5 Non-compliance with environmental laws and regulations (307-1)

During FY2022, the Group complied with all relevant laws and regulations that have significant impact on the Group relating to discharges into water and land, and generation of hazardous and non-hazardous wastes.

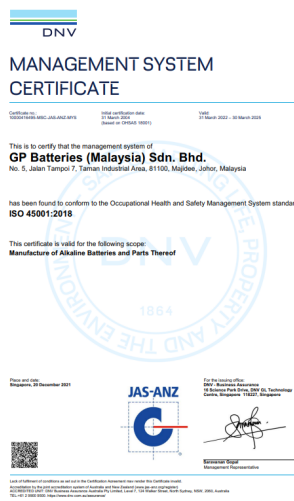
12. Social Topics

12.1 Work-related injuries (403-9)

The Group has developed policies and procedures, for matters such as fire emergencies, emergency plan for chemical leakage, regulations on hazardous chemicals management and dust removal system to protect the employees from occupational hazards.

Various measures associated with occupational health and safety are implemented across the Group. Workers are required to conduct regular occupational health checks to prevent work-related injuries and diseases, under the employee health check-up guidelines. The Hong Kong office is equipped with Automated External Defibrillators (AED) and all operation areas have fire extinguishers to tackle emergencies. On-site safety audits are conducted in factories to assess the safety issue at the operation level, including dust control, prevention of occupational disease and fire safety. The Group provides first aid training to the employees across different operation locations, and the number of first aiders has fulfilled and even exceeded the local statutory requirements. Safety and occupational health courses are mandatory in orientation programs for new employees to join the production plants, including training courses on first aid, and how to properly handle hazardous materials and chemicals.

The Group adopts ISO 45001, Occupational health and safety management systems – requirements with guidance for use (“ISO 45001”) as a framework for its occupational health and safety management system in order to create the best working conditions for employees and to prevent workplace accidents and illnesses. A number of the Group’s factories were certified with the ISO 45001 accreditations.



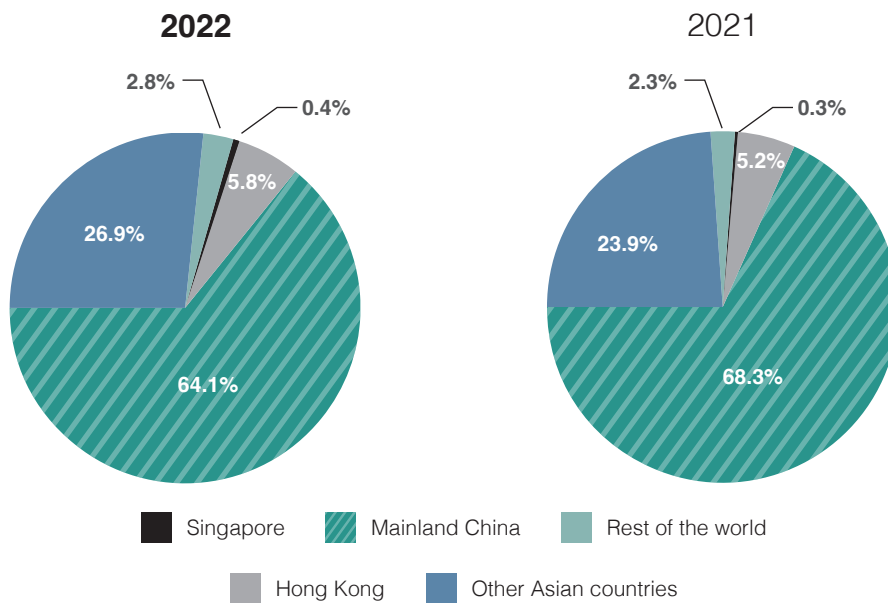
During FY2022, the Group complied with all relevant laws and regulations that have significant impact on the Group relating to providing a safe working environment, protecting employees from occupational hazards and prohibiting child and forced labour.

During FY2022, the Group reported 46 (2021: 53) cases of minor workplace injury, which resulted in a loss of 815 (2021: 1,297) working days, and zero work-related fatality (2021: Nil).

