

**Sustainability Report extracted from*

ANNUAL REPORT **2021**

SUSTAINABILITY REPORT

BOARD STATEMENT – SUSTAINABILITY AT FU YU

The Board of Directors at Fu Yu Corporation Limited (the “Company”) and its subsidiaries (the “Group”) are pleased to present the fifth sustainability report for the financial year from 1 January 2021 to 31 December 2021 (“FY2021”).

In 2021, the Group has broadened its revenue base beyond its core manufacturing business. A new business segment formed through the acquired subsidiary, Fu Yu Supply Chain Solutions Pte Ltd (“FYSCS”) is engaged in the business of providing supply chain management services for commodity raw materials. Due to FYSCS nature of business, it is excluded from “Environment” section.

As a leading provider of vertically-integrated services for the manufacture of precision plastic components and the fabrication of precision moulds and dies, together with the new business segment, we recognize the importance of measuring, monitoring and managing the Group’s performance in Economic, Environment, Social and Governance (EESG) factors.

The Board is firmly committed to sustainable business practices, which are in line with the Group’s strategy to deliver satisfaction to our customers, provide continuous learning for our people, while creating higher value and maximizing returns for our shareholders. Our Sustainability Steering Committee will also continue to instill a sustainable culture that reflects our commitment to the environment and society at large.

The Board has specifically considered sustainability issues as part of our strategic formulation, and overseen the management of sustainability related risk, opportunities, practices and development of sustainability reports.

This report describes the EESG factors material to the Group, the related policies, practices and performance, as well as the targets for the forthcoming year.

OUR REPORT

The Company’s sustainability report is prepared in compliance with the requirements of SGX-ST Listing Rules 711A and 711B, and references the Global Reporting Initiative (GRI) Standards 2016 – Core reporting requirements. On the topic of Occupational Health and Safety, the Company has transited from GRI 2016 to GRI 2018 to be in line with updates to the GRI Standards.

This report describes the Group’s commitments, goals, programmes, performance and challenges across a broad range of global sustainability issues. The scope covers all operating entities under the Group. This includes our headquarters in Singapore, the moulding and tooling companies in Singapore, Malaysian, China and the newly acquired FYSCS in Singapore.

We welcome all feedback to help us improve our sustainability practices. Please send your comments or feedback to sustainability@fuyucorp.com.



HIGHLIGHTS OF ACHIEVEMENTS



ENVIRONMENT

Maintained average water consumption per dollar of revenue

Zero significant chemical spillage



SOCIAL

Permanent employees turnover rate not exceeding **30%**

100% of employees receive an annual performance review

Zero incidents of workplace fatalities

Zero incidents of non-compliance with forced or compulsory labour

Zero incidents of non-compliance with child labour



GOVERNANCE

No confirmed incidents of corruption

Zero incidents of non-compliance with environmental laws and regulations resulting in significant fines or sanctions

No identified leaks, thefts or losses of customer confidential information

SUSTAINABILITY REPORT

OUR APPROACH TO SUSTAINABILITY

Fu Yu manages our sustainability performance under the governance of our Sustainability Steering Committee ("SSC"). Our Corporate SSC is led by our GMD, and supported by senior management comprising CEO, CFO and departmental heads in the organisation. Our SSC develops sustainability objectives and strategy, sets performance measurement indicators and targets, manages and monitors overall sustainability performance, as well as provides sustainability report updates to the Board on a periodic basis. The SSC is supported by our Sustainability Task Force ("STF") which consists of the general managers responsible for our factory operations in Asia. Our STF is tasked to drive and execute our sustainability initiatives and programs in their respective departments, as well as to report the outcomes of our sustainability efforts to the SSC.

Our governance structure is shown in the following diagram:



STAKEHOLDER ENGAGEMENT

We engage our stakeholders through various channels to understand their needs to ensure our business interests are aligned. We also seek to collaborate efficiently with our stakeholders and address their concerns as this will improve our business operations for the long-term success of the Group. Our approach towards stakeholder engagement is summarised as follow:

Key Stakeholders	Engagement Methods	Frequency	Key Topics of Interest	Our response
Investors	Timely updates of financial results and announcements, business developments, press releases, and other relevant disclosures via SGXNet and website	– Throughout the year	<ul style="list-style-type: none"> – Sustain profitability and enhance shareholder returns – Transparent reporting – Sound corporate governance practices – Active portfolio management 	<ul style="list-style-type: none"> – Sustained growth in profit – Periodic and transparent communication of financial and non-financial information – Prompt response to feedback and queries
	Regular results briefing	– At least twice a year		
	Annual General Meeting*	– Annually		
	Extraordinary General Meeting	– When required		
Customers	Customer satisfaction surveys/feedback	– Annually	<ul style="list-style-type: none"> – Delivery of affordable, quality products and services – Compliance with environmental laws and regulations – Responsiveness to customers' requests and feedback – Compliance to ethical and responsible Environment, Social and Governance standards along the supply chain – Protection of confidential information (includes "PDPA" Personal Data Protection Act) 	<ul style="list-style-type: none"> – Yearly assessment by the third-party certification body to achieve certification for the aforementioned quality standards (i.e. ISO14001, ISO9001, IATF16949, ISO13485, ISCC EU) – Project Managers respond to their customers promptly and meet their needs aforementioned quality standards – Committed to provide the best quality in timely manner – Conduct quality audits on customers' products
	Regular meetings and discussions with respective Project Managers	– Throughout the year		
	Business review (BR)/Quality score review (QSR)	– Annually		
	Regular visits to customers by management	– Throughout the year		
	Regular after sales follow-up	– Throughout the year		
Employees	Induction programme for new employees	– Throughout the year	<ul style="list-style-type: none"> – Equitable remuneration – Fair and competitive employment practices and policies – Safe and healthy work environment – Employee development and well-being includes career development and training opportunities – Update on company latest strategic developments – Employee empowerment – To maintain work-life balance – Labour and human rights 	<ul style="list-style-type: none"> – Employees' concerns will be discussed by the management by company and improvement plans will be implemented – Assimilate new hires into the company's culture – Foster corporate conscience, corporate citizenship or responsible business – Biennially review of training needs analysis and competency framework across all job levels/category – Foster teamwork and social interaction amongst employees
	Training and development programmes	– Throughout the year		
	Career development performance appraisals	– Annually		
	Recreational and wellness activities such as dinner and dance, CSR activities	– Annually		
	Regular e-mailers and meetings	– Throughout the year		
	Site visits by senior and middle management to observe work environment	– Throughout the year		
	Employee's satisfaction surveys	– Annually		

* Due to the Covid-19 pandemic and safe-distancing measures, the Group's AGMs have been conducted by way of virtual meetings since 2020.

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Key Stakeholders	Engagement Methods	Frequency	Key Topics of Interest	Our response
Communities	Corporate volunteering includes Corporate Social Responsibility activities such as blood donation and cash donation to charitable organisations	– Annually	– Contributions to communities of operations – Responsible and ethical business practices – Engagement with local communities	– Continue to render support to charitable organisations – Outreach community activities to serve the local community's needs
	Open feedback channels	– Throughout the year		
Government and regulators	Meetings and dialogue sessions	– Throughout the year	– Compliance with, and keep abreast of ever-changing laws and regulations	– Keep all relevant employees abreast with changes to statutory requirements – Comply with all applicable laws and regulations – Focus on building good relationship with the government and industry associations
	Membership in industry associations: Singapore: Singapore Institute of Directors; Singapore Chinese Chamber of Commerce & Industry; Singapore National Employers Federation; Singapore Business Federation Malaysia: Federation of Malaysian Manufacturers Malaysian Employers Federation; Malaysian Plastic Manufacturers Association	– Throughout the year		
Suppliers	Regular dialogue sessions with key suppliers and service providers	– Throughout the year	– Equitable treatment of suppliers – Regular and punctual payment upon engagement of services – Collaborative partnership for mutual growth – Streamline procurement workflows and clearly defining expectations – Good working relationship	– Comply with contractual terms and ensure punctual payment for goods and services rendered
	Establish channels of communication	– Throughout the year		
	QSR score review	– Throughout the year		
	Quality on-company audits	– Annually		
	Supplier performance feedback	– Throughout the year		



MATERIAL FACTORS





The Group conducted our first formal materiality assessment in 2016 to review, prioritise and validate the EESG issues that are significant to business operations and of interest to key stakeholders. In subsequent years, we continue to review the material factors for relevance and importance using a four-step materiality assessment approach.

