NTI® NanoFilm
ADVANCING TECHNOLOGY SOLUTIONS

STRATEGIC TRANSFORMATION ENHANCED PROGRESS

SUSTAINABILITY REPORT 2021

CONTENTS

OUR MISSION

THE KEY CATALYST TO ENABLE ADVANCEMENT OF OUR CUSTOMERS' PRODUCTS IN A SUSTAINABLE MANNER.

OUR VISION

INTEGRATING NANOTECHNOLOGY IN ADVANCED MATERIALS AND NANOPRODUCTS INTO OUR DAILY LIVES.

View our report online:
https://www.nti-nanofilm.com/

Credit Suisse (Singapore) Limited and Oversea-Chinese Banking Corporation Limited are the Joint Issue Managers for the initial public offering of the share in, and listing of, the Company on the Mainboard of the SGX-ST on 30 October 2020.

CORPORATE PROFILE

Nanofilm Technologies International Limited ("**Nanofilm**" or the "**Company**" and together with its subsidiaries, the "**Group**") is a leading provider of nanotechnology solutions, leveraging its proprietary technologies, core competencies in R&D, engineering, and production, to provide technology-based solutions across a wide range of industries. Nanofilm's solutions serve as key catalysts enabling customers to achieve high value-add advancements in their end-products in an environmentally sustainable manner.

Nanofilm offers surface solutions based on vacuum deposition, including using its patented Filtered Cathodic Vacuum Arc ("**FCVA**") technology. Nanofilm's nanotechnology-based solutions are utilised in a wide range of industries such as computer, communications and consumer electronics ("**3C**"), automotive, precision engineering, printing and imaging, and new energy.

Listed on the Mainboard of Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 30 October 2020, Nanofilm is a constituent of the FTSE ST All-Share Index, FTSE ST China Index, FTSE ST Large & Mid Cap Index, FTSE ST Mid Cap Index, MSCI ACWI Small Cap Index, MSCI Singapore Small Cap Index, and the MSCI World Small Cap Index.

Currently, Nanofilm owns more than 80 patents and trademarks, not including over 40 applications which are pending. The Group has over 300 employees worldwide engaged in R&D and engineering and it has achieved a daily turn-around capacity of over 5 million high volume and high mix parts.

NANOFILM ENTERPRISE CULTURE
OUR BEHAVIOURAL NORMS

Authenticity
- Open, Candid, Sincere
- Tactful & Respectful
- Honest

Customer First
- There is no Nanofilm without the Customer
- Listen Deeply for Customers' Needs
- Proactively Provide Solutions

High-Performance Culture
- Decisive, Agile
- Strive for the Best Results
- Communicate Amply
- Outcome-Oriented
- Challenge Assumptions, Adjust where Necessary

Resilience & Perseverance
- Indomitable Spirit
- Learning from Setbacks
- Insist on Doing the Right Thing and Doing it Right

MAKING THE WORLD A BETTER PLACE

Through ubiquitous applications of our deep technology capabilities

Owner's Mindset
- Sense of Belonging, Cohesion
- Regard Nanofilm's Business As Own
- Infinite Mindset
- Nanofilm's Long-Term Interest As Prime
- Winning Together

Innovation As Our DNA
- Idea generator
- Cumulative Innovation Capability
- Growth Mindset
- Life-Long Learning, Continual Improvement

OUR BUSINESS

NANOFILM IS A GLOBAL LEADING TECHNOLOGY SOLUTIONS PROVIDER, FOCUSED ON ADVANCED MATERIAL SCIENCE AND NANOTECHNOLOGY, WITH STRONG INNOVATION DNA, INGRAINED SINCE 1999 AS A DEEP-TECH SPINOFF FROM NANYANG TECHNOLOGICAL UNIVERSITY ("**NTU**").

Our Group started with no market positioning and limited capital. Nevertheless, we defied market expectations by successfully competing against tech giants from America, Europe and Japan in gaining market share from customers who are accustomed to the proven conventional technologies of giant tech companies.

The pursuit for continuous self-improvement and persistent research and development ("**R&D**") in our products and services led us to achieve new boundaries in material science technologies, and enabled us to surmount numerous challenges and exceed expectations over the years.

Today, our technology-based solutions are utilised in a wide range of industries such as 3C, automotive, precision engineering, printing and imaging, and new energy. Our products and services are integral to the smooth functioning of many of the technologies and tools that are essential to our modern daily lives.

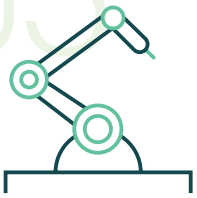
Our business model is constantly evolving in tandem with our strategy, and is designed and crafted for business excellence. We have grown and developed alongside our customers through our continuous focus on R&D and innovation, often undertaken in joint collaboration with our customers, and leveraging our strong in-house engineering and solid production capabilities.

OUR BUSINESS

01

02

03



04

Business Unit #1
ADVANCED MATERIALS

Provide advanced materials through surface solution services based on our proprietary vacuum coating technologies and processes. Our surface solution services involve the use of our FCVA and FCVA-hybrid with physical vapour deposition ("**PVD**") coating equipment to deposit our proprietary advanced materials on key components and parts of the global supply chain, thereby enabling our customers to achieve their desired functional and/or decorative requirements for their end-products.

Business Unit #2
NANOFABRICATION

Manufacturer and supplier of nanoproducts which, due to their nanoscale and/or nanofeatures, are used by our customers as components for the smooth functioning and performance of their end-products. We utilise our nanofabrication technology and software to fabricate nanoproducts which are designed to meet the dimensional specifications of our customers as well as to provide the required functional properties of their end-products.

Business Unit #3
INDUSTRIAL EQUIPMENT

Manufactures and sells turnkey equipment systems, ranging from coating equipment to auxiliary equipment such as cleaning lines to automation systems, which are installed at our customers' production lines. We provide our customers with not just the physical equipment, but also customised operating software for our systems and training, as well as spare-parts, customer service and other forms of after-sales support.

Business Unit #4
SYDROGEN ENERGY

Offers advanced materials solutions to the emerging and rapidly growing hydrogen energy market. Our advanced materials are like conductive diamond due to their special material properties such as corrosion resistance, low resistivity, ion-leaching prevention, and high conductivity. These advanced materials coatings make key components of the proton-exchange membrane fuel cell ("**PEMFC**") stack systems more affordable and durable.

BOARD STATEMENT

SUSTAINABILITY HAS BEEN AND WILL ALWAYS BE AN INTEGRAL PART OF NANOFILM'S STRATEGY. IT IS A PRINCIPLE DEEP-ROOTED IN THE ORGANISATION AS WE CONTINUE TO INNOVATE AND EXPAND OUR SOLUTIONS, DEDICATING TO MAKING A POSITIVE IMPACT ON THE COMMUNITIES WE OPERATE IN.

The Group is pleased to present our second sustainability report ("**Report**") for the financial year ended 31 December 2021.

The scope of the report covers information on material sustainability aspects of Nanofilm from 1 January 2021 to 31 December 2021 unless otherwise specified. Performance data from our operations in China, Singapore, Vietnam, and Japan have been included in this Report. We expect the Report is sufficient to address stakeholders' concerns in relation to sustainability issues arising from the Group's major business operations.

The Board, CEO and senior management ("**The Senior Leaders**") of Nanofilm oversee the management and monitoring of the economic, environmental, social and governance ("**EESG**") factors of the Group, and take these into consideration in the determination of the Group's strategic direction and policies. We have oversight of the EESG material factors which are reviewed annually to ensure that the factors are relevant and current for the business. The Senior Leaders are also involved in the management and monitoring of these EESG factors through the Corporate Social Responsibilities ("**CSR**") Leaders and Working Group which comprise of representatives from various business functions in the Group.

The Senior Leaders were involved in the preparation and review of this Report before it was approved by the Board of Directors and published. This Report provides us with a valuable opportunity to engage our stakeholders and respond to issues that matter most to them and to our business, while at the same time, enhances the Company's assessment in risk management, strategy development, and stakeholder engagement activities as we work to further focus and prioritise our sustainability and corporate social responsibility initiatives.

Sustainability has been and will always be an integral part of Nanofilm's Strategy. It is a principle deeply rooted in the organisation as we continue to innovate and expand our solutions, dedicating to making a positive impact on the communities we operate in.

We are committed to sustainable innovation, the continuing research and development of our technologies to create solutions with positive environmental impacts, either through the replacement of scarce materials, a more environmental friendly process or green energy source through hydrogen fuel cell.

SYDROGEN REFLECTS OUR CONFIDENCE THAT OUR TECHNOLOGY CAN BE THE CATALYST TO ACCELERATE THE ADOPTION OF HYDROGEN-FUEL SOLUTIONS.

As part of the pathway towards zero wastewater discharge from production, we have completed the installation of ultrafiltration and reverse osmosis filtration systems in our Shanghai plant, to recycle our production water. We are expecting to see material impact of this effort starting from FY2022, where we have started recycling the production wastewater in our Shanghai sites. We are also working towards implementing this at other production sites in subsequent years.

With increasing environmental and carbon footprint concerns worldwide, another area of paramount importance to us is sustainable green energy. Sydrogen Energy Pte. Ltd., a joint venture investment with Temasek, is our foray into the green energy space through the application of our solutions to critical components in hydrogen fuel cell and electrolyser systems, tapping opportunities in the hydrogen economy. Sydrogen reflects our confidence that our technology can be the catalyst to accelerate the adoption of hydrogen-fuel solutions. As we seek to develop solutions in the green energy space, we shall continue to explore the use of green hydrogen fuel cells to complement the energy requirements of our facilities in the future.

This report is prepared with reference to the Global Reporting Initiative ("**GRI**") Standards as it provides an extensive framework that is widely accepted as a global standard for sustainability reporting. We have also referred to and set our targets with reference to the United Nation Sustainable Development Goals ("**UNSDGs**") and have considered the Sustainability Reporting Guide in Practice Note 7.6 of the SGX-ST Listing Manual.

In preparing our report, we applied the GRI's principles for defining report content and report quality by considering the Group's activities, impacts and substantive expectations and interests of our stakeholders. The data and information provided within the report have not been verified by an independent third party. We have relied on internal data monitoring and verification to ensure accuracy.

