



VALUETRONICS HOLDINGS LIMITED



SUSTAINABILITY REPORT **2024**

# TABLE OF CONTENTS

- 01** ABOUT THIS REPORT
- 02** BOARD STATEMENT ON SUSTAINABILITY
- 03** ORGANISATIONAL PROFILE
- 04** OUR APPROACH TO SUSTAINABILITY
- 07** ECONOMIC
- 09** ENVIRONMENTAL
- 11** SOCIAL
- 15** GOVERNANCE
- 17** CLIMATE-RELATED DISCLOSURES
- 19** GRI CONTENT INDEX

# ABOUT THIS REPORT

We are pleased to present Valuetronics Holdings Limited's (the "**Company**", and together with its subsidiaries, the "**Group**") annual Sustainability Report, for our financial year ended 31 March 2024 ("**FY2024**"). This report is set out on a "comply or explain" basis in accordance with Rule 711B and Practice Note 7.6 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual on Continuing Listing Obligations.

This 2024 Sustainability Report has been prepared with reference to the Global Reporting Initiative ("**GRI**") Standards 2021. GRI is the most widely adopted global standards for sustainability reporting and it provides businesses and organisations worldwide a framework to measure, understand and communicate their critical sustainability issues on economic, environmental, social and governance impacts to stakeholders.

This report highlights the key economic, environmental, social and governance ("**EESG**") related initiatives carried out throughout a 12-month period, from 1 April 2023 to 31 March 2024.

The Group's sustainability report summarises the expectations from various stakeholders, general business environment that the Group is operating in and what the Group has done in order to ensure the sustainability of the Group over the years. The data, statistics and targets in this report are in relation to the Group's entire operations in China, Hong Kong and Vietnam.

We have relied on our internal source of information and verification mechanisms to ensure the accuracy of this report and have engaged a professional accounting firm to conduct an internal review for our sustainability reporting process. There was no external assurance obtained for this reporting year and we may consider seeking an independent assurance review in future.

We welcome feedback from our stakeholders with regards to our sustainability efforts as this enables us to improve our policies, systems and results. Please send your comments and suggestions to [contact@valuetronics.com.hk](mailto:contact@valuetronics.com.hk).





# BOARD STATEMENT ON SUSTAINABILITY

Sustainability is a part of the Group's wider strategy to create long-term value for all its stakeholders.

The board of directors of the Company (the "**Board**") oversees the management and monitoring of these factors and takes them into consideration when determining the Group's strategic direction and policies. At the time of reporting, the key material EESG factors for the Group have been identified and reviewed by the top management of the Group.

As climate change continues to affect many industries, we are seeing an increased need for transparency around its potential risks and opportunities. The impacts of climate change are felt across businesses, and therefore it is important to consider how we are transitioning towards a low-carbon economy.

We incorporated our inaugural climate risks and opportunities identified within this Report and assessed the resilience and climate-related impacts according to Task Force on Climate-related Financial Disclosures ("**TCFD**") Recommendations. We hope to phase our approach to disclosing our progress and continue taking an active involvement in managing climate-related risks and opportunities in this journey.

We are pleased to announce that the Board has attended a comprehensive sustainability training prescribed by the SGX. The training was aimed at equipping our Board members with the knowledge and skills necessary to integrate sustainability principles into our corporate strategy.

21 June 2024





# ORGANISATIONAL PROFILE

Established in 1992 and listed on the SGX Mainboard in 2007, Hong Kong-headquartered Valuetronics Holdings Ltd. (“**Valuetronics**” or together with its subsidiaries, the “**Group**”) is a one-stop manufacturing solution provider that offers vertical integrated services under one roof. This capability sets the Group apart from traditional Electronics Manufacturing Services (“**EMS**”) providers as it gives its customers the advantage of a faster time-to-market, better quality control, and most importantly, a competitive total cost of ownership.

The Group’s proactive customer-centric philosophy and ability to engage, understand market and industry trends, and initiate product-oriented solutions that support its customers’ ever-changing needs, has resulted in lasting partnerships with some of the world’s leading brands across various sectors and a wide geographical reach that covers America, Europe and Asia Pacific.

