

## ANNUAL REPORTS AND RELATED DOCUMENTS::

### Issuer & Securities

#### Issuer/ Manager

VALUETRONICS HOLDINGS LIMITED

#### Securities

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#### Designation

Chairman and Managing Director

#### Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)

The Sustainability Report for FY2023 is attached.

### Additional Details

#### Period Ended

31/03/2023

### Attachments



[VHL-FY2023 Sustainability Report.pdf](#)

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SUSTAINABILITY REPORT  
**2023**

# TABLE OF CONTENTS

01	ABOUT THIS REPORT
02	BOARD STATEMENT ON SUSTAINABILITY
03	ORGANISATIONAL PROFILE
04	OUR APPROACH TO SUSTAINABILITY
07	ECONOMIC
09	ENVIRONMENTAL
11	SOCIAL
14	GOVERNANCE
16	GRI CONTENT INDEX

# ABOUT THIS REPORT

We are pleased to present Valuetronics Holdings Limited's (the "**Company**", and together with its subsidiaries, the "**Group**") annual Sustainability Report, for our financial year ended 31 March 2023 ("**FY2023**"). This report is set out on a "comply or explain" basis in accordance with Rule 711B and Practice Note 7.6 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual on Continuing Listing Obligations.

This 2023 Sustainability Report has been prepared with reference to the Global Reporting Initiative ("**GRI**") Standards 2021. GRI is the most widely adopted global standards for sustainability reporting and it provides businesses and organisations worldwide a framework to measure, understand and communicate their critical sustainability issues on economic, environmental, social and governance impacts to stakeholders.

This report highlights the key economic, environmental, social and governance ("**EESG**") related initiatives carried out throughout a 12-month period, being FY2023.

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

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

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



# BOARD STATEMENT ON SUSTAINABILITY

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

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

The Group understands that complying with Task Force on Climate-related Financial Disclosures (**"TCFD"**) recommendation is also an important step in our growth and development, and we take it very seriously. In the meantime, we are committed to improving our understanding of the framework and gathering sufficient resources so as to ensure a successful and effective implementation of climate reporting in the near future.

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

30 June 2023





# ORGANISATIONAL PROFILE

Established in 1992 and headquartered in Hong Kong, Valuetronics was listed on the SGX Mainboard in 2007. Over the years, Valuetronics has grown into an integrated Electronics Manufacturing Services ("EMS") provider with principal business segments ranging from Consumer Electronics ("CE") Products to Industrial and Commercial Electronics ("ICE") Products, covering smart lighting products, printers, temperature sensing devices, communication products and automotive products.

Valuetronics is part of an emerging breed of EMS providers with a multi-location manufacturing footprint in China and South East Asia, which also focuses on a proactive engagement with customers so as to understand market and industry trends and initiate product-oriented solutions to meet their ever-changing needs.

Our proactive customer engagement leverages on our Design and Development ("D&D") capabilities, which is supported by integrated manufacturing capabilities from plastic tool fabrication and injection moulding, to surface mount technology and full turnkey finished product assembly. As a one-stop manufacturing solution provider, this sets us apart from traditional EMS providers. Our capability in providing vertical integrated services under one roof gives our customers the advantage of a faster time-to-market, better quality control, and most importantly, a competitive total cost of ownership.