We welcome your views and feedback on our sustainability practices and reporting at sustainability@nti-nanofilm.com

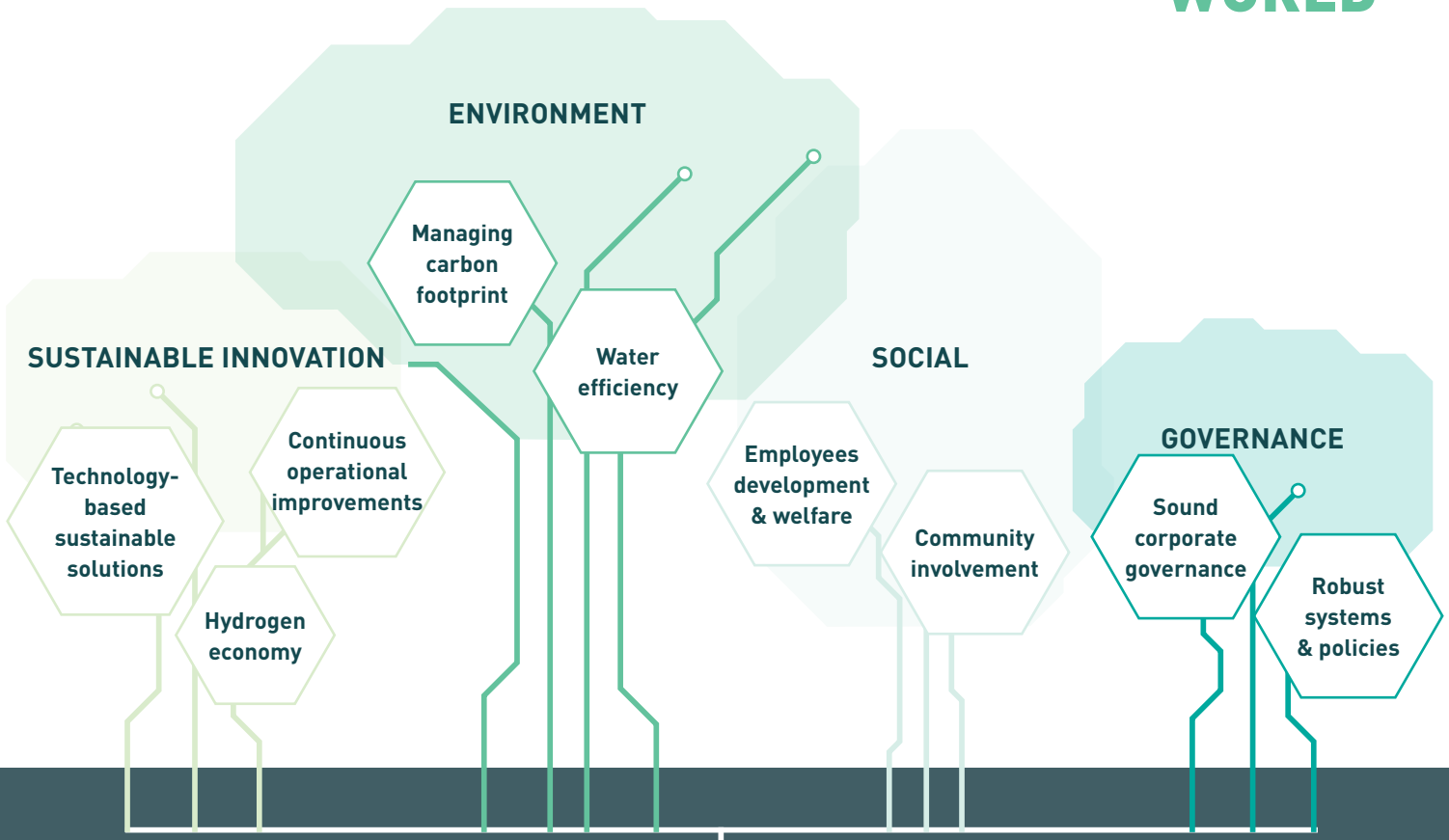
Board of Directors
Nanofilm Technologies International Limited

APPROACH TO SUSTAINABILITY

SUSTAINABILITY IN OUR ORGANISATIONAL STRUCTURE

Sustainability is a vital part of our corporate strategy for achieving long-term sustainable growth through value creation for our people, our environment and our society. We have structured our organisational structure to lead and execute our sustainability framework.

CONNECTING DEEP TECH TO THE COMMERCIAL WORLD



SENIOR LEADERS
The Board of Directors, CEO and senior management formulate strategies, principles, goals, policies and guidelines.

CSR LEADERS
CSR Leaders organise and manage the CSR plan of the Group.

WORKING GROUP
Assigned staff of the working groups are responsible for the execution and implementation of the CSR work plan.

HR | FINANCE | PROCUREMENT | MARKETING | R&D | BUSINESS UNITS - OPERATIONS | LEGAL | SUPPLY CHAIN

ADVANCED MATERIALS

NANOFILM DEEP TECH

NANOFAB

STAKEHOLDERS ENGAGEMENT

We care about our stakeholders. We recognise the need to continuously develop our business in a responsible approach and to do this, we must first understand our stakeholders' expectations on Nanofilm in the economy, environment and society. We will periodically consult our stakeholders using a 360-degree framework to determine issues that are most relevant to them and Nanofilm.

Our internal stakeholders include the Board, management and employees of Nanofilm, whereas the external stakeholders include customers, strategic business partners, employees, regulatory authorities, shareholders, investors, bankers, media, analysts, suppliers and vendors.

An overview of our approach and rationale is set out below (with stakeholders listed in alphabetical order), together with the feedback and views received. We plan to conduct an external stakeholder engagement exercise in FY2022 to better understand the concerns of our stakeholders.

STAKEHOLDERS	HOW DO WE LISTEN?	WHAT ARE YOU TELLING US?	WHAT ARE WE DOING?
CUSTOMERS AND STRATEGIC BUSINESS PARTNERS	• Direct feedbacks via sales channel engagement • Site visits to our production facilities • Co-development of research and development projects • Periodic assessment and audits performed by customers relating to impacts on environment, health, safety and social factors	• Continue to develop innovative solutions that are mission critical in nature • Establish green factory • Ensure business continuity	• Provide a sustainable factory environment while providing solutions needed by customers • Creating value in a sustainable responsible manner • Ensure that we meet all the requirements of customers' ESG audit
EMPLOYEES	• Employee's survey and interactions • Internal updates and communication • Events and functions	• Provide training and education • Manage occupational health and safety • Maintain work life balance	• Ensure workplace health and safety enables the employees to work comfortably and safely • Employment benefits to address basic needs and help to manage stress and improve health • Training and career development are in place to improve effectiveness and productivity
REGULATORY AUTHORITIES	• Regular updates and communication • Reports and compliance • Periodical meetings with government bodies • Dialogue with government bodies	• Contribute to regulatory landscape shaping as a market participant	• Attending market events to increase communication, visibility and transparency • Play a part in contributing to economy activities and value-adding output in countries we have presence in
SHAREHOLDERS, INVESTORS, BANKERS, MEDIA, AND ANALYSTS	• SGX Announcements • Shareholder's meeting • Annual reports • Company's website • Regular updates and communication	• Long-term profitability • Sustainability matters • Group's performance against targets • Compliance with all relevant requirements	• Committed to delivering economic value to our capital providers through a sustainable financial and non-financial performance • Regular and effective communication

APPROACH TO SUSTAINABILITY

STAKEHOLDERS	HOW DO WE LISTEN?	WHAT ARE YOU TELLING US?	WHAT ARE WE DOING?
SUPPLIERS, VENDORS	• Periodic supplier's assessment • Supplier's meetings	• Ability to meet Company's quality standards • Ability to meet Company's delivery timelines	• Periodic suppliers' assessment to ascertain quality of product and services acquired to ensure that they are free from hazardous substances and able to meet company's quality standards • Supply chain due diligence to ensure our suppliers do not have incidents of human rights and child labour violation

MATERIALITY MATRIX

Based on our engagement with stakeholders, we developed our materiality matrix based on material aspects associated with our principal business and operational risks, as illustrated in the diagram below.

We have also developed metrics to help us measure our progress, as indicated in our sustainability scorecard on page 30. We will review and adjust the matrix each year, as the external and business context changes.

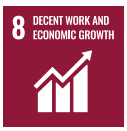
OUR PERFORMANCE

COMMITMENTS TO UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals ("**SDGs**") are a set of goals under the 2030 Agenda for Sustainable Development (2030 Agenda), which is a global development framework adopted by World Leaders at the UN Sustainable Development Summit in September 2015.

As a global citizen, Nanofilm supports UNSDGs through the following commitments:

2030'S TARGETS ARE MEASURED AGAINST 2020'S BASE

SUSTAINABILITY FOCUS AREAS	OUR CONTRIBUTION TO THE SDGS	OUR PERFORMANCE IN 2021	2030 TARGET
Sustainable Innovation		100% portion of total R&D spend meets Nanofilm's ESG criteria[1]	**100%**
		7.1% R&D and engineering expenses as a percentage of total revenue	**>5%**
Environment		52.1 tCO_2e/'000 production hours	**Reduce 30% tCO_2e/'000 production hours[2]**
		0% of energy from renewable sources	**50%**
		Wastewater discharged: 272.3m^3/'000 production hours	**Reduce 80% m^3/'000 production hours**
Social		Average of 26.5 training hours/employee	**24 Hours/employee**
		84,156 Trainee hours	**60,000 Trainee hours**
		Zero disaster incidents[3]	**0**
		In FY2021, approximately 43% of our employees are females, a 7% increase compared to FY2020.	**Increase**
Governance		Human rights due diligence screening carried out on 100% of our suppliers	**100%**
		100% new employees completed the Compliance and Code of Conduct training	**100%**
		Zero human rights incidents in our supply chain	**0**

1 Nanofilm's ESG criteria are defined as innovation that does not violate any rules and regulations concerning safety, environment, human rights, child labour, antibribery and anti-corruption, and seek to improve the lives of our end-customers through the use of our innovative and environmentally-friendly products.