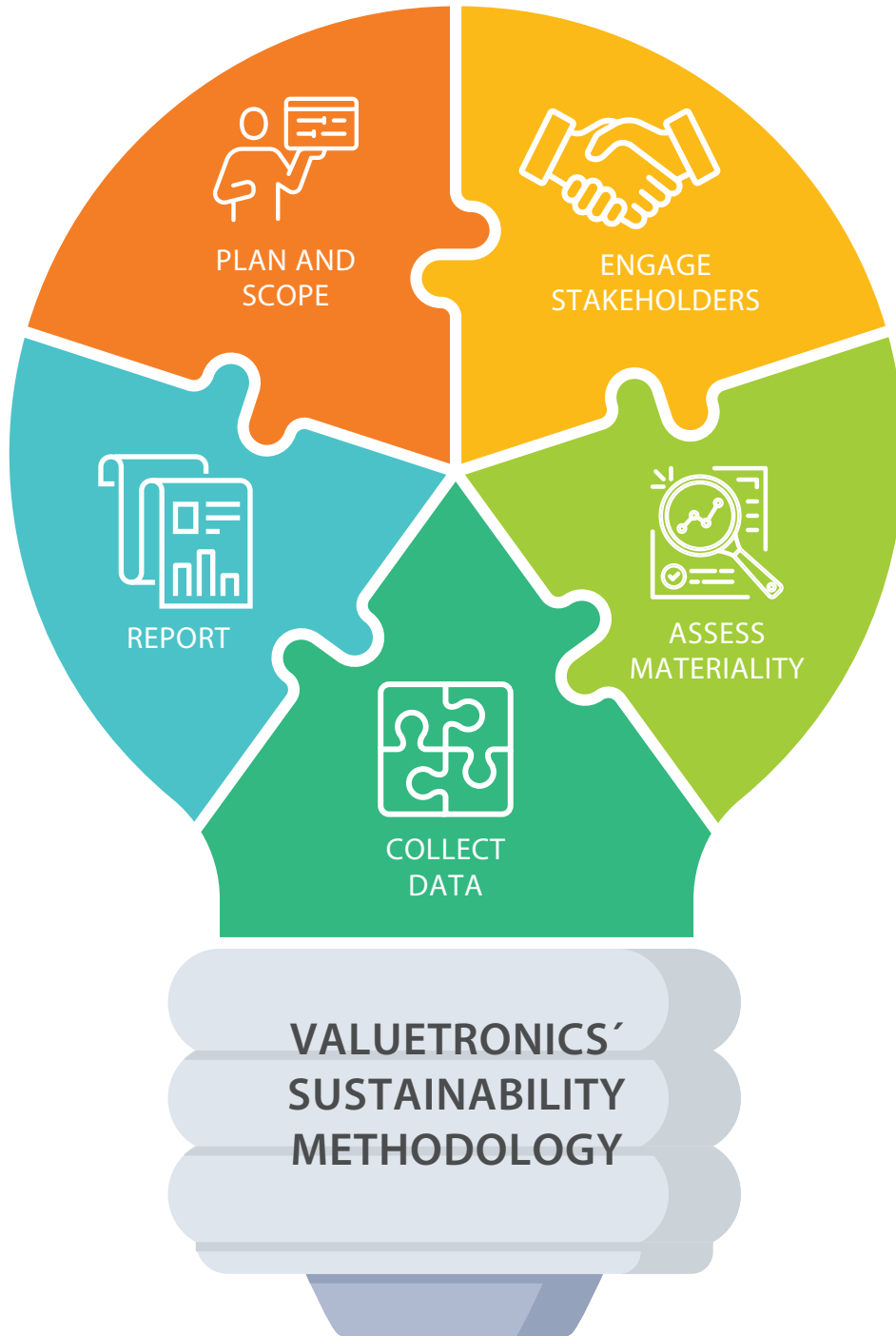
Valuetronics’ wide product manufacturing capability and range of customers from emerging enterprises to top global multinational corporations, is a testimony to the success of its customer-centric philosophy. It also highlights the Group’s ability to accommodate customers’ requirements for various volume mix, complexity and industrial standards, while demonstrating a broad spectrum of competence.

Valuetronics has two principal business segments, namely Consumer Electronics (“**CE**”) Products and Industrial and Commercial Electronics (“**ICE**”) Products. Together, the two segments serve a diversified customer base across multiple industries, and cover an expanding range of electronics products that include new era products such as cooling solutions for high performance computing environments, network access solutions, hardware solutions for retail chains and the entertainment industry, as well as smart lighting, printers, temperature sensing devices, telecommunication and network equipment and automotive parts.







Aligned to its multi-location strategy, Valuetronics’ two manufacturing facilities are located in the manufacturing powerhouses of China and Vietnam. Its 110,000 m<sup>2</sup> China Campus is located at Huizhou City, Guangdong Province, close to Shenzhen, while its 52,541 m<sup>2</sup> Vietnam Campus is in Vinh Phuc Province, close to Hanoi. The two campuses enable the Group to offer diversified manufacturing solutions that are tied to the latest technological advancements.



# OUR APPROACH TO SUSTAINABILITY



# OUR APPROACH TO SUSTAINABILITY

STAKEHOLDERS	ENGAGEMENT PLATFORMS	FREQUENCY OF ENGAGEMENT	KEY TOPICS OF INTEREST
 <b>EMPLOYEES</b>	<ul style="list-style-type: none"> <li>• Orientation training for new recruits</li> <li>• Annual performance review &amp; appraisals</li> <li>• Team-building events</li> <li>• Townhall sessions</li> <li>• Electronic communication &amp; notice board</li> </ul>	<ul style="list-style-type: none"> <li>• Throughout the year</li> </ul>	<ul style="list-style-type: none"> <li>• Occupational health and safety</li> <li>• Remuneration and benefits</li> <li>• Training and development</li> <li>• Fair employment practice and policies</li> </ul>
 <b>CUSTOMERS</b>	<ul style="list-style-type: none"> <li>• Business review</li> <li>• Customer visits</li> <li>• Executive dialogue</li> </ul>	<ul style="list-style-type: none"> <li>• Throughout the year</li> </ul>	<ul style="list-style-type: none"> <li>• Quality of products</li> <li>• No child labour policy</li> <li>• Compliance with environmental laws and regulations</li> </ul>
 <b>SUPPLIERS AND SERVICE PROVIDERS</b>	<ul style="list-style-type: none"> <li>• Supplier surveys</li> <li>• Business meetings with critical suppliers</li> <li>• Supplier factory audit</li> </ul>	<ul style="list-style-type: none"> <li>• Throughout the year</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier environmental assessment</li> </ul>
 <b>INVESTORS/ SHAREHOLDERS</b>	<ul style="list-style-type: none"> <li>• Analysts meeting</li> <li>• Corporate day for institutional investors</li> <li>• Web portal &amp; email</li> <li>• Annual General Meeting</li> <li>• Group Annual Report and Sustainability Report</li> </ul>	<ul style="list-style-type: none"> <li>• Throughout the year</li> <li>• Annually</li> </ul>	<ul style="list-style-type: none"> <li>• Profitability and shareholder returns</li> <li>• Anti-corruption</li> <li>• Business Ethics</li> <li>• Compliance to rules and regulations</li> </ul>
 <b>LOCAL COMMUNITIES</b>	<ul style="list-style-type: none"> <li>• Participation in volunteer community service</li> </ul>	<ul style="list-style-type: none"> <li>• Throughout the year</li> </ul>	<ul style="list-style-type: none"> <li>• Socially responsible corporate citizen and building community support</li> </ul>
 <b>LOCAL GOVERNMENT</b>	<ul style="list-style-type: none"> <li>• Participation in government agencies' seminars on policy updates</li> <li>• On-site advisory visits</li> <li>• Regular reports</li> </ul>	<ul style="list-style-type: none"> <li>• Throughout the year</li> </ul>	<ul style="list-style-type: none"> <li>• Maintaining good corporate governance standard</li> <li>• Environmental compliance</li> <li>• Health and safety regulations compliance</li> </ul>

## STAKEHOLDER ENGAGEMENT

An important starting point in our sustainability journey is to identify our stakeholders and the material aspects relevant to our business. Regular engagement with our stakeholders provides a core input for determining our material focus areas. We engage internal and external stakeholders to understand their concerns and emerging priorities. This enables us to initiate collaboration and be part of formulating or facilitating solutions. These key stakeholders include, but are not limited to, customers, suppliers, employees, investors, and local government. We adopt both formal and informal channels of communication to understand the needs of our key stakeholders and incorporate their feedback into the evolution of corporate strategies to achieve mutually beneficial relationships.



