

STAMFORD ***TYRES***

STAMFORD TYRES CORPORATION LIMITED

SUSTAINABILITY REPORT 2021



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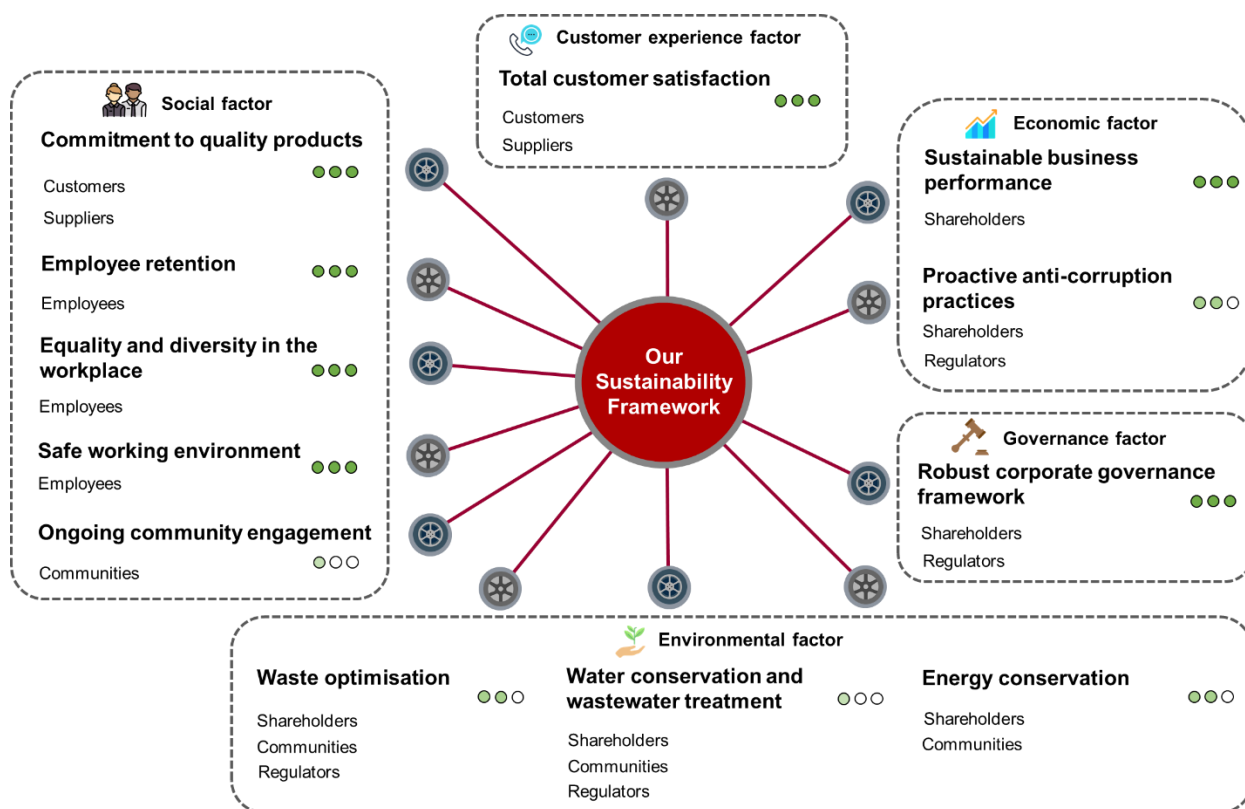
1. Board statement

We reaffirm our commitment to sustainability with the publication of our sustainability report (“Report”) guided by the Global Reporting Initiative (“GRI”) Standards: Core option. For this Report, we provide insights into the way we do business, while highlighting our environmental, social, governance factors, economic performance and customer experience (collectively as “Sustainability Factors”).

Whilst mindful of our profit-oriented objective, we are committed to strike a balance between growth, profit, governance, environment, the development of our people and well-being of our communities to secure the long-term future of our Group. This commitment is reflected in our sustainable business strategy and the material Sustainability Factors which are shown in this Report.

A sustainability policy (“SR Policy”) covering our sustainability strategies, reporting structure, materiality assessment and processes in identifying and monitoring material Sustainability Factors has been established and serves as a point of reference in the conduct of our sustainability reporting. Under this SR Policy, we will continue to monitor, review and update our material Sustainability Factors from time to time, taking into account the feedback that we receive from our engagement with our stakeholders, organisational and external developments.

The sustainability framework is supported by our key stakeholders, namely communities, customers, employees, regulators, shareholders and suppliers. We work closely with stakeholders in our value chain and their input drives our sustainability. An overview of our material Sustainability Factors is as follows:



Reporting priority¹

●●● High ●●○ Medium ●○○ Low

¹ Reporting priority refers to the ranking assigned to each Sustainability Factor based on the level of concern to stakeholders and the significance of our impacts on the economy, environment and society. Refer to section 7.3 for further details.

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A summary of our key sustainability performance in FY2021 is as follows:

| Sustainability factor | Performance indicator | Sustainability performance | |
|-----------------------|--|---|---|
| | | FY21 | FY20 |
| Customer experience | Market presence | One of the largest independent tyre and wheel distributors in South East Asia | One of the largest independent tyre and wheel distributors in South East Asia |
| Economic | Tax to governments | S\$2.0 million | S\$0.9 million |
| | Salaries to employees | S\$18.1 million | S\$20.4 million |
| | Reinvestment via/ (withdrawal from) revenue reserve | S\$1.1 million | S\$(6.4) million ² |
| | Dividend paid to shareholders ³ | S\$1.2 million | S\$2.4 million |
| | Number of complaints on serious offence | - | - |
| Environmental | Electricity consumption rate (kWh/ revenue in S\$'000) | 64.3 | 63.3 |
| | LPG consumption rate (kg/ revenue in S\$'000) | 173.7 | 150.4 |
| | Fuel consumption rate (litre/ revenue in S\$'000) | 3.6 | 4.7 |
| | Percentage of aluminium chips recycled | 88% | 89% |
| | Water consumption rate (CuM/ revenue in S\$'000) | 0.8 | 0.7 |
| | Wastewater treated by water treatment plant | 100% | 100% |
| Social | Turnover rate | 16% | 20% |
| | Number of reported incidents of unlawful discrimination against employee | - | - |
| | Number of workplace fatalities | - | - |
| | Number of non-fatal workplace injuries | 4 | 9 |
| | Number of man-days lost | 27 | 26 |
| Governance | Singapore Governance and Transparency Index ("SGTI") score | 74 | 76 |

The global economic outlook remains challenging as a result of the global oversupply of tyres intense market competition and uncertainties arising from the Coronavirus disease 2019 ("COVID-19" or "Pandemic"). To cushion the impact of the above developments, we deployed resources and implemented strategies to diversify our product offerings to adapt to the ongoing market changes. We have also taken steps to right-size our operations and will continue to focus on growing our sales of tyres, our proprietary SSW wheels, as well as truck tyres and mining tyres. In addition, we are also focusing on improving our sales productivity and upgrading our value-adding business segments such as Stamford Tyres Mart retail chain and truck centres.