2 Production hours refers to machine production hours.

3 Incidents that require inpatient treatments or result in total permanent disability/fatality.

SUSTAINABLE INNOVATION

SUSTAINABLE INNOVATION

AS A DEEP-TECH COMPANY, WE BELIEVE THAT INNOVATION AND SUSTAINABILITY ARE INTERDEPENDENT. WE WILL CONTINUE TO INNOVATE FOR SUSTAINABILITY AND BE A DRIVER OF CHANGE, STRIKING A BALANCE BETWEEN MAXIMISING INNOVATION WHILE MINIMISING HAZARDS TO THE PEOPLE AND THE ENVIRONMENT.

TECHNOLOGY-BASED SOLUTIONS

Since our establishment in 1999, Nanofilm has become a leading provider of nanotechnology solutions, leveraging our proprietary technologies, core competencies in R&D, engineering and production, to provide technology-based solutions across a wide range of industries. Our portfolio of solutions encompass advanced materials, nanofabrication and equipment engineering. We formulate advanced materials and nanofabrication processes that contribute to a more sustainable environment and our solutions serve as key catalysts enabling our customers to achieve high value-add advancements in customised end-products, through the replacement of valuable finite base materials, enabling functionalities and extending product lifespans.

With the flexibility and advantages afforded by our proprietary technologies, our solutions are adaptable for use across numerous applications and have launched new markets which were previously unavailable for conventional technologies. In Nanofilm, we reliably expand the applications of our technologies, matching new materials and new techniques with new applications.

Currently, Nanofilm holds more than 80 patents and trademarks, with more than 300 employees in our global operations engaged in R&D and engineering.

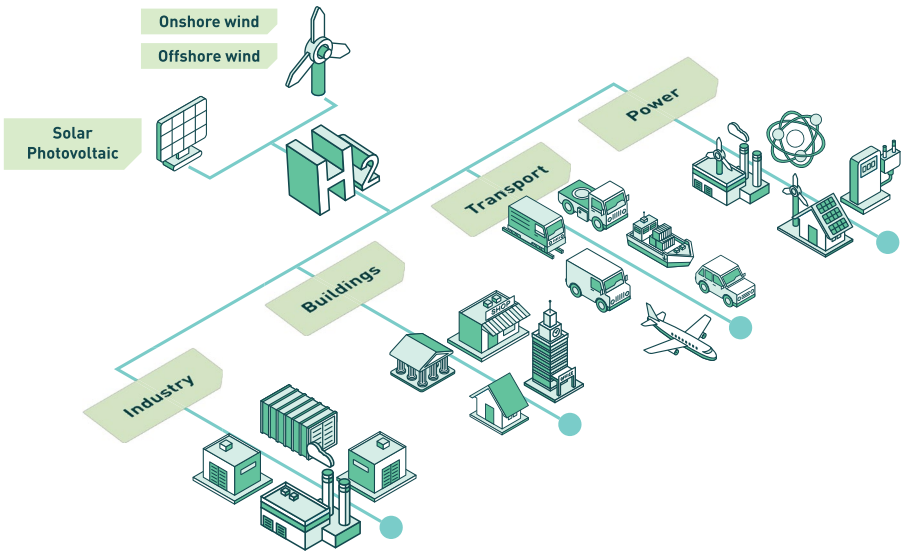
HYDROGEN ECONOMY

As the global economy pushes for decarbonisation, many industries are looking to hydrogen as the fuel to power their energy transitions and meet their low carbon targets. Hydrogen, the most abundant element in the world, offers a sustainable energy source at zero carbon emission output. Hydrogen can be sustainably produced by electrolysis of water with renewable energy and then converted via fuel cells to generate electricity that is cleaner and more efficient. Emitting only water and heat, hydrogen fuel cells eliminate the emissions of carbon dioxide and other harmful pollutants to the environment. Fuel cells and electrolysers are important technologies within the hydrogen supply chain for future demand. There is much potential to further enhance the efficiency and cost efficiency of fuel cells and electrolysers for the future hydrogen economy. With rapid technologies development and strong demand for such technologies, the hydrogen economy is expected to develop at a rapid pace.

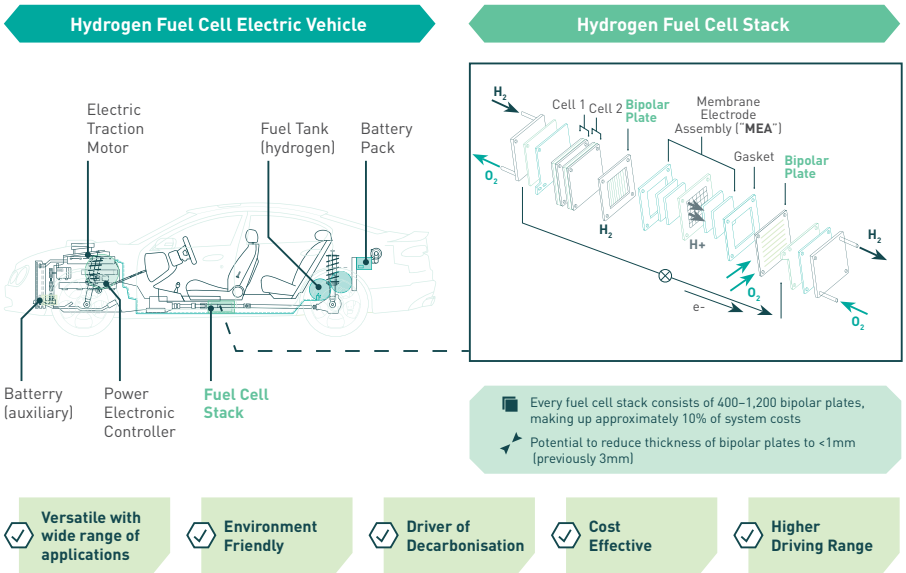
In October last year, Nanofilm finalised our definitive agreements with Temasek to form a Joint Venture, Sydrogen Energy Pte. Ltd. ("**Sydrogen**"), to tap on opportunities in the hydrogen economy, using Nanofilm's unique surface solutions technologies. Sydrogen will be playing an important role in the new sustainable green energy industry. Through the application of Nanofilm's advanced materials surface solutions to critical components in fuel cell and electrolyser systems, Sydrogen aims to drive the growth and development of the hydrogen energy economy through new technologies, advanced fundamental research, continuous engineering and mass production capabilities.

By leveraging on Nanofilm's advanced materials, Sydrogen will first focus on commercialising the adoption of these advanced materials coating process for the key components of the proton-exchange membrane fuel cell ("**PEMFC**") stack systems. Nanofilm's advanced materials coatings are enabling catalysts in pivoting towards adoption of metallic Bipolar Plates ("**BPP**"), which are more scalable and cost effective than alternatives such as graphite. As production scales up over time, large cost components in PEMFC stack systems will gain production cost efficiency, contributing to further acceleration in PEMFC adoption.

TECHNOLOGY-BASED SOLUTIONS

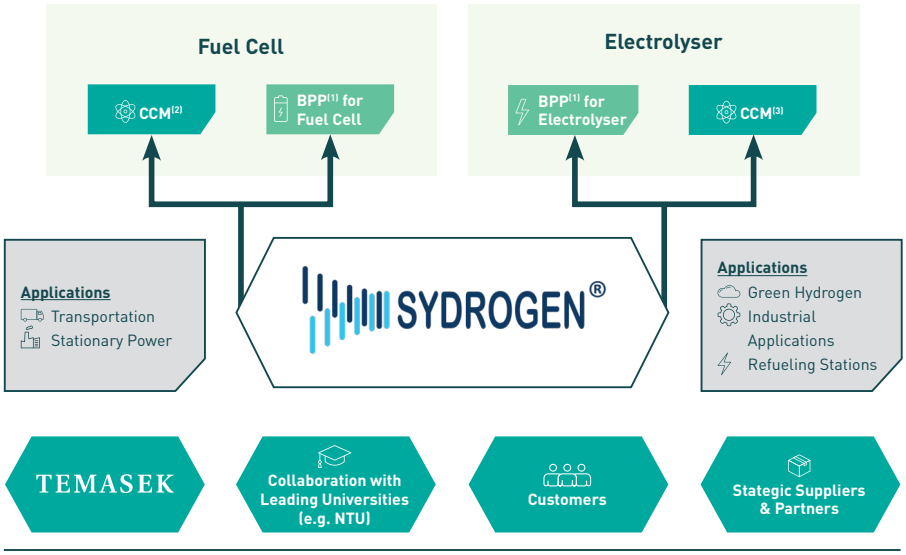


THE FUEL CELL IS AT THE HEART OF HYDROGEN



SYDROGEN'S ROADMAP

Our entry points enabling vertical integration



Notes: (1) Bipolar plates. (2) Catalyst Coated Membrane for Proton Exchange Membrane. (3) Catalyst Coated Membrane for Anion Exchange Membrane.

The proposed partnership is a feature of our commitment to sustainability, as we entrench our role as a critical supply chain player in the hydrogen economy, contributing to global and local decarbonisation efforts and providing an alternative energy source. This also forms a key pillar of the group's sustainability efforts in supporting the United Nations Sustainable Development Goal of Affordable and Clean Energy.

CONTINUOUS INNOVATION

As a Deep-Tech company, we seek to improve our technology and services through constant R&D investments. In 2021, our R&D investments amounted to 7.1% of our total revenue, this is above our target of 5.0%, we aim to continue to maintain our R&D spend target at above 5.0% as we grow the company innovatively and sustainably.

We have always ensured that all our investments in R&D and innovation do not violate any rules and regulations concerning safety, environment, human rights, child labour, anti-bribery and anti-corruption. We will continue to uphold this approach and provide innovative and sustainable solutions to more industry use cases.

We have also built a robust and competent R&D team to support the group in all aspects of technical innovations. In 2021, a >10% increase in R&D personnel and engineers as compared to 2020 as we ramp up R&D investments to penetrate new exciting areas of growth and showing our commitment to invest in innovation.