# OUR APPROACH TO SUSTAINABILITY

## MATERIALITY ASSESSMENT

Our sustainability process begins with the identification of sustainability issues surrounding our business. We then evaluated and prioritised the issues that are most pervasive and relevant to our business. We disclose the prioritised issues in our sustainability report of which their inter-relationships are shown below:



A materiality assessment is conducted every year, incorporating inputs from our various stakeholder engagements. The Group has conducted a materiality assessment during the year. In order to determine if a sustainability issue is material, we assessed its potential impact on the economy, environment and society, and governance pillars of the Group as well as its influence on our stakeholders. Sustainability issues were identified and prioritised through internal workshops, peer reviews and social impact assessments at site level. Applying the guidance from GRI and consultation with stakeholders, we have re-assessed and identified the following material aspects to focus on this year:

ECONOMIC	ENVIRONMENTAL	SOCIAL	GOVERNANCE
<ul style="list-style-type: none"> <li>• Economic performance</li> <li>• Anti-corruption</li> </ul>	<ul style="list-style-type: none"> <li>• Energy</li> <li>• Supplier environmental assessment</li> </ul>	<ul style="list-style-type: none"> <li>• Diversity and equal opportunity</li> <li>• Fair employment</li> <li>• Child Labour</li> <li>• Occupational health and safety</li> <li>• Training and education</li> <li>• Local communities</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainability governance</li> <li>• Enterprise risk management</li> <li>• Business ethics and compliance</li> <li>• Environmental compliance</li> <li>• Socioeconomic compliance</li> </ul>
>> Page 07	>> Page 09	>> Page 11	>> Page 15

# ECONOMIC

## ECONOMIC PERFORMANCE

Our strategic initiatives to diversify our customer base have shown promising results in FY2024. We successfully onboarded a new CE consumer, who supplies products to a leading global entertainment conglomerate, and an ICE customer, specialising in network access solutions. Both of these new customers began contributing to our revenue in the second half of FY2024, partially offsetting the slower demand from our existing customers. This also reflects a rebalance of our customer portfolio, allowing us to allocate more resources towards higher-growth potential and better margin customers.

### MR RICKY TSE CHONG HING

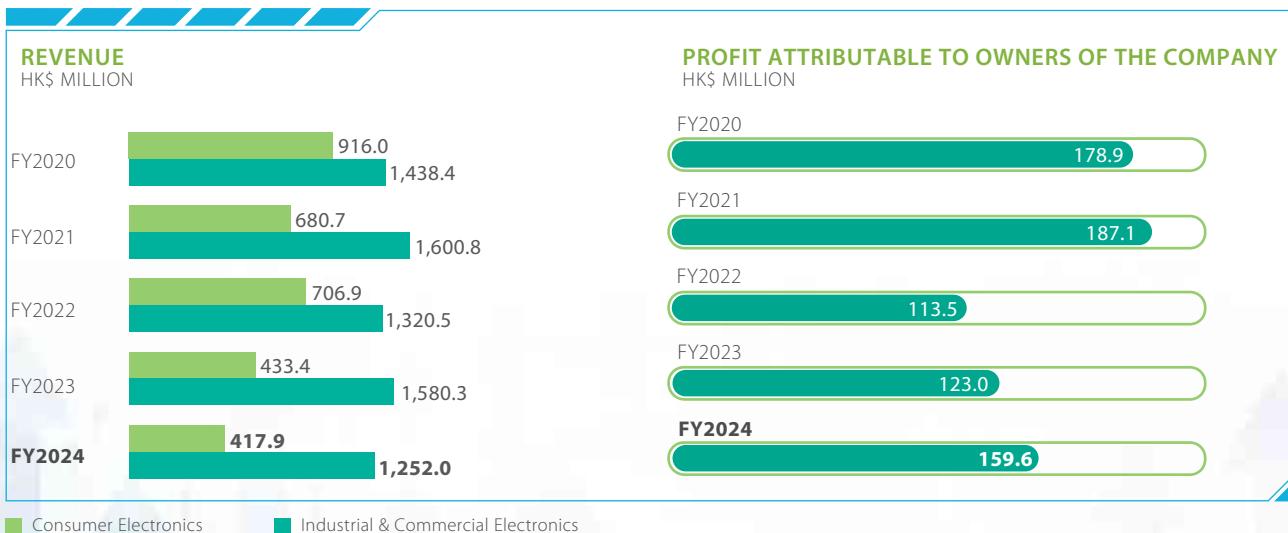
Chairman and Managing Director

Considering its FY2024 results performance, the Board proposed a Final Dividend of HK9.0 cents per share and a Special Dividend of HK8.0 cents per share for FY2024, which are subject to shareholders' approval at the Annual General Meeting to be convened. The Company has also paid an Interim Dividend of HK4.0 cents per share and a Special Interim Dividend of HK4.0 cents per share in December 2023 and in aggregate, the Interim, Final and Special dividends amount to HK25.0 cents per share (FY2023: HK20.0 cents per share).

The aggregate dividend amount is approximately 64.3% of the net profit attributable to shareholders for FY2024 and is in line with the Company's formal dividend policy of paying out between 30% to 50% of net profit as normal dividends to shareholders. The Company will continue to adhere to this formal dividend policy.