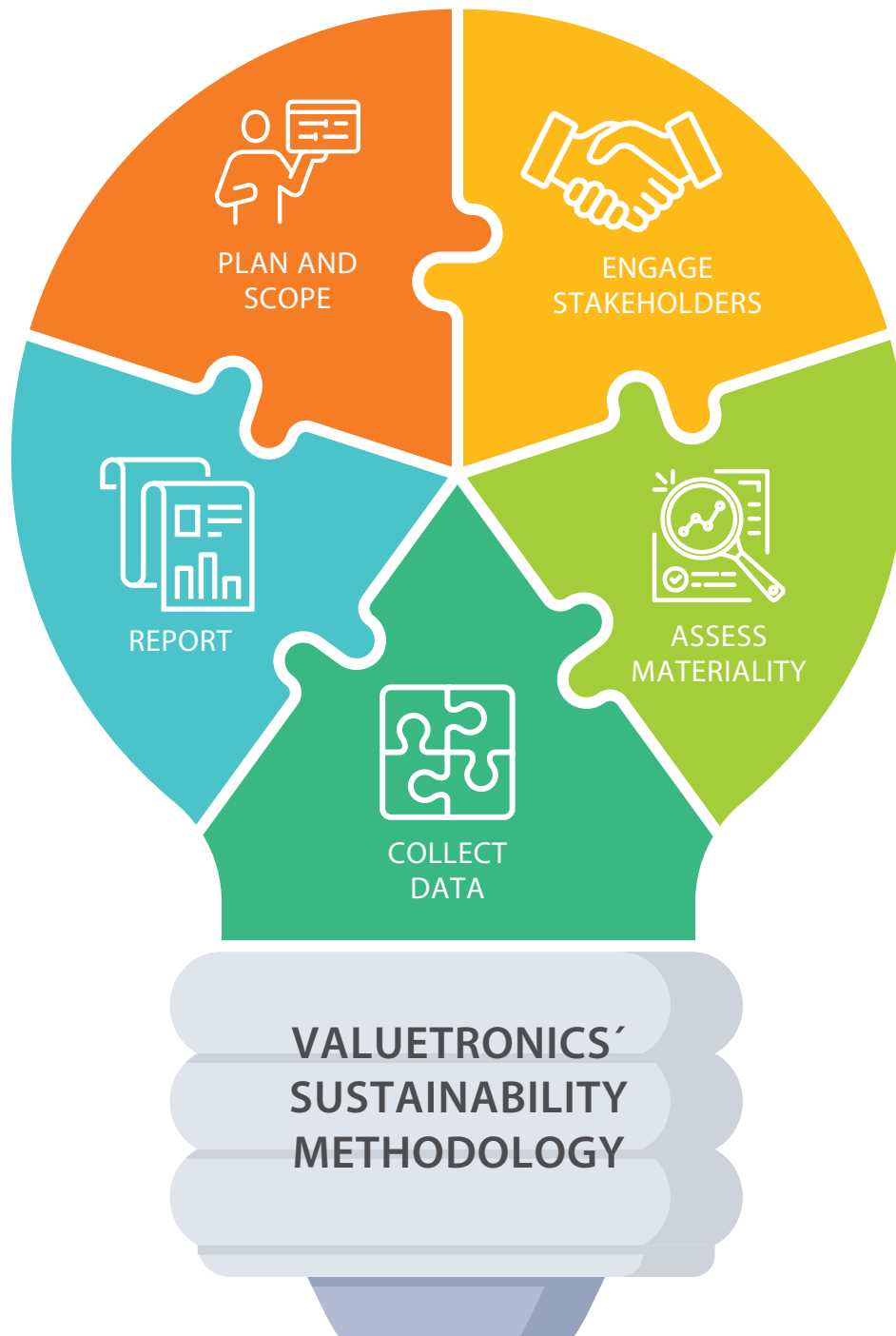
Our wide product manufacturing capability and range of customers from emerging enterprises to top global multinational corporations, is a testimony to the success in adopting this philosophy. It also highlights our ability to accommodate customers' requirements for various volume mix, complexity and industrial standards, while demonstrating our spectrum of competence. By constantly focusing on their objectives, priorities, and needs, we continue to develop long-term relationships with our global customers in the consumer, commercial, industrial and automotive industries.

Today, we are a premier design, manufacturing partner for the world's leading brands in various sectors, which span across a wide geographical region that covers America, Europe and the Asia Pacific. We support these clients' supply chain requirements and multi-location production strategy by leveraging on our manufacturing sites located in China and Vietnam. We currently have a 110,000 sqm China Campus located at Huizhou City, Guangdong Province, PRC and a 52,541 sqm Vietnam Campus located at Vinh Phuc Province, Vietnam.







So at Valuetronics, we deliver not only just products, but total solutions that meet the needs of our diverse client base.