Following our review, the EESG factors reported in FY2020 remained relevant in FY2021. The Group's materiality assessment approach for our EESG factors is summarised below:

Materiality Assessment Approach



SUSTAINABILITY REPORT

	Material Factors
 <p>Economic Performance <i>Enhancing value for stakeholders</i></p>	<ol style="list-style-type: none"> 1. Direct economic value generated and distributed
 <p>Protecting the Environment <i>Reducing our environmental footprint</i></p>	<ol style="list-style-type: none"> 2. Energy 3. Water 4. Effluents and Waste
 <p>Developing Our Workforce <i>Talent management strategies and practices</i></p>	<ol style="list-style-type: none"> 5. Employment and Talent Retention 6. Diversity & Equal Opportunity 7. Training and Education 8. Occupational Health & Safety 9. Forced or Compulsory Labour 10. Child Labour
 <p>Practicing Good Governance <i>Compliance with applicable laws and regulations including ethics and integrity, and anti-corruption</i></p>	<ol style="list-style-type: none"> 11. Anti-corruption 12. Environmental Compliance 13. Protection of Confidential Information



ECONOMIC PERFORMANCE

Notwithstanding a challenging business environment, the Group has displayed a resilient financial performance in FY2021. While revenue from manufacturing segment was affected by business disruptions as a result of bottlenecks in global supply chains, causing disruptions in the production of raw materials and delay in shipments, the Group managed to sustain its profitability in FY2021.

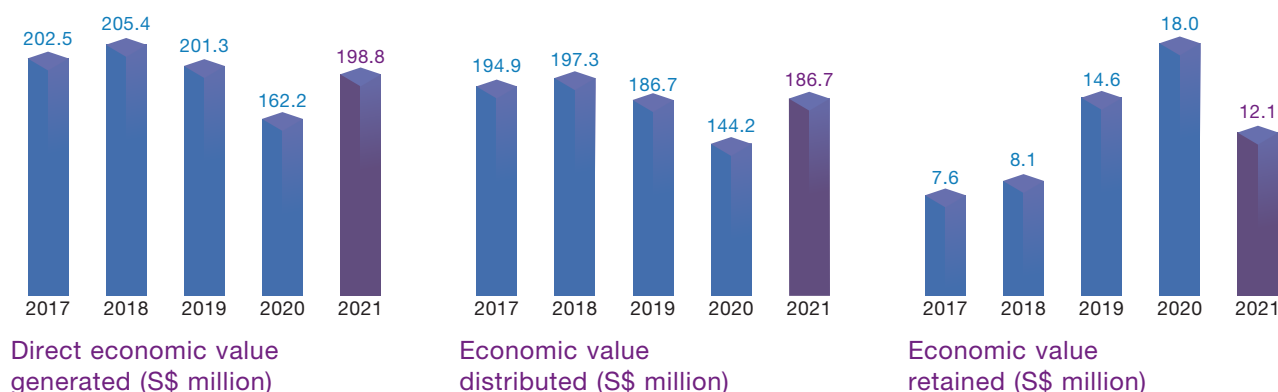
Group revenue rose 27.4% to S\$195.5 million in FY2021 from S\$153.4 million in FY2020 due mainly to revenue contribution from FYSCS at S\$51.9 million. The net profit attributable to owners of the Company ("net profit") grew 4.0% to S\$17.6 million in FY2021 from S\$16.9 million in FY2020. This was attributed to net profit of S\$16.5 million generated from the manufacturing business and S\$1.1 million from FYSCS.

The table below shows the amount of direct economic value generated by the Group through our operations, and the distribution of this value to our stakeholders including suppliers and contractors, employees, shareholders, government authorities and local communities. For FY2021, the Group generated direct economic value of S\$198.8 million. Approximately 93.9% or S\$186.7 million of the economic value generated in FY2021 was distributed to various stakeholder groups.

In particular, around 20.4% of the value distributed was allocated to the remuneration of employees, and 6.9% or \$12.5 million was allocated to shareholders in the form of dividends, excluding special dividends of \$24.8 million. The economic value retained was \$12.1 million.

Economic Value Generated and Distributed (S\$ million)

	FY2021	FY2020	FY2019	FY2018	FY2017
Direct economic value generated	198.8	162.2	201.3	205.4	202.5
– Revenue	195.5	153.4	194.1	197.7	195.0
– Other income	3.3	8.8	7.2	7.7	7.5
Economic value distributed*	186.7	144.2	186.7	197.3	194.9
– Purchases of goods and services	132.7	90.2	121.9	130.9	129.9
– Employee salaries and benefits	38.1	39.6	50.0	52.0	51.2
– Payments to providers of capital*	12.8	10.5	12.5	12.0	11.3
– Payments to government	3.1	3.7	2.3	2.4	2.5
– Community investments/donations	–	0.2	–	–	–
Economic value retained*	12.1	18.0	14.6	8.1	7.6



* Excludes special dividends of S\$24.8 million paid in FY2021. There was no special dividends from FY2017 to FY2020.

SUSTAINABILITY REPORT

PROTECTING THE ENVIRONMENT

ENERGY

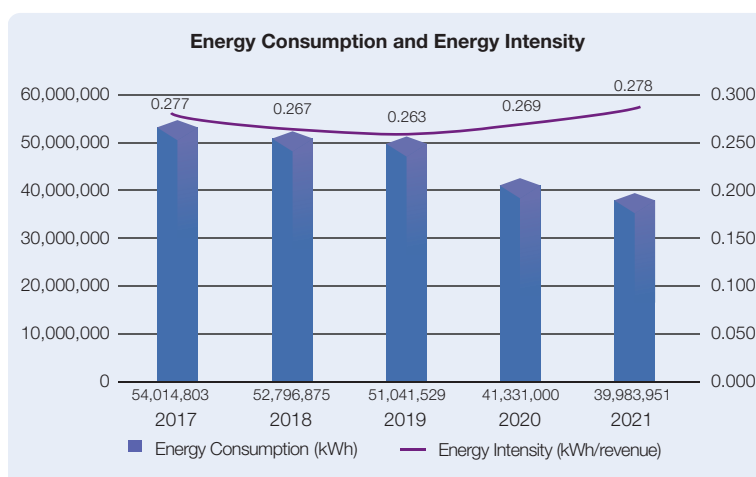
The Group places a high level of emphasis on achieving optimal standards of energy efficiency which helps to contribute positively to environment sustainability and also result in cost savings. We are constantly working to implement initiatives that can enhance energy efficiency in all aspects of our manufacturing operations.



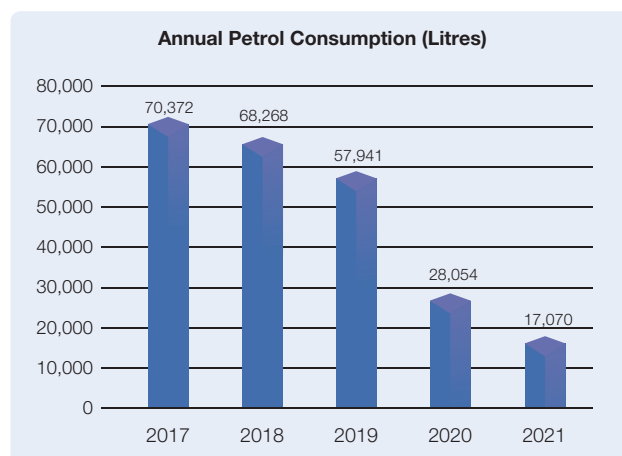
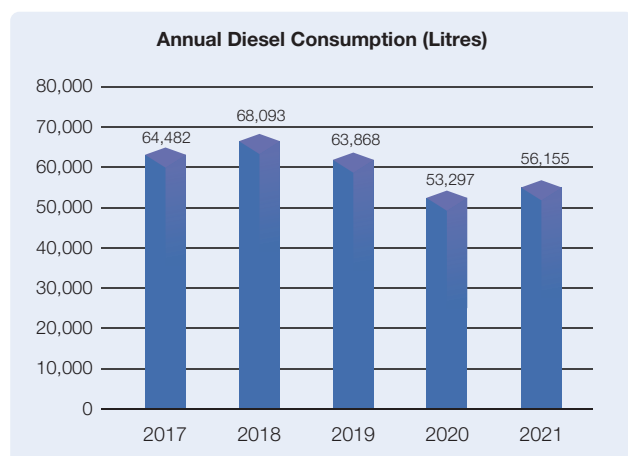
The Group purchases electricity from the local power grids in various geographical locations.

In 2021, our electrical energy consumption amounted to 39,983,951 kilowatt hours (kWh), representing a 3.3% year-on-year decrease from 41,331,000 kWh in 2020. The overall energy intensity for the Group has increased marginally by 3.3% to 0.278 kWh per dollar of revenue in 2021 from 0.269 kWh per dollar of revenue in 2020 due to fixed energy consumption such as usage for cooling tower, air compressor which cannot be reduced despite the decrease in manufacturing revenue in 2021.