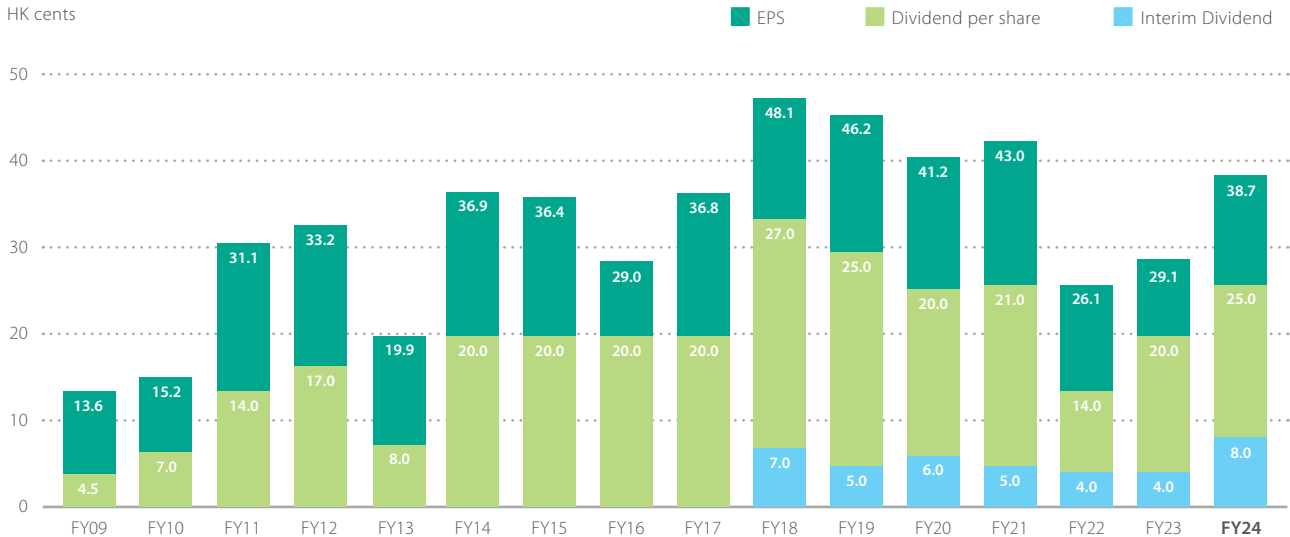
The Group's FY2024 revenue decreased by 17.1% to HK\$1,669.9 million from HK\$2,013.7 million in FY2023. Gross profit increased by 1.3% to HK\$265.2 million in FY2024 from HK\$261.7 million in FY2023, with gross profit margin increasing by 2.9 percentage point to 15.9% for FY2024 due to reduction in material costs resulted from the relief of component shortage issues, as well as, decrease in direct labour costs in China as a result of more stable labour supply and the depreciation of Renminbi. As a result, Valuetronics achieved a net profit attributable to shareholders of HK\$159.6 million for FY2024, which translates into earnings per share of approximately HK38.7 cents.

As at 31 March 2024, the Group's financial position remains stable and resilient with a net asset value per share (excluding treasury shares) of HK\$3.4 (31 March 2023: HK\$3.3). The Group has net current assets of HK\$1,068.0 million (31 March 2023: HK\$993.3 million), total assets of HK\$2,088.9 million (31 March 2023: HK\$2,075.9 million) and a shareholders' fund of HK\$1,399.6 million (31 March 2023: HK\$1,362.0 million). Supported by strong operating cash flows, the Group continues to have no bank borrowings and has cash and cash equivalents of HK\$1,164.5 million as at 31 March 2024 (31 March 2023: HK\$1,009.9 million).



# ECONOMIC

## EARNINGS PER SHARE (EPS) AND DIVIDENDS PER SHARE



For our detailed financial results, please refer to the following sections in our FY2024 Annual Report:

- Financial Highlights, page 4
- Financial Review, page 5
- Financial Statements, pages 45 to 90

In financial year ending 31 March 2025 ("FY2025"), we target to remain profitable and maintain the existing dividend distribution policy as short-, medium- and long-term target.

### ANTI-CORRUPTION

Here at Valuetronics, we do not tolerate corruption in any form. This has been made clear to our employees, suppliers and business partners. Valuetronics ensures that all staff (other than production line workers) sign an anti-corruption declaration when they join the Company. Dedicated whistleblowing hotlines using both email and electronic platforms are set up so that if anyone who wants to report any business ethics issue can do so confidentially, and any report of corruption is immediately escalated to the attention of senior management.

We have achieved the target we set last year. There have been no confirmed incidents in which employees were dismissed and contracts with business partners terminated due to corruption. There were also no public legal cases brought against the Group in FY2024 (FY2023: NIL). Similar to FY2023, we have staff signed anti-corruption declaration. We will continue to monitor and prevent anti-corruption occurrence as targeted. For FY2025, we aim to achieve zero incidents of corruption and continue to ensure that all employees are fully aware of our anti-corruption policy. This includes ensuring that all employees understand and sign our anti-corruption declaration, aligning with our short-, medium-, and long-term targets.





# ENVIRONMENTAL

## ENERGY

We conducted a material aspect assessment and found that stakeholders are interested in the topic of energy and keen to know what action plan we have in place to manage and reduce energy consumption. In respect to the new inclusion of energy as a material factor, we are proud to inform our stakeholders of our investment in renewable energy that has successfully been installed since July 2022. We have installed a solar panel system to allow us to diversify the source and ensure the clean energy we use in our PRC factory.

The solar panel system installation project was our testament to reducing carbon footprint and contributing to a cleaner environment. Our primary motivation for undertaking the solar installation project was to reduce our carbon footprint and contribute to a cleaner environment. By harnessing solar energy, we have significantly reduced our reliance on non-renewable energy sources, thereby lessening our environmental impact.

In FY2024, we consumed around 24% (FY2023: around 20%) of electricity from our solar panel system in our PRC factory, surpassing the 10% target (FY2023: at least 10%). This overachievement is attributed to good weather conditions and a lower level of production activities in the China factory, which increased the relative contribution of solar energy.

In FY2025, our target is to maintain at least 10% of electricity consumption sourced from renewable sources at our PRC factory. This is aligned with our short-, medium-, and long-term targets.