OPERATIONAL EXCELLENCE AND CONTINUOUS IMPROVEMENT

Many of our innovations and technologies are developed with environmental sustainability in mind. We constantly seek improvements in our operational processes and systems – not only to improve efficiency, but also to reduce the impact of our business on the environment. Our Operational Excellence Suite covers aspects on manufacturing operational systems (MES, QTS, PTS)[4], LEAN system thinking, process transformation, customer engagement, sustainability, and technology, and guides the day-to-day operation of our business. Our production facilities are also certified to ISO9001:2015 Quality Management System to ensure we consistently maintain our standards and quality of production.

We are undergoing digital transformation as we believe that disruptive innovations and transition towards Industry 4.0 are critical to Nanofilm's success, and will continue to drive digitisation, connectivity, and automation in our production processes.

LEAN SYSTEM THINKING

- Since its inception in mid-2017, we have continued to apply LEAN system thinking into our daily business operations. In FY2021, we completed 373 LEAN projects, covering processes such as reducing cycle time of our industrial equipment, improve maintenance downtime, inventory cycle optimisation and waste reduction. Since FY2017, over 1,200 LEAN projects have been completed. These LEAN projects not only improve our operational efficiencies and productivity, it has also helped to improve the cost structures for the entire group.

- Key areas of focus for LEAN projects in 2021:
  - Improving operational efficiencies
  - Improving production quality and productivity
  - Waste reduction and costs optimisation

MES, QTS MOVE TOWARDS INDUSTRY 4.0

We are progressing on our goal is to move towards Industry 4.0 (i.e. the Fourth Industrial Revolution) in our manufacturing operations. We have completed the implementation of SAP systems group wide in 2021 and have already taken steps to improve our MES, QTS, PTS.

We have also embarked on the journey of automation and robotics implementation into our manufacturing lines, these include remote diagnostics tools to assist in inspecting coating quality, robotic welding and process transformation on wire coiling, automated loading and unloading, sorting and visual inspection. We intend to further enhance our smart manufacturing processes and plan to further use robotics and automation in our manufacturing lines where achievable.

4 Manufacturing Execution System ("**MES**"), Quality Tracking System ("**QTS**"), Project Tracking System ("**PTS**")

ENVIRONMENT

ENVIRONMENT

implemented
ISO 14001:2015
Environmental Management System

aim to reduce
30%
of our Scope 1 & 2 GHG intensity by 2030

increase our consumption of energy from
RENEWABLE SOURCES
to reduce our carbon footprint

adopted a wide range of measures to
REDUCE WATER
consumption at our factories

Use of licensed third party vendors for
RESPONSIBLE DISPOSAL
of hazardous and non-hazardous waste

NANOFILM'S AIM IS TO KEEP OUR IMPACT ON THE ENVIRONMENT AND CLIMATE AS LOW AS POSSIBLE. TO ACHIEVE THIS, WE RELY ON HIGH GLOBAL ENVIRONMENTAL MANAGEMENT STANDARDS AND ALSO TARGETED MEASURES SUCH AS INSTALLING WASTEWATER TREATMENT SYSTEMS TO ALLOW FOR RECYCLING OF WATER FROM OUR OPERATIONS.

ENVIRONMENTAL COMPLIANCE
GRI 307-1

Our factories are fully compliant with the environmental laws and regulations in the countries that we operate, and ISO 14001:2015 Environmental Management System has been implemented in our plants globally since 2016. We conduct internal and external audits to ensure that all statutory and internal requirements regarding environmental requirements are met. We have also passed our stringent annual environmental, health and social audits performed by our global tier-one customers, in-line with global world-class standards. Any deficiencies or potential areas for improvement are identified during these audits and subsequently addressed by the respective sites. In FY2021, the Group has not identified any non-compliance with environmental laws or regulations.

ENVIRONMENT

MANAGING OUR CARBON FOOTPRINT

GRI 305-1, GRI 305-2, GRI 305-4

We aim to achieve the highest possible manufacturing performance with the lowest possible energy consumption through optimisation of our operations. We started to monitor and measure our energy consumption and greenhouse gas emissions ("**GHG**") in FY2020.

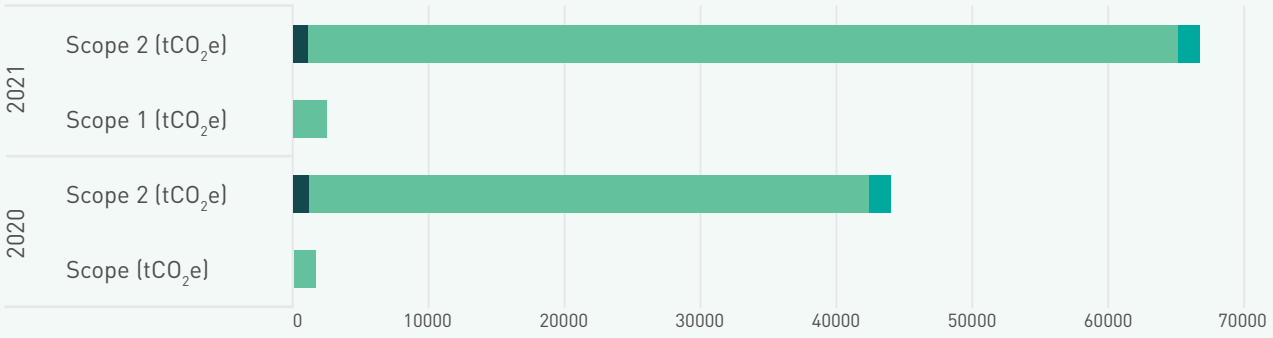
In FY2021, we have included performance data from our Vietnam operations, as part of the move to include material operations across the Group.

In FY2021, Nanofilm generated a total of 69,007 tonnes of carbon dioxide equivalent ("**tCO_2e**") from our Singapore, China and Vietnam operations. Our Scope 1 emissions was 2,463 tCO_2e or approximately 4% of the overall GHG emissions while our Scope 2 emissions was 66,544 tCO_2e or approximately 96% of the overall GHG emissions. The increase in Scope 1 emissions in FY2021 was due to diesel consumption for the use of diesel power generators to support power required for Shanghai Plant 2 and equipment qualification in view of projects commencement. During this time, the Group's application to the Chinese Municipal Government for high tension power of 35kv to meet Shanghai Plant 2's requirements had taken longer than expected due to delays in contractor work and associated approval process in view of the COVID-19 situation. Since May 2021, the new Shanghai Plant 2 has since completed its connection to the Government's power grid, reverting to normalised utility tariffs. This increase in Scope 1 emissions in FY2021 is thus a one-off event and will not recur.

The Scope 2 emissions is attributable largely to purchased electricity used in our manufacturing plants. Our overall GHG emissions in FY2021 was approximately 52% more than in FY2020. which is largely due to an increase in China's manufacturing output as well as the inclusion of performance data from the Vietnam operations. The GHG emission intensity for FY2021 is 52.1 tCO_2e per thousand machine production hours, which is also an increase of approximately 13% compared to the GHG emission intensity of 46.1 tCO_2e per thousand machine production hours in FY2020.

We shall continue to monitor the emissions intensity for the various sites and improve the efficiency of our operational processes, with an aim to reduce 30% of our GHG intensity by 2030.

Scope 1 & 2 GHG Emissions



	2020		2021	
	SCOPE 1 EMISSIONS (tCO_2e)	SCOPE 2 EMISSIONS (tCO_2)	SCOPE 1 EMISSIONS (tCO_2e)	SCOPE 2 EMISSIONS (tCO_2)
Singapore	6	1,201	7	1,035
China	1,595	41,089	2,455	63,909
Vietnam	–	–	1	1,601

Fuel emission factors are sourced from IPCC 2006 Guidelines for National Greenhouse Gas Inventories. Grid emission factors are sourced from Energy Market Authority, Singapore, and Institute for Global Environmental Strategies (2021). List of Grid Emission Factors, version 10.10.

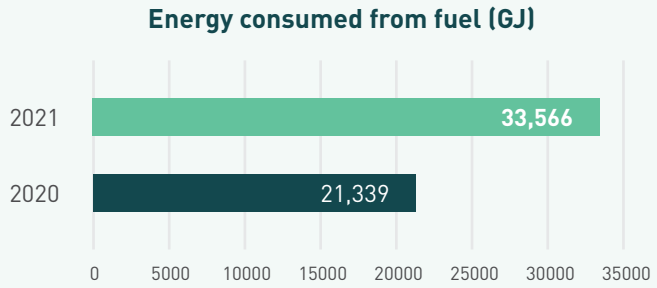
ENERGY EFFICIENCY

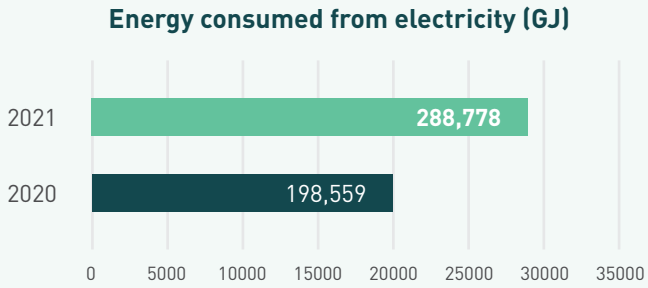
GRI 302-1, GRI 302-3

Regular investment in the energy efficiency of our manufacturing operations has a long-term positive effect on the environment and our competitiveness. We have started to monitor and measure our energy usage at the different sites in FY2020 and are trying to better understand the factors that could have a significant impact on our energy consumption. In FY2021, the Group's total energy consumption was 322,344 GJ, with electricity consumption contributing to 89% of overall energy consumed. The energy consumed in FY2021 was 47% more than FY2020 as our new Shanghai Plant 2 went through plant and equipment qualification that consumed relatively higher energy with lesser machine production hours. The energy intensity for FY2021 based on machine production hours was approximately 243.4 GJ/'000 production hours.

Energy consumption within the organisation

(Non-renewable source)





Energy conversion factors based on IPCC 2006 Guidelines for National Greenhouse Gas Inventories.