Nevertheless, we strive on continual efforts to improve energy efficiency.



Moving forward, the Group targets to maintain current average electricity consumption per dollar of revenue.



Besides electrical consumption, the Group also monitors our diesel and petrol consumption and strives to control the level of usage in a bid to reduce our carbon footprint. Diesel is used mainly for forklift machines, truck deliveries and staff canteen operations. In 2021, our annual diesel consumption increased 5.4% from 53,297 litres in 2020 to 56,155 litres. This increase was due mainly to increase in cross border deliveries for new customer in one Malaysia subsidiary.

Petrol is used mainly for company cars and vehicles. Annual petrol consumption in 2021 decreased 39.2% from 28,054 litres in 2020 to 17,070 litres. This was mainly attributed to the closure of Chongqing plant in end of 2020, fewer visits to customers' premises and work from home arrangements amid the coronavirus outbreak. Most of the interactions and communications with customers were conducted mainly through virtual meetings, email and telephone conversations.

SUSTAINABILITY REPORT

WATER

Sustainable and efficient water usage is practised at the Group's manufacturing operations as part of our commitment to environment conservation. The Group relies primarily on the municipal water supply for our needs. The primary uses of water for our operations are as follow:

- Cooling tower usage
- Cooling purpose for injection moulding and tooling machines during manufacturing process
- Cleaning purposes

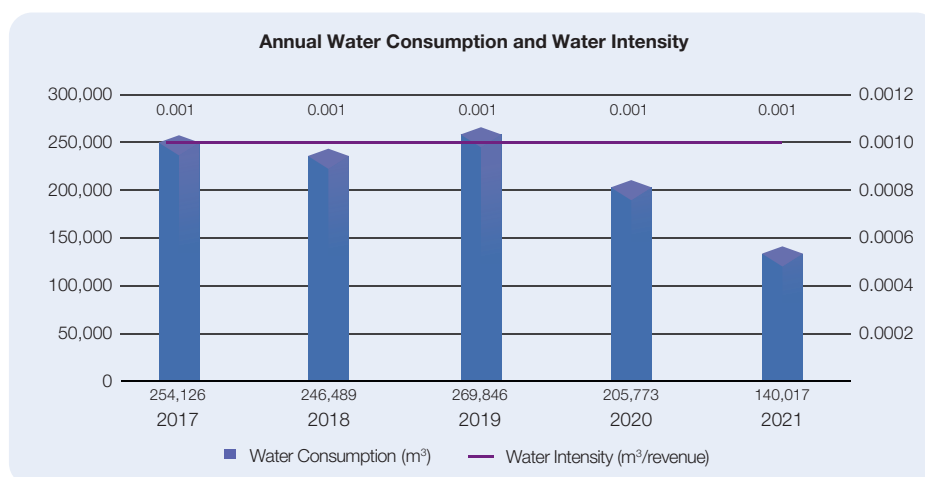
We endeavour to minimise our water usage through a number of efficiency initiatives. To this end, the Group has implemented the following initiatives to improve water management and promote water conservation:

Record/monitor meter readings and cross-check with water consumption bills on a monthly basis

Regular maintenance of water fittings and drainage systems to minimise the risk of leakage

Influence human behaviour by providing education on the importance of water saving

Encourage employees to report to Human Resources Department if any water leakage is observed in the factory



In 2021, water consumption amounted to 140,017 cubic metres (m³), representing a 32.0% year-on-year decrease from 205,773 m³ in 2020. The decrease was attributed mainly to the closure of Chongqing plant in end of 2020, rectification of water leakage and remote working arrangements amid the Covid-19 situation. We have kept the overall water intensity steady at approximately 0.001 m³ per dollar of revenue in 2021.

Moving forward, the Group targets to maintain our water intensity at the current level.

EFFLUENTS AND WASTE

At the heart of the Group's operations is our "3R" approach towards waste management – "REDUCE, REUSE AND RECYCLE".

We believe that proper management of waste and effective use of resources underpins our responsibility towards the environment and also helps to lower overall operating cost. As such, our enhanced waste management approach starts with "reduction of waste", followed by "waste reuse on-site" and "material recycling".

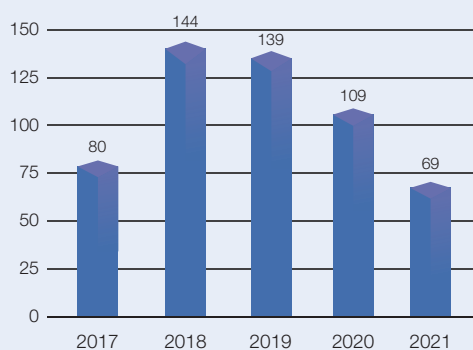
 <p>REDUCE</p>	 <p>REUSE</p>	 <p>RECYCLE</p>
<p>We put effective and efficient management into practice to reduce raw material wastage.</p>	<p>During the manufacturing process, resins are reused to clean the machines.</p> <p>Our product packaging is reused as we help manage our customers' waste by requesting the return of the package.</p>	<p>We initiate a waste bin management programme to sort paper, food and electronic waste which are recycled or properly disposed accordingly.</p>

The Group's factories are certified with the ISO 14001 Environmental Management System. We are committed to responsible procurement of materials and work closely with our vendors to replace toxic substances with environmentally-friendly substitutes. We will also purchase environmentally-friendly materials with accredited green labels upon requests from customers.

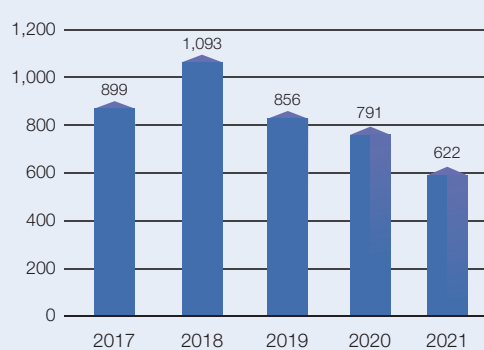
As part of our supply chain management, we carry out vendor evaluation assessment on a yearly basis to assess our new vendors. We also measure/monitor our existing vendors' performance to reduce costs, mitigate risks and drive continual improvement towards environmental sustainability.

We adopt a stringent attitude towards proper waste sorting (i.e., hazardous and non-hazardous) and appropriate disposal methods that comply with the local regulations. The Group also engages licensed toxic waste collection companies to ensure that toxic waste is properly disposed to minimise any negative impact to the environment.

Annual Hazardous Waste (Tonnes)



Annual Non-Hazardous Waste (Tonnes)

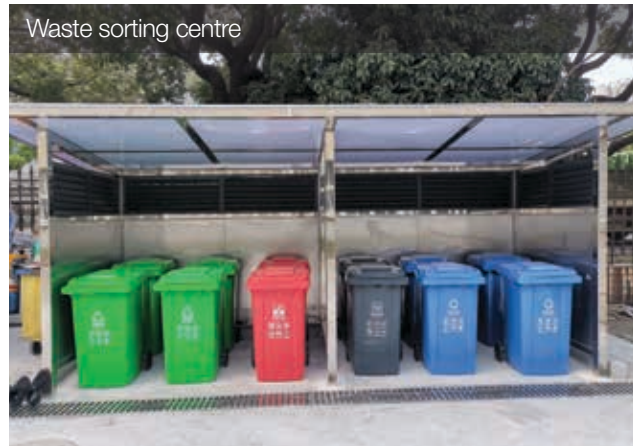


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The amount of hazardous waste in 2021 was reduced by 36.7% to 69 tonnes from 109 tonnes in 2020. The lower volume of hazardous waste was attributed from the replacement of hydraulic machines that started in 2020. In addition, Fu Yu Suzhou (FYSZ) outsourced their spray-painting production line to a third party.

Non-hazardous waste has also decreased in 2021 by 21.4% to 622 tonnes from 791 tonnes in 2020. This was largely attributed from the change in packaging for some of the Group's customers.

The decrease in both hazardous and non-hazardous wastes in 2021 were also in line with the closure of Chongqing plant in 2020.



The Group also rolled out a recycling programme in FYSCS office. This consists of different bins for recyclable materials, as well as training our staff on the importance of proper separation of waste, the types of waste suitable for recycling and how waste must be processed before dispensing.

In addition, our subsidiary in Penang, Malaysia (FHM) practices the 3Rs – reduce, reuse, recycle and manage monthly usage through limiting the purchases of paper (as per ISO 14000 requirement). Recyclable waste is stored separately, scheduled to be collected on a monthly basis and to be reported to the Department of Environment.