## SUPPLIER ENVIRONMENTAL ASSESSMENT

To raise environmental awareness among our suppliers, Valuetronics encourages suppliers to be accredited with the ISO14000 standard. With regard to raw materials that might contain environmentally hazardous substances, the Group has been working closely with suppliers to push forward more environmental protection awareness with suppliers required to make annual declaration on their ISO14000 compliance. We have performed our annual assessment for all our Printed Circuit Board ("PCB") suppliers, as well as our top 100 vendors in terms of purchasing amount through questionnaires. In such questionnaires, they were required to make an annual environmental compliance declaration.

In FY2024, we have achieved our target as the majority of the assessed suppliers declared that they have been accredited with ISO14000 standard or have complied with local government laws and regulations on environmental issues. Out of these suppliers assessed, over 95% of our top 100 vendors and all the PCB suppliers (FY2023: over 95% of our top 100 and the PCB suppliers) have declared that they have accredited with ISO14000 standard or have complied with local government laws and regulations on environmental issues.

In FY2025, we target to have the majority of our suppliers declare accreditation of ISO14000 or environmental compliance local government laws and regulations and commit to initiate due diligence for new suppliers. This is aligned with our short-, medium-, and long-term targets.



# ENVIRONMENTAL



# SOCIAL

## DIVERSITY AND EQUAL OPPORTUNITY

The Company recognises the benefits of having a diverse Board and has adopted a Board Diversity Policy which sets out the approach to achieving diversity of the Board. The Nominating Committee (“NC”) is responsible to review and monitor its implementation and will recommend appropriate changes to the Board for consideration and approval.

Pursuant to the Board Diversity Policy, the NC reviews annually the appropriateness of the current Board size and composition, taking into consideration, inter alia, the needs of the Company and the environment in which it operates, the collective skills and competencies of the Board, gender, service tenure spread of the Directors, the need for progressive renewal of the Board and changes (if any) in the regulatory environment. When the need arises, the NC will make recommendations on changes to the Board to complement the Company’s corporate strategy and to ensure that there is an appropriate composition of members of the Board from suitably diverse backgrounds to meet the Group’s operational and business requirements. For more detailed information on our Board Composition including relevant diversity indicators, please refer to our Corporate Governance, pages 16 to 18 of our Annual Report.

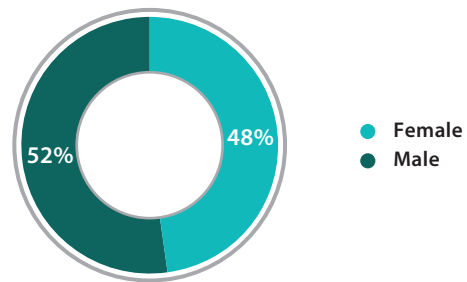
Valuetronics maintains a policy of providing equal opportunities to all its employees. The Group’s recruitment of employees and their subsequent annual appraisal are based on merit, work attitude, cooperation with other staff, and their efficiency and effectiveness of work.

Furthermore, the Group does not discriminate according to race, age, gender, religion, ethnicity, facial attractiveness, physical impairments, sexual preference, political viewpoints, or nationality.

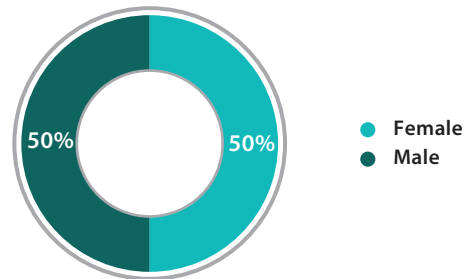
Similar to the previous year, we have maintained an almost equal ratio of male to female employees. Our objective is to have no incidents of discrimination and there has been no reported discrimination issue during FY2024 (FY2023: NIL). In FY2025, we will continue to hire based on merits and maintain zero incident of discrimination within the Group throughout the years.

Our headcounts were distributed as follow:

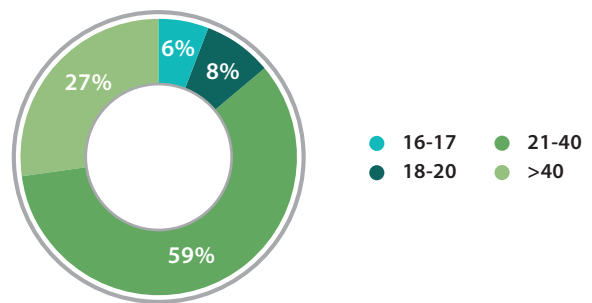
### WORKER DISTRIBUTION BY GENDER



### STAFF (OTHER THAN PRODUCTION LINE WORKERS)



### WORKER DISTRIBUTION BY AGE





# SOCIAL

## FAIR EMPLOYMENT

The Group conducted a material aspect assessment in FY2024. Based on the recent assessment, the employment topic is considered material to the Group as it has a direct impact and implications for the productivity of our workforce and our Group’s sustainability. It is imperative for us to create a conducive environment and fair employment. The Group considers its employees as 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 as well as the individual employee. We continue to provide employment opportunities to local students by closely cooperating with local colleges and universities and to provide nurturing programmes for fresh graduates. Valuetronics strives to provide a fair employment environment.

In FY2024, the details of our workforce new hire and turnover rate is as follow:

### Distribution of new hires by age group

	Staff	
	FY2024	FY2023
Less than 20 years	2%	2%
20 - 40 years	80%	85%
More than 40 years	18%	13%
	<u>100%</u>	<u>100%</u>

### Distribution of new hires by gender

	Staff	
	FY2024	FY2023
Male	56%	50%
Female	44%	50%
	<u>100%</u>	<u>100%</u>

In FY2024, the turnover rate of senior staff was 11% (FY2023: 15%). This turnover was partially attributed to a strategic reduction of headcount as part of our resource optimisation efforts.

In FY2025, we target to hire new employees and aim to achieve a low turnover rate. We set out to achieve the same for our short-, medium- and long-term targets.

