



GP Industries Limited
Sustainability Report 2019 – 2020



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1. Statement from Chairman

The Board of Directors (the “Board”) of GP Industries Limited (the “Company” or “GP Industries”) is pleased to present the sustainability report of the Company and its subsidiaries (the “Group”) for the financial year ended 31 March 2020 (“FY2020”).

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

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

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

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

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

I would also like to express my gratitude to our dedicated staff members who continued the smooth operation of our businesses during the global COVID-19 pandemic. Special thanks go to those who braved personal hardships to stay in their posts during lockdown periods. I thank my fellow Board members and management team for their commitment and engagement during the year. I also thank our stakeholders, including customers, suppliers, shareholders and bankers for their unswerving support during this difficult time.

Victor LO Chung Wing

Chairman and Chief Executive Officer
17 August 2020

2. Organizational Profile

The Company is incorporated in Singapore and has been listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”) since 1995. It is the main industrial investment vehicle of Hong Kong-listed Gold Peak Industries (Holdings) Limited (“Gold Peak”) which currently owns an 85.55% interest in the Company as at 17 August 2020.

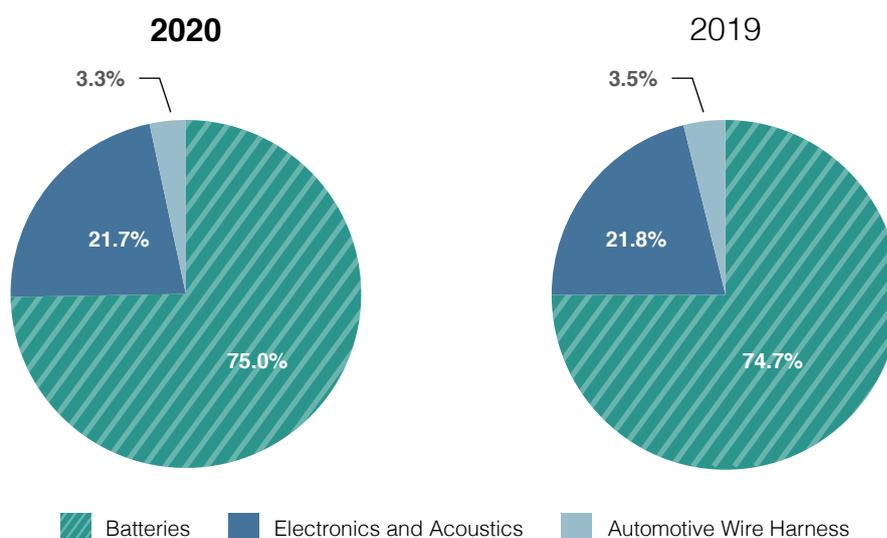
The Company is principally engaged in holding of investment in subsidiaries and associates, and is the regional headquarters of the Group. The Group is principally engaged in the development, manufacture and marketing of batteries and related products, and electronic and acoustic products. In addition, the Group also manufactures automotive wire harness products.

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

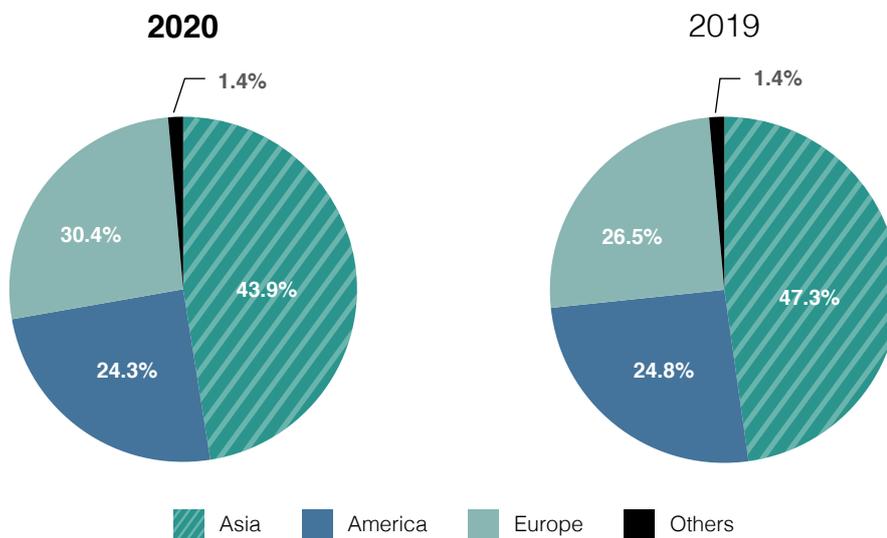
The Group has a strong and extensive manufacturing and distribution network. The Group’s manufacturing activities are mainly carried out in Mainland China, Malaysia and Vietnam. The Group has established subsidiaries in Singapore, Mainland China, Hong Kong, Taiwan, Japan, Malaysia, United Kingdom, Germany,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

The Group’s revenue for FY2020 and the financial year ended 31 March 2019 (“FY2019”) analysed by business segments and geographic areas are as follows:

Revenue analysed by business segments



Revenue analysed by geographical areas



The Group's major suppliers are mainly located in China. The Group's purchases include metals and chemicals used for the manufacturing of batteries, electronic components and wooden boxes for the manufacturing of electronics and acoustics products, and moulding parts, terminals and connectors for manufacturing of automotive wire harness products.

The Group's associates are principally engaged in the manufacturing of metallic products, electronic components, electronic cables, wires and cable assemblies, acoustics products, and manufacturing, marketing and trading of battery and battery products.

3. The Group's Sustainability Story

Conservation, Product Excellence and Corporate Social Responsibility

The Group has always held a high standard for environmental, social and governance ("ESG") issues. In addition to complying with relevant laws and regulations on environmental protection matters, the Group is always mindful of conserving resources. For example, the design of the Group's factory for the manufacturing of electronics and acoustic products conserves electricity consumption by allowing more sunlight to enter into the building. On a daily basis, employees are always reminded to minimise paper consumption by recycling used paper whenever possible.

The Group strives to develop innovative products that are both eco-friendly and cost-efficient in order to enrich the daily experience and improve the living standard of its customers as a whole. This is well demonstrated by the Group's KEF R11 floorstanding speaker, KEF LS50 Wireless, KEF R3 stand mount and KEF LSX wireless music system which were well received by the market and scooped a number of awards from prestigious music and gadget magazines.