In the unlikely event of a chemical spillage, we are able to activate our in-house Chemical Spillage Control Team immediately and reduce the potential impact of such chemical pollution to the environment. We conduct yearly refresher training courses to ensure that our team is always ready to remedy any chemical spillage if the situation arises.

In 2021, there was no incident of significant chemical spillage in production facilities.

Moving forward, the Group continues to aim for zero significant cases of chemical spillage and improper disposal of waste at our manufacturing facilities in the forthcoming year.



Paper Usage Reduction Efforts

Many of our business processes still require hard copy paper documentation to be printed for banking and contractual reasons. Where possible, we have encouraged staff to reduce paper usage by using e-signatures and printing on double sides.

Since 2020, our operations in Singapore, have put in place 7,000 reusable containers to replace paper carton boxes for storage of products on our production floor. Following this change, we achieved estimated annual saving of at least 300 tonnes of paper.

In 2021, FHM has moved into paperless documentation with Manufacturing Execution System (MES) where all drawing and documents can be retrieved digitally through the system.

Singapore's paper reduction initiative



DEVELOPING OUR WORKFORCE

EMPLOYMENT AND TALENT RETENTION

Fu Yu recognises that our most valuable asset is our employees as they determine the Group's success in the long term. We believe it is the Group's responsibility to help our employees excel in their roles by ensuring a safe and healthy work environment and cultivating a positive culture that embodies the Group's corporate values.

All our employees are treated with respect and dignity. The Group has a zero-tolerance policy regarding disrespectful, hostile, intimidating or threatening behaviour in our workplace. This includes sexual advances, actions or comments of racial or religious slurs.

In line with our commitment towards creating a positive work environment, the Group has a strategic reward system in place. This system takes into account our employees' abilities, performance, contributions and experience to make a positive contribution to the values and business objectives of the Group.

The Group supports the concept of fostering good work-life balance for our employees. We believe healthy work-life balance promotes the well-being of individuals, families, communities and strengthens our employees' commitment to the organisation. We employ human resource strategies and policies that encourage social and recreational activities, such as food fairs, company trips, festive celebrations, team building, annual dinner and dance, for our employees on a regular basis.

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In 2021, FHM held an annual company Dinner and Dance in appreciation of the staff for their loyalty and commitment. Long-term staff were presented with awards for their long-service.

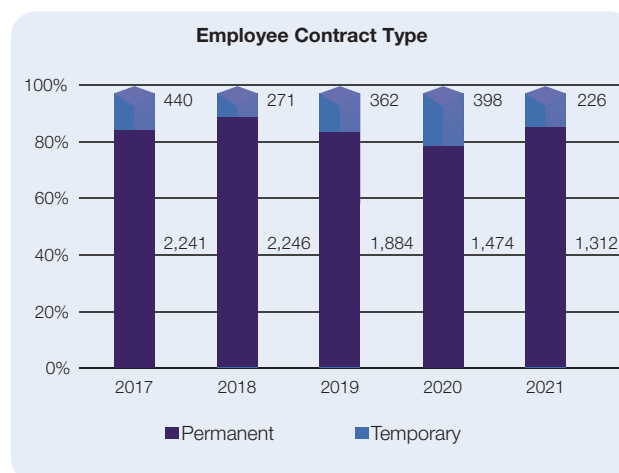
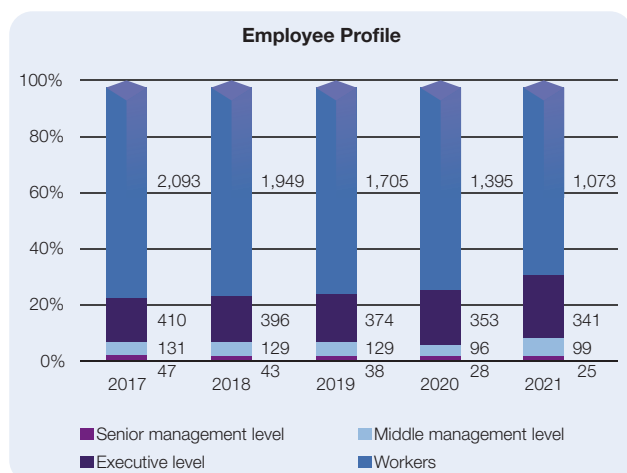


In November 2021, our subsidiary in Zhuhai, China (FYZH) organised a recreational trip for its employees, providing the team with leisure time and opportunities to bond and build better relationships outside of work.



As of 31 December 2021, the Group had a total of 1,538 employees across our headquarters and subsidiaries in Asia. This was a reduction from 1,872 employees at the end of 2020, due mainly to the right-sizing exercises in certain subsidiaries with reduced business activities and the resignations of employees who were affected by travel restrictions and borders closure as a result of the Covid-19 pandemic.

The Group's workforce comprises mainly of permanent and full-time employees. We supplement our workforce by hiring temporary workers in tandem with the level of our manufacturing activities. In 2020, we have reassessed the turnover rate to exclude temporary workers as hiring of temporary workers is dependent on our business requirements. The turnover rate for permanent staff decreased from 48.4% in 2020 to 28.6% in 2021. In 2020, excluding the reduction in headcount arising from closure of Chongqing plant, the turnover rate for permanent staff would have been 38.3% in 2020.



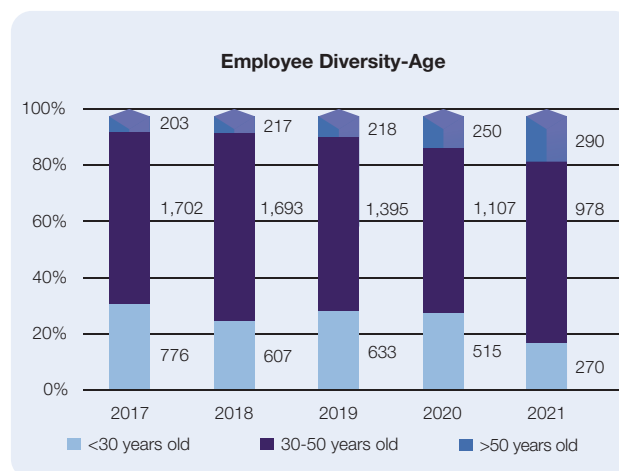
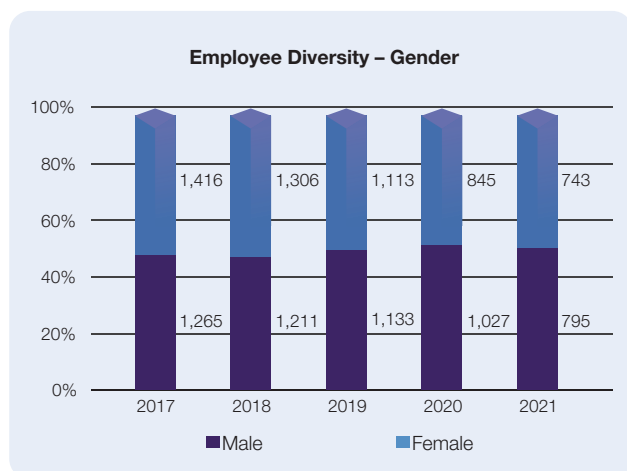
Moving forward, the Group's target is to achieve permanent employee turnover rate not exceeding 30%.

DIVERSITY AND EQUAL OPPORTUNITY

The Group advocates fair and equal opportunities for all our employees regardless of age, race, gender, religion, marital and family status or disability. We believe in treating our people fairly without bias, and creating a workplace that values diversity and promotes dignity.

We have developed policies to stipulate fair and equal opportunities to all employees and job applicants. Our selection and recruitment criteria are based solely on an applicant's skills, experience and/or ability to perform the job.

The gender ratio between our male and female employees remained fairly stable in 2021. Most of our employees are in the 30-50-year age group, which is relatively common in the industry that the Group operates in.



Moving forward, the Group will continue employing fair recruitment practices.