## CHILD LABOUR

The Group has a strict no child labour policy and expects the same from all of our suppliers. Declaration is made on our new supplier application form and as a part of the annual supplier assessment. All our suppliers comply with our no child labour policy. In FY2024, there was zero child labour incidents reported in our operations and suppliers (FY2023: NIL).

The Group understands the salient issues of human rights that may occur in business operations. We are of the view to expand our vision, policies and programmes concerning human rights to contribute to the effective abolition of child labour within our operations and suppliers. In FY2025, we aim to preserve 100% of no child labour policy, encompassing our short-, medium-, and long-term targets.

## OCCUPATIONAL HEALTH AND SAFETY

The Occupational Health and Safety (“OHS”) of our workforce has always been one of our priorities. Valuetronics is pleased to confirm that there has been no fatal industrial accidents reported in FY2024. Our Environment, Health and Safety (“EHS”) department is independent from operational departments and monitors the following measures to provide a safe working environment for all employees:

- Identifying potential risks through routine campus patrols and drawing up and implementing preventive actions;
- Analysing each incident for its root causes and communicating with all the relevant department managers for corrective actions and implementing preventive measures;
- Conducting regular training for employees on safety practices;



# SOCIAL

- Conducting regular checks for emission compliance;
- Reinforcing the occupational health and safety awareness by providing trainings, putting up banners and posters in public areas;
- Closely following and ensuring compliance with the government's rules and regulations on EHS;
- Ensuring fire safety management protocols are in place; performing routine check on fire safety; and
- Carrying out regular fire drills and training.

In addition, the EHS department chairs regular health and safety meetings with all operational department managers to discuss occupational health and safety issues, focusing on the risks identified above. Immediate corrective actions are carried out for each EHS incident, which is followed by a formal review for further prevention. The EHS department also verifies the implementation and effectiveness of any corrective actions.

In FY2024, there was zero fatal industrial accidents reported in the factory (FY2023: NIL) and the lost-time work-related injury rate was below 0.1% (FY2023: below 0.1%). In FY2025, we will continue our commitment to maintaining zero cases of fatal industrial accidents in the factory and ensuring a low lost-time work-related injury rate, in alignment with our short-, medium-, and long-term targets.

## TRAINING AND EDUCATION

Valuetronics provides its employees with an orientation programme and regular training. During the year, we dedicate resources to ensure that training opportunities are accessible for all genders. This is done to demonstrate our support for equal opportunity in all aspects, including training and education programmes.

The orientation programme is organised for new employees to introduce the Company and its operations as well as its codes of conduct, applicable to internal and external rules and regulations, and workplace safety practices.

For workers, regular training is provided for job-related skills and updates on workplace safety. For staff, in addition to workplace safety training, more specialised training is also held to ensure that they keep pace with the growth and development of the Group. Staff training records are reviewed, and specific training needs are identified for the individual's career advancement. Valuetronics places importance on ensuring the competency of its employees to serve all stakeholders. Our in-house training records showed that at the Group level, each staff averaged 5 hours for FY2024 (FY2023: 6 hours).

In our China Campus, each staff averaged 3 training hours for FY2024 (FY2023: 5 hours). The Company is committed to enhance the newly set-up operations in Vietnam since FY2020 and has devoted a significant amount of time in training its employees. The average training hours for Vietnam staff is 15 hours for FY2024 (FY2023: 11 hours). In FY2025, we will continue to deploy our resources and offer training courses to our employees to enhance their professional competence.



# SOCIAL

## LOCAL COMMUNITIES

Valuetronics strongly believes in being a socially responsible corporate citizen. While the Company is determined to give back to the community and aims to organise at least one community activity per quarter. In FY2024, the Company organised three community programmes (FY2023: NIL due to COVID-19). In FY2025, we are determined to give back to the community again and aim to organise at least one community activity per quarter.



Volunteering at the Home of a Disabled Person



Visit to the seniors in poverty



Visit to the Seniors Nursing Home

# GOVERNANCE

## SUSTAINABILITY GOVERNANCE

At Valuetronics, we believe that strong corporate governance is key to a sustainable business. That is why since our listing on the SGX Mainboard in 2007 and all through to FY2024, we have continued to comply with the Singapore Code of Corporate Governance. Please refer to pages 13 to 34 of our Annual Report, for details of our compliance to the Singapore Code of Corporate Governance. In FY2024, we have achieved the target we set in FY2023. We will continue to ensure that Valuetronics remains compliant with SGX requirements in FY2025 and onwards, aligning with our short-, medium-, and long-term targets set.

As an integrated EMS provider, it is a continual challenge to successfully manage our environmental and social issues. Nevertheless, Valuetronics has incorporated these issues into our business model and implemented the applicable sustainable and responsible practices to mitigate these issues throughout the Company. Our products also meet the stringent safety and environmental requirements demanded by our customers.

Valuetronics pays strict attention to the implementation of good labour practices in all our operations. The Group also provides various training opportunities for continued employee development, and this is reflected in the quality and delivery of our products and services. We value our relationships with our clients and the wider community in which we operate in, and these strong relationships have helped us through the challenging times in the past. Valuetronics strongly believes that in the long run, these efforts will have a positive impact on our economic performance.

## ENTERPRISE RISK MANAGEMENT (“ERM”)

ERM is an integral part of good corporate governance as well as resources management. Valuetronics has a thorough and comprehensive ERM framework to identify and manage its risks and exposures in an integrated, systematic and consistent manner. For detailed disclosure on ERM, please refer to pages 26 and 27 of our Annual Report.

Similar to FY2023, we have performed risk assessment exercise and achieved the target we set last year. We aim to perform annual risk assessment and disclose it in accordance with SGX requirement in FY2025 and onward, aligning with our short-, medium-, and long-term targets set.

## BUSINESS ETHICS AND COMPLIANCE

When it comes to hiring, Valuetronics takes any possibility of conflict of interest into serious consideration. Our code of conduct clearly spells out our expectations from our staff and the subsequent consequences if any of the rules are violated or when standards are not met. In addition, we also have fair grievance procedures.