GP Batteries has dedicated significant amount of resources and efforts to its research and development centre for the development of new products and introduction of advanced equipment. In order to meet the increasing market demand, GP Batteries has equipped itself with cost-effective automated systems that enhance productivity and quality control. GP Batteries' quality management system and manufacturing process is data-driven and follows the Six Sigma philosophy for continuous improvement. Factors / parameters that could affect product quality are hence prevented by data automation. GP Batteries also possess inspection equipment exclusive to the battery industry such as AAS (Atomic Absorption Spectroscopy), UV - VIS (UV - Visible Spectrometry) and EDXRF (Energy Dispersive X-Ray Fluorescence).

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

Sustainability Targets

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

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

Noteworthy Awards

During FY2020, the Group received a number of awards in recognition of its efforts in protecting the environment and product innovation:

Batteries Business

- Three factories in China

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

- **3 Years+EcoPioneer or 5 Years+EcoPioneer of BOCHK Corporate Environmental Leadership Awards**



Acoustics Business

- KEF R11 floorstanding speaker

Expert Imaging and Sound Association (EISA)

- EISA Award: Best Product 2019-2020 – High-end Loudspeaker

- KEF LS50 Wireless

What Hi-Fi? Sound & Vision, UK

- What Hi-Fi? Product of the Decade

- KEF R3 stand mount

What Hi-Fi? Sound & Vision, UK

- What Hi-Fi? Best Buy Award 2019

- KEF LSX wireless music system

What Hi-Fi? Sound & Vision, UK

- What Hi-Fi? Best Buy Award 2019
- Product of the Year

Expert Imaging and Sound Association (EISA)

- EISA Award: Best Product 2019-2020 – Wireless Stereo Loudspeaker

Considering Stakeholders' Interest amid the COVID-19 Pandemic

The Group recognises the importance for all of its stakeholders to weather the COVID-19 pandemic together. The following are some of the efforts of the Group in taking the interests of its stakeholders into consideration while achieving the Group's business objectives during this challenging period.

Employees

During the COVID-19 pandemic, in addition to full compliance with the relevant regulations and legislations imposed by various governments and jurisdictions regarding workplace safe management and movement controls, the Group has taken the following precautionary measures to safeguard our workplace in its entirety. A designated task force was formed to enhance implementation of hygienic measures. Temperature screening procedure was conducted on every person entering the workplaces. Commonly touched areas in workplaces were disinfected regularly. Adequate face masks and disinfectant were provided in workplaces. Employees were recommended to maintain good personal hygiene such as wearing face masks in their workplaces and washing hands frequently. Employees were also required to declare personal health condition and recent travel history before resumption of work.

In Hong Kong, where no lockdown was imposed, special transportation arrangements, flexible working hours and provision of in-house meals were arranged for employees to reduce exposures in crowded places and thus risk of infection. Shift duties and work from home arrangements were implemented to reduce contacts among employees while maintaining smooth business operation. Employees who displayed symptoms of fever or other respiratory symptoms were advised to seek immediate medical advice and take sick leave. The Group provided special leave arrangement for employees who were subjected to compulsory quarantine ordered by the governments during the pandemic.

All business travels have been reduced to minimal. The Group encouraged the use of telecommuting wherever possible in order to minimise guest visits to office premises and reduce physical meetings, both internally and with external parties.

Customers

Physical lockdowns in a number of countries affected demands as well as physical movement of stocks. As a result, some of our customers requested to cancel their purchase orders or delay shipment of their purchases. Our sales teams have been working closely with operations and logistics teams to offer best flexibility to accommodate all these requests, and render our support to these key customers in this difficult period. After carefully considering the requests of some of the customers, the Group allowed some orders to be cancelled or re-scheduled for a later shipment date without enforcing its contractual rights on the customers. In addition, the Group also extended the credit terms for certain customers, after rigorously assessing their creditworthiness.

Suppliers

Physical lockdowns also impacted our supply chain, as certain suppliers suspended operations due to movement controls while supply lead time increased. Nevertheless, active engagement with suppliers by the batteries business helped to reduce the impact. Since last year, the batteries business have implemented the “Quarterly Suppliers Questionnaire” to communicate with its “Level 1” suppliers (which are on its “Approved Vendor List”) for updates on the supplier’s production situations. Such regular and systematic engagement has been particularly helpful during this period. The battery business and its suppliers were able to align on priority requirements to minimize any impacts on the Group’s productions and supply chain. In addition, the Group’s policy of maintaining alternative suppliers for critical materials also diversified the risk of over reliance on a single supplier.

Local Communities

Amidst the COVID-19 pandemic, the Group could not continue with some of its community services due to the various safe management measures implemented. However, the Group attended to some of the needs of the community arising from the pandemic. Such efforts are discussed in paragraph 12.5.

Other Stakeholders

The Group also recognises the importance of updating the Group’s capital providers with its latest development. Such capital providers include shareholders who provide equity, and lenders which provide loan capital.

On 2 June 2020, the Group provided its shareholders with a business update on the impact of the COVID-19 outbreak via an announcement to SGX-ST, which sets out how COVID-19 affected the revenue and financial performance of the Group for the financial quarter ended 31 March 2020, as well as the cost control measures implemented by the Group in mitigating the adverse financial impact arising from the COVID-19 pandemic.

The Group also engages the lenders more regularly, in order to facilitate the lenders to understand how COVID-19 has impacted the Group’s businesses and what are the Group’s strategies and measures adopted in meeting the challenges.

4. Ethics and Integrity

Business Ethics and Integrity

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

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

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

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

Whistleblowing Policy

The Group has established a whistleblowing policy that allows anyone to report in good faith any misconduct or malpractice, without fear of reprisal, through a confidential channel. If investigation is to take place, the head of internal audit will carry out the investigative work, and then seek administrative support from the Audit and Risk Committee (the “ARC”). The ARC may also consider the appointment of an external party to assist the head of internal audit in performing the investigative work. The Board, the ARC and the head of internal audit will keep strict confidentiality on the informer’s identity throughout the course of the investigation. Any form of disadvantage or reprisal against the informer by the Company’s management or staff is expressly prohibited.

Anti-Corruption

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

The Group’s whistleblowing policy also enables suspected corruptive practices within the Group to be reported in strictest confidence.

During FY2020, the Group complied with all relevant laws and regulations that have significant impact on the Group relating to bribery, extortion, fraud and money laundering. No legal case regarding corrupt practices was brought against the Group or its employees.