# OUR APPROACH TO SUSTAINABILITY



# OUR APPROACH TO SUSTAINABILITY

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

## STAKEHOLDER ENGAGEMENT

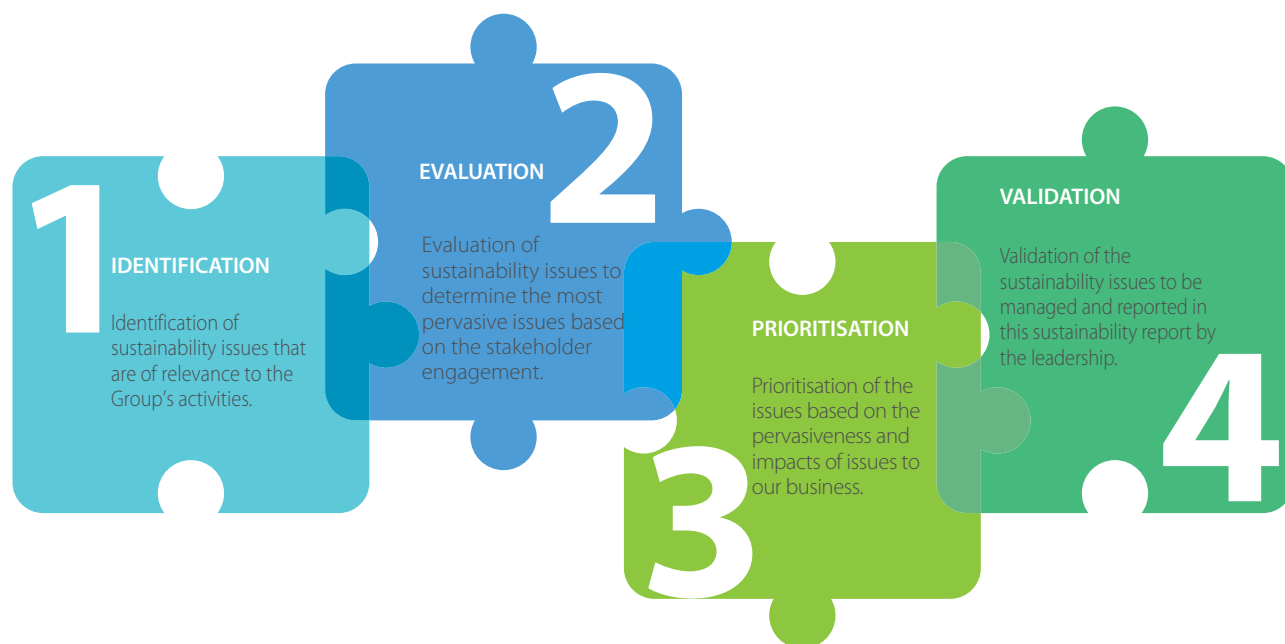
An important starting point in our sustainability journey is to identify our stakeholders and the material aspects relevant to our business. Regular engagement with our stakeholders provides a core input for determining our material focus areas. We engage internal and external stakeholders to understand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







# OUR APPROACH TO SUSTAINABILITY

## MATERIALITY ASSESSMENT

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



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

 <b>ECONOMIC</b>	 <b>ENVIRONMENTAL</b>	 <b>SOCIAL</b>	 <b>GOVERNANCE</b>
<ul style="list-style-type: none"> <li>• Economic performance</li> <li>• Anti-corruption</li> </ul>	<ul style="list-style-type: none"> <li>• Energy</li> <li>• Supplier environmental assessment</li> </ul>	<ul style="list-style-type: none"> <li>• Diversity and equal opportunity</li> <li>• Fair employment</li> <li>• Child Labour</li> <li>• Occupational health and safety</li> <li>• Training and education</li> <li>• Local communities</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainability governance</li> <li>• Enterprise risk management</li> <li>• Business ethics and compliance</li> <li>• Environmental compliance</li> <li>• Socioeconomic compliance</li> </ul>
>> Page 07	>> Page 09	>> Page 11	>> Page 14

## ECONOMIC PERFORMANCE

The Vietnam campus has been steadily ramping up its production capacity. Towards the end of FY2023, we successfully commenced production with two new customers, including a hardware provider for retail chain stores and a customer providing cooling solutions for high-performance computing environments. Additionally, we recently secured two more new customers, one of which supplies electronic products to a leading global entertainment conglomerate, while the other is a network access solutions provider based in Canada. These successful customer acquisitions demonstrate the effectiveness of our regional manufacturing strategy, which aims to create diversified supply chains that leverage the cost advantages of lower labour rates across various Asian countries. Despite the challenging macroeconomic environment, we maintain confidence in our ability to navigate forward.