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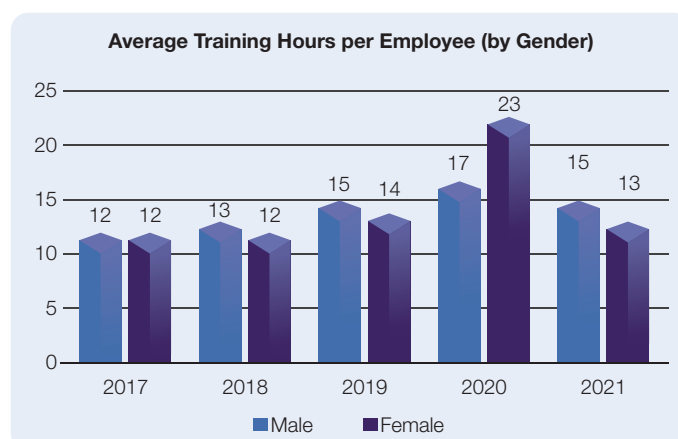
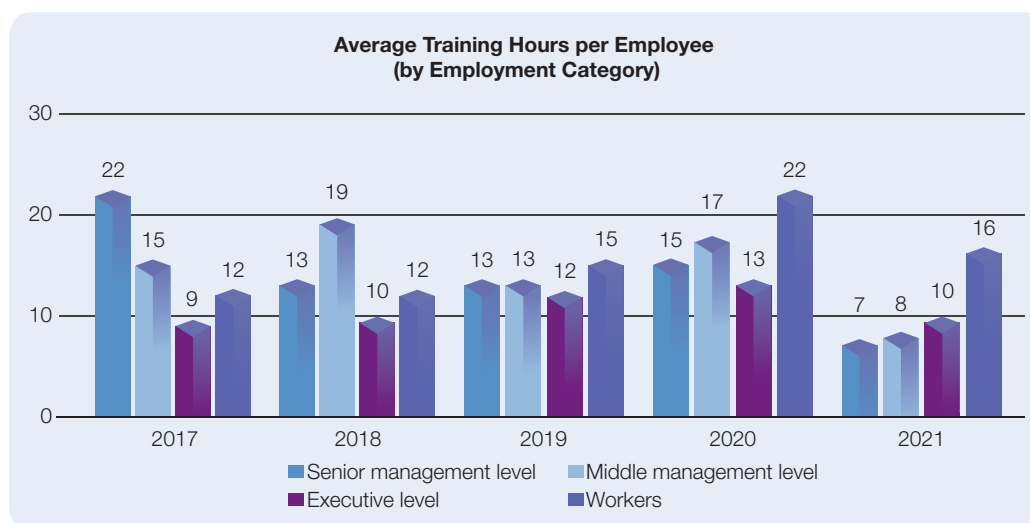
TRAINING AND EDUCATION

As Fu Yu navigates our business through an increasingly challenging global environment, we recognise that developing the potential of our human capital is a critical factor for the progress of our Group. Employee training and development will always remain our key priorities. We are confident that continuous career development enhances the organisation's talent pool and will contribute to higher levels of employee satisfaction. This in turn should lead to improved performance and success for the Group in the long term.

To help our employees achieve their full potential, we encourage them to upgrade their knowledge and skillset. In this regard, the Group provides opportunities for employees to increase their capabilities by offering them a variety of training and personal development programs based on their strengths and needs. All eligible employees are assessed at an annual performance review when each individual's training needs are discussed and determined. Supervisors will recommend certain training and development initiatives and employees can request for specific training which they believe will be beneficial to upgrade their skills.

Despite the many challenges posed by the Covid-19 pandemic, the Group has continued to place significant emphasis on developing and managing our talent. We believe that a competent workforce will enable the Group to better seize new opportunities as the global economy charts its path towards recovery.

Average Training Hours Per Employee	2017	2018	2019	2020	2021
Fu Yu Corporation (including Fu Yu Corporation Limited and its subsidiaries)	12	12	14	20	14



In 2021, average training hours per employee returned to 2019 levels. In 2020, our China subsidiaries leveraged on government grants to pursue additional training, hence the higher number of average training hours per employee.

Moving forward, the Group's target is to ensure that 100% of our employees receives an annual performance review.

OCCUPATIONAL HEALTH AND SAFETY

The Group endeavours to create an organisational culture that prioritises the health and safety of our people in the workplace, which is of particular importance for our manufacturing facilities. As such, we have made considerable efforts to ensure a conducive and safe working environment in our manufacturing facilities.

The Group has established a Workplace Safety and Health Committee (WSHC) to review and monitor the overall performance of our health and safety practices on a regular basis, as well as to ensure compliance with the relevant laws and regulations of the countries where we have operations.

The WSHC also initiates various programmes and activities to raise awareness of occupational health and safety (OHS). All new employees are required to attend a compulsory safety briefing as part of the Group's Induction Training. In our day-to-day operations, employees have to ensure that all necessary safety measures are properly implemented prior to carrying out work. As part of the assurance process, we also conduct practice sessions regularly for employees to reinforce the OHS requirements, in-house safety rules and job-specific safety requirements.

As part of the employees' safety awareness and resilience training, fire drill is conducted annually to familiarize the employees with the proper evacuation routes and practices so that every employee evacuates safely in an orderly manner whenever fire alarms sound. Employees are also trained on the proper and safe use of fire extinguishers.



Additionally, regular inspections are conducted to ensure that our infrastructure and manufacturing facilities are well maintained, and our employees observe the correct work processes and practices.

The Group continuously seeks to improve workplace conditions by proactively identifying potential hazards and risks, establishing better measurement methods to monitor the working environment and obtaining the necessary legal permits/licenses.

The Group has made improvements to workplace safety throughout the years, for examples the safety barrier control system, safety sensor control system and continuous replacement of existing safety signs and adding on new signs as necessary.

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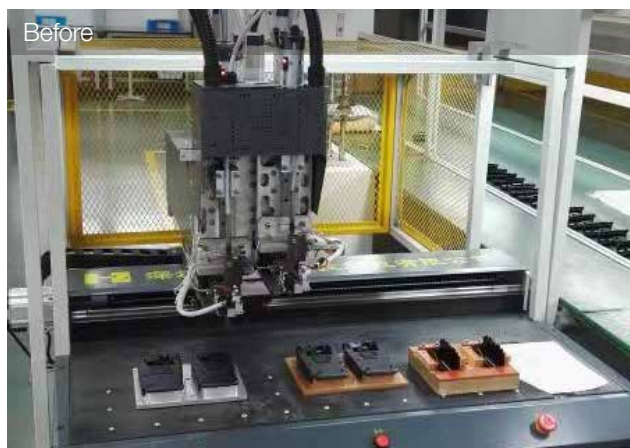
Safety Barrier Control System



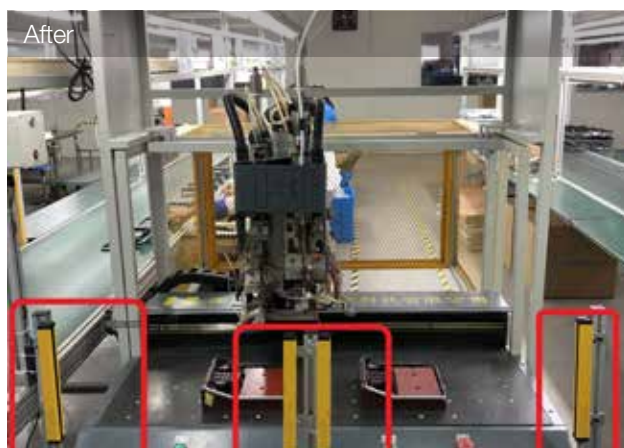
Emergency Stop Button

▶ The Safety Barrier Control system, which fences up our automation equipment, has been further enhanced with the placement of an Emergency Stop Button. In case of emergency, the machine can be stopped immediately when its users press the stop button. This will help to avoid risks of accidents, personal injury or machine damage.

Safety Sensor Control System



Before



After

▶ The automatic nut-embedding machine is equipped with safety grating sensors which can prevent accidents when the machine is operating. The machine will stop immediately when the operators accidentally reach into the machine.

In 2021, new safety installation included more safety signs being placed on site, safety barrier warning system and safety guards.

Safety warning signs



▶ Safety warning signs that have been newly added and upgraded for clearer safety instructions for staff.

Safety Barrier



▶ Installed new safety barrier warning system onto a robotic arm to discourage staff from going near the area while it is in motion.

Safety Guards



Installed safety guard on the milling machine to protect operators from hot flying chips, coolant and accidental contact with the rotating cutter.



Safety guard holder being added onto the pad printing blade. This protects user from cutting themselves, while fitting it to machines.

The Group recorded zero incidents of workplace fatalities in 2021. It is encouraging that three of our subsidiaries maintained a “zero injuries” record in their manufacturing plants. We will continue working to strengthen our safety management practices to minimise injuries in the workplace.

Lost-Time Injury Rate (%)	2017	2018	2019	2020	2021
Fu Yu Corporation (including Fu Yu Corporation Limited and its subsidiaries)	7.48	4.93	4.64	4.54	8.97

Lost-time injury rate increased from 4.54 in 2020 to 8.97 in 2021. The increase was caused by cases of inattention to safety requirements. Also, it was made mandatory by the Singapore government to report work-related light duties in addition to medical leaves, which contributed to the increased number of lost time injury.

The Group has sought further workplace safety implementations in direct response to this and employee safety briefings have been stepped up as a reminder to adhere to guidelines and protocols.

Moving forward, the Group's target is to achieve zero workplace incidents that result in permanent disability or fatality of employees.