Interested Person Transactions (“IPTs”)

The Company has adopted an internal policy in respect of any transaction with interested persons and has set out the procedures for review and approval of the Group’s IPTs. Please refer to the section on Interested Person Transactions in the Group’s Annual Report for FY2020 (“FY2020 AR”) for our disclosure in accordance with Rule 907 of the SGX-ST Listing Manual in respect of IPTs for FY2020.

Dealing in Securities

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

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

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

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

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

5. Statement of the Board and Governance

Sustainability Strategy

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

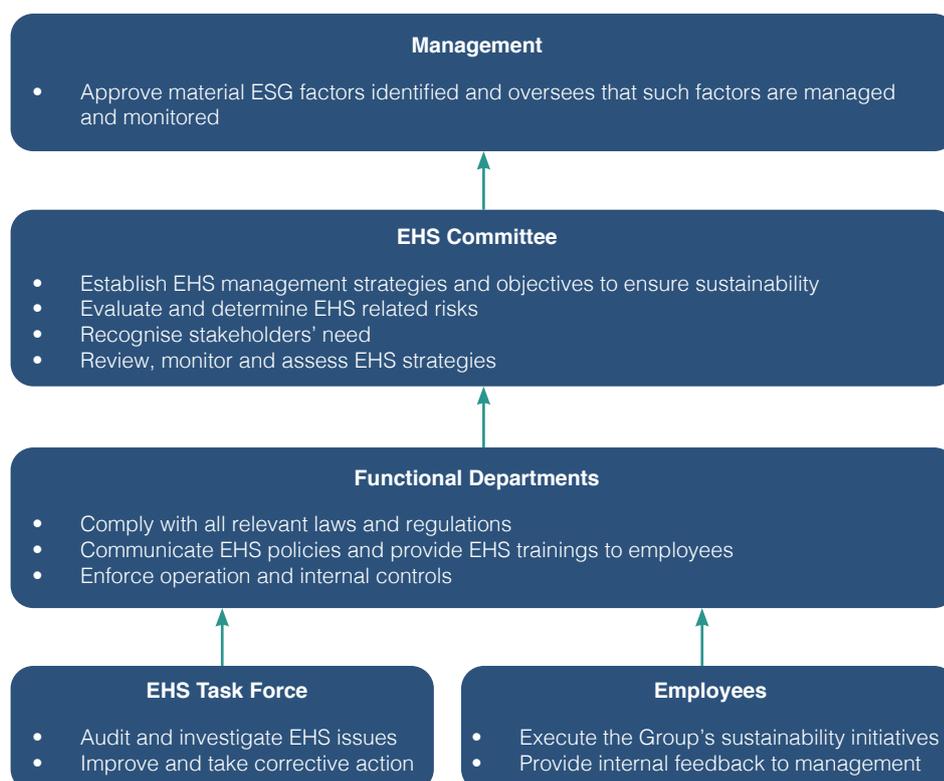
Sustainability Governance

The Board has delegated the responsibility for monitoring and overseeing the Group's sustainability efforts to management, comprising the Executive Directors and the heads of functional departments, such as finance and human resources, and business units. In addition, an Environmental, Health and Safety ("EHS") Committee has been formed to evaluate and determine the EHS related risks pertaining to the Group's businesses and ensure appropriate internal controls are in place.

The Board incorporates sustainability issues into the strategic formulation of the Group. The Board approves the material environmental, social and economic factors identified by the EHS Committee, and ensures that the factors identified are well-managed and monitored by the EHS Committee.

The Board believes that this sustainability report provides a reasonable and transparent presentation of the Group's sustainability strategy and of its ESG performance, including how its sustainability strategies are refined in responding to the changing environment.

The Group's approach to sustainability governance is summarised as follows:



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

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

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

7. Reporting Practice

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

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

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

This report supplements the Group’s FY2020 AR. Detailed section reference with GRI Standards is found at the end of this report.

GRI does not require external assurance and Management has assessed that external assurance is not required for this FY2020 report.

The consolidated financial statements of the Group for FY2020, as set out in its FY2020 AR, incorporate the financial statements of the Company and its subsidiaries made up to 31 March 2020. Information of the significant subsidiaries of the Company are set out on page 110 to 114 of FY2020 AR.

This report does not cover the ESG performance of the associates of the Group, as the Group does not have control in these entities. Information of the significant associates of the Company are set out on page 114 to 116 of FY2020 AR. The Board is also pleased to note that some of the significant associates have already embarked on their sustainability journey and such information ⁽¹⁾ can be accessed as follows:

Name of associate	Report or sustainability initiatives
Dongguan Jifu Metallic Products Ltd.	Social Responsibility Policy (Labour and Corporate Ethics Policy)
	Energy Monitoring
Linkz Industries Limited	Manufacturing Plants - Green Approach
Meiloon Industrial Co., Ltd.	2018 Corporate Social Responsibility Report
	Corporate Social Responsibility
	RoHS 2 / REACH
	Industry-Academic Cooperation
	Conflict Minerals Sourcing Policy
	Conflict Minerals - EICC Report
Time Interconnect Technology Limited	ESG Report for FY2020 set out on page 53 to 82 of the annual report of Time Interconnect Technology Limited for FY2020

⁽¹⁾ Information on website is correct as at 17 August 2020

8. Stakeholder Engagement

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

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

Stakeholder	Method of engagement	Topics and concerns
Employees	<ul style="list-style-type: none"> Internal communications, formal and informal 	<ul style="list-style-type: none"> Career development Working environment and wellbeing Remuneration and benefits Compliance with local labour laws
Customers	<ul style="list-style-type: none"> Meetings Feedback 	<ul style="list-style-type: none"> Pricing Product safety EHS practices Ethical practices
Suppliers	<ul style="list-style-type: none"> Suppliers' assessment 	<ul style="list-style-type: none"> Economic performance Ethical practices
Shareholders	<ul style="list-style-type: none"> Annual reports Annual general meeting Investor relationship management 	<ul style="list-style-type: none"> Economic performance Distribution to shareholders
Government and regulatory authorities	<ul style="list-style-type: none"> Periodic reports and returns Ongoing dialogues 	<ul style="list-style-type: none"> Compliance with laws and regulations
Local communities	<ul style="list-style-type: none"> Engagement in community services 	<ul style="list-style-type: none"> Environmental impacts Community engagement

9. Material Topics and Boundaries

Material topics are identified by communications with stakeholders as discussed in paragraph 8. Reporting and disclosure requirements imposed by regulatory authorities are also considered. Material sustainability topics of the peers are also considered if they are relevant to the Group. The identified material topics are then evaluated internally and prioritised accordingly to the impact to the stakeholders and attributable to the risk and opportunities.