**MR RICKY TSE CHONG HING**

Chairman and Managing Director

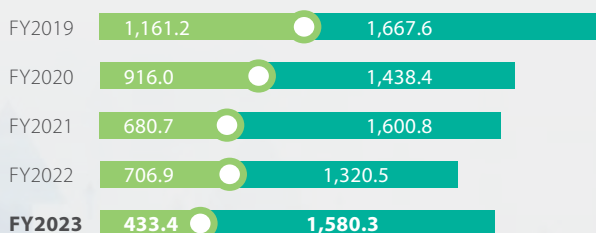
Considering its FY2023 results performance, the extremely difficult business environment, the Board proposed a Final Dividend of HK 10 cents per share and a Special Dividend of HK 6 cents per share for FY2023, which are subject to shareholders' approval at the Annual General Meeting to be convened. The Company has also paid an Interim Dividend of HK 4 cents per share in December 2022 and in aggregate, the Interim, Final and Special dividends amount to HK 20 cents per share (FY2022: HK 14 cents per share).

The aggregate dividend amount is approximately 67.5% of the net profit attributable to shareholders for FY2023 and is in line with the Company's formal dividend policy of paying out between 30% to 50% of net profit as normal dividends to shareholders. The Company will continue to adhere to this formal dividend policy.

The Group's FY2023 revenue decreased slightly by 0.7% to HK\$2,013.7 million from HK\$2,027.4 million in FY2022. Gross profit correspondingly decreased by 4.8% to HK\$261.7 million in FY2023 from HK\$274.8 million in FY2022, with gross profit margin decreasing by 0.5 percentage point to 13.0% for FY2023 due to shortage of supply components and cost pressures from inflation during the year. As a result, Valuetronics achieved a net profit attributable to shareholders of HK\$123.0 million for FY2023, which translates into earnings per share of approximately HK\$29.1 cents.

As at 31 March 2023, the Group's financial position remains stable and resilient with a net asset value per share (excluding treasury shares) of HK\$3.3 (31 March 2022: HK\$3.2). The Group has net current assets of HK\$993.3 million (31 March 2022: HK\$962.1 million), total assets of HK\$2,075.9 million (31 March 2022: HK\$2,095.7 million) and a shareholders' fund of HK\$1,362.0 million (31 March 2022: HK\$1,368.6 million). Supported by strong operating cash flows, the Group continues to have no bank borrowings and has cash and cash equivalents of HK\$1,009.9 million as at 31 March 2023.

### REVENUE HK\$ MILLION



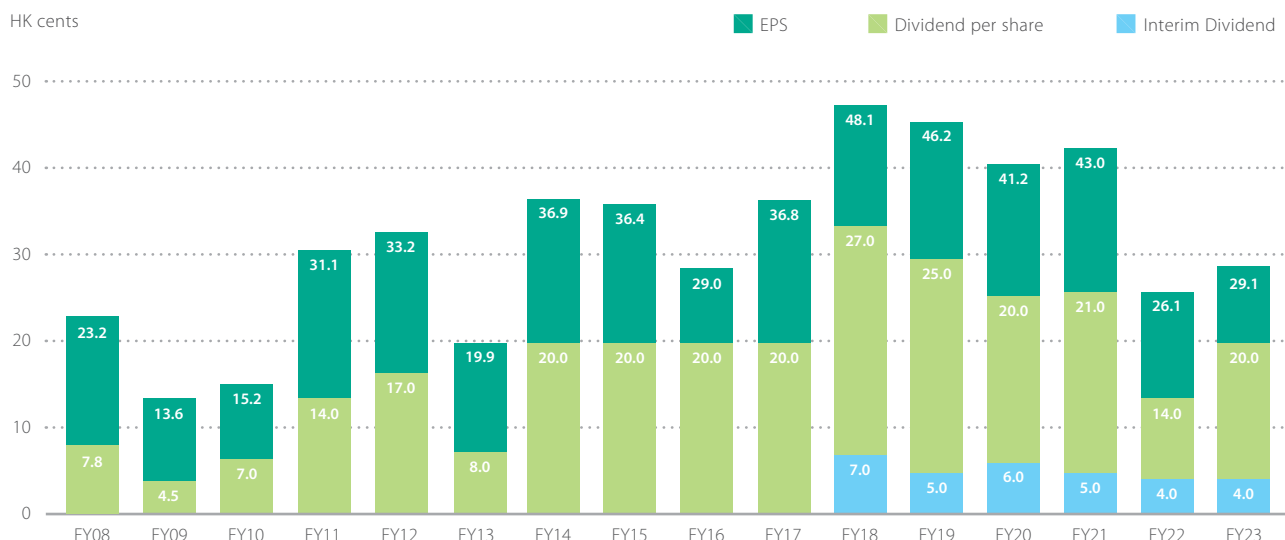
- Consumer Electronics
- Industrial & Commercial Electronics

### PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY HK\$ MILLION



# ECONOMIC

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



For our detailed financial results, please refer to the following sections in our FY2023 Annual Report:

- Financial Highlights, page 4
- Financial Review, page 5
- Financial Statements, pages 47 to 92

In FY2024, we target to remain profitable and maintain the existing dividend distribution policy.