We believe that our pro-active business initiatives and operational track record will tide us through this challenging period and allow us to stay on course in our sustainability journey. We have detailed our responses to the impact of the Pandemic in the relevant sections of this Report.

2. Reporting framework

This Report has been prepared in accordance with the Global Reporting Initiative ("GRI") Standards: Core option and Singapore Exchange Securities Trading Limited ("SGX-ST") listing rules 711A and 711B. We have chosen to report using the GRI Standards: Core option as it is an internationally recognised reporting framework. The GRI content index can be found in the section 10.

As part of our continual efforts to align our sustainability reporting with relevant market standards, we have mapped our sustainability efforts to the 2030 Agenda for Sustainable Development which is adopted by all United Nations Member States in 2015 ("UN Sustainability Agenda"). The UN Sustainability Agenda provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals ("SDGs" or "Global Goals"), which form an urgent call for action by all countries - developed and developing - in a global partnership. We have incorporated the SDGs, where appropriate, as a supporting framework to shape and guide our sustainability strategy.

² Amount includes net loss for the year and dividend paid to shareholders.

³ Dividend paid to shareholders include the final dividend paid in respect of the preceding financial year.

3. Reporting period and scope

This Report is applicable for our financial year from 1 May 2020 to 30 April 2021 (“FY2021” or “Reporting Period”) and a copy of which can be found in our corporate website <http://www.stamfordtyres.com>. A sustainability report will be published annually in accordance with our SR Policy.

This Report covers the key operating entities within the Group which contributed approximately 97% (FY2020: 96%) of the Group’s total revenue for the Reporting Period.

4. Feedback

We welcome feedback from all stakeholders on this Report. You may send related questions, comments, suggestions or feedback to our investor relations email account: weisze@stamfordtyres.com or siti@stamfordtyres.com

5. Our business



Comprise mainly suppliers for major brands of tyre and contract manufacturers to produce tyres under our proprietary brands⁴ (collectively referred to as “Suppliers”)

- Wholesale and retail of tyres and wheels
- Manufacture and sale of aluminium alloy wheels
- Servicing of motor vehicles
- Retreading of tyres

Comprise mainly retailers and sub-distributors (“Customers”)

6. Stakeholder engagement

Through an internal stakeholder mapping exercise, we have identified key stakeholder groups which we prioritise our engagements with. These include entities or individuals that can reasonably be expected to be significantly affected by our activities, products or services and whose actions can reasonably be expected to affect our ability to implement our strategies to achieve our objectives.

Our efforts on sustainability are focused on creating sustainable value for our key stakeholders, which comprise communities, customers, employees, regulators, shareholders and suppliers. Key stakeholders are determined for each material Sustainability Factor identified, based on the extent of which they can affect or are affected by our operations.

⁴ For further details on our proprietary brands and alloy wheels, please refer to section 8.7.

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We actively engage our key stakeholders through the following channels:

| S/N | Key stakeholder | Engagement channel | Frequency of engagement | Key concern raised by stakeholder |
|-----|-----------------|---|-------------------------|--|
| 1 | Communities | Community campaigns | Regularly | Social inclusion |
| 2 | Customers | <ul style="list-style-type: none"> ▪ Meetings and visits ▪ Calls ▪ Email communications | Regularly | <ul style="list-style-type: none"> ▪ Customer service ▪ Product diversification ▪ Product quality and safety ▪ Product pricing |
| 3 | Employees | <ul style="list-style-type: none"> ▪ Meetings and talks held by the Management ▪ Email communications | Regularly | <ul style="list-style-type: none"> ▪ Equal employment opportunity ▪ Job security ▪ Remuneration and benefits ▪ Career development ▪ Workplace safety and health |
| | | Staff evaluation sessions | Annually | |
| 4 | Regulators | Consultations and briefings organised by key regulatory bodies such as SGX-ST | As and when required | <ul style="list-style-type: none"> ▪ Corporate governance ▪ Workplace safety and health ▪ Regulatory development towards environmental goals |
| 5 | Shareholders | <ul style="list-style-type: none"> ▪ Annual report ▪ Annual general meeting | Annually | <ul style="list-style-type: none"> ▪ Sustainable business performance ▪ Market valuation ▪ Dividend payment ▪ Corporate governance |
| | | Result announcements | Half-yearly | |
| | | Dedicated email account for investor relations | Ongoing | |
| 6 | Suppliers | Supplier evaluation | Annually | Demand volatility |
| | | <ul style="list-style-type: none"> ▪ Meetings and visits ▪ Calls ▪ Email communications | Regularly | |

Through the above channels, we seek to understand the views of key stakeholders, communicate effectively with them and respond to their concerns.