12.2 Information on employees and other workers (102-8)

As at 31 March 2022, the Group was supported by a motivated workforce of approximately 7,020 (2021: 7,480) employees worldwide, comprising approximately 3,300 (2021: 3,320) male employees and 3,720 (2021: 4,160) female employees. The work force are deployed in various countries or regions, as follows:

Percentage of employees by country or region



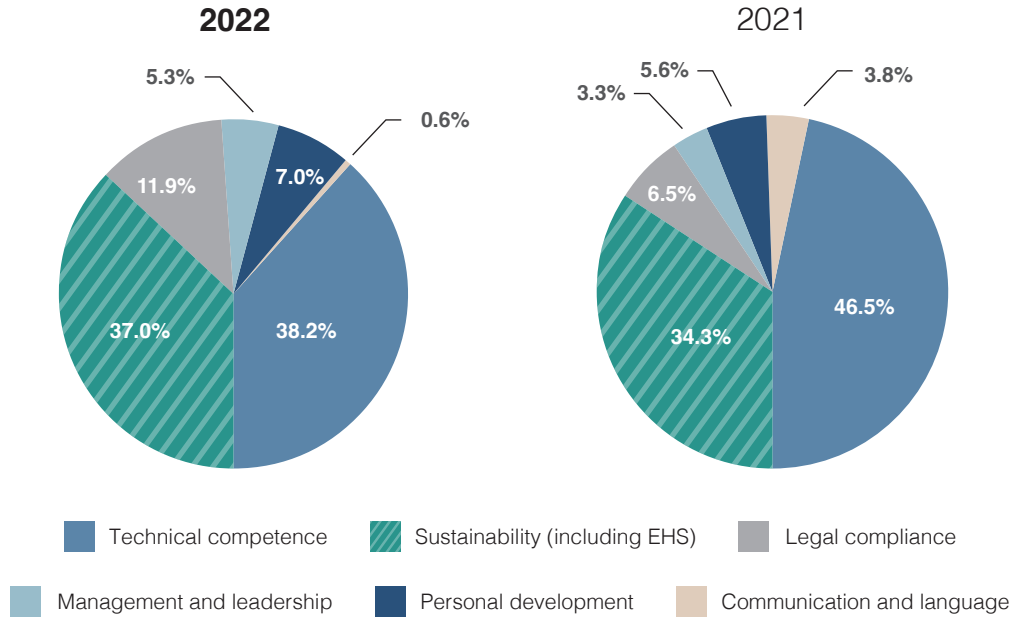
12.3 Average hours of training per year per employee (404-1)

The Group invests in employees through development programs to enhance their soft and hard skills as well as work competence in preparation for their career development. Employees participated in various workshops and training sessions on legal compliance, management and leadership skills, personal development, technical competence, sustainability (including environmental, health and safety, “EHS”) as well as language and communication. Sustainability (including EHS) trainings cover environmental protection, chemical and waste management, occupational safety and social responsibility. In addition, orientation programme provided to new employees in production plants include training on safety and occupational health courses relevant to their scope of work.

During FY2022, a total of approximately 40,300 (2021: 37,900) hours of training, excluding orientation programmes for new employees, were recorded.

Total number of training hours, excluding orientation programmes for new employees, are analysed below:

Percentage of training hours by topics

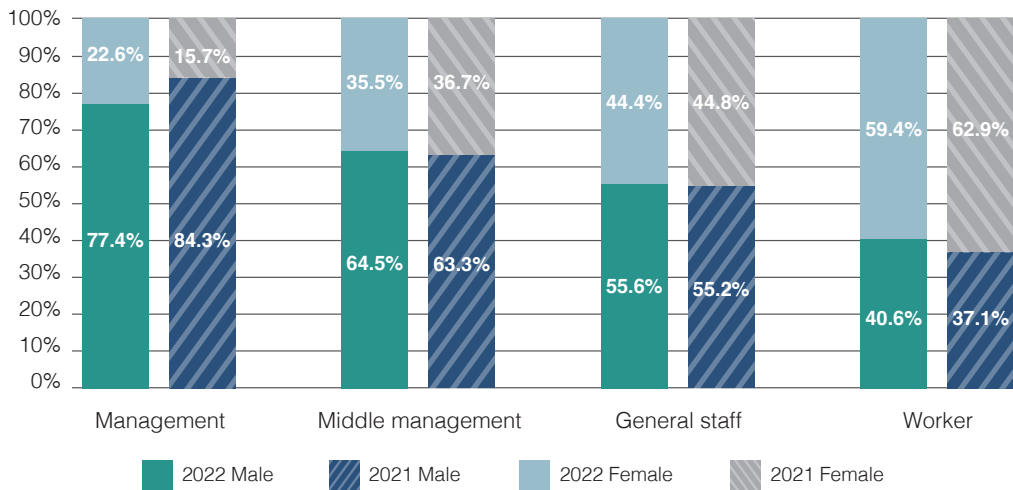


12.4 Diversity of governance bodies and employees (405-1)

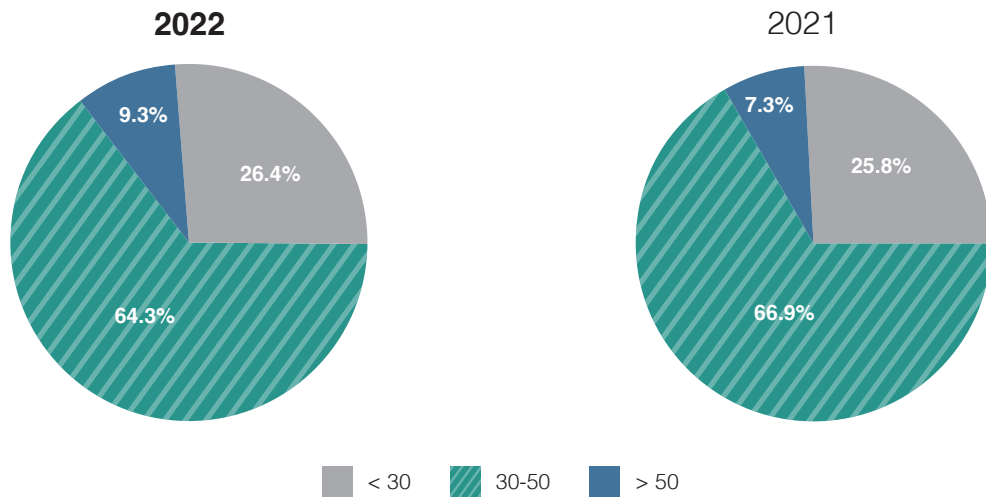
The Group adopts a policy of equal employment opportunities to ensure that every job applicant and employee has equal employment and promotion opportunities. Personal capability and suitability are the bases for consideration. The Group strives to ensure that everyone works in an environment free of discrimination and harassment.

The profile of the Group’s workforce is set out below:

Percentage of employees per employee category by gender as at 31 March



Percentage of employees by age group as at 31 March



Further information on the Board and senior management of the Group are set out on page 22 to 25 of [FY2022 AR](#).

The Group considers its employees the most valuable asset and offers them fair and competitive remuneration packages. Discretionary incentives are granted to eligible employees based on the performance of the Group and contribution of individual employees. Retirement schemes are offered as part of the remuneration package. Remuneration policies and packages are reviewed regularly to ensure that compensation and benefits are in line with market standards, thus helping the recruitment and retention of talent.

12.5 Community Involvement (413-1)

As a responsible corporate citizen, the Group is in constant pursuit of fostering sustainable communities in the places it operates. The Group is conscientiously involved in community engagement to understand the needs of the communities and to ensure our activities take into consideration the communities' interests. The Group's roadmap to social and community development started by building up social caring mindsets among employees through social service engagement, then devoting the Group to short-term social services, and gradually committing to project-based or regular social service for sustainable community development.

The Group encourages employees' to participate in social caring events. In Hong Kong, employees actively took part in many community activities during FY2022 such as Blood Donation Day 2021, Love Teeth Day, Lai See Packets Recycle Campaign, Earth Hours 2022, company visit for 20 youths from ICA International Church, etc.

The Group is devoted to reducing food waste and care for the community by joining the Chinese New Year Food Donation Program in Hong Kong initiated by Food Grace. During FY2022, GP Batteries (Shenzhen) Co., Ltd was awarded the title of “Advanced Enterprise to Support Poverty Alleviation” in recognition of its efforts to alleviate poverty through supporting households in needs with rice and edible oil products.



The Group is also committed in promoting healthy lifestyles. Since 2014, GP Batteries has been an official sponsor and the sole batteries supplier for the Standard Chartered Hong Kong Marathon. GP Batteries continued the sponsorship and support to the Standard Chartered Hong Kong Marathon 2021, held in October 2021. Employees were encouraged to join the running event together with family members and friends to promote a healthy life and work-life balance.