	ENERGY CONSUMED (GJ)	
SOURCE	**FY2020**	**FY2021**
Energy consumed from fuel	21,339	33,566
Energy consumed from electricity	198,559	288,778
Total	219,898	322,344

ENERGY FROM RENEWABLE SOURCES

Apart from managing our energy consumption, we also seek to consume energy from renewable sources to reduce our carbon footprint. By investing in energy efficiency, we not only help protect the environment but can also lower our financial costs. We are ramping up on our efforts to install solar panels at our manufacturing facilities and target to have 50% of our energy consumption to be from renewable sources or purchased carbon credits by 2030.

ENVIRONMENT

WATER CONSERVATION AND RECYCLING

GRI 303-1, GRI 303-2, GRI 303-3, GRI 303-4, GRI 303-5

We value the importance of our planet's natural resources and strive to adhere to high standards to responsibly manage our environmental impact. In response to the growing concerns related to water as a natural resource, Nanofilm has adopted a wide range of measures to reduce water consumption at our factories, installing water-efficient fittings and raising awareness of water scarcity issues among our employees.

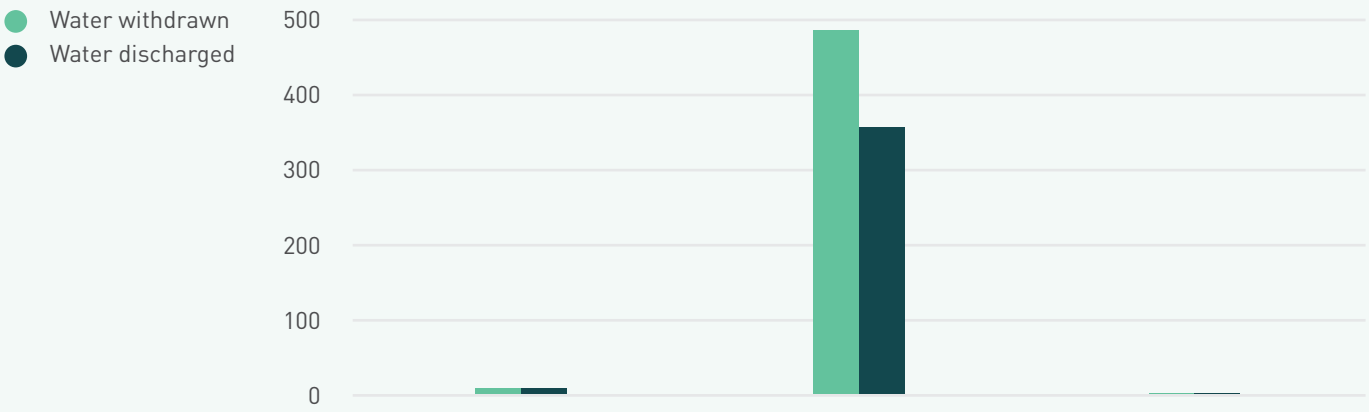
In FY2021, we have consumed 516,820 cubic metres ("**m^3**") of water, all of which is obtained from third-party water. Of the total water consumed, 489,809 m^3 is used for production, this increase in volume consumed compared to 292,855 m^3 consumed in FY2020 is due largely to an increase in production at our Shanghai site as well as the inclusion of the performance data from our Vietnam site, which was previously excluded in FY2020's data consolidation. Consequently, the total volume of water discharged from our production facilities in FY2021[5] was 361,940 m^3, or 74% of the total volume of water consumed. Our wastewater discharge intensity for FY2021 (based on production hours) was 273.3 m^3/'000 production hours. This is a reduction of 9% from FY2020's intensity. By 2030, we aim to reduce 80% of our wastewater discharge intensity and will continue to monitor our performance and report our progress every year.

5 The amount of water discharged for Singapore and Vietnam is assumed to be the same as the amount of water that was withdrawn.

In China, 100% of the water discharged from production is treated. We have invested significantly over the years in an evaporative wastewater system that reduces wastewater discharge. In addition, we will continue to install additional water recycling systems to drive towards zero production wastewater discharge. We plan to bring this good practice from our China production facilities to the rest of our operations globally, with the aim of having zero wastewater discharge from our production eventually.

In Singapore, wastewater discharge is monitored and sent for lab testing periodically to ensure that it is within the National Environment Agency ("**NEA**") guidelines. We are also in the process of installing the wastewater fittings and systems in our Singapore facility to ensure that we recycle our wastewater so as to have zero wastewater discharge from production in the future.

Water withdrawal and discharge in FY2021 (M^3)



	SINGAPORE	CHINA	VIETNAM
Third party water withdrawn	7.8	480.9	1.2
Water discharged to third party	7.8	353.9	1.2

WASTE MANAGEMENT

GRI 306-1, GRI 306-2, GRI 306-3

The volume of waste materials generated from Nanofilm's production process is not significant and mostly non-hazardous. Any waste engine oils and materials recovered from maintenance of machinery will be aggregated in an isolated container and disposed through proper industrial disposal channels. Hazardous waste generated are also properly disposed through third party engagements. In FY2021, a total of 413 tonnes of waste was generated from our operations in China and Vietnam, which is approximately twice the volume of waste generated in FY2020. This increase was due to an increase in production at the Shanghai site and set up of the new plant 2 facility, which in turn resulted in more waste generated. The hazardous waste comprises approximately 34% of our total waste generated, most of which is from waste cleaning solutions and emulsions from our plants in China. Performance data for Vietnam has also been included in this year's data consolidation. General waste from our Singapore's operations are gathered and properly disposed through the building's shared services. We are currently enhancing our data collection process for non-hazardous waste collected in Singapore so as to be able to obtain more accurate data for reporting in subsequent years.

SOCIAL

SOCIAL

We have a comprehensive performance appraisal programme and rewards system based on the result of the appraisal. The performance appraisal programme is essential for us to deliver our corporate performance targets and goals; align the interest of our employees with appropriate incentives; understand the skills level of employees; and any appropriate training programmes that can be designed to close up the skill gaps.

We emphasize on the career path and progression of our employees, and have built several two-way communication channels to ensure that the career development needs of our employees are taken into consideration whenever possible. Training opportunities are equal to all employees based on the needs identified.

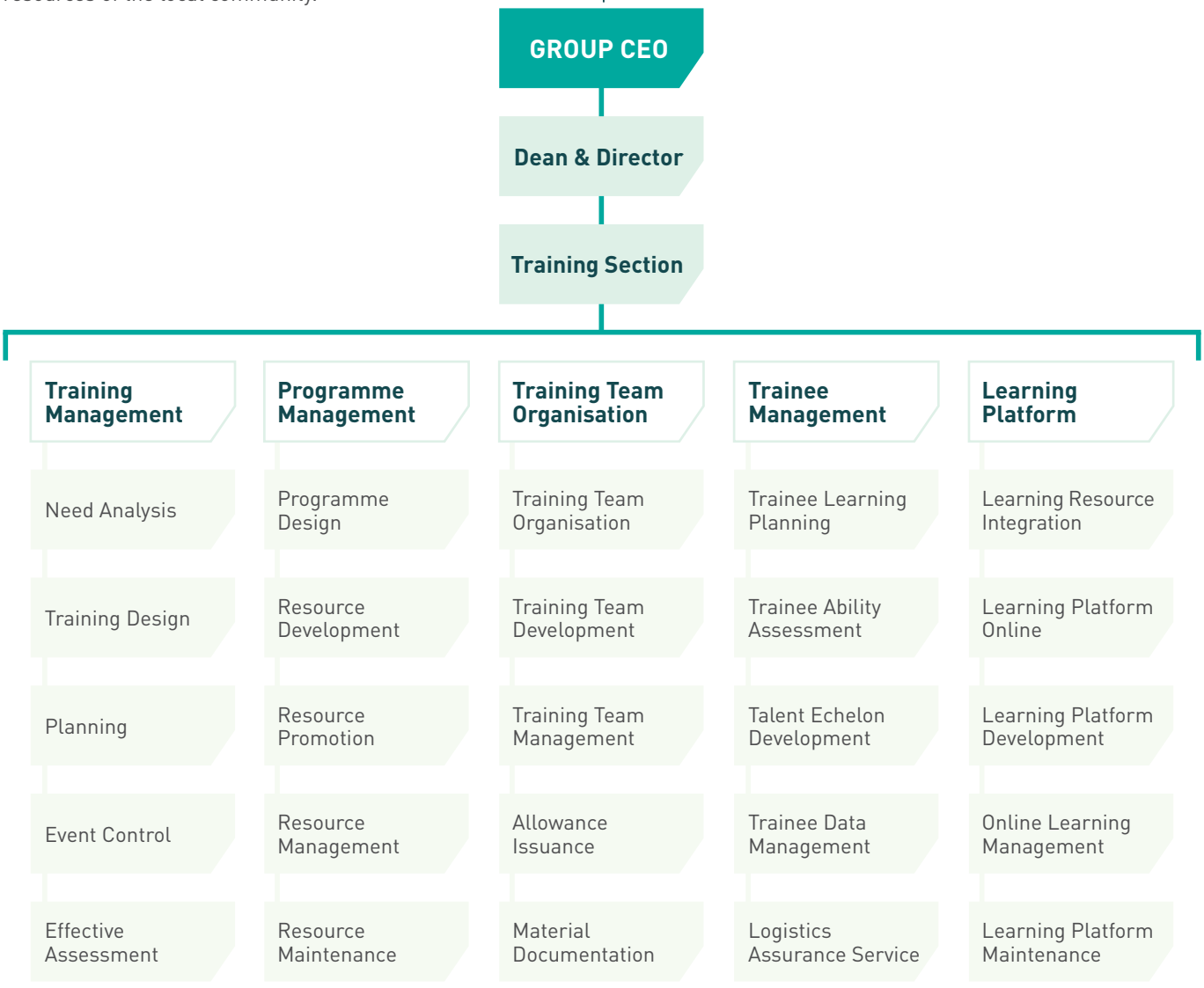
Through these efforts, we are well-positioned to provide a constructive working experience to our employees and contribute to the economic development and skilled labour resources of the local community.

TALENT DEVELOPMENT AND RETENTION

GRI 404-1, GRI 404-2

We believe people are the cornerstone of our business and invest in talent development and staff training to continuously upgrade the skills of our employees, both for their own benefit and our long-term prospects. We have in place an in-house talent training and development system known as "Nanofilm College".