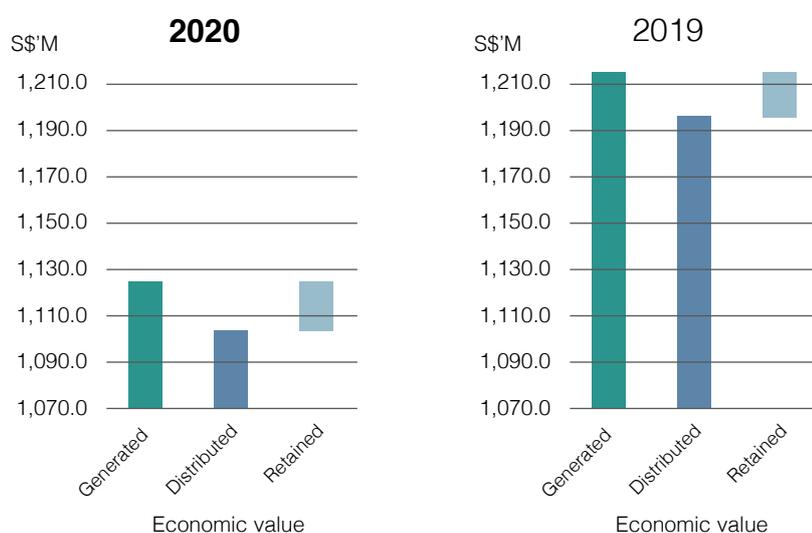
Material topics discussed in this report	Boundaries (i.e. which segment, country or subsidiary, where applicable)
Economic	
Market presence	By country
Economic performance	Group-wide
Anti-corruption	
Environmental	
Materials	Group-wide
Energy	
Water	
Effluents and waste	
Environmental compliance	
Social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

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

10. Economic Topics

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

Economic performance is considered important to the Group as this is a key indicator on the Group's capability to meet the expectation of various groups of stakeholders. The Group's income statement for FY2020 are set out on page 32 of FY2020 AR. The following is a statement of direct economic value generated and distributed of the Group for FY2020, as compiled from the afore-mentioned income statement and other information set out in FY2020 AR:



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

	2020 S\$' million	2019 S\$' million
Direct economic value generated:	1,122.9	1,214.7
Revenue	1,062.4	1,167.1
Proceeds from disposal of assets ⁽²⁾	37.1	24.2
Share of results of associates, net of taxation	23.4	23.4
—		
Economic value distributed:	1,103.0	1,196.9
Operating costs ⁽³⁾	843.5	923.1
Employee wages and benefits ⁽³⁾	202.3	206.0
Payments to providers of capital (finance costs and dividends)	38.2	53.9
Payments to government	19.0	13.9
=		
Economic value retained:	19.9	17.8

⁽²⁾ Includes restructuring charges of S\$17.6 million (2019: compensation income of S\$17.2 million).

⁽³⁾ Includes economic value distributed attributable to community investments activities, which was not separately identified.

The lockdown and social distancing measures imposed by the Chinese government in response to the COVID-19 outbreak in Mainland China shut down most of the Group's factories and offices in Mainland China starting February to mid-March 2020. Combined with subsequent manpower and logistics problems caused by interrupted transportation and some supply chains, production output and operating efficiency for some of the Group's factories were significantly affected. In the second half of March 2020, the Group's factories in Malaysia and Vietnam were locked down by the respective governments to prevent the spread of the pandemic. As a result, revenue of the Group for the financial quarter ended 31 March 2020 declined by 15.1%. The Group's revenue for FY2020 declined by 9.0%.

11. Environmental Topics

Environmental Protection

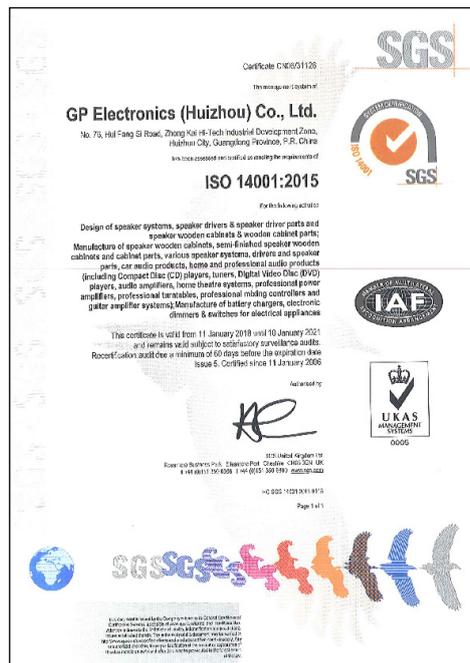
The Group believes that environmental protection is an important objective in operation. It strives to maintain green operations and develop products that help to enhance low carbon society, minimize adverse environmental impacts and achieve sustainable development. The Group engages in energy efficient practices and strives to reduce energy consumption to alleviate effects on global warming.

The Group enhances conservative and efficient use of resources through automation. It adopts clean production practices and preventive measures throughout the whole lifecycle of its products in order to minimize environmental impact, and pursue growth and sustainability. Production and operation processes are reviewed and analysed to identify environmentally friendly and cost-effective technology so as to reduce emissions, use of hazardous materials, energy consumption and waste production. Video and phone conferences are encouraged to reduce business travel-related carbon footprint. Duplex printing and paperless operation are advocated to conserve natural resources.

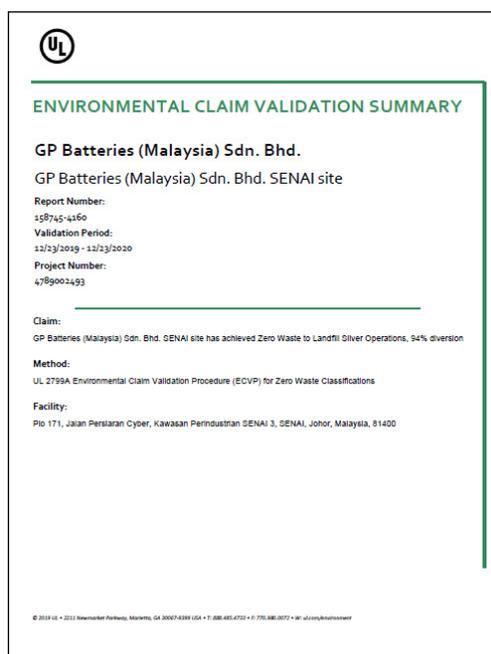
It is also the Group's policy to improve its operations and minimize its adverse impact on the environment and natural resources. The environmental risks relating to EHS legislations are being assessed and mitigated during the design and development of its products. Pre-development support teams are formed as early as in the concept phase to review the products' design-for-manufacturability and environmental impact.