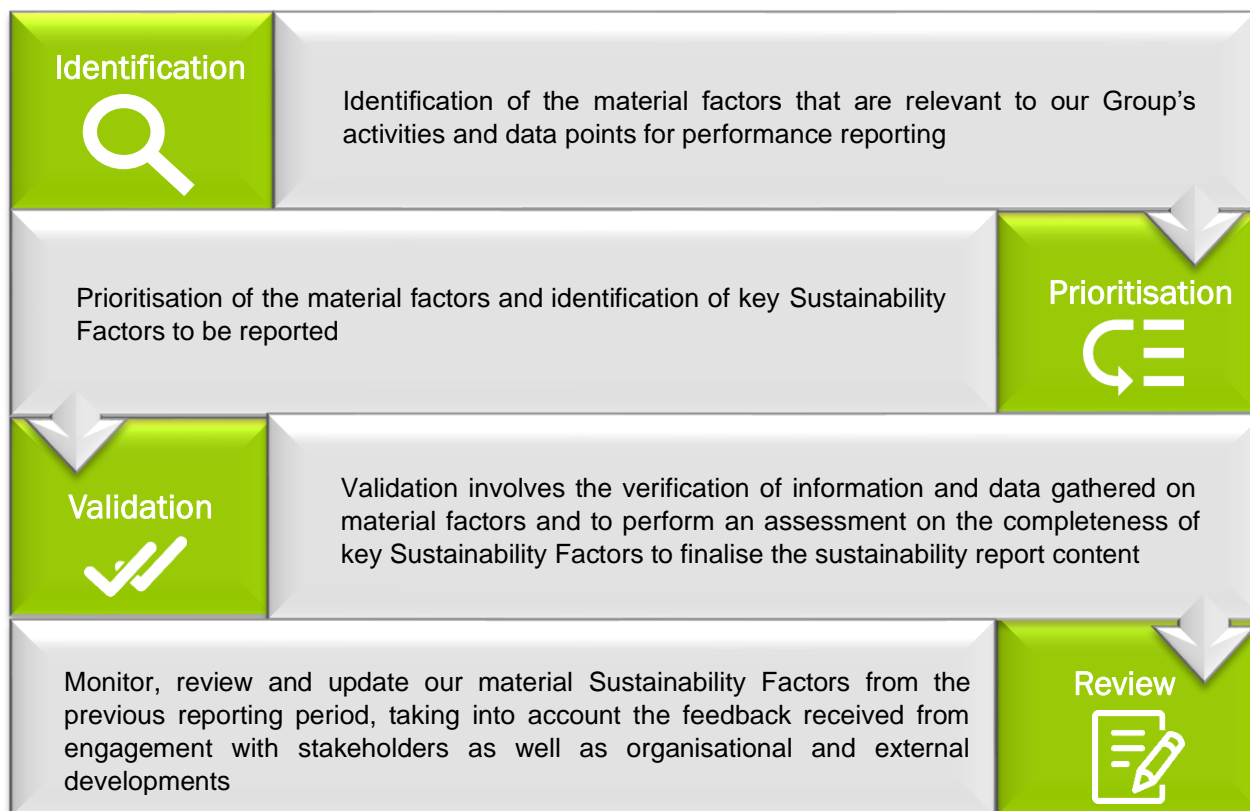
7. Policy, practice and performance reporting

7.1 Reporting structure

Our sustainability strategy is developed and directed by the senior management in consultation with the Board of Directors. Our Sustainability Committee, which includes senior management executives, is led by our Executive Director, and tasked to develop the sustainability strategy, review our material impacts, consider stakeholder priorities and set goals and targets, as well as collect, verify, monitor and report performance data for this Report.

7.2 Sustainability reporting processes

Under our SR policy, our sustainability process begins with the identification of relevant factors. Relevant factors are then prioritised as material factors which are then validated. The end result of this process is a list of material Sustainability Factors disclosed in this Report. Processes involved are as shown in the chart below:



7.3 Materiality assessment

Under our SR Policy, each Sustainability Factor is assigned a reporting priority that determines the actions required as illustrated in the table below:

| Reporting priority | Description | Criteria |
|--------------------|-------------|---|
| ●●● | High | Factors with high reporting priority are reported on in detail. |
| ●○○ | Medium | Factors with medium reporting priority are considered for inclusion in the Report. If it is decided that such factors are not material, they may be excluded from the Report. |
| ○○○ | Low | Factors with low reporting priority may be reported to fulfil regulatory or other reporting requirements. They are not included in this Report if not material. |

The reporting priority is supported by a material factor matrix which considers the level of concern to stakeholders (“Stakeholders’ Concern”) and significance of our impacts on the economy, environment and society (“Business Impact”).

7.4 Performance tracking and reporting

We track the progress of our material Sustainability Factors by identifying the relevant data points (i.e. the information source of the relevant factor) and measuring them. In addition, performance targets that are aligned with our strategy are set to ensure that we maintain the right course in our path to sustainability. We seek to constantly enhance our performance-monitoring processes and data capture systems.

8. Material factors

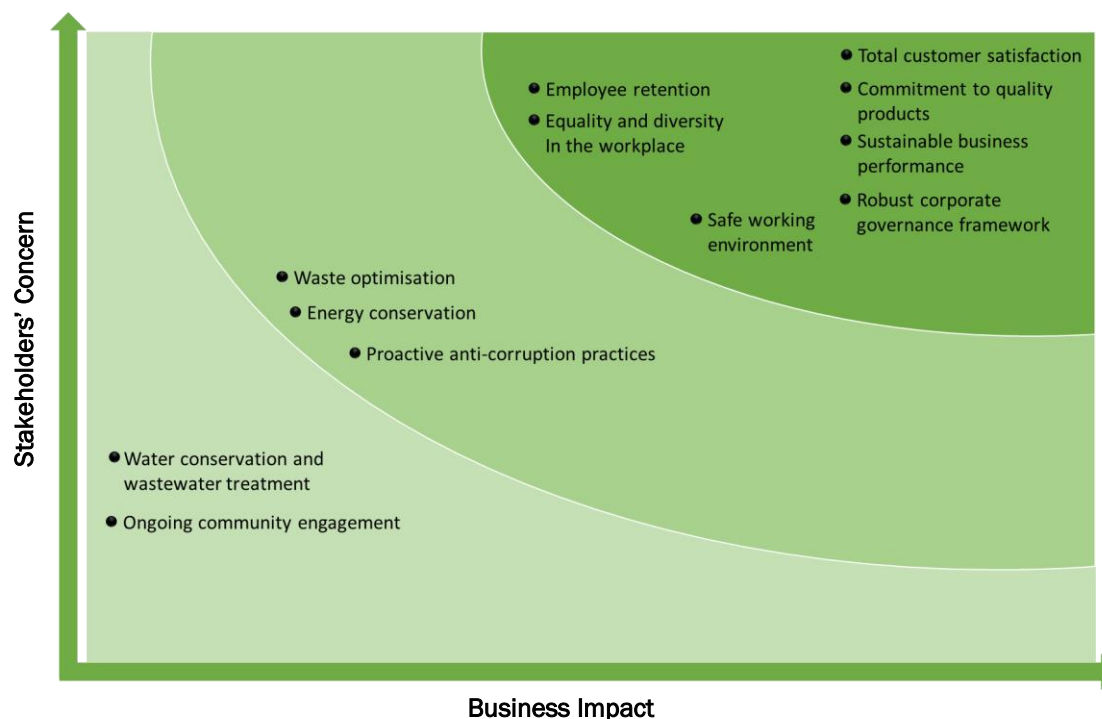
Our materiality assessment performed for FY2021 involved the Sustainability Committee in identifying Sustainability Factors deemed material to our businesses and our stakeholders so as to allow us to channel our resources judiciously to create sustainable value for our stakeholders.