Nanofilm College is led by our Group Chief Executive Officer, who is assisted by a Dean and Director of Training. The structure of our Nanofilm College is set out in the chart below.



OVERVIEW OF NANOFILM COLLEGE TRAINING PROCESS

Nanofilm College is a structured training and development system which commences once a new employee joins our Group, and begins with an orientation and on-the-job training ("**OJT**"). It continues throughout his progression in our Group, and includes specialised training for promotions.

Promotion & Development

- Recommend suitable employees for promotion by looking at role matchings, track records and past results of employees

Talent Pool & Review

- Result, Capabilities, Quality assessment
- Potential and trends
- Development and Training mechanism

Talent Selection

- From the talent pool review, via qualifications and assessments, select excellent core employees

Communication & Feedback

- Performance review
- Job application assessments
- Development and training mechanisms
- Salary adjustments
- Job objectives

Nurture & Development

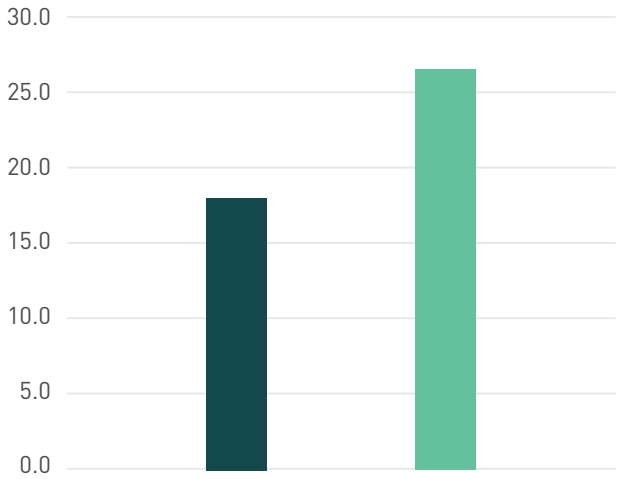
- Self learning
- OJT
- Role expansion
- Programme participation
- Training & Job rotation

Nanofilm College currently offers over 200 training courses across the following course categories: (a) Procurement & Supply Chain Management, (b) LEAN Production Management, (c) R&D, (d) Standard & Internal Auditing, (e) General Management Skill, (f) Environment, Health and Safety, (g) Quality, (h) Corporate Function Systems, (i) Technical and Operations.

Our training programmes are designed to ensure that our employees are competent in their roles and responsibilities, and include both technical and professional training, as well as training designed to develop the management qualities of our employees.

In 2021, Nanofilm college has provided training for all of its employees, and a total of 84,156 trainee hours. This has exceeded our target of 60,000 trainee hours annually by 40% and we shall continue to provide our employees with focused training to help them develop their competencies. We have invested an average of 26.5 hours of training for each employee in FY2021, which is an increase of more than 8 hours of training per employee compared to FY2020. As part of our people strategy, Nanofilm has committed to continually provide training for our employees. We shall maintain our target of average of 24 training hours per employee.

Average Training Hours per Employee



AVG TRAINING HOURS	
2020	18.0
2021	26.5

We foster employee loyalty and motivation by offering performance-based pay to attract and retain talented employees. Along with our Knowledge Management System, we are able to maximise our institutional memory to achieve our corporate objectives. Remuneration packages (which include the necessary social benefits) are reviewed periodically to ensure they are in line with market standards.

PERFORMANCE APPRAISAL

GRI 404-3

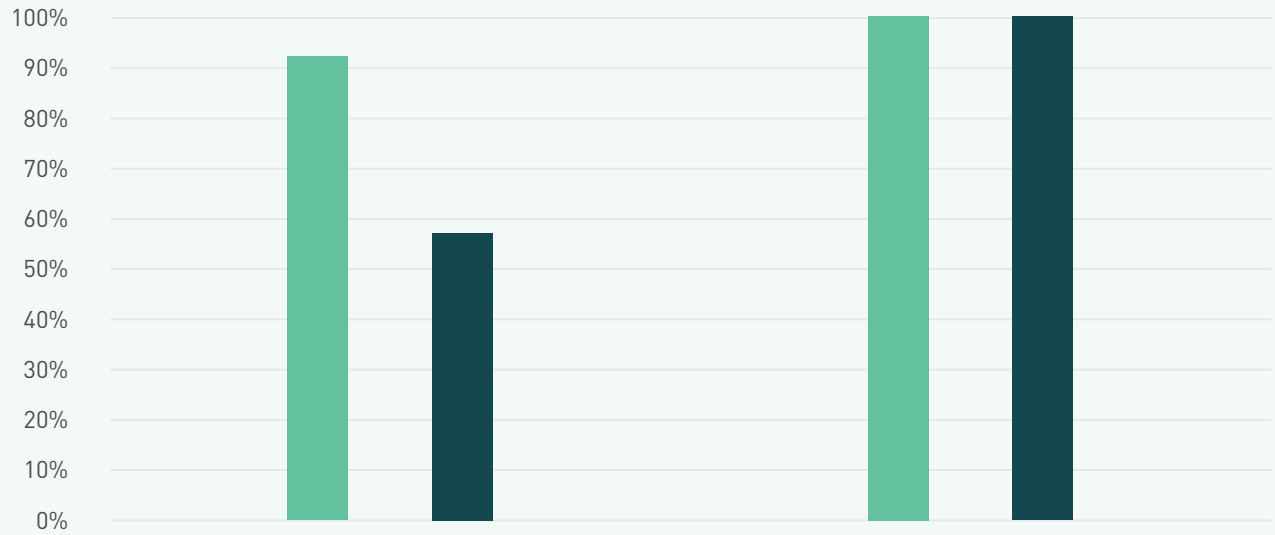
To ensure the Company achieves its goals, we have various performance appraisal methods in place to determine the performance of the Company as well as each individual employee.

The employee performance appraisal comprises quantifiable and qualitative evaluation criteria. In addition, we actively collect performance information for each employee through inputs from direct supervisors, as well as periodical employee communication sessions.

The collected information allows us to understand the performance and skills development needs of each team and individual employee from multiple aspects. This is crucial for the Company to develop annual training programmes for employee that are designed to enhance the skills of the employee and aims to improve the overall productivity.

In FY2021, 100% of our employees in Singapore and 100% of our employees in Shanghai received their annual performance appraisal.

Percentage of Employees Receiving Regular Performance Appraisal



	2020	2021
Singapore	92%	100%
Shanghai	57%	100%

SOCIAL

WORKFORCE DIVERSITY AND EQUAL OPPORTUNITY

GRI 405-1, GRI 406-1

Diversity and inclusion are part of our value system, and our support for social justice and anti-discrimination are also expected by our employees. We provide an environment recognised for its equality and diversity, and everyone is treated with fairness, respect and dignity. We do not tolerate any discrimination or harassment of colleagues or others stakeholders that we work with, and this is stated in our code of conduct. In FY2021, we had zero incidents of discrimination.

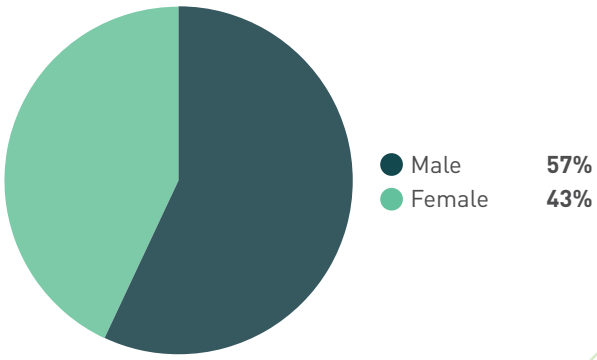
Inclusion to us means that everyone in Nanofilm can feel that they are part of one team, are able to bring their whole self to work, and have their voices heard and respected. We also want to leverage the competitive advantage that diverse teams and inclusive cultures can bring to our business, and meet our employees' demand for working in a company that values diversity and inclusion.

We work systematically with diversity and inclusion through our key human resources processes, such as recruitment, succession planning, performance management and leadership development.

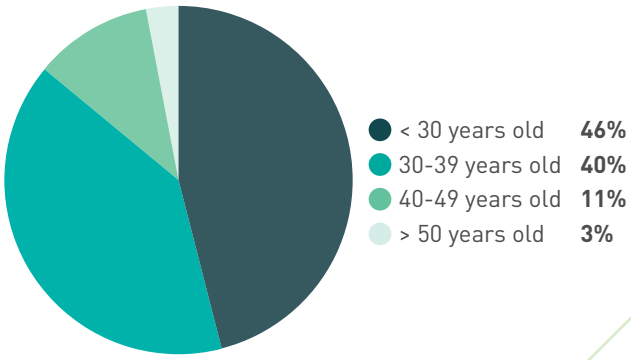
In FY2021, approximately 43% of our global workforce comprised of females. This is an increase of 6% from FY2020. We believe that inclusive hiring also enriches the company's work culture. In our Shanghai operations, we hire persons with disabilities to support our operations and corporate support functions. Currently they comprise 23 individuals supporting operations, administrative, procurement and finance. We have faith in people's uncovered abilities, regardless if they have a disability or not, and we strive to maximise their talents in becoming a corporate group in which employees can continue to work with enthusiasm and pride.

EMPLOYEES DEMOGRAPHICS

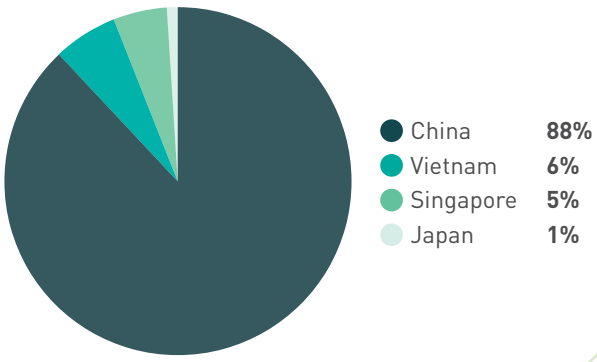
Percentage of Employees by Gender 2021



Percentage of Employees by Age Group 2021



Percentage of Employees by Region 2021



INCLUSION TO US MEANS THAT EVERYONE IN NANOFILM CAN FEEL THAT THEY ARE PART OF ONE TEAM, ARE ABLE TO BRING THEIR WHOLE SELF TO WORK, AND HAVE THEIR VOICES HEARD AND RESPECTED. WE ALSO WANT TO LEVERAGE THE COMPETITIVE ADVANTAGE THAT DIVERSE TEAMS AND INCLUSIVE CULTURES CAN BRING TO OUR BUSINESS, AND MEET OUR EMPLOYEES' DEMAND FOR WORKING IN A COMPANY THAT VALUES DIVERSITY AND INCLUSION.