12.6 Assessment of the health and safety impacts of product and service categories (416-1), Supplier social assessment (414-1)

The Group is committed to producing safe and quality products.

IEC (International Electrotechnical Commission) 62133 series is one of the most common safety standards for both nickel and lithium systems rechargeable secondary cells and batteries in portable applications. The IEC 62133-1 for nickel batteries and IEC 62133-2 for lithium batteries are being the mandatory requirements for audio / video, information and communication technology equipment according to IEC 62368-1. The Group’s IEC 62133-certified lithium-ion and NiMH batteries offer quick market penetration into more than 50 Certification Body Scheme participating countries. According to the Recommendations on the Transport of Dangerous Goods – Manual of Tests and Criteria published by UN (United Nations), Section 38.3 lists the requirements for the transportation of cells, batteries or battery systems that are lithium metal or lithium-ion. With UN 38.3 certification, all GP lithium-ion batteries are allowed to be easily shipped by air and sea (subject to national deviation, additional tests may be needed).

The Group utilises cost-effective automated systems that enhance productivity and quality control. For example, the Batteries Business adopts a quality management system and manufacturing process that are data-driven and follows the continuous improvement philosophy. Product and process parameters that could affect product quality are defined in related process management plan and have the appropriate controls accordingly.

The Group has established testing facilities strategically in Mainland China, Hong Kong and Singapore for testing batteries according to registered international standards. These accredited laboratories reflects the test capability of the Batteries Business.

The Group has developed and implemented quality control systems towards hazardous substances which are produced in manufacturing processes to ensure compliance with relevant laws and regulations. Laboratories are established to control product quality. A quality management system is set up in accordance with the requirements of ISO 9001:2015 and/or IATF 16949:2016 that appropriate procedures are in place.

All of the Group’s factories have received ISO 9001 and/or IATF16949 accreditations, indicating the Group’s ability to consistently provide products and services that meet customers’ needs as well as applicable statutory and regulatory requirements.



The Group's 9V carbon zinc and alkaline batteries are UL recognized components based on UL 217 (Standard for Safety – Smoke Alarms).

The Group has a well-established supply chain management policy to monitor the qualification of its suppliers. Suppliers are qualified based on their capability to meet the product's technical and quality requirements, health and safety standards and business ethics. The Group conducts regular audits of its suppliers' production sites to ensure their continuous compliance with the quality and environmental regulatory requirements.

Supplier evaluation is an essential process of responsible supplier management. Evaluation of suppliers includes completion by a supplier of a questionnaire declaring its performance on various aspects, including environmental, safety and social responsibility. The Group has established supplier audit checklist and conducts assessments prior to acceptance of sample validation.

The Group regularly monitors our suppliers' performance to identify environmental and social risks via supplier audits. The Group also provides environmental and social awareness training, covering a wide array of topics, such as introduction to corporate social responsibility, supplier social compliance requirements, environmental compliance and supplier solid waste management, for its strategic suppliers.

Suppliers of the Batteries Business are required to comply with the Group's policy on the disuse of hazardous substances.

The Group has established a selection policy for waste recycling and disposal service providers to guide the selection of providers for such services.

The Group is committed to producing safe and quality products and has established guidelines on product safety and fail-safe design to guide product designers to cover fail-safe concept in its products. Since 2020, the Group introduced new childproof packaging for its coin-sized lithium battery to prevent children from esophageal injury or death caused by accidental battery ingestion. The childproof packaging features tamper-proof design with double blisters to avoid accidental opening, and can only be opened with scissors. A child safety pictogram and a warning message are also printed on the packaging to reduce the risk of accidents. Packs also comply with the latest IEC standards (IEC 60086-4 Edition 5) and Australian ACCC regulation.

The Group has set up mechanisms to receive customers' feedback in order to continuously improve its products and services. Customer survey is conducted semi-annually to measure customer satisfaction.

The customer's complaints handling procedure provides guidelines on handling customers' complaints, including commercial and technical complaints. All complaints are required to be promptly attended to within a specific response time. In addition, the impact of each complaint on the Group's business is assessed.