### ANTI-CORRUPTION

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

We have achieved the target we set last year. There have been no confirmed incidents in which employees were dismissed and contracts with business partners terminated due to corruption. There were also no public legal cases brought against the Group in FY2023 (FY2022: NIL). Similar to FY2022, we have staff signed anti-corruption declaration. We will continue to monitor and prevent anti-corruption occurrence as targeted. For FY2024, we aim to achieve zero incidents of corruption and continue to ensure that all employees are fully aware of our policy and sign our anti-corruption declaration.

# ENVIRONMENTAL

## ENERGY

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

The solar panel system installation project was our testament to reducing carbon footprint and contributing to a cleaner environment. In FY2023, we consumed around 20% of electricity from our solar panel system in our PRC factory. Our primary motivation for undertaking the solar installation project was to reduce our carbon footprint and contribute to a cleaner environment. By harnessing solar energy, we have significantly reduced our reliance on non-renewable energy sources, thereby lessening our environmental impact.

In FY2024, we target to maintain at least 10% of electricity consumption from renewable sources at PRC factory.

## SUPPLIER ENVIRONMENTAL ASSESSMENT

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

In FY2023, we have achieved our target as the majority of the assessed suppliers declared that they have been accredited with ISO14000 standard or have complied with local government laws and regulations on environmental issues. Out of these suppliers assessed, over 95% of our top 100 vendors and all the PCB suppliers (FY2022: over 95% of our top 100 and the PCB suppliers) have declared that they have accredited with ISO14000 standard or have complied with local government laws and regulations on environmental issues.

In FY2024, we target to have the majority of our suppliers declare accreditation of ISO14000 or environmental compliance with local government laws and regulations and commit to initiate due diligence for new suppliers.





# ENVIRONMENTAL



## DIVERSITY AND EQUAL OPPORTUNITY

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

Pursuant to the Board Diversity Policy, the NC reviews annually the appropriateness of the current Board size and composition, taking into consideration, inter alia, the needs of the Company and the environment in which it operates, the collective skills and competencies of the Board, service tenure spread of the Directors, the need for progressive renewal of the Board and changes (if any) in the regulatory environment. When the need arises, the NC will make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that there is an appropriate composition of members of the Board with suitably diverse backgrounds to meet the Group's operational and business requirements. For more detailed information on our Board Composition including relevant diversity indicators, please refer to our Corporate Governance, pages 16 and 17 of our Annual Report.

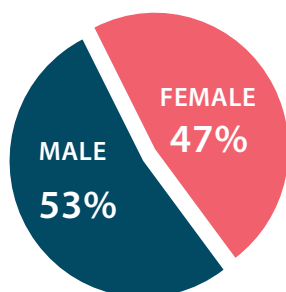
Valuetronics maintains a policy of providing equal opportunities to all its employees. The Group's recruitment of employees and their subsequent annual appraisal are based on merit, work attitude, cooperation with other staff, and their efficiency and effectiveness of work.

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

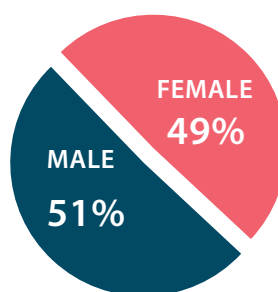
Similar to the previous year, we have maintained an almost equal ratio of male to female employees. Our objective is to have no incidents of discrimination and there has been no reported discrimination issue during FY2023 (FY2022: NIL). In FY2024, we will continue to hire based on merits and maintain zero incident of discrimination within the Group throughout the years.