Sustainability will be a major emphasis in developing the Group's products and manufacturing capabilities. The Group is working on more sustainable products, using recycled materials and reviewing packaging strategy. Its target is to make all production materials and wastes reusable and recyclable. Moving forward, the Group will do its best to help save the planet with the ambition to drive the industry both in standards and performance as well as to produce batteries in a more sustainable way.

The Group's factories have been accredited with ISO14001. The accreditations demonstrate that the Group has established an effective environmental management system to control and manage hazardous substances.



For the past two years the Group's battery factories have been striving for the "Zero Waste to Landfill" validations. During FY2020, three factories of the Group in China and Malaysia received UL (Underwriters Laboratories) Zero Waste to Landfill Silver Validation by UL-CCIC Company Limited to acknowledge their achievements in minimizing production waste, diverting the waste from the landfill for reuse, recycling and incineration with energy recovery, as well as its commitment to sustainable development. The Group intends to gradually have all its manufacturing plants accredited with such validation.



Impact of COVID-19 pandemic on environmental topics

As discussed in paragraph 10.1, the COVID-19 pandemic caused the Group's factories in China and Malaysia to temporarily suspended their operations for two to four weeks in February and March 2020 and contributed to the decrease in the Group's revenue for FY2020. During such period of factory closure, the Group consumed less resources and generated less waste. However, due mainly to a decrease in the Group's revenue, intensity, expressed as resources consumed or waste generated per million dollar of revenue, of certain environmental topics discussed below increased.

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

The Group uses eco-friendly packaging materials for finished products. Apart from the necessary protection for shipment, the Group strives to avoid excessive packaging design. Types of packaging material usually include cardboards, paper and plastics. Product packaging is constantly reviewed in order to reduce material usage and minimize the impact on the environment.

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

	2020	2019
	Tons	Tons
Weight	4,134.5	4,208.3
Intensity (per S\$ million revenue)	3.892	3.606

11.2 Energy consumption within the organisation (302-1)

The Group educates and enhances staff awareness on saving electricity. Electric energy consumption is closely tracked and reviewed to maintain a lean and an efficient operation. Energy efficiency of equipment is considered in capital investment. For development of production equipment, the Group adopts energy-saving technology and uses energy-efficient components.

It is the long term direction of the Group to apply the green building concept and as an energy savings initiatives employed by its factories. Green building concept includes using natural lighting from roof window and courtyard glass, installing utilities underground for more headroom, using glass as partition as much as possible, replacing various light sources with LED tubes and using solar energy for certain lighting systems.

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

	2020 Million kWh	2019 Million kWh
Electricity consumption	86.3	90.8
Intensity (per S\$ million revenue)	0.081	0.078

11.3 Water withdrawal by source (303-1)

The Group regularly monitors its water consumption and water-saving washing facility is used. Water supply facilities and equipment are properly maintained. Water used in certain production plants is recycled for watering, toilet flushing and manufacturing. In addition, water-saving devices are installed to further reduce water consumption. There was no issue in sourcing water that is fit for the Group's manufacturing purpose in FY2020.

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

	2020 Million litres	2019 Million litres
Water consumption	506.1	584.5
Intensity (per S\$ million revenue)	0.476	0.501

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

The Group implements standardized management of hazardous wastes. Hazardous wastes primarily include nickel, manganese, metals and waste mineral oil-water emulsion from scrap and unqualified batteries, as well as rags and containers which were contaminated by oil and paints, organic solvents and a trace of metals. All hazardous wastes are disposed of in accordance with requirements of standardized management of hazardous wastes. All hazardous waste labels are standardized to reduce non-standardized collection of hazardous wastes. The production, collection, storage and handling of hazardous wastes have been properly handled in order to reduce the negative impacts towards soil, water and air. Hazardous wastes are aptly collected and sold to recycling companies for proper treatment.

Non-hazardous wastes mainly include scrapped cardboards, wood, plastics and metals, kitchen and office waste. Non-hazardous wastes are classified into non-recyclable and recyclable wastes. More than 80% of the non-hazardous wastes are recyclable. Non-recyclable wastes are collected and disposed of by garbage collection companies. Recyclable scrap parts such as cardboards together with solder oxide wastes and copper wire scraps are collected and sold to recycling companies.

Total wastes generated are as follows:

	2020	2019
	Tons	Tons
		<i>Restated ⁽⁴⁾</i>
Hazardous waste	2,088.1	1,988.7
Non-hazardous waste	2,097.5	2,407.0
Total	4,185.6	4,395.7
Intensity (per S\$ million revenue)	3.940	3.766

⁽⁴⁾ During FY2020, certain measurements were adjusted following the receipt of UL Zero Waste to Landfill Silver validation by three factories of the batteries business. Prior period comparative figures have been restated to conform to current year's presentation.

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

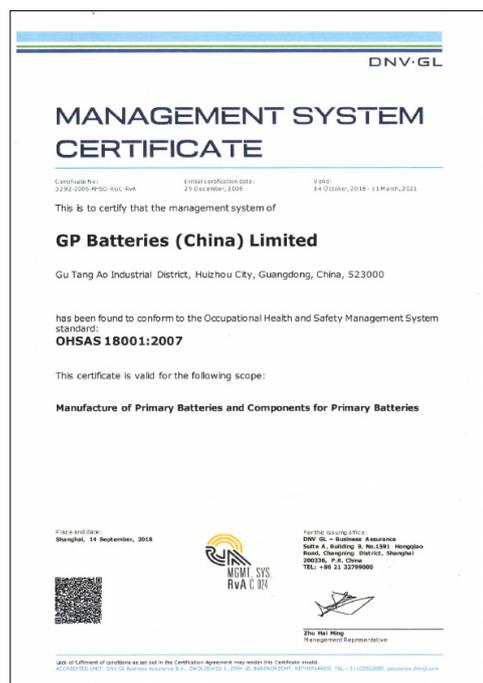
During FY2020, the Group complied with all relevant laws and regulations that have significant impact on the Group relating to discharges to land and generation of hazardous and non-hazardous wastes.