SUSTAINABILITY REPORT

The Group is also expending efforts to minimise employee ill health due to work-related causes. We have identified several work-related hazards that pose high risks of injury or ill health and put in place various preventive measures. Examples of work-related hazards are as follow:

CHEMICAL HAZARDS

How these hazards have been determined:

Adopt Global Harmonised System ("GHS") of Classification and Labelling of Chemicals as guideline

Did it cause/contribute to ill health in FY2021:

No

Action taken/underway to eliminate this hazard and minimise risks using the hierarchy of controls

- Departments are advised to observe safe work procedures based on the chemical characteristics on Safety Data Sheet ("SDS") labels
- Identify and classify chemical hazards with reference to GHS
- Monitor the department's monthly usage and workers' exposure
- Ensure that risk control processes and procedures are in place
- Annual refresher training for spill control team members
- Provision of suitable personal protective equipment ("PPE") and periodic review of chemical exposure, such as masks.

NOISE HAZARDS

How these hazards have been determined:

Compliance with Workplace Safety & Health Act – (Noise) Regulation

Did it cause/contribute to ill health in FY2021:

No

Action taken/underway to eliminate this hazard and minimise risks using the hierarchy of controls

- Monitor noise level on weekly basis using dosimeter
- Enforce wearing of ear plugs for areas with noise level between 86 db and 95 db. For areas >95db, workers have to wear both ear muffs and ear plugs.
- Hearing examination during health checks

DUST/EXHAUST EMISSION

How these hazards have been determined:

Compliance with Workplace Safety & Health Act (Occupational Disease)

Did it cause/contribute to ill health in FY2021:

No

Action taken/underway to eliminate this hazard and minimise risks using the hierarchy of controls

- Enforce employees to use anti-dust mask respirator with goggles to carry out work assignments
- Examination of lungs during health checks

REPETITIVE ACTIONS

How these hazards have been determined:

Compliance with Workplace Safety & Health Act (Occupational Disease)

Did it cause/contribute to ill health in FY2021:

No

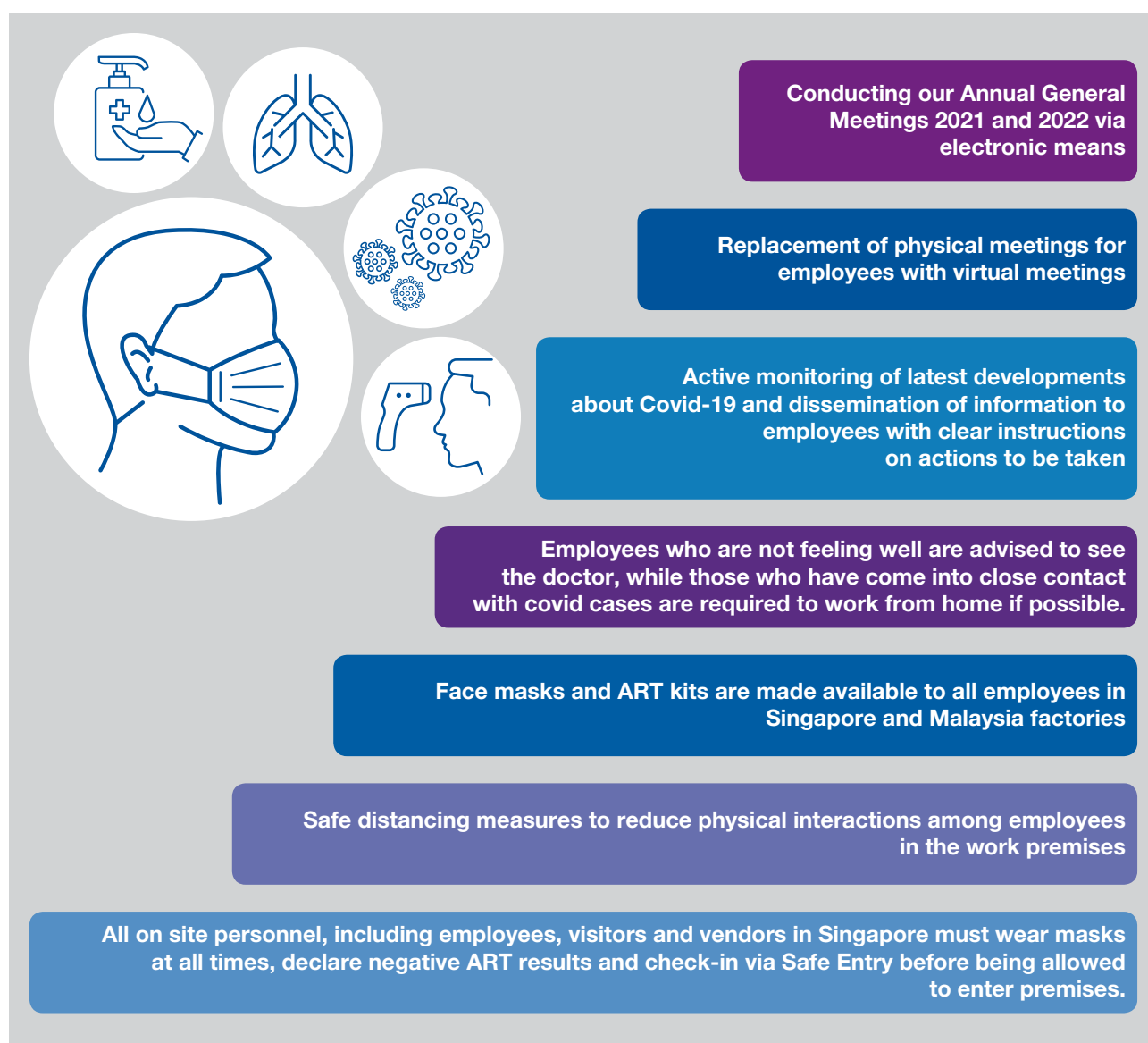
Action taken/underway to eliminate this hazard and minimise risks using the hierarchy of controls

- Rotation of job duties in intervals of 4 hours

INFECTIOUS DISEASES & PANDEMIC CONTINUITY PLAN

The Group has implemented several measures at our workplace to minimise the impact of Covid-19 on our business operations, safeguard the well-being of our employees and comply with the advisories issued by the various government agencies in Singapore, Malaysia and China.

These health and safety measures include:



SUSTAINABILITY REPORT

In accordance with Singapore Ministry of Health (MOH), below are the examples of safe management measures (SMM):

Safe Entry



Covid Test Kits for Staff



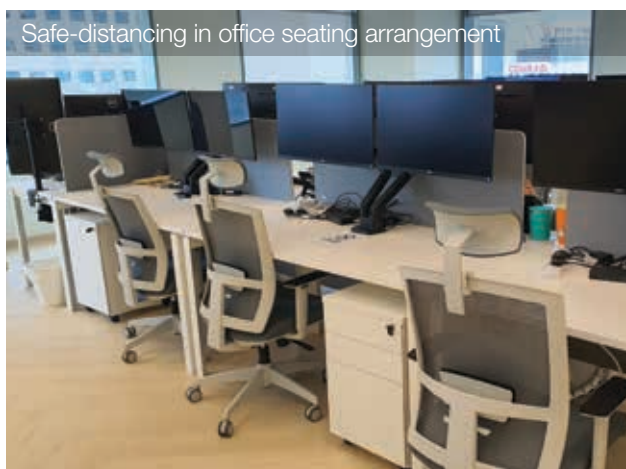
Safe-distancing markings in Conference Room



Safe-distancing markings in Meeting Room



Safe-distancing in office seating arrangement



Hygiene and SMM Education



FORCED OR COMPULSORY LABOUR

The Group endeavours to prevent and combat all forms of forced or compulsory labour within the scope of our activities. Firstly, we have a clear policy which strictly forbids the use of forced, bonded or indentured labour, including debt bondage, involuntary prison labour and slavery or human trafficking.

We also carry out a factory audit for each of our factories in Singapore, Malaysia and China when requested by customers by following the guidance of Responsible Business Alliance, which is a set of standards on social, environmental and ethical issues in the electronics industry supply chain. The standards set out in the Code of Conduct reference international norms and standards including the Universal Declaration of Human Rights, ILO International Labour Standards, OECD Guidelines for Multinational Enterprises, ISO and SA standards, and many more.

In addition, we ensure that our employment contracts are drawn up in languages that are easily understood by workers, to facilitate their understanding of the job scope and procedures for leaving the company.

In 2021, there were no incidents of non-compliance with forced or compulsory labour at our manufacturing facilities. Moving forward, the Group's target is to achieve zero incidents of non-compliance with Labour Laws relating to forced or compulsory labour. We also aim to achieve a rating of "satisfactory" or above on all Responsible Business Alliance factory audits, if any.