Our headcounts were distributed as follow:

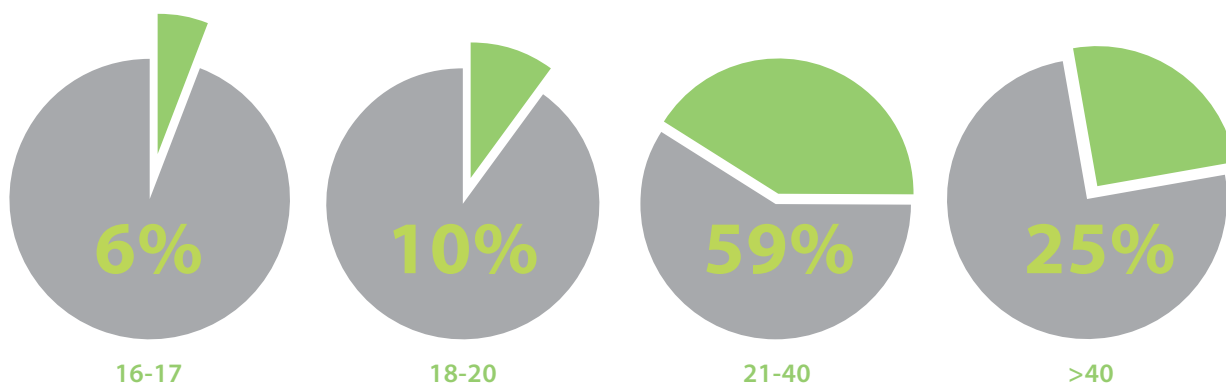
**WORKER DISTRIBUTION BY GENDER**



**STAFF (OTHER THAN PRODUCTION LINE WORKERS)**



**WORKER DISTRIBUTION BY AGE**





# SOCIAL

## FAIR EMPLOYMENT

The Group conducted a material aspect assessment in FY2023. Based on the recent assessment, the employment topic is considered material to the Group as it has a direct impact and implications for the productivity of our workforce and our Group's sustainability. It is imperative for us to create a conducive environment and fair employment. The Group considers its employees as the most valuable asset and offers them fair and competitive remuneration packages. Discretionary incentives are granted to eligible employees based on the performance of the Group as well as the individual employee. We continue to provide employment opportunities to local students by closely cooperating with local colleges and universities and to provide nurturing programmes for fresh graduates. Valuetronics strives to provide a fair employment environment.

In FY2023, the details of our workforce new hire and turnover rate is as follow:

### Distribution of new hires by age group

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

### Distribution of new hires by gender

	Staff
Male	50%
Female	50%
	<u>100%</u>

In FY2023, turnover rate of senior staff is 15%.

In FY2024, we target to hire new employees and aim to achieve a low turnover rate.

## CHILD LABOUR

The Group has a strict no child labour policy and expects the same from all of our suppliers. Declaration is made on our new supplier application form and as a part of the annual supplier assessment. All our suppliers comply with our no child labour policy. In FY2023, there was zero child labour incident reported in our operations and suppliers (FY2022: NIL).

The Group understands the salient issues of human rights that may occur in business operations. We are of the view to expand our vision, policies and programmes concerning human rights to contribute to the effective abolition of child labour within our operations and suppliers. In FY2024, we aim to preserve 100% of no child labour policy.

## OCCUPATIONAL HEALTH AND SAFETY

The Occupational Health and Safety ("OHS") of our workforce has always been one of our priorities. Valuetronics is pleased to confirm that there has been no fatal industrial accident reported in FY2023. Our Environment, Health and Safety ("EHS") department is independent from operational departments and monitors the following measures to provide a safe working environment for all employees:

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



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

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

In FY2023, there was zero fatal industrial accident reported in the factory during FY2023 (FY2022: NIL) and the lost-time work-related injury rate was below 0.1%. In FY2024, we will continue to maintain zero cases of fatal industrial accident in the factory and ensure low lost-time work-related injury rate.

## TRAINING AND EDUCATION

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

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

For workers, regular training is provided for job-related skills and updates on workplace safety. For staff, in addition to workplace safety training, more specialised training is also held to ensure that they keep pace with the growth and development of the Group. Staff training records are reviewed, and specific training needs are identified for the individual's career advancement. Valuetronics places importance on ensuring the competency of its employees to serve all stakeholders. Our in-house training records showed that at the Group level, each staff averaged 6 hours for FY2023 (FY2022: 12 hours).