12. Social Topics

12.1 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities (403-2)

It is the Group's policy to provide its employees with a safe and healthy working environment in order to protect the health and wellness of its employees. The Group continuously improves its working conditions to prevent industrial accidents and occupational diseases. Health and safety standards such as working procedures, machine operating standards as well as hazardous materials and wastes handling guidelines are defined and communicated to employees, and such standards are regularly reviewed for corrective and improvement actions. Safety and occupational health courses are included in orientation program for new employees in production plants. Training courses were provided to employees on Responsible Business Alliance Audit, first aid and proper use of hazardous and chemical materials. Child and forced labour are strictly prohibited in the Group.

The Group uses Occupational Health and Safety Assessment Series 18001 ("OHSAS18001") as a framework for its occupational health and safety management system in order to create the best working conditions for employees and to prevent workplace accidents and illnesses. A number of the Group's plants in China were certified with the OHSAS18001 accreditations.



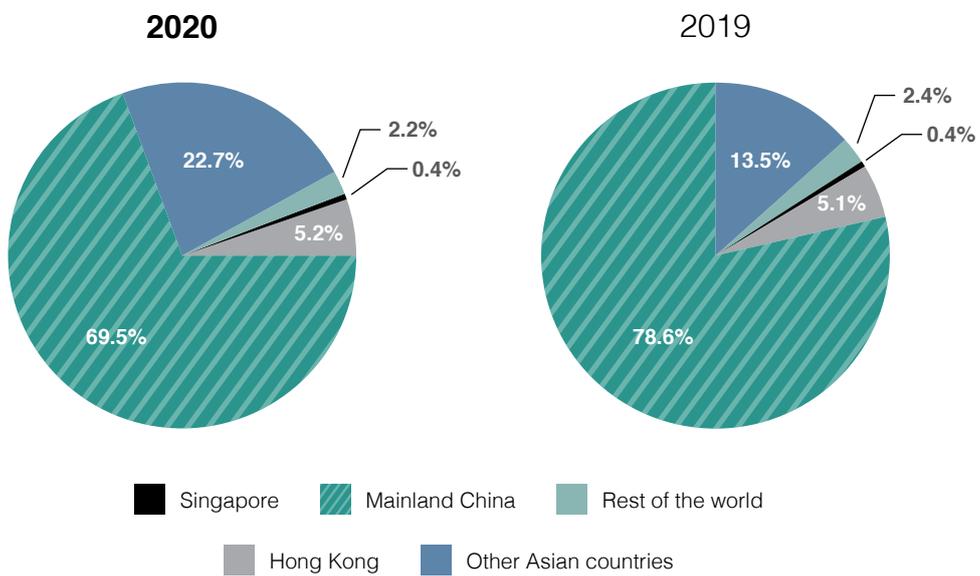
During FY2020, the Group complied with all relevant laws and regulations that have significant impact on the Group relating to providing a safe working environment, protecting employees from occupational hazards and prohibiting child and forced labour.

During FY2020, the subsidiaries in Hong Kong, Mainland China, Malaysia and Vietnam reported 36 (2019: 34) cases of minor workplace injury occurred, which resulted in a loss of 729 (2019: 1,044) working days, and zero work-related fatality.

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

As at 31 March 2020, the Group was supported by a motivated workforce of approximately 8,080 (2019: 7,900) employees worldwide, comprising approximately 3,530 (2019: 3,600) male employees and 4,550 (2019: 4,300) female employees. The work force are deployed in various countries or regions, as follows:

Percentage of employees by country or region

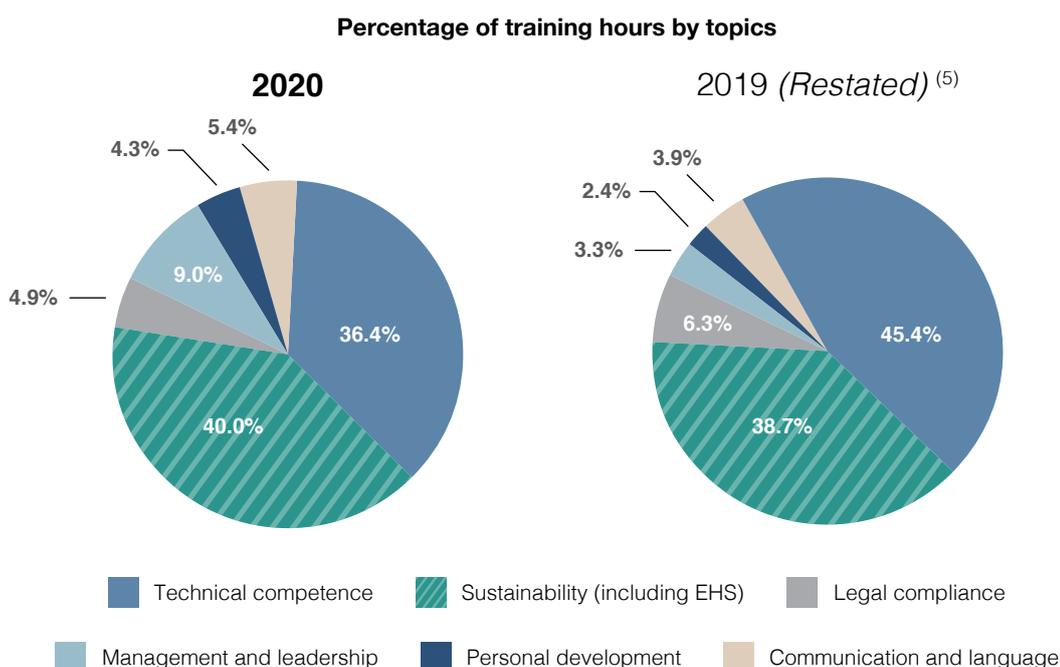


12.3 Average hours of training per year per employee (404-1)

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

During FY2020, a total of approximately 37,400 (2019: 33,400) hours of training, excluding orientation programmes for new employees, were recorded.