The Group also takes measures to guard against cybersecurity risks in order to protect confidential information for both our internal and external stakeholders. This also applies to our employment process where the privacy of all applicants is safeguarded and access to personal data is restricted to authorised persons on a strict need-to-know basis.

All of our staff are reminded of the importance of upholding the highest standards when it comes to business ethics. We have incorporated business ethics and codes of conduct into our new joiner orientation programme, so that all of our employees are fully aware that our compliance with rules and regulations is a key part of running a responsible business.

Valuetronics has complied, in all material aspects, with applicable environmental rules and regulations, anti-competitive behaviour laws, and requirements on health and safety. For FY2024, we have achieved our target to comply with applicable environmental rules and regulations, anti-competitive behavior laws, and requirements on health and safety. There were no significant fines or non-monetary sanctions for any non-compliance with the aforementioned laws, regulations and requirements. There have also been no reported incidents of corruption during the reporting period (FY2023: NIL). It is Valuetronics' goal to maintain zero incidents of corruption, and we regularly review our policies on whistleblowing and anti-corruption so as to ensure that they are effective. In FY2025, we will continue to aim for zero incident of non-compliance in the following years as short-, medium- and long-term target.

## ENVIRONMENTAL COMPLIANCE

Valuetronics has achieved the ISO14000 accreditation and standards for environmental management since 2008 for our China operation and since 2021 for our Vietnam operation, following its commencement of mass production. ISO14000 is based on a plan-do-check-act (“PDCA”) methodology which provides a systematic framework for the integration of environmental management practices by supporting environmental protection, preventing pollution, minimising waste, reducing energy and material use. Recyclable waste is stored, collected, and processed by qualified third-party recycling firms.

We are committed to continue the PDCA approach to improve our environmental management, targeting environmental protection, environmental regulatory compliance, and no major non-conformities in any kind of environmental compliance audits in both our China and Vietnam operations. Aside from the above, there were no incidents of non-compliance with environmental-related laws and regulations resulting in significant fines or sanctions in FY2024 (FY2023: NIL), and we endeavor to maintain this track record next year. In FY2025, we target to pass the environmental compliance audits as short-, medium- and long-term target.

# GOVERNANCE

## SOCIOECONOMIC COMPLIANCE

The nature of our operations involved individuals from the operations and the local communities we operate in. Our customers and suppliers conduct regular communications with us to work on the assessment of socioeconomic compliance when we are doing business with them. We also understand our operations may directly and indirectly affect the individuals living near the communities we operate in and/or adjacent to the Group's operations. However, we are of the opinion that there are merits to connect with the stakeholder groups that have direct control and ability to contribute to the prevention and mitigation of negative socioeconomic impact through upholding compliance with the relevant social and economic laws and regulations. Our Group is pleased to inform our stakeholders that in FY2024, there was no reported incidents of non-compliance to the social and economic laws and regulations (FY2023: NIL) found within our operations and across markets we operate in.

In FY2025, we strive to have non-significant non-compliance with laws and regulations incidents in the social and economic areas, corresponding to our short-, medium- and long-term targets.





# CLIMATE-RELATED DISCLOSURES

## GOVERNANCE

The Board of Directors is ultimately accountable for oversight of the Group's climate-related issues across the Group including, but not limited to, overseeing the management of climate-related risks and opportunities, and setting the tone and direction for the Group in the way climate-related risks are managed in the Group's businesses. The Board ensures that climate change is taken into consideration when determining the Group's strategic direction and policies. At the time of reporting, the key climate-related risks and opportunities for the Group have been identified and assessed by the top management of the Group.

The Chief Financial Officer ("CFO"), by delegation to support the Board, is tasked with the strategic management of the climate-related risks and opportunities, driving the implementation of group-wide sustainability and climate-related initiatives, and recommending policies, guidelines, and procedures to support climate-related management efforts. Supported by various functions, the CFO is also responsible for monitoring and managing climate-related concerns raised by stakeholders and reporting regularly to the Board pertaining to climate-related risks relevant to the business.

## STRATEGY

Valuetronics adopts a phased approach in managing climate-related risks and opportunities across the Group. During the Reporting Period, we have begun developing our internal capabilities to address the Recommendations of the TCFD in order to manage critical climate-related risks and opportunities within our organisation in a more strategic manner. Based on our climate risk assessment conducted in FY2024, we have identified and assessed climate-related risks and opportunities across our operations that have potential financial impacts in short-(2025), medium-(2030) and long-term (2050) as follows:

Climate-related Risks and Opportunities	Description	Anticipated Financial Impact	Timeframe
<b>Physical Risk</b>  Rising mean temperatures and increased extreme weather events	Increased frequency and severity of flash floods and rising mean temperatures as a result of climate change can bring about damage of manufacturing sites located in China and Vietnam, resulting in repair and replacement costs to our assets, disrupted operations and potential increases in insurance premiums.	Increased operating costs and insurance premium	Medium- to Long-term
<b>Transition Risk (Policy and Legal)</b>  Heightened carbon regulations in China and Vietnam	The implementation of tightened carbon-related regulation such as the launch of "Interim Regulations on the Management of Carbon Emissions Trading" by the State Council of the People's Republic of China in January 2024 to regulate carbon emissions trading and related activities, and strengthen the control of greenhouse gas emissions will possibly increase the carbon reduction cost in the future. In addition, the issuance of Decree 06/2022/ND-CP by the Vietnamese government, which laid out a roadmap to establish a national carbon market and strengthened the mitigation of greenhouse gas emissions, will consequentially lead to an increase in compliance cost.	Increase carbon emission reduction cost	Medium- to Long-term
<b>Transition Risk (Reputation)</b>  Enhanced climate reporting requirements	Increased expectations and stringent sustainability and climate disclosure requirements imposed by various stakeholders such as regulators and investors may lead to increased costs in implementation of sustainability initiatives. Failure to comply with relevant local laws and requirements imposed by the authority may lead to adverse impacts on the Group's reputation.	Increased operating and compliance costs	Short- to Medium-term
<b>Transition Risk (Market)</b>  Shift in customer preference	The shift in consumer preferences for low-carbon products led to increasing demand of products with energy-saving and energy-efficient features. Failure to improve the manufacturing process and substitute to low-carbon or environmental-friendly production materials may lead to decreased in customer demands.	Decreased product demand and revenue	Medium- to Long-term