In our China Campus, each staff averaged 5 training hours for FY2023 (FY2022: 11 hours). The Company is committed to enhance the newly set-up operations in Vietnam since FY2020 and has devoted a significant amount of time in training its employees. The average training hours for Vietnam staff is 11 hours for FY2023 (FY2022: 23 hours). In FY2024, we will continue to deploy our resources and offer training courses to our employees to enhance their professional competence.

## LOCAL COMMUNITIES

Valuetronics strongly believes in being a socially responsible corporate citizen. While the Company is determined to give back to the community and aims to organise at least one community activity per quarter. In FY2023, the Company did not manage to organise community programme due to COVID-19 (FY2022: NIL). In FY2024, we are determined to give back to the community again and aim to organize at least one community activity per quarter.



# GOVERNANCE

## SUSTAINABILITY GOVERNANCE

At Valuetronics, we believe that strong corporate governance is key to a sustainable business. That is why since our listing on the SGX Mainboard in 2007 and all through to FY2023, we have continued to comply with the Singapore Code of Corporate Governance. Please refer to pages 13 to 36 of our Annual Report, for details of our compliance to the Singapore Code of Corporate Governance. In FY2023, we have achieved the target we set in FY2022. In FY2024, we will continue to ensure compliance with the SGX requirements.

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

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

## ENTERPRISE RISK MANAGEMENT (“ERM”)

ERM is an integral part of good corporate governance as well as resources management. Valuetronics has a thorough and comprehensive ERM framework to identify and manage its risks and exposures in an integrated, systematic and consistent manner. For detailed disclosure on ERM, please refer to pages 27 and 28 of our Annual Report.

Similar to FY2022, we have performed risk assessment exercise and achieved the target we set last year. In FY2024, we aim to perform annual risk assessments and disclose it in accordance with SGX requirements.

## BUSINESS ETHICS AND COMPLIANCE

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

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

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

Valuetronics has complied, in all material aspects, with applicable environmental rules and regulations, anti-competitive behaviour laws, and requirements on health and safety. For FY2023, we have achieved our target to comply with applicable environmental rules and regulations, anti-competitive behavior laws, and requirements on health and safety. There were no significant fines or non-monetary sanctions for any non-compliance with the aforementioned laws, regulations and requirements. There have also been no reported incidents of corruption during the reporting period (FY2022: NIL). It is Valuetronics’ goal to maintain zero incidents of corruption, and we regularly review our policies on whistleblowing and anti-corruption so as to ensure that they are effective. In FY2024, we will continue to aim for zero incident of non-compliance in the following years.

## ENVIRONMENTAL COMPLIANCE

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

We are committed to continue the PDCA approach to improve our environmental management, targeting environmental protection, environmental regulatory compliance, and no major non-conformities in any kind of environmental compliance audits in both our China and Vietnam operations. Aside from the above, there were no incidents of non-compliance with environmental-related laws and regulations resulting in significant fines or sanctions in FY2023 (FY2022: NIL), and we endeavor to maintain this track record next year. In FY2024, we target to pass the environmental compliance audits.

# GOVERNANCE

## SOCIOECONOMIC COMPLIANCE

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

In FY2024, we strive to have non-significant non-compliance with laws and regulations incident in the social and economic areas.



# GRI CONTENT INDEX

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

# GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE		REFERENCE/DESCRIPTION
GRI STANDARDS 2021			
GENERAL DISCLOSURE			
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Sustainability Report 2023, page 6
	3-2	List of material topics	Sustainability Report 2023, page 6
	3-3	Management of material topics	Sustainability Report 2023, page 6
GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed	Sustainability Report 2023, pages 7-8
GRI 205: Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	Sustainability Report 2023, page 8
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Sustainability Report 2023, page 9
	302-4	Reduction of energy consumption	Sustainability Report 2023, page 9
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	Sustainability Report 2023, page 9
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Sustainability Report 2023, page 12
GRI 403: Occupational health and safety 2018	403-1	Occupational health and safety management system	Sustainability Report 2023, pages 12-13
	403-5	Worker training on occupational health and safety	Sustainability Report 2023, pages 12-13
	403-9	Work-related injuries	Sustainability Report 2023, pages 12-13
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Sustainability Report 2023, page 13
	404-2	Programs for upgrading employee skills and transition assistance programs	Sustainability Report 2023, page 13
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	Sustainability Report 2023, page 11
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Sustainability Report 2023, page 11
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	Sustainability Report 2023, page 12
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Sustainability Report 2023, page 13













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