CHILD LABOUR

The Group strictly prohibits the use of child labour in all our activities. We encourage customers to request an audit of our manufacturing facilities to assess the risk of child labour under the Responsible Business Alliance Guidelines, whenever they believe it to be appropriate.

In 2021, there were no incidents of non-compliance with child labour at our manufacturing facilities. Moving forward, the Group's target is to achieve zero incidents of non-compliance with Labour Laws relating to child labour. We also aim to achieve a rating of "satisfactory" or above on all Responsible Business Alliance factory audits, if any.

PRACTISING GOOD GOVERNANCE

At Fu Yu, we are committed to ensuring and maintaining high standards of corporate governance and business conduct to uphold market integrity and safeguard the interests of our stakeholders for the Group's long-term success. We believe in fostering an organisational culture that promotes the highest level of integrity and ethical business practices, including compliance with applicable laws and regulations, respect for human rights and environmental conservation.



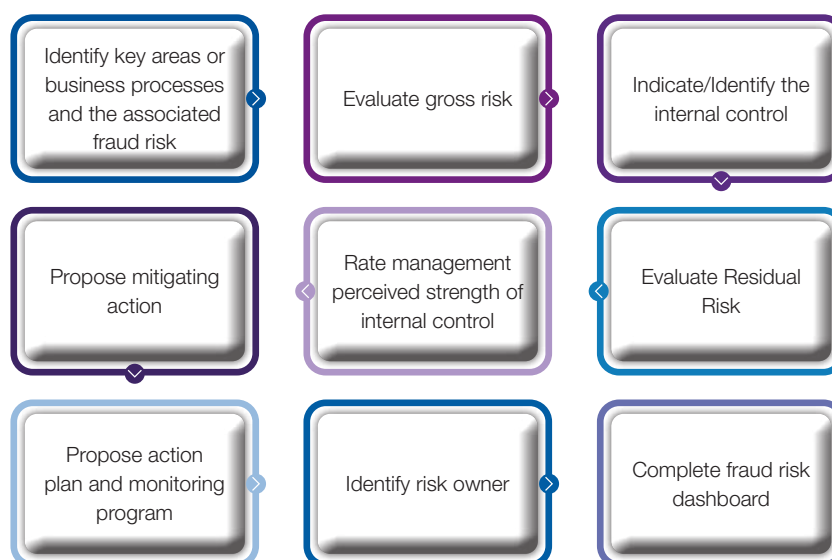
To strengthen our ethical culture and reinforce professional conduct, we organise training sessions to communicate the Group's Corporate Business Ethics and Code of Conduct Policy to our employees. Our policy provides detailed guidelines on employees' business conduct, including requirements for employees to declare any direct or indirect interest in, or relationship with other businesses and organisations where potential conflicts of interest may arise.

SUSTAINABILITY REPORT

ANTI-CORRUPTION

Our management takes the lead in fostering a strong corporate governance culture and implementation of policies that promote ethical behaviour. With zero tolerance towards unethical and corrupt practices, the Group places significant emphasis on effective prevention and detection of fraudulent activities and misconduct. We have adopted a Fraud Risk Management Framework and Policy that guides all employees on anti-fraud measures to minimise the risks of fraud. Our respective General Managers conduct a fraud risk assessment yearly, and reports any key fraud risks and anti-fraud mitigation measures to Audit Committee and the Board.

Fraud Risk Assessment Process



In addition, we have also put in place a Whistle Blowing Policy that provides a transparent channel for employees to raise concerns about possible fraud, improprieties in financial reporting and other matters. At the same time, this policy also provides reassurance that employees will be protected from reprisals or victimisation for whistle blowing in good faith. We conduct refresher training sessions annually on anti-corruption and whistle blowing policies for all our employees at the Group's operating sites.

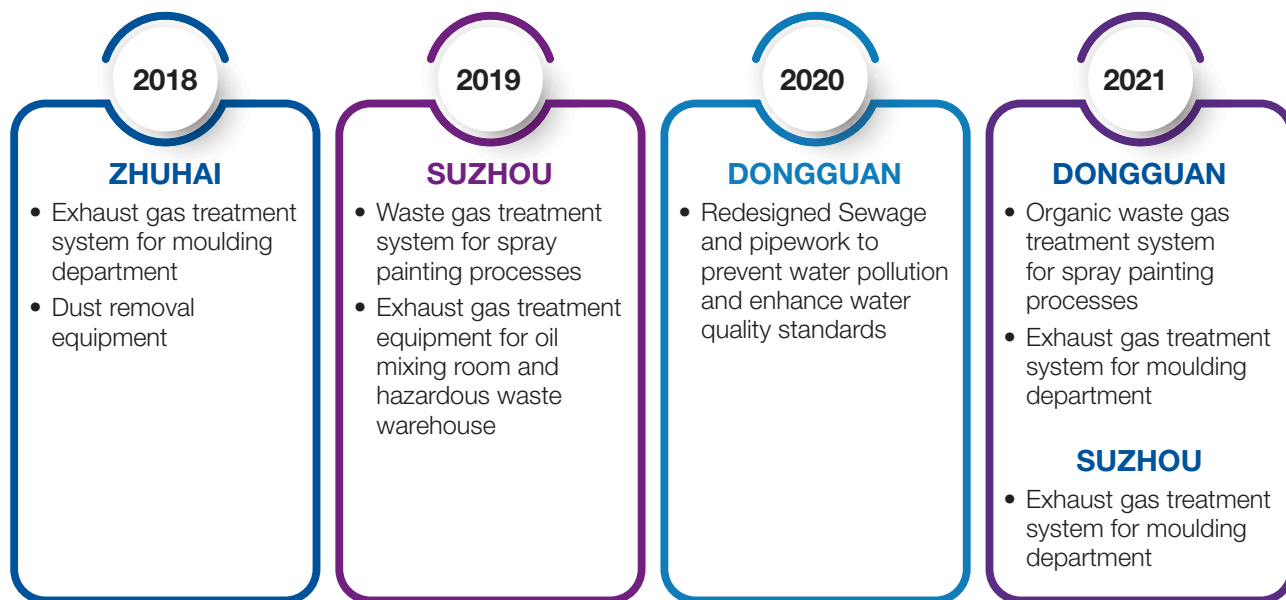
There were no confirmed incidents of corruption during the year. Moving forward, the Group targets to maintain zero confirmed incidents of corruption continuously.

ENVIRONMENTAL COMPLIANCE

The Group adheres to the highest standards of business practices to ensure compliance to all applicable environmental laws and regulations. We are mindful of the potential impact on the Group's operations, and reputation as well as legal liabilities that could result from a breach of applicable laws or regulations. To this end, we ensure that all of the Group's factories are ISO 14001 certified.

In 2021, there were no incidents of non-compliance with environmental laws and regulations resulting in significant fines or sanctions. Moving forward, the Group targets to maintain zero incidents of non-compliance with environmental laws and regulations resulting in significant fines or sanctions.

Our Environmental Compliance Projects



Latest Projects Completed in 2021

In fulfilling our corporate responsibility in sustainability initiatives, investment has been made at our China sites, to upgrade our VOC exhaust gas treatment to prevent air pollution.

Fu Yu Dongguan (FYDG)

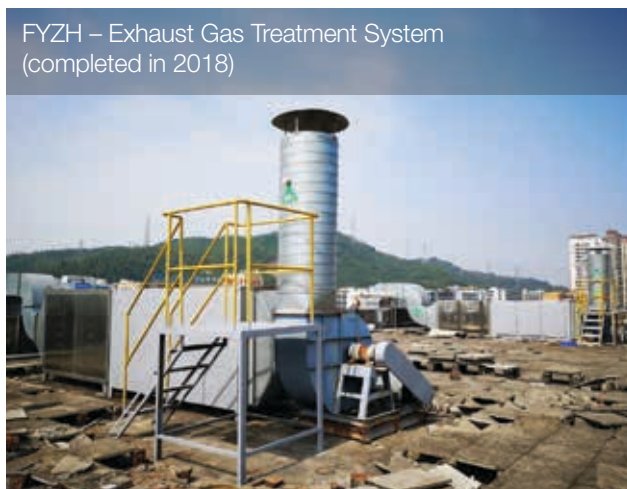


SUSTAINABILITY REPORT

Fu Yu Suzhou (FYSZ)



Previously Completed Projects



To resolve the issue of exhaust gas generated by our injection molding workshop and the secondary processing pad printing workshop, FYZH has installed an exhaust gas treatment system. This system comprises equipment that utilises decomposition and oxidation processes to transform the exhaust gas into odorless compounds or completely mineralised into water and carbon dioxide which can be safely discharged into the atmosphere. The entire purification process takes one second to complete.