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

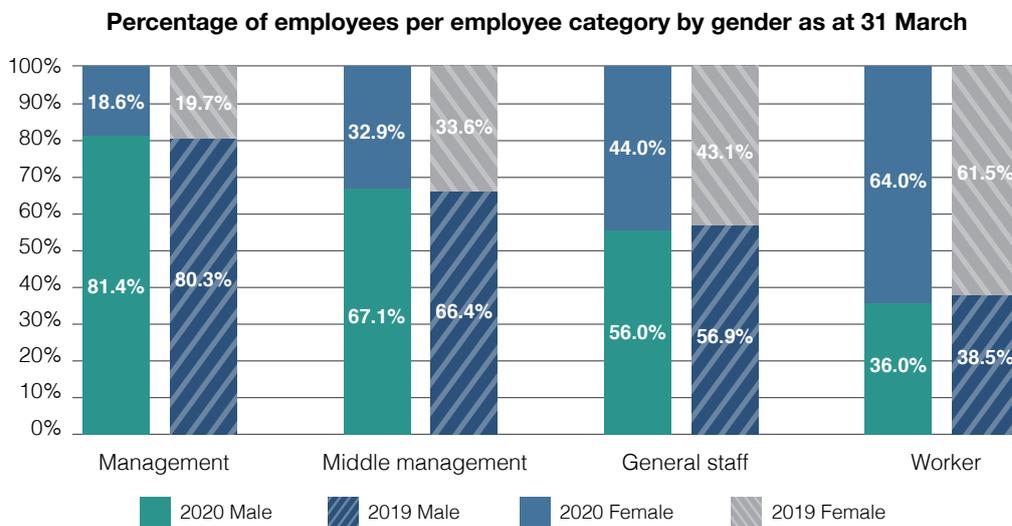


⁽⁵⁾ Prior period comparative figures have been restated to conform to the classification of the training hours for FY2020.

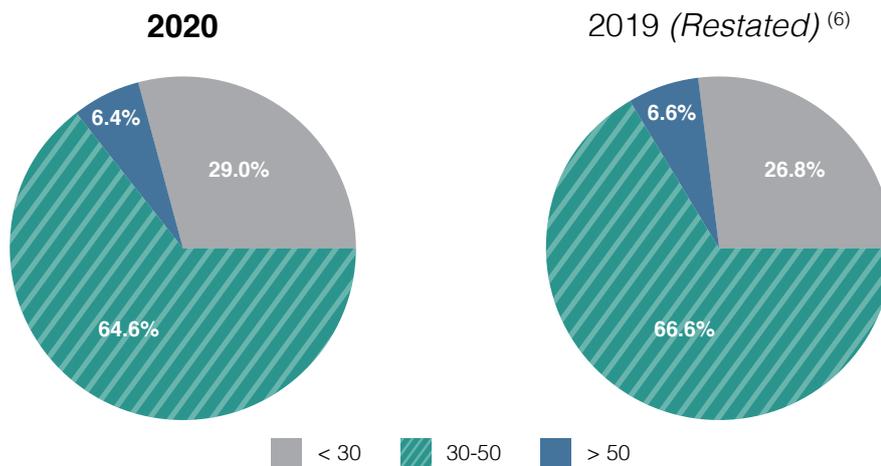
12.4 Diversity of governance bodies and employees (405-1)

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

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



Percentage of employees by age group as at 31 March



⁽⁶⁾ Prior period comparative figures have been restated to conform to the classification of age group for FY2020.

Further information on the Board and senior management of the Group are set out on page 16 to 19 of FY2020 AR.

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

12.5 Community Involvement (413-1)

As a responsible corporate citizen, the Group nurtures a caring culture among employees in the workplace and reciprocates to the community through participation in various community events.

In Hong Kong, the Group has supported the Community Chest's Corporate and Employee Contribution Program for over two decades. In addition, it actively participates in many community activities, such as Love Teeth Day, flag-selling, blood donation drives, Earth Hour, Lai See Packets (Red Packets for Chinese New Year) Recycle Program, etc. During FY2020, the Group has sponsored and organised a team of colleagues in Hong Kong to participate in a fund-raising activity to support the Sheen Hok Raising Sun Project of Sheen Hok Charitable Foundation. Money raised was donated to students in Hong Kong with special education needs and their families.



During the early outbreak of the COVID-19 pandemic in January 2020, the Group initiated to source surgical masks, in the midst of supply shortage, for donation to medical institutes and elderly homes both in Hong Kong and overseas to help keeping the medical staff, workers and the elderly safe from the virus. The Group pledges not only to contribute to local communities, but also gives support to other countries in need during the difficult period.



The Group is also committed in promoting healthy lifestyles. Since 2014, GP Batteries has been a sponsor and the sole supplier of batteries for the Hong Kong Standard Chartered Marathon and the staff members are encouraged to join the running event together with their families to promote a healthy life and work-life balance. Unfortunately the 2020 event, which was originally scheduled in early 2020, was suspended due to the COVID-19 pandemic.

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

The Group is committed to producing safe and quality products.

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

As an established global brand, GP Batteries adheres to international safety standard. The Group's quality assurance centres, located strategically in China and Singapore, are well-recognized by more than 90 international regions under International Laboratory Accreditation Cooperation - Mutual Recognition Agreement. The Group's laboratory in Hong Kong is the first and only one in Hong Kong among six laboratories in Mainland China and Hong Kong which are certified to perform UL WTDP (Witness Test Data Program) battery safety testing according to UL 1642, UL 2054, UL 62133 and UN 38.3 standards. It is also the only one in Hong Kong among five UL CTF (Customers' Testing Facilities - Stage 2) laboratories in Mainland China and Hong Kong which are certified to perform battery safety testing according to IEC 62133 standard.

CERTIFICATE OF QUALIFICATION

issued by

UL International Limited on behalf of



UL

on

May 2, 2019

GP BATTERIES INTERNATIONAL LTD

7/F, BUILDING 16W, 16 SCIENCE PARK WEST AVENUE,
HONG KONG SCIENCE PARK, NEW TERRITORIES, HONG KONG

has been assessed and found eligible to participate in UL

Customers' Testing Facilities (CTF) – Stage 2.