Presented below are the material Sustainability Factors and material factor matrix applicable to our Group:

List of material Sustainability Factors

| S/N | Material Sustainability Factor | SDG | Reporting priority | Key stakeholder |
|---------------------------|---|--|--------------------|---|
| General disclosure | | | | |
| 1 | Total customer satisfaction | Decent work and economic growth | ●●● | <ul style="list-style-type: none"> ▪ Customers ▪ Suppliers |
| Economic | | | | |
| 2 | Sustainable business performance | Decent work and economic growth | ●●● | Shareholders |
| 3 | Proactive anti-corruption practices | Peace justice and strong institutions | ●●○ | <ul style="list-style-type: none"> ▪ Shareholders ▪ Regulators |
| Environmental | | | | |
| 4 | Energy conservation | Affordable and clean energy | ●●○ | <ul style="list-style-type: none"> ▪ Communities ▪ Shareholder |
| 5 | Waste optimisation | Responsible consumption and production | ●●○ | <ul style="list-style-type: none"> ▪ Communities ▪ Shareholders ▪ Regulators |
| 6 | Water conservation and wastewater treatment | Clean water and sanitation | ○○○ | <ul style="list-style-type: none"> ▪ Communities ▪ Shareholders ▪ Regulators |
| Social | | | | |
| 7 | Commitment to quality products | Decent work and economic growth | ●●● | <ul style="list-style-type: none"> ▪ Customers ▪ Suppliers |
| 8 | Employee retention | Quality education | ●●● | Employees |
| 9 | Equality and diversity in the workplace | Reduced inequalities | ●●● | Employees |
| 10 | Safe working environment | Good health and well-being | ●●● | Employees |
| 11 | Ongoing community engagement | - | ○○○ | Communities |
| Governance | | | | |
| 12 | Robust corporate governance framework | Peace justice and strong institutions | ●●● | <ul style="list-style-type: none"> ▪ Shareholders ▪ Regulators |

Material factor matrix



Legend for reporting priority



We will update the material Sustainability Factors on an annual basis to reflect changes in business operations, environment, stakeholders' feedback and sustainability trends. The details of each material Sustainability Factor are presented as follows:

8.1 Total customer satisfaction

Our strategies towards customer satisfaction are as follows:

Cultivate a long-term and sustainable relationship with our partners

With firm relationships established with our strategic partners, we are able to gain access to distribute a diverse range of products under the major brands of Falken, Dunlop, Continental and Maxam to meet our Customers' needs and requirements. In addition, our volume purchases allow us to secure competitive pricing which we can then offer our Customers with value-for-money products.

Adopt market standards for the quality and safety of our products

For products under our proprietary brands, they are manufactured by selected contract manufacturers ("CMS") located in Asia under internationally recognised quality standards. The adoption of such standards supports our ability to consistently provide products that meet our Customers' needs and expectations.

For product safety and consistency in quality, refer to section 8.7 for further details.

Maintain presence and proximity to our Customers

We are one of the largest independent tyre and wheel distributors in Southeast Asia with international distribution network that spans Singapore, Malaysia, Thailand, Indonesia, Hong Kong, India, Australia, South Africa and Vietnam. Our extensive network brings us close to the markets we serve and more importantly, to our Customers.

Nurture a team of highly trained and experienced employees

We are dependent on our highly trained and experienced professional staff to serve our Customers on the products we distribute. Our strategy to establish a global footprint is driven by a core regional team of trained and experienced professional staff.

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On our efforts to retain our valued staff, refer to section 8.8 for further details.

| Target for FY2021 | Performance in FY2021 | Target for FY2022 |
|---|---|---|
| Maintain or increase market presence subject to market conditions | We are one of the largest independent tyre and wheel distributors in Southeast Asia and there were no material changes in our market presence during the Reporting Period | Maintain or increase market presence subject to market conditions |

8.2 Sustainable business performance

We believe in creating long-term economic value for shareholders by rewarding shareholders with consistent profits and dividend payments.

We are committed to provide value to various stakeholders through relevant and meaningful ways. In line with this commitment, value created in FY2021 is distributed as follows for a sustainable future:

- A total of S\$2.0 million (FY2020: S\$0.9 million) was allocated as tax to governments, contributing to the development of countries;
- Salaries to employees amounted to S\$18.1 million (FY2020: S\$20.4 million);
- An aggregate amount of S\$1.2 million⁵ (FY2020: S\$2.4 million⁵) was paid as dividend to reward our shareholders for their continued support; and
- A total of S\$1.1 million was reinvested via revenue reserve to fund future growth (FY2020: S\$6.4 million was withdrawn from revenue reserve⁶).

Details of our economic performance can be found in the financial contents and audited financial statements of the Annual Report 2021. Our Annual Report 2021 is available as a downloadable PDF from our website at https://www.stamfordtyres.com/investor_ar.html.

| Target for FY2021 | Performance in FY2021 | Target for FY2022 |
|---|--|---|
| Improve our financial performance subject to economic conditions whilst maintaining our dividend rate where practicable | We recorded a decline in revenue primarily due to lower sales in South East Asia markets. However, we announced a net profit for FY2021 compared to a net loss for FY2020. | Improve our financial performance subject to economic conditions whilst maintaining our dividend payout where practicable |

8.3 Proactive anti-corruption practices

We are committed to carry out business with integrity by avoiding corruption in any form, including bribery, and complying with the Prevention of Corruption Act of Singapore.

An employee handbook is in place to provide guidance to our employees on areas such as conduct in workplace, business conduct, confidentiality of information and conflict of interest.

We have implemented a whistle blowing policy to provide a mechanism for employees to raise concerns through accessible confidential disclosure channels about possible improprieties in matters of financial reporting and others. In FY2021, no complaint on serious offences⁷ is reported (FY2020: none).

| Target for FY2021 | Performance in FY2021 | Target for FY2022 |
|--|--|---|
| Maintain zero incidents of serious offence complaint | No complaint on serious offences is reported | Maintain zero incident of complaint on serious offences |

⁵ Dividend paid to shareholders include the final dividend paid in respect of the preceding financial year.