The Group uses crushers to recycle plastic waste materials. As the main pollutant of the crushing process is dust, FYZH has installed dust removal equipment that will separate, filter and trap dust particles before releasing clean air back into the atmosphere.

FYZH – Dust Removal Equipment (completed in 2018)



FYSZ – Exhaust Gas Treatment for Spray Painting Processes (completed in 2019)



To treat exhaust gas generated from the spray-painting process, FYSZ has a system to remove harmful gases and reduce concentration of paint mist emitted from the spraying process. This system undergoes annual inspections to ensure it meets the requirements for environmental protection.

FYSZ has installed equipment to treat exhaust gas emitted from the oil mixing room and hazardous waste warehouse. This exhaust gas treatment system cleans gases through processes that utilise ultraviolet photocatalytic oxidation and an activated carbon absorption tower.

FYSZ – Exhaust Gas Treatment System for Oil Mixing Room and Hazardous Waste Warehouse (completed in 2019)



PROTECTION OF CONFIDENTIAL INFORMATION

We conduct our business in compliance with data protection laws and standards such as the Personal Data Protection Act (“PDPA”). Our Group’s Personal Data Protection Policy (“PDPP”) sets out the rules on data protection and the legal conditions that must be satisfied in relation to the collection, handling, processing, storage, transportation and destruction of personal data. All employees are encouraged to familiarise themselves with the PDPP and ensure that they shall manage or handle any personal data in adherence to the PDPP.

With the increasing prevalent and complexity of cyberattacks and data theft threats, the Group’s Information Technology (“IT”) department has established a Cybersecurity framework across the Group’s business subsidiaries. This risk assessment based approach translates into a holistic Cyber Defence Strategy and work plan involving investment into Upgrade of Hardware, Detection of Intrusion and Prevention and Response etc across the Group.

The Group has also put in place a Cybersecurity awareness training programme for existing staff and all newly joined employees. We conduct phishing email simulation testing to test all our employees annually.

We have established policies to manage Cybersecurity Risk. These policies are audited by external auditors on a regular basis.

SUSTAINABILITY REPORT

Customer Privacy

The Group enforces strict customer privacy which underpins the level of trust and the quality of relationships we have established with stakeholders over the years. We strive to inform customers of the privacy and data security policies, practices and technologies that we have put in place. The Group has also developed responsible measures to ensure the security of personal data that we collect, store, process and disseminate. To protect the interests of customers, the Group adheres to strict confidentiality through legally enforceable contracts and Non-Disclosure Agreements with customers in a bid to protect their competitive data, proprietary information and other intellectual property.

There were no identified leaks, thefts or losses of customer confidential information in 2021. Moving forward, the Group targets to maintain zero incidents in the forthcoming year.

CORPORATE SOCIAL RESPONSIBILITY

Fu Yu strongly believes in giving back and creating positive impact for our local communities. Hence, we have continued putting in the effort despite the pandemic, through the different donation channels.

In 2021, FHM made donations to the Children's Protection Society and MAA Medicare Charitable Foundation. The Children's Protection Society offers services to neglected or abandoned children in Penang. The cash donation would aid in providing these children at risk with a safe and supportive environment conducive to their healthy development. Whereas, MAA Medicare Charitable Foundation aid in making treatment for heart diseases affordable to the underprivileged Malaysians. Aside from these cash donations, FYSZ bravely volunteered in the participation of blood donation, in spite of this sensitive times where people fear of Covid-19 exposure.



RESTATEMENT OF INFORMATION

The information on the energy consumption for FY2020 was restated due to conversion error by certain subsidiary in the Group. The effect of the restatements of information given in the previous Sustainability Reports are presented as follow:

	Previously Reported	Restated
Energy Consumption (kWh)	38,260,378	41,331,000
Energy Intensity (kWh/revenue)	0.249	0.269

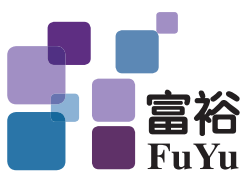
GRI CONTENT INDEX

GRI Standards		Notes/Page number(s)
General Disclosures		
Organisational Profile		
102-1	Name of the organisation	Fu Yu Corporation Limited
102-2	Activities, brands, products, and services	Corporate Profile, page 1 Operations Review, pages 4 to 5
102-3	Location of headquarters	Operations Review, pages 4 to 5 Our Network, page 11
102-4	Location of operations	Operations Review, pages 4 to 5 Our Network, page 11
102-5	Ownership and legal form	Group Structure, page 7
102-6	Markets served	Corporate Profile, page 1 Operations Review, pages 4 to 5
102-7	Scale of the organisation	Corporate profile, page 1 Operations Review, pages 4 to 5 Our Network, page 11
102-8	Information on employees and other workers	Employment and Talent Retention, pages 27 to 29
102-9	Supply chain	Stakeholder Engagement, pages 17 to 18 Effluents and Waste, pages 25 to 27
102-10	Significant changes to organisation and its supply chain	No significant changes
102-11	Precautionary principle or approach	Fu Yu Corporation Limited does not specifically refer to the Precautionary principle
102-12	External initiatives	Stakeholder Engagement, pages 17 to 18
102-13	Membership of associations	Stakeholder Engagement, pages 17 to 18
Strategy		
102-14	Statement from senior decision-maker	Board Statement, page 14 Our Approach to Sustainability, page 16
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behaviour	Board Statement, page 14 Our Approach to Sustainability, page 16
Governance		
102-18	Governance structure	Board Statement, page 14 Our Approach to Sustainability, page 16
Stakeholder Engagement		
102-40	List of stakeholder groups	Stakeholder Engagement, pages 17 to 18
102-41	Collective bargaining agreements	FYC Singapore has collective bargaining agreements in place
102-42	Identifying and selecting stakeholders	Stakeholder Engagement, pages 17 to 18
102-43	Approach to stakeholder engagement	Stakeholder Engagement, pages 17 to 18
102-44	Key topics and concerns raised	Stakeholder Engagement, pages 17 to 18

SUSTAINABILITY REPORT

GRI Standards		Notes/Page number(s)
General Disclosures		
Reporting Practice		
102-45	Entities included in the consolidated financial statements	Group Structure, page 7 Our Network, page 11
102-46	Defining report content and topic Boundaries	Our Report, page 14
102-47	List of material topics	Material Factors, pages 19 to 20
102-48	Restatements of information	Restatement Information page 42
102-49	Changes in reporting	There are no changes in reporting
102-50	Reporting period	1 January 2021 – 31 December 2021
102-51	Date of most recent report	2020 Sustainability Report
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	Our Report, page 14
102-54	Claims of reporting in accordance with GRI Standards	With reference to GRI Standards
102-55	GRI content index	GRI Content Index, pages 43 to 45
102-56	External assurance	Fu Yu Corporation Limited has not sought external assurance for this reporting period and may consider it for future periods
Management Approach		
103-1	Explanation of the material topic and its boundary	Board Statement, page 14
103-2	The management approach and its components	Our Approach to Sustainability, page 16
103-3	Evaluation of the management approach	Material Factors, pages 19 to 20
Material Topics		
Economic		
201-1	Direct economic value generated and distributed	Economic performance, page 21
Anti-corruption		
205-3	Confirmed incidents of corruption and actions taken	Anti-corruption, page 38
Energy		
302-1	Energy consumption within the organisation	Energy, pages 22 to 23
302-3	Energy intensity	Energy, pages 22 to 23
Water		
303-1	Water withdrawal by source	Water, page 24

GRI Standards		Notes/Page number(s)
General Disclosures		
Effluents and Waste		
306-2	Waste by type and disposal method	Effluents and Waste, pages 25 to 27
Environmental Compliance		
307-1	Non-compliance with environmental laws and regulations	Environmental Compliance, pages 38 to 41
Employment		
401-1	New employee hires and employee turnover	Employment and Talent Retention, pages 27 to 29
Occupational Health & Safety		
403-9	Work-related injuries	Occupational Health and Safety, pages 31 to 34
403-10	Work-related ill health	Occupational Health and Safety, pages 31 to 34
Training and Education		
404-1	Average hours of training per year per employee	Training and Education, page 30
Diversity & Equal Opportunity		
405-1	Diversity of governance bodies and employees	Diversity and Equal Opportunity, page 29
Child Labour		
408-1	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour	Child Labour, page 37
Forced or Compulsory Labour		
409-1	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour	Forced or Compulsory Labour, page 37
Customer Privacy		
418-1	Total number of substantiated complaints received concerning breaches of customer privacy, and total number of identified leaks, thefts, or losses of customer data	Protection of confidential information, page 41 to 42



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