The Group has established product recall procedures which sets out the recall process, including internal analysis, communication with the complainant and the public, the logistic of recalling the concerned products and implementation of corrective and remedial actions.

12.7 Non-compliance with laws and regulations in the social and economic area (419-1)

During FY2022, the Group complied with all relevant laws and regulations that have significant impact on the Group relating to (i) compensation and benefits, recruitment and promotion, working hours, holidays, dismissal, social insurance, equal opportunity, diversity, anti-discrimination, and other benefits and welfare; and (ii) health and safety matters on products and services provided and methods of redress.

SGX Five Primary Components Index

S/N	Primary Component	Section Reference
1	Material topics	Stakeholder Engagement
2	Policies, practices and performance	<ul style="list-style-type: none"> • Statement from Chairman • The Group's Sustainability Story • Economic Topics, Environmental Topics and Social Topics
3	Board statement	Statement of the Board and Governance
4	Targets	The Group's Sustainability Story
5	Framework	Reporting Practice

GRI Standards

Content Index

GRI Standards	Disclosure Content	Section Reference/Comment
General Disclosures		
GRI 102: General Disclosures 2016		
102-1	Name of the organization	Paragraph 1
102-2	Activities, brands, products, and services	Paragraph 2
102-3	Location of headquarters	Paragraph 2
102-4	Location of operations	Paragraph 2
102-5	Ownership and legal form	Paragraph 2
102-6	Markets served	Paragraph 2
102-7	Scale of the organization	Paragraph 2
102-8	Information on employees and other workers	Paragraph 12.2
102-9	Supply chain	Paragraph 2
102-10	Significant changes to the organization and its supply chain	No significant changes
102-11	Precautionary principle or approach	The Group does not specifically address the principles of the precautionary approach
102-14	Statement from senior decision maker	Paragraph 5
102-16	Values, principles, standards, and norms of behavior	Paragraph 4
102-18	Governance structure	Paragraph 5
102-40	List of stakeholder groups	Paragraph 8
102-42	Identifying and selecting stakeholders	Paragraph 8
102-43	Approach to stakeholder engagement	Paragraph 8
102-44	Key topics and concerns raised	Paragraph 8
102-45	Entities included in the consolidated financial statements	Page 119 to 123 of FY2022 AR
102-46	Defining report content and topic boundaries	Paragraph 9
102-47	List of material topics	Paragraph 9
102-48	Restatements of information	Yes, as indicated
102-49	Changes in reporting	No
102-50	Reporting period	Financial year ended 31 March 2022
102-51	Date of most recent report	Report for financial year ended 31 March 2021 announced on 31 August 2021
102-52	Reporting cycle	Annually
102-53	Contact point for questions regarding the report	gpind@gp-industries.com
102-54	Claims of reporting in accordance with the GRI Standards	Paragraph 7
102-55	GRI content index	This section
102-56	External assurance	Paragraph 7
Economic		
GRI 201: Economic Performance 2016		
201-1	Direct economic value generated and distributed	Paragraph 10.1
GRI 205: Anti-corruption 2016		
205-2	Communication and training about anti-corruption policies and procedures	Paragraph 4

GRI Standards	Disclosure Content	Section Reference/Comment
Environmental		
GRI 301: Materials 2016		
301-1	Materials used by weight or volume	Paragraph 11.1
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	Paragraph 11.2
GRI 303: Water and Effluents 2018		
303-3	Water withdrawal	Paragraph 11.3
GRI 306: Effluents and Waste 2016		
306-2	Waste by type and disposal method	Paragraph 11.4
GRI 307: Environmental Compliance 2016		
307-1	Non-compliance with environmental laws and regulations	Paragraph 11.5
Social		
GRI 403: Occupational Health and Safety 2018		
403-9	Work-related injuries	Paragraph 12.1
GRI 404: Training and Education 2016		
404-1	Average hours of training per year per employee	Paragraph 12.3
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	Paragraph 12.4
GRI 413: Local Communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	Paragraph 12.5
GRI 414: Supplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria	Paragraph 12.6
GRI 416: Customer Health and Safety 2016		
416-1	Assessment of the health and safety impacts of product and service categories	Paragraph 12.6
GRI 419: Socioeconomic Compliance 2016		
419-1	Non-compliance with laws and regulations in the social and economic area	Paragraph 12.7

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