EMPLOYEES WELFARE AND ENCOURAGING WORK-LIFE BALANCE

We adopt a holistic approach and adhere to one of the best-in-class frameworks to take care of our employees' needs and well-being. On top of offering great working conditions, we ensure that high quality hygiene and living standards are maintained in our dormitories as well as the staff canteen in our Shanghai facility. We conduct periodic employee surveys to gather feedback and seek continuous improvement on the quality of our staff facilities.

We have in place a robust manpower planning policy to ensure that our employees enjoy a balanced work-life culture while keeping operations efficient. We are committed to maintain our good employee welfare practices and seek further improvements as we expand.

Prior to COVID-19, we have been organising a variety of employee activities to help them relax their mind and body, develop teamwork, and explore their talent, so as to develop a positive attitude in both work and life. While this has been temporarily stopped during FY2021 in view of social distancing guidelines, we will no doubt be resuming these activities when it is safe to do so.

SOCIAL

MANAGING OCCUPATIONAL HEALTH AND SAFETY

GRI 403-1, GRI 403-2, GRI 403-3, GRI 403-4, GRI 403-5, GRI 403-6, GRI 403-9

The health and safety of our employees in the workplace is of particular importance to us. We place especially high priority on complying with the sites' health and safety policies, statutory regulations and industry standards, as well as our global customers' world class standards. Our Shanghai and Singapore sites are certified to ISO45001:2019 (Occupational Health and Safety Management System). Although Vietnam is not certified to ISO 45001:2019, the site also has in place a Safety, Health and Environment Management System. At these sites in Shanghai, Singapore and Vietnam, all activities and processes are evaluated and risk assessments carried out to ensure that hazards are identified and controls put in place to mitigate the risks. A safety committee is also established at our sites in Shanghai, Singapore, Vietnam and Japan consisting of employee representatives from various departments – these personnel are responsible for monitoring of safety practices and conducting monthly safety inspections.

Pre-employment health checks are provided to employees who are in roles that may present occupational hazards, such as loud noises causing noise induced deafness. These employees then undergo regular health monitoring to ensure that they do not suffer from any occupational health diseases. We carry out local initiatives to create a health-promoting work environment and foster our employees' awareness of a healthy lifestyle. In China, our canteens have in place nutritional menus for employees; health check-ups are also arranged for staff so that employees can identify minor health issues before they turn severe. These check-ups also encourage employees to adopt a healthy lifestyle and balanced diet.

To ensure that all new employees work safely, they would undergo health and safety training covering emergency preparedness, identification of hazards in their work, risk assessments, as well as attend an annual training on occupational health and safety. All our suppliers and contractors who work on site are also required to declare their work activities and submit all relevant risk assessments, permits and licenses before they are allowed to start work. In the event of any safety related incident, an investigation is conducted by the site's safety committee. In turn, this information is reported to and shared at the Group-wide health and safety meeting two times a year.

We measure our health and safety performance by monitoring our workplace injury rate, accident frequency rate and workplace injury rate. Currently, our performance data covers our Shanghai and Singapore operations, and we plan to include other sites data in the subsequent reporting. In FY2021, we had zero fatalities but we have seen an increase in the number of reportable injuries and lost days. The Group will be rolling out more safety awareness programs in FY2022 to enhance our occupational health and safety.

	FY2020	FY2021
Workplace Injury Rate (per 100,000 persons)	461.82	523.40
Total Recordable Injury Rate (TRIR) (per 100 workers)	0.45	0.43
Accident Frequency Rate (per 1,000,000 hours worked)	1.89	2.14
Accident Severity Rate (per 1,000,000 hours worked)	64.68	65.32

COMMUNITY INVOLVEMENT

We are committed to drive positive and sustainable change for our communities. In FY2021, we have donated S$100,000 towards the Cham Tao Soon Chair Professorship in Engineering - this donation will go towards the funding of engineering professorships in Nanyang Technological University, Singapore and appointing world-renowned academics with the passion to mentor younger researchers and students.

Nanofilm also sponsored S$30,000 for the 18th SGX Cares Bull Charge Charity Run 2021. The SGX Cares Bull Charge is a corporate charity initiative that brings together Singapore's financial community and SGX-listed companies to support the needs of underprivileged children and families, persons with disabilities, as well as the elderly. Some of the beneficiaries include AWWA Ltd., Autism Association (Singapore), Fei Yue Community Services, HCSA Community Services and Shared Services for Charities.

GOVERNANCE

GOVERNANCE

MANAGEMENT APPROACH

We are meticulous in our approach to governance. Our governance structure ensures that we monitor and quantify compliance, manage risk as well as maintain customers' and society's confidence and trust.

Under our CEO's active direction and in collaboration with our Board of Directors and its committees responsible for performance and compliance review, we hold ourselves to the highest standards of economic, environmental and societal performance as well as compliance with laws, regulations, and corporate policies that govern our operations and practices worldwide.

We have internally appointed a sustainability leader to chair the sustainability team, to provide leadership and direction on the sustainability strategy. The sustainability team is also supported by other expert functions such as supply chain, human resources, finance, procurement, marketing, R&D, operations and legal.

SYSTEMS AND POLICIES
GRI 205-3, GRI 206-1, GRI 419-1

Sustainability is an integral part of the corporate culture and behaviour in our business.

We have established Group-wide policies and procedures to ensure compliance with legal and regulatory standards as well as internal standards, including our code of conduct. This oversight includes training, communication and consulting activities designed to provide all employees with the information and resources necessary to fulfil their responsibilities and understand their roles in ensuring ethical compliance and behaviour.

Significant resources have also been invested by the Company to ensure that we have in place a robust compliance and integrity platform. We will continue to refine our approach to promote ethical behaviour and integrity both within our organisation and in the entities with which we have relationships with.

Our compliance and integrity programme has three pillars:

Prevention: Enforce policies, code of conduct, risk assessment and internal controls metrics when we onboard new employees and periodically during their tenure.

Early detection: Whistle-blowing platform is in place and each reported incident is independently reviewed and investigated. Internally we have continuous compliance reviews, controls and internal audits to ensure we pick up any irregularities early.

Response: Disciplinary action on compliance breaches, process adaptation, resolution plans, and remediation of internal control systems. We are committed to continuously fine-tune the policies to seek further improvements going forward.

We aim to maintain for 100% of our new employees to complete the compliance code of conduct training and for existing employees to stay up to date on the latest group-wide compliance and code of conduct through periodic compulsory training.

It is our Group's policy to also ensure that there is fair competition in the conduct of the Company's business, in its relationships with customers, suppliers, competitors and towards its employees. In FY2021, we had zero cases of legal actions relating to anti-competitive behaviour, anti-trust, and monopoly practices. We also do not have any cases of significant fines or non-monetary sanctions related to the socio-economic areas.

SUPPLY CHAIN MANAGEMENT

At Nanofilm, we require our factories to provide fair working hours, a safe work site and an environment free from discrimination regardless of a person's job or location. We also expect our factories to have in place responsible sourcing policies for all our materials in use. Naturally, we will also expect our suppliers to do the same.

We conduct due diligence screening before onboarding our suppliers to ensure that there are no human rights violations and our materials are ethically-sourced (e.g., zero tolerance for bribery and corruption, and responsibly-sourced raw materials from non-conflict areas). The due diligence screening includes, but not limited to, site visits, background checks, verification of certifications and testing of samples. BUs also make sure that they source from the approved list of suppliers who are subject to internal reviews periodically based on our due diligence criteria.

There are also anti-bribery and environmental agreements with our critical vendors to ensure that they continue to be in compliant with our policies as we engage in a long-term relationship with them.

PROCUREMENT PRACTICES
GRI 204-1

Procurement is structured in a hybrid manner. For decentralised localised purchases, each subsidiary is responsible for selecting its own vendors. While some procurement decisions are controlled by the customer, others are usually based on price, availability and reliability of vendors. We have also in place a system for centralised purchases of standard and higher frequency items, where purchases are controlled by Materials Requirements Planning ("**MRP**") through master supply arrangements with approved suppliers.

By purchasing from local vendors, the Group benefits from a shorter delivery time, better technical support and transportation savings from local procurement instead of overseas deliveries. Procuring from domestic markets also helps to boost the local economy and reduce our carbon footprint. In FY2021, 72% of our purchases were sourced from local suppliers.

HUMAN RIGHTS
GRI 408-1, GRI 409-1

We are committed to a safe work environment that is free from and provides for protection against human trafficking and slavery, including forced labour and unlawful child labour.

We do not condone human trafficking or slavery in any part of our organisation. We have also been working closely with our customers to ensure that we carry out frequent reviews to prevent incidents of human rights violations within the organisation.

We also conduct supply chain due diligence to ensure that our suppliers do not have incidents of human rights and child labour violation. Our employees in the procurement team are trained to conduct a proper audit on our suppliers before we onboard them.

BUSINESS CONTINUITY

The emergence of COVID-19 has had a significant impact on businesses and communities globally. The Group's operations are distributed across Singapore, China, Japan and Vietnam.

In demonstrating our solidarity to join the authorities' efforts to control the pace of the spread of COVID-19, the Group has complied with the directives from local governments in the various jurisdictions. In addition, the Group has instituted precautionary measures to protect the health and safety of its employees. We have also initiated business continuity planning to protect our staff and mitigate the impact on the Group's business operations.

We will monitor the local situation and will put in place practices and any additional controls as required by the local governments (e.g., quarantine measures, stop work orders) where applicable. As the current COVID-19 situation continues to evolve, we shall keep a close eye on our operations, and announce any material changes to our business performance to shareholders on a timely basis, as and when appropriate.