⁶ Amount includes net loss for the year and dividend paid to shareholders.

⁷ A serious offence is defined as one that involves fraud or dishonesty amounting to not less than S\$100,000 and punishable by imprisonment for a term of not less than 2 years which is being or has been committed against the Company by its officers or employees.

8.4 Energy conservation

We are committed to responsible usage of energy to preserve the environment in which we operate in. Our operations consume energy mainly for the following purposes:

- Electricity for machineries used in the manufacturing of aluminium alloy wheels and equipment used in our offices;
- Liquefied petroleum gas (“LPG”) for machineries used in the manufacturing of aluminium alloy wheels, specifically for wheel casting; and
- Fuel for operating motor vehicles such as trucks and forklifts.

We believe that a responsible usage of energy resources results in lesser carbon emissions and thus helps to preserve the environment. It also reduces our costs and enhances returns to shareholders. Key initiatives on this front are as follows:

- In April 2019, we entered into a Solar Power Purchase Agreement with Sembcorp Solar Singapore to install a solar photovoltaic system at our headquarters (“Solar Power Project”). Under this agreement, solar panels are installed on the rooftop of our headquarters to generate electricity. The solar panels also help to bring down the roof surface’s temperature and cool the facility. This project enabled us to generate clean energy and at the same time, reduced our utility cost. During the Reporting Period, we generated 2,671.8 MWh⁸ of electricity from the installed solar panels;



- A systematic maintenance program for operating equipment is in place to maintain energy efficiency; and
- Energy consumption is regularly tracked, analysed and corrective actions are taken when unusual consumption patterns are observed.

Key statistics on energy usage during the Reporting Period are as follows:

| Energy | Unit of measurement | Energy consumption rate (Consumption/ Revenue) | |
|------------------|---------------------|--|-------------------------|
| | | FY2021 Unit/ S\$'000 | FY2020 Unit/ S\$'000 |
| Electricity | kWh | 64.3 | 63.3 |
| LPG ⁹ | Kg | 173.7 | 150.4 |
| Fuel | litre | 3.6 | 4.7 |

During the Reporting Period, LPG consumption rate increased mainly due to the increase in revenue of our wheel factory in Thailand (“Wheel Factory”).

⁸ Comparative electricity generated from solar panels was not presented in FY2020 due to non-availability of information. We have strengthened our data collection process and included the information in FY2021.

⁹ LPG is consumed mainly by our Wheel Factory.

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| Target for FY2021 | Performance in FY2021 | Target for FY2022 |
|--|--|--|
| Maintain or reduce energy consumption rate | <ul style="list-style-type: none"> No material changes in electricity consumption rate and we recorded a decrease in fuel consumption rate The LPG consumption rate increased mainly due to the increase in revenue of our Wheel Factory | Maintain or reduce energy consumption rate |

8.5 Waste optimisation

We are committed to environmental preservation through reuse and recycling to allow us to operate in a sustainable environment.

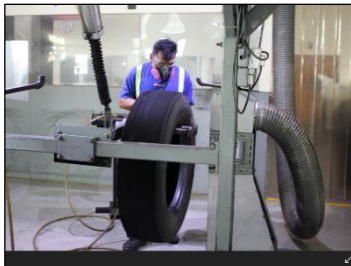
The main waste materials generated from our operations are the aluminium chips from wheel production. All aluminium chips from production are collected for outsourced recycling. During the Reporting Period, 88% (FY2020: 89%) of the aluminium chips generated from production is recycled.

Aluminium chips



In addition, we are actively involved in recycling of used tyres through our retreading plants located in Singapore, Malaysia and Indonesia. The retreading plants serve to extend the life span of tyres, thus saving valuable natural resources used in the production of tyres. Whilst preserving the environment, we also ensure that all retreaded tyres are rigorously inspected to ensure quality and safety.

Used tyres



Retreading process



Retreaded tyres



| Target for FY2021 | Performance in FY2021 | Target for FY2022 |
|--|---|--|
| Optimise waste generated in operations | No material changes in our recycling rate for aluminium chips generated from production | Optimise waste generated in operations |

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8.6 Water conservation and wastewater treatment

We recognise the importance to effectively manage water consumption as valuable water resources may be depleted and pollution may occur if we do not manage water consumption and wastewater treatment properly. Accordingly, we are committed to minimise water consumption and manage wastewater quality.

Water is consumed for office use, Wheel Factory and retreading operations with a substantial amount consumed by the Wheel Factory. Water consumed by our Wheel Factory is used for cooling and washing purposes during manufacturing processes such as in cooling towers, for heat treatment quenching baths, casting hydraulic systems, as machining coolant, for painting pre-treatment and basic washing of wheels before paint application.

Key statistics on water consumption and wastewater generated from our wheel manufacturing processes during the Reporting Period are as follows:

a. Water conservation

| Resource | Unit of measurement | Water consumption rate (Consumption/ Revenue) | |
|----------|---------------------|--|-------------------------|
| | | FY2021 Unit/ S\$'000 | FY2020 Unit/ S\$'000 |
| Water | Cu M | 0.8 | 0.7 |

Water conservation measures adopted by our operations include the following:

- Water consumption trends are regularly tracked, analysed and corrective actions are taken when unusual consumption patterns are observed; and
- A systematic maintenance program is implemented for operating equipment to maintain water efficiency for our Wheel Factory.

b. Wastewater treatment (Wheel Factory)

Wastewater comprises coolant oil and paint sludge which are generated from the following wheel manufacturing processes:

| Description | Source |
|--------------|--|
| Coolant oil | Generated from the machining process, which is a mixture of oil, coolant chemical and water |
| Paint sludge | Generated from the painting process, which is a mixture of water, paint chemical, thinner, and other particles captured by the water curtains inside the painting booths |

During the Reporting Period, the Wheel Factory generated 19,765 tonnes (FY2020: 16,941 tonnes) of wastewater. The increase in wastewater generated is mainly due to the increase in production volume at our Wheel Factory.