# CLIMATE-RELATED DISCLOSURES

Climate-related Risks and Opportunities	Description	Anticipated Financial Impact	Timeframe
<b>Climate-related Opportunities (Product &amp; Services)</b>  Increased demand for development of new product and services	In view of increasingly strict requirements on low carbon development and expectation from stakeholder, the Group will make efforts to enhance research and development of products with green processes to build competitiveness, improve customer experience, and attract more potential customers.	Increased business revenue	Medium- to Long-term
<b>Opportunities (Resilience)</b>  Increased supply chain resilience and adaptability	Identifying resilient materials and adopting sustainable approaches, e.g., sourcing for low carbon footprint materials, and enhancing supply chain management of the Group to mitigate risks arising from the climate change, will help the Group increase its adaptability in the future.	Decreased operating costs  Increased business revenue	Medium- to Long-term

The climate scenario analysis is crucial in providing insights on the potential extent of the climate-related risk exposure to our businesses as well as the potential opportunities. We will conduct scenario analysis to facilitate business decision-making in financial year ending 31 March 2026.

## RISK MANAGEMENT

Recognising the critical importance of climate, we will review the Group's risk management and internal controls system in place to ensure that relevant climate-related risks and opportunities are identified, assessed, and strategically managed in the future.

## METRICS AND TARGETS

As we strive to mitigate climate change impacts, we have established climate-related metrics such as those disclosed below to give our stakeholders a clearer picture of how we manage climate-related risks and opportunities. We realised the significance of monitoring, measuring, and reporting energy and emissions, and we will start tracking on our GHG emissions pertinent to the Group when data is available and disclose them in the near future.

- Electricity consumption (kilowatt hour)



# GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE		REFERENCE/DESCRIPTION
Statement of use	Valuetronic Holdings Limited has reported the information cited in GRI Content index for the period of from 1 April 2023 to 31 March 2024 ("FY2024") with reference to the GRI standards 2021		
GRI 1	GRI 1: Foundation 2021		
<b>GRI STANDARDS 2021</b>			
<b>GENERAL DISCLOSURE</b>			
GRI 2: General Disclosures	2-1	Organisational details	Sustainability Report 2024, page 3
	2-2	Entities included in the organisation's sustainability reporting	Sustainability Report 2024, pages 1-2
	2-3	Reporting period, frequency and contact point	Sustainability Report 2024, page 1
	2-4	Restatements of information	None
	2-5	External assurance	Sustainability Report 2024, page 1
	2-6	Activities, value chain and other business relationships	Sustainability Report 2024, page 3
	2-7	Employees	Sustainability Report 2024, pages 11-12
	2-8	Workers who are not employees	Sustainability Report 2024, pages 11-12
	2-9	Governance structure and composition	Annual Report 2024, pages 9-11, 16-18
	2-10	Nomination and selection of the highest governance body	Annual Report 2024, pages 20-21
	2-11	Chair of the highest governance body	Annual Report 2024, pages 18-19
	2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability Report 2024, page 2
	2-13	Delegation of responsibility for managing impacts	Sustainability Report 2024, page 2
	2-14	Role of the highest governance body in sustainability reporting	Sustainability Report 2024, page 2
	2-15	Conflicts of interest	Annual Report 2024, page 2
	2-16	Communication of critical concerns	Sustainability Report 2024, page 5
	2-17	Collective knowledge of the highest governance body	Sustainability Report 2024, pages 1-2
	2-18	Evaluation of the performance of the highest governance body	Annual Report 2024, page 13
	2-19	Remuneration policies	Annual Report 2024, page 22
	2-20	Process to determine remuneration	Annual Report 2024, pages 24-26
	2-21	Annual total compensation ratio	Due to confidentiality, Valuetronics is unable to disclose this information.
	2-22	Statement on sustainable development strategy	Sustainability Report 2024, pages 1-2
	2-23	Policy commitments	Sustainability Report 2024, pages 7-9, 11-18
	2-24	Embedding policy commitments	Sustainability Report 2024, pages 7-9, 11-18
	2-25	Processes to remediate negative impacts	Sustainability Report 2024, page 15
	2-26	Mechanisms for seeking advice and raising concerns	Sustainability Report 2024, pages 8, 15
	2-27	Compliance with laws and regulations	Sustainability Report 2024, pages 15-16
	2-28	Membership associations	None
	2-29	Approach to stakeholder engagement	Sustainability Report 2024, pages 4-5
	2-30	Collective bargaining agreements	None

# GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE		REFERENCE/DESCRIPTION
<b>GRI STANDARDS 2021</b>			
<b>GENERAL DISCLOSURE</b>			
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Sustainability Report 2024, page 6
	3-2	List of material topics	Sustainability Report 2024, page 6
	3-3	Management of material topics	Sustainability Report 2024, pages 6-16
GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed	Sustainability Report 2024, pages 7-8
GRI 205: Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	Sustainability Report 2024, page 8
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	Sustainability Report 2024, page 9
	302-4	Reduction of energy consumption	Sustainability Report 2024, page 9
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	Sustainability Report 2024, page 9
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Sustainability Report 2024, page 12
GRI 403: Occupational health and safety 2018	403-1	Occupational health and safety management system	Sustainability Report 2024, pages 12-13
	403-5	Worker training on occupational health and safety	Sustainability Report 2024, pages 12-13
	403-9	Work-related injuries	Sustainability Report 2024, pages 12-13
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Sustainability Report 2024, page 13
	404-2	Programs for upgrading employee skills and transition assistance programmes	Sustainability Report 2024, page 13
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	Sustainability Report 2024, page 11
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Sustainability Report 2024, page 11
GRI 408: Child Labour 2016	408-1	Operations and suppliers at significant risk for incidents of child labour	Sustainability Report 2024, page 12
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programmes	Sustainability Report 2024, page 14







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