SUSTAINABILITY SCORECARD

(FY2021 includes performance from Vietnam site, which were excluded in FY2020's compilation)

RESULTS

PERFORMANCE INDICATORS	UNITS	FY2020	FY2021
Revenue	S$'million	218	247

SUSTAINABLE INNOVATION

PERFORMANCE INDICATORS	UNITS	FY2020	FY2021
R&D and engineering expenses	Percentage	5.9	7.1
Patents and trademarks	Number	>70	>80
Employees engaged in R&D and engineering	Number	>270	>300
Completed LEAN projects	Number	375	373

ENVIRONMENT

PERFORMANCE INDICATORS	UNITS	FY2020	FY2021
Environmental regulatory compliance incidents	Number	0	0
ESG audits from customers	Number	2	2
Total Scope 1 & 2 GHG emissions	tCO_2e	43,891	69,007
Scope 1 & 2 GHG intensity	tCO_2e/ 1,000 machine production hours	46.1	52.1
Total energy consumption	GJ	219,898	322,344
Energy consumption intensity	GJ/ 1,000 machine production hours	231.0	243.4
Total water consumed[6]	m^3	324,471	516,820
Total water consumption from production	m^3	292,855	489,809
Wastewater discharge intensity from production	m^3/ 1,000 machine production hours	300.7[7]	273.3

SOCIAL

PERFORMANCE INDICATORS	UNITS	FY2020	FY2021
Training per staff	Hours	18.0	26.5
Training provided by Nanofilm College	Hours	39,479	84,156
Disaster incidents	Number	0	0
Employees subject to regular performance appraisal (SG)	Percentage	92	100
Employees subject to regular performance appraisal (SH)	Percentage	57	100
Female representation in workforce	Percentage	36	43

GOVERNANCE

PERFORMANCE INDICATORS	UNITS	FY2020	FY2021
Human rights incident in supply chain	Number	0	0
Sourcing from local suppliers	Percentage	49	72

SG: Singapore
SH: Shanghai

6 The total water consumed refers to water consumed from our production sites and water from the workers' dormitories.

7 This was previously reported as water consumption intensity of 307.7m^3/ 1,000 machine production hours in our SR 2020. This has now been restated as wastewater discharge intensity from production.

GRI CONTENT INDEX

The GRI Content Index references the Nanofilm Technologies Ltd Sustainability Report 2021 (SR), and the Annual Report 2021 (AR).

GRI STANDARD	DISCLOSURE		PAGE REFERENCE
GRI 102: General Disclosures 2016	102-1	Name of organisation	• AR: Corporate Profile (Pg. 1)
	102-2	Activities, brands, products, and services	• AR: Corporate Profile (Pg. 1)
	102-3	Location of headquarters	• AR: Corporate Profile (Pg. 1)
	102-4	Location of operations	• AR: Corporate Profile (Pg. 1) • AR: Group Structure (Pg. 16-17)
	102-5	Ownership and legal form	• AR: Group Structure (Pg. 16-17)
	102-6	Markets served	• AR: Our Business (Pg. 6-12)
	102-7	Scale of organisation	• AR: Corporate Profile (Pg. 1) • AR: Group Structure (Pg. 16-17)
	102-8	Information on employees and other workers	• SR: Social – Workforce Diversity & Equal Opportunity (Page 24-25)
	102-9	Supply chain	• SR: Governance – Procurement Practices (Pg. 29)
	102-10	Significant changes to the organisation and its supply chain	• AR: Corporate Profile (Pg. 1) • AR: Group Structure (Pg. 16-17) • AR: Financial Highlights (Pg. 18-20)
	102-11	Precautionary Principle or approach	• AR: Corporate Governance (Pg. 54-57)
	102-12	External initiatives	• SR: Our Performance (Pg. 9)
	102-13	Membership of associations	• Not applicable
	102-14	Statement from senior decision-maker	• AR: Chairman's Message (Pg. 2-5) • SR: Board Statement (Pg. 4-5)
	102-16	Values, principles, standards, and norms of behavior	• AR: Corporate Profile (Pg. 1) • SR: Approach to Sustainability (Pg. 8)
	102-18	Governance structure	• AR: Board of Directors (Pg. 27-29), Senior Management (Pg. 30-31) • SR: Approach to Sustainability (Pg. 6)
	102-40	List of stakeholder groups	• SR: Approach to Sustainability (Pg. 7-8)
	102-41	Collective bargaining agreements	• Our employees in Shanghai and Vietnam are covered under collective bargaining agreements.
	102-42	Identifying and selecting stakeholders	• SR: Approach to Sustainability (Pg. 7-8)
	102-43	Approach to stakeholder engagement	• SR: Approach to Sustainability (Pg. 7-8)
	102-44	Key topics and concerns raised	• SR: Approach to Sustainability (Pg. 8)
	102-45	Entities included in the consolidated financial statements	• AR: Investment in Subsidiaries – Note 14 to the Financial Statements (Pg. 134-136)
	102-46	Defining report content and topic Boundaries	• SR: Board Statement (Pg. 4-5)
	102-47	List of material topics	• SR: Approach to Sustainability (Pg. 8)
	102-48	Restatements of information	• SR: Sustainability Scorecard (Pg. 30)

GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE		PAGE REFERENCE
GRI 102: General Disclosures 2016 (cont'd)	102-49	Changes in reporting	• Not applicable
	102-50	Reporting period	• SR: Board Statement (Pg. 4-5)
	102-51	Date of most recent report	• 20 December 2021
	102-52	Reporting cycle	• Annual
	102-53	Contact point for questions regarding the report	• sustainability@nti-nanofilm.com
	102-54	Claims of reporting in accordance with the GRI Standards	• SR: Board Statement (Pg. 4-5)
	102-55	GRI content index	• SR: GRI Content Index (Pg. 31-34)
	102-56	External assurance	• No external assurance
Governance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	• SR: Governance (Pg. 28-29)
	103-2	The management approach and its components	• SR: Governance (Pg. 28)
	103-3	Evaluation of the management approach	• SR: Governance (Pg. 28)
GRI 204: Procurement practices 2016	204-1	Proportion of spending on local suppliers	• SR: Governance (Pg. 29)
GRI 205: Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	• SR: Governance (Pg. 28)
GRI 205: Anti-competitive behavior 2016	206-1	Legal actions for anti- competitive behavior, anti-trust, and monopoly practices	• SR: Governance (Pg. 28)
Environment			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	• SR: Environment (Pg. 15-19)
	103-2	The management approach and its components	• SR: Environment (Pg. 15)
	103-3	Evaluation of the management approach	• SR: Environment (Pg. 15)
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	• SR: Environment (Pg. 17)
	302-3	Energy intensity	• SR: Environment (Pg. 17)

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GRI STANDARD	DISCLOSURE		PAGE REFERENCE
GRI 303: Water and Effluents 2016	303-1	Interactions with water as a shared resource	• SR: Environment (Pg. 18)
	303-2	Management of water discharge related impacts	• SR: Environment (Pg. 18)
	303-3	Water withdrawal	• SR: Environment (Pg. 18)
	303-4	Water discharge	• SR: Environment (Pg. 18)
	303-5	Water consumption	• SR: Environment (Pg. 18)
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	• SR: Environment (Pg. 16)
	305-2	Energy indirect (Scope 2) GHG emissions	• SR: Environment (Pg. 16)
	305-4	GHG emissions intensity	• SR: Environment (Pg. 16)
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	• SR: Environment (Pg. 19)
	306-2	Management of significant waste-related impacts	• SR: Environment (Pg. 19)
	306-3	Waste generated	• SR: Environment (Pg. 19)
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	• SR: Environment (Pg. 15)
Social			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	• SR: Social (Pg. 21-26)
	103-2	The management approach and its components	• SR: Social (Pg. 21)
	103-3	Evaluation of the management approach	• SR: Social (Pg. 21)
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	• SR: Social (Pg. 26)
	403-2	Hazard identification, risk assessment, and incident investigation	• SR: Social (Pg. 26)
	403-3	Occupational health services	• SR: Social (Pg. 26)
	403-4	Worker participation, consultation, and communication on occupational health and safety	• SR: Social (Pg. 26)
	403-5	Worker training on occupational health and safety	• SR: Social (Pg. 26)
	403-6	Promotion of worker health	• SR: Social (Pg. 26)
	403-9	Work-related injuries	• SR: Social (Pg. 26)

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GRI STANDARD	DISCLOSURE		PAGE REFERENCE
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	• SR: Social (Pg. 22)
	404-2	Programmes for upgrading employee skills and transition assistance programs	• SR: Social (Pg. 22)
	404-3	Percentage of employees receiving regular performance and career development reviews	• SR: Social (Pg. 23)
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	• SR: Social (Pg. 24)
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	• SR: Social (Pg. 24)
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	• SR: Governance (Pg. 29)
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	• SR: Governance (Pg. 29)
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	• SR: Governance (Pg. 28)

CORPORATE INFORMATION

BOARD OF DIRECTORS
Dr Shi Xu
(Executive Chairman)
Mr Gary Ho Hock Yong
(Group Chief Executive Officer)
Mr Russell Tham Min Yew
(Non-Executive and Non-Independent Director)
Ms Ong Siew Koon @ Ong Siew Khoon
(Lead Independent Director)
Mr Kristian John Robinson
(Independent Director)
Ms Lee Lee Khoon
(Independent Director)
Mr Wan Kum Tho
(Independent Director)

AUDIT COMMITTEE
Ms Ong Siew Koon @ Ong Siew Khoon
(Chairman)
Ms Lee Lee Khoon
Mr Wan Kum Tho

NOMINATING COMMITTEE
Mr Kristian John Robinson *(Chairman)*
Ms Ong Siew Koon @ Ong Siew Khoon
Mr Russell Tham Min Yew

BOARD RISK COMMITTEE
Mr Wan Kum Tho *(Chairman)*
Ms Ong Siew Koon @ Ong Siew Khoon
Mr Gary Ho Hock Yong

REMUNERATION COMMITTEE
Ms Lee Lee Khoon *(Chairman)*
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Mr Russell Tham Min Yew

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