For IEC 62133-1

Expires: May 1, 2020
Party Site Number: 175591

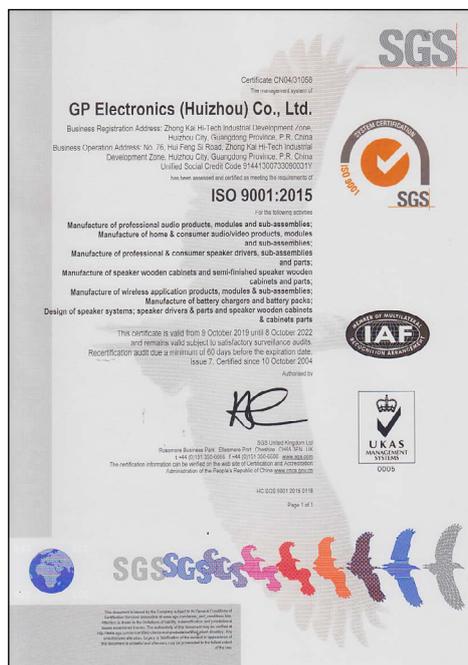
Angel Siu
Operations Manager
Conformity Assessment Services

A handwritten signature in blue ink, appearing to be 'Angel Siu'.

The Group has developed and implemented quality control systems towards hazardous substances which are produced in manufacturing processes to ensure all operations comply with relevant laws and regulations. Laboratories are established to control product quality. A quality management system is set up in accordance with the requirements of ISO9001:2015 and IATF16949:2016. When non-conforming or suspected non-conforming products are shipped, quality assurance teams will notify relevant departments for containment action (including recall, rework or sorting) immediately. Sales department shall notify the affected customers so that the non-conforming or suspected non-conforming products can be quarantined, recalled or returned in a timely manner. Moreover, factory teams led by quality assurance will perform the failure and root cause analyses. Prompt corrective and preventive actions will be taken accordingly to prevent similar incidents from recurring.

The Group has set up mechanisms to receive customers' feedback in order to continuously improve its products and services. A number of our international renowned customers had audited some of the Group's factories and affirmed that the operations and products meet their environmental and safety expectations.

All of the Group's factories have received ISO9001 accreditations, indicating the Group's ability to consistently provide products and services that meet customers' needs as well as applicable statutory and regulatory requirements.



The Group's 9V Carbon Zinc and Alkaline batteries are UL recognized components based on UL 217 (Standard for Safety – Smoke Alarms). GP Batteries is amongst the first batch of lithium-ion battery brands that obtained voluntary CQC (China Quality Certification) mark in Mainland China, UR mark in the USA, BIS (Bureau of Indian Standards) mark in India, and MC (Malaysian Conformity) mark in Malaysia which demonstrate its ability to satisfy customers' needs efficiently.

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

During FY2020, the Group introduced new childproof packaging for its coin-sized lithium battery to prevent children from esophageal injury or death caused by accidental battery ingestion. The childproof packaging features tamper-proof design with double blisters to avoid accidental opening, and can only be opened with scissors. A child safety pictogram and warning message are also printed on the packaging to reduce the risk of accidents. Packs also comply with the latest IEC standards (IEC 60086-4 Edition 5) and ACCC(AU) regulation.

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

During FY2020, the Group complied with all relevant laws and regulations that have significant impact on the Group relating to (i) compensation and benefits, recruitment and promotion, working hours, holidays, dismissal, social insurance, equal opportunity, diversity, anti-discrimination, and other benefits and welfare; and (ii) health and safety matters on products and services provided and methods of redress.

SGX Five Primary Components Index

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

GRI Standards Content Index

GRI Standards	Disclosure Content	Section Reference/Comment
General Disclosures		
GRI 102: General Disclosures 2016		
102-1	Name of the organisation	Paragraph 1
102-2	Activities, brands, products, and services	Paragraph 2
102-3	Location of headquarters	Paragraph 2
102-4	Location of operations	Paragraph 2
102-5	Ownership and legal form	Paragraph 2
102-6	Markets served	Paragraph 2
102-7	Scale of the organisation	Paragraph 2
102-8	Information on employees and other workers	Paragraph 12.2
102-9	Supply chain	Paragraph 2
102-10	Significant changes to the organisation and its supply chain	No significant changes
102-11	Precautionary principle or approach	The Group does not specifically address the principles of the precautionary approach
102-14	Statement from senior decision maker	Paragraph 5
102-16	Values, principles, standards, and norms of behavior	Paragraph 4
102-18	Governance structure	Paragraph 5
102-40	List of stakeholder groups	Paragraph 8
102-42	Identifying and selecting stakeholders	Paragraph 8
102-43	Approach to stakeholder engagement	Paragraph 8
102-44	Key topics and concerns raised	Paragraph 8
102-45	Entities included in the consolidated financial statements	Page 110 to 114 of FY2020 AR
102-46	Defining report content and topic boundaries	Paragraph 9
102-47	List of material topics	Paragraph 9
102-48	Restatements of information	Yes, as indicated
102-49	Changes in reporting	No
102-50	Reporting period	Financial year ended 31 March 2020
102-51	Date of most recent report	Report for financial year ended 31 March 2019 announced on 30 August 2019
102-52	Reporting cycle	Annually

GRI Standards	Disclosure Content	Section Reference/Comment
102-53	Contact point for questions regarding the report	gpind@gp-industries.com
102-54	Claims of reporting in accordance with the GRI Standards	Paragraph 7
102-55	GRI content index	This section
102-56	External assurance	Paragraph 7
Economic		
GRI 201: Economic Performance 2016		
201-1	Direct economic value generated and distributed	Paragraph 10.1
GRI 205: Anti-corruption 2016		
205-2	Communication and training about anti-corruption policies and procedures	Paragraph 4
Environmental		
GRI 301: Materials 2016		
301-1	Materials used by weight or volume	Paragraph 11.1
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	Paragraph 11.2
GRI 303: Water 2016		
303-1	Water withdrawal by source	Paragraph 11.3
GRI 306: Effluents and Waste 2016		
306-2	Waste by type and disposal method	Paragraph 11.4
GRI 307: Environmental Compliance 2016		
307-1	Non-compliance with environmental laws and regulations	Paragraph 11.5
Social		
GRI 403: Occupational Health and Safety 2016		
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Paragraph 12.1
GRI 404: Training and Education 2016		
404-1	Average hours of training per year per employee	Paragraph 12.3
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	Paragraph 12.4
GRI 413: Local Communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	Paragraph 12.5
GRI 414: Supplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria	Paragraph 12.6

GRI Standards	Disclosure Content	Section Reference/Comment
GRI 416: Customer Health and Safety 2016		
416-1	Assessment of the health and safety impacts of product and service categories	Paragraph 12.6
GRI 419: Socioeconomic Compliance 2016		
419-1	Non-compliance with laws and regulations in the social and economic area	Paragraph 12.7

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