Measures taken to manage water quality include ensuring that wastewater is processed by our own water treatment plants before it is released into the waterways and conducting sampling checks to inspect water quality. During the Reporting Period, 100% (FY2020: 100%) of wastewater generated from our Wheel Factory is treated by our own water treatment plant.

| Target for FY2021 | Performance in FY2021 | Target for FY2022 |
|---|--|---|
| <ul style="list-style-type: none"> ▪ Maintain or reduce water consumption ▪ Achieve 100% wastewater treatment for the Wheel Factory | <ul style="list-style-type: none"> ▪ No material changes in water consumption rate ▪ 100% of wastewater generated from our Wheel Factory is treated by our own water treatment plant | <ul style="list-style-type: none"> ▪ Maintain or reduce water consumption ▪ Achieve 100% wastewater treatment for the Wheel Factory |

8.7 Commitment to quality products

Our brands



We are committed to deliver the best to our Customers by providing them with quality and safe products for our long-term business sustainability. Our proprietary brands comprise:

- Sumo Firenza and Sumo Tire brands for tyres which are produced by our CMS; and
- Stamford Sport Wheels, or SSW brand for alloy wheels which are designed, manufactured and tested in our Wheel Factory.

The key measures on quality and safety are as follows:

a. Adoption of market standards on product quality and safety

To maintain product quality and safety, our Suppliers and Wheel Factory are certified under internationally recognised quality standards with the following details:

| Production line | Brand | Key standards adopted | Certification Center |
|-----------------|-------------------------|---------------------------------|--|
| CMS | Sumo Firenza, Sumo Tire | ECE certification | TUV Rheinland, TUV SUD |
| Wheel factory | SSW | IATF 16949:2016 | TUV Rheinland |
| | | ISO 9001: 2015 | TUV Rheinland |
| | | VIA/JWL | Japanese Vehicle Inspection Association / Japan Light Alloy Automotive Wheel Testing Council |
| | | SNI Marking Product Certificate | Center for Material and Technical Product, Product Certification Body B4T LSPRO Bandung, Indonesia |
| | | GOST | Euro-Asian Council & CIS for Standardisation, Metrology and Certification ("EASC") |
| | | ABE (KBA/TUV Germany) | TUV Rheinland Kraftfahrt GmbH |

b. Robust quality control processes

To uphold a high standard on product quality and safety, we implemented the following operational measures:

- A manufacturing management policy is in place for compliance with the production standards;
- A procurement policy is in place to ensure that procurement teams work closely with Suppliers to comply with our requirements;
- Strategic suppliers are regularly evaluated through measures such as annual assessments, sampling tests and visits to Suppliers' premises; and
- The production lines are supported by a team of experienced engineers and designers to provide quality assurance for the products.

During the Reporting Period, there is no safety related defect which resulted in an accident that caused injury to a customer (FY2020: none).

| Target for FY2021 | Performance in FY2021 | Target for FY2022 |
|--|---|--|
| Maintain zero safety related defect which resulted in accident and caused injury to customer | Maintain zero incident of safety related defect which resulted in accident that caused injury to customer | Maintain zero safety related defect which resulted in accident and caused injury to customer |

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8.8 Employee retention

The continual success of our business relies on a team of professional, skilled and experienced staff and managers. We are committed to employee retention through the following efforts:

a. Performance based rewards

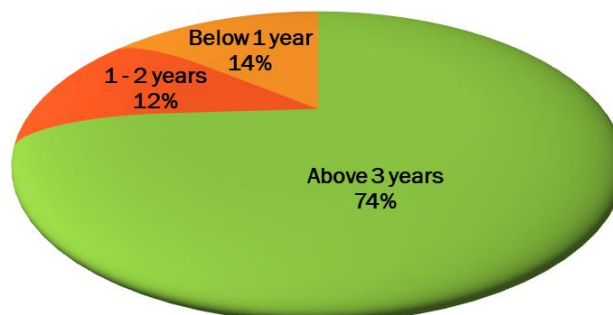
We recognise that employees are key to sustainability and therefore aims to reward capable and dedicated employees. Under our performance share plan for managerial level employees, rewards in the form of shares are granted to key employees to align their interests with that of the Group. The share plan is subject to review and approval by an independent Remuneration Committee and the Board of Directors.

b. Systematic internal human resource processes

Human resource processes related to employee retention includes:

- An employee handbook is in place to provide guidance on employee benefits and disseminate corporate culture;
- Employees are engaged regularly via various channels such as an appraisal exercise which allows employees to gain feedback on their career progress; and
- In-house and external training courses are organised regularly for employees to improve their professional skills. For example, a systematic training program is in place in Thailand to equip sales staff with the necessary product and service knowledge.

Years of service (permanent employees)



We believe that a low turnover improves the sustainability of operations and allows us to contribute positively to the development of social and human capital in a wider community. As at 30 April 2021, 74% (FY2020: 81%) of permanent employees have more than 3 years of service with us and our turnover rate¹⁰ is 16% (FY2020: 20%).

| Target for FY2021 | Performance in FY2021 | Target for FY2022 |
|--|--|--|
| Maintain or improve employee retention rate subject to market conditions | No material changes in employee retention rate | Maintain or improve employee retention rate subject to market conditions |

8.9 Equality and diversity in the workplace

We are committed to the goals of diversity and equal opportunity in employment by providing a work environment for our employees that fosters fairness, equality and respect for social and cultural diversity, regardless of their gender, age and educational background. The total number of full-time employees within the Group as at 30 April 2021 is 838 (FY2020: 847). During the Reporting Period, we have no (FY2020: zero) reported incident of unlawful discrimination¹¹ against employees.

On gender diversity, we view diversity on the Board level as an essential element in supporting sustainable development with two (FY2020: two) female Board members. The percentage of female to total permanent employees is 26% (FY2020: 26%) and about 38% (FY2020: 38%) of managers are females as at 30 April 2021.

On age diversity, matured workers are valued for their experience knowledge and skills. As at 30 April 2021, 49% (FY2020: 46%) of our workforce is at least 40 years old.

¹⁰ Turnover rate is calculated by dividing the total number of leavers by the total number of employees from entities covered.

¹¹ Unlawful discrimination refers to an incident whereby the relevant authority has commenced investigation and resulted in a penalty to the Company.

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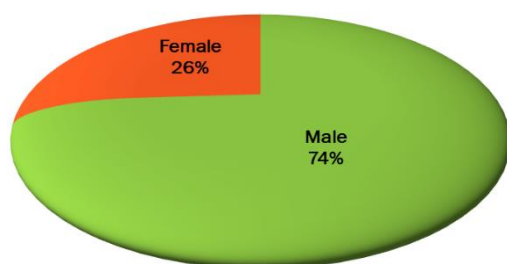
On diversity in educational background, we seek to create an inclusive environment for our employees from different educational background. The distribution of staff by educational level is as follows:

| Education qualification | FY2021 | FY2020 |
|-------------------------|-------------|-------------|
| Tertiary | 28% | 27% |
| Non-tertiary | 72% | 73% |
| Total | 100% | 100% |

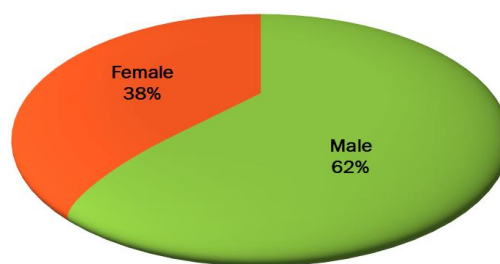
To promote equal opportunity, we have implemented various human resource measures as follows:

- Human resource policy and employee handbook are in place to recruit and promote employees based on merit and competency;
- Staff assessment is performed regularly to evaluate the performance of staff and provide staff with a sense of self-awareness to undertake training that will improve their skills and abilities; and
- Staff recruitment advertisements do not state age, race, gender or religion preferences as requirement.

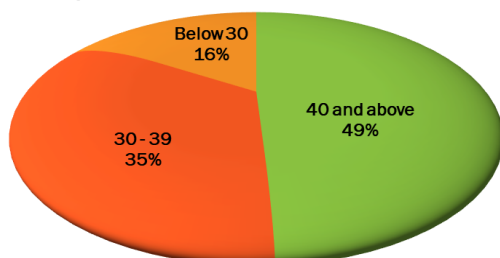
Gender diversity (permanent employees)



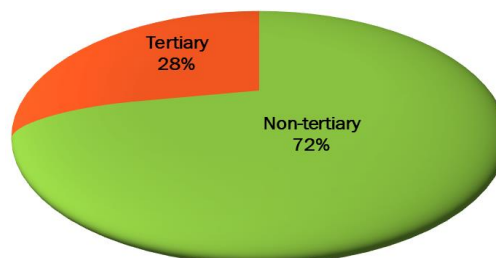
Gender diversity (managers)



Age diversity (permanent employees)



Educational diversity (permanent employees)



| Target for FY2021 | Performance in FY2021 | Target for FY2022 |
|--|--|--|
| <ul style="list-style-type: none"> ▪ Ratio of female against male employees and managers should not fall below 20% ▪ Ratio of employees with age 40 and above should not exceed 50% or less than 20% ▪ Ratio of employees with tertiary education should not fall below 20% | <ul style="list-style-type: none"> ▪ No material changes in diversity ratios ▪ No reported incident of unlawful discrimination against employees | Maintain zero reported incident of unlawful discrimination against employees |

8.10 Safe working environment

In our Group's daily operations, the workers are required to handle heavy lifting equipment such as forklifts to transfer inventories. For the Wheel Factory, workers also operate in a high temperature environment with the use of chemicals such as paints. Given the nature of activities and operating environment, we are committed to maintain a safety-conscious culture amongst our employees.

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The measures implemented to manage health and safety in the workplace environment are as follows:

- A set of safety rules and regulations is in place;
- A safety committee is in place and safety inspections are performed regularly by safety officers and reported to senior managers;
- All new employees are briefed on safety procedures during orientation;
- Regularly track and monitor accidents at the workplace and corrective action plans are established to prevent recurrences of the accidents; and
- A dedicated first-aid room is maintained at the Wheel Factory to provide immediate and effective medical treatment to workers or others who sustain injuries at the location.



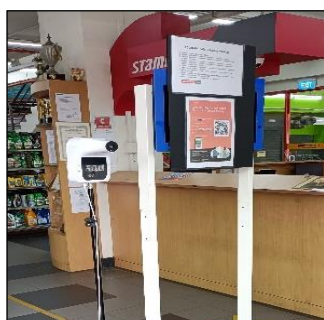
First aid room in our Wheel Factory

We recorded zero (FY2020: zero) workplace fatalities during the Reporting Period and 4 (FY2020: 9) non-fatal workplace injuries¹², resulting in 27 man-days lost (FY2020: 26 man-days lost) during the Reporting Period. The non-fatal workplace injuries mainly relate to finger, hand, wrist and leg injuries. We will continuously work towards reducing both the occurrence and severity of workplace accidents.

In light of the Pandemic, we have implemented the following measures to ensure the safety of our employees:

- Temperature screening for employees before allowing entry into our premises;
- Social distancing measures;
- Disinfection of premises;
- Provision of masks and hand sanitisers for employees and self-test kits for our Malaysia based employees;
- Circulation of dos and don'ts to our Malaysia based employees periodically to raise awareness amongst our employees on the safety precautions to be taken during the Pandemic;
- Split-team arrangement for our Malaysia based employees and Thailand based sales staff; and
- Swab tests for employees at our Wheel Factory and Singapore-based employees who visit customer sites.

Measures taken during the Pandemic



Temperature screening for employees



Social distancing measures



Disinfection of premises



Circulation of dos and don'ts during the Pandemic



Provision of masks for employees



Swab tests for our employees

¹² A workplace accident is defined as one when an employee is injured in a work accident which resulted in (i) hospitalisation for at least 24 hours and/or (ii) medical leave of more than 3 days (regardless if the medical leave is consecutive)

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| Target for FY2021 | Performance in FY2021 | Target for FY2022 |
|--|--|--|
| Reduce the number of workplace accidents | <ul style="list-style-type: none"> Maintain zero incident of fatal workplace injuries We experienced a decrease in the number of non-fatal workplace injuries and no material changes to the number of man-days lost | Reduce the number of workplace accidents |

8.11 Ongoing community engagement

We recognise that the long-term success of our business is closely related to the health and prosperity of the communities that we operate in. Accordingly, we strive to constantly contribute to the community. During the Reporting Period, the following campaigns are initiated to help the community:

a. Singapore Red Cross (“SRC”)

Under an arrangement made with SRC, we have supported the servicing and change of tyres of 18 vehicles since August 2018. The vehicles typically make over 12,000 life-saving trips a year and are deployed all over Singapore. The estimated retail cost of savings for SRC is approximately SGD 15,000 per year. We are proud to partake in the noble mission of SRC.



Photo courtesy: Singapore Red Cross

b. Charity car wash

We hosted this charity event in collaboration with The Serpents’ Pit (“TSP”) which comprises a group of car enthusiasts, CarTimes which mainly sells and rents out cars and Bifrost Auto which is a partner of our Singapore retail operations for accident claim processing and automotive repairs. We have also collaborated with volunteers from car clubs to send more than 300 food parcels to needy residents at Pasir Ris and Boon Lay in Singapore. These are challenging times and let us all remember to give a helping hand to the less fortunate and make Singapore a great place to live in!



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c. Charity drive for needy families

We collaborated with car clubs such as Outlander Passion Club Singapore, Club Alliance, Altis Group Singapore and Craftsman Automotive Audio & Detailing to host this charity drive to deliver goodie bags of essential goods to needy families around Jurong area in Singapore. With the help of the volunteers, we have delivered more than 200 food parcels to the residents.



| Target for FY2021 | Performance in FY2021 | Target for FY2022 |
|--|---|--|
| Initiate various campaigns to help the communities | Initiated various campaigns to help the communities | Initiate various campaigns to help the communities |

8.12 Robust corporate governance framework

We are committed to high standards of corporate governance and believe that a high standard of corporate governance is integral in ensuring sustainability of our business, as well as safeguarding shareholders' interests and maximising long-term shareholder's value.

Our overall SGTI score assessed by National University of Singapore Business School is 74 for year 2021 (Year 2020: 76).

The Board and Management firmly believe that the success of our quest for good governance lies in putting in place an effective framework of risk management and internal controls that is aligned with market standards and best practices. Refer to the Corporate Governance Report of the Annual Report 2021 for details for our corporate governance practices.

| Target for FY2021 | Performance in FY2021 | Target for FY2022 |
|------------------------------------|--|------------------------------------|
| Maintain or improve our SGTI score | Our overall SGTI score assessed by National University of Singapore Business School decreased slightly | Maintain or improve our SGTI score |

9. Supporting the UN Sustainable Development Goals


We have incorporated the SDGs under the 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, where appropriate, as a supporting framework to shape and guide our sustainability strategy. The results shown below are how our Sustainability Factors relate to these SDGs:

| SDG | Our effort (Sustainability Factor) |
|--|--|
|  <p>3 GOOD HEALTH AND WELL-BEING</p> <p>Ensure healthy lives and promote well-being for all at all ages</p> | <p>We implement measures to ensure a safe and secure working environment for our employees. (Section 8.10 Safe working environment)</p> |

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| SDG | Our effort (Sustainability Factor) |
|---|---|
|  <p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p> | <p>We help our employees to upgrade their professional skills by investing in training, education and development of our people to also enhance our business competencies. (Section 8.8 Employee retention)</p> |
|  <p>Ensure availability and sustainable management of water and sanitation for all</p> | <p>We implement checks and measures to reduce water wastage and manage the quality of wastewater generated from our business operations, which in turn help us to work towards achieving sustainable management and efficient use of natural resources. (Section 8.6 Water conservation and wastewater treatment)</p> |
|  <p>Ensure access to affordable, reliable, sustainable and modern energy for all</p> | <p>We install a solar photovoltaic system at our headquarters and implement measures to reduce our energy consumption rate as responsible usage of energy resources results in lesser carbon emissions and thus helps to preserve the environment. It also helps us to reduce costs incurred to support our business operations. (Section 8.4 Energy conservation)</p> |
|  <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> | <ul style="list-style-type: none"> ▪ We place heavy emphasis on customer satisfaction as we understand that maintaining a high level of customer satisfaction is essential to the continued success of our business. This in turn helps to contribute to economic growth as well as protection and creation of jobs. (Section 8.1 Total customer satisfaction) ▪ We ensure compliance to market standards with regards to the quality and safety of our products as such factors also help us to maintain customer satisfaction and the continued success of our business. This in turn helps to contribute to economic growth and protection and creation of jobs. (Section 8.7 Commitment to quality products) ▪ We contribute to economic growth through creating long-term value for our stakeholders. (Section 8.2 Sustainable business performance) |
|  <p>Reduce inequality within and among countries</p> | <p>We ensure equal opportunity for all employees regardless of age, gender and educational background. (Section 8.9 Equality and diversity in the workplace)</p> |
|  <p>Ensure sustainable consumption and production patterns</p> | <p>We implement measures to help prevent and reduce waste that is generated from our business operations. (Section 8.5 Waste optimisation)</p> |

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| SDG | Our effort (Sustainability Factor) |
|--|--|
|  <p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p> | <ul style="list-style-type: none"> ▪ We maintain zero tolerance towards any form of corruption, including bribery, through measures such as our whistle blowing policy (Section 8.3 Proactive anti-corruption practices) ▪ We maintain a high standard of corporate governance to safeguard our shareholder's interest and maximise long-term shareholder value (Section 8.12 Robust corporate governance framework) |

10. GRI Content Index

| GRI standard & disclosure title | Section reference | Page |
|---------------------------------|--|--|
| Organisational profile | | |
| 102-1 | Name of the organisation | Sustainability Report 2021 ("SR 21") > Cover page |
| 102-2 | Activities, brands, products, and services | <ul style="list-style-type: none"> ▪ SR 21 > Material Factors > Total Customer Satisfaction ▪ Annual Report 2021 ("AR 21") > Corporate Information ▪ AR 21 > Our Products ▪ AR 21 > Notes to the Financial Statements > Corporation Information ▪ AR 21 > Notes to the Financial Statements > Segment Information ▪ AR 21 > Notes to the Financial Statements > Subsidiary, Associated and Joint Venture Companies |
| 102-3 | Location of headquarters | <ul style="list-style-type: none"> ▪ AR 21 > Corporate Information ▪ AR 21 > Notes to the Financial Statements > Corporation Information |
| 102-4 | Location of operations | <ul style="list-style-type: none"> ▪ SR 21 > Material Factors > Total Customer Satisfaction ▪ AR 21 > Our Presence ▪ AR 21 > Notes to the Financial Statements > Segment Information |
| 102-5 | Ownership and legal form | <ul style="list-style-type: none"> ▪ AR 21 > Notes to the Financial Statements > Corporation Information ▪ AR 21 > Notes to the Financial Statements > Subsidiary, Associated and Joint Venture Companies ▪ AR 21 > Statistics of Shareholdings |
| 102-6 | Markets served | <ul style="list-style-type: none"> ▪ SR 21 > Material Factors > Total Customer Satisfaction ▪ AR 21 > Our Presence |

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| GRI standard & disclosure title | | Section reference | Page |
|---------------------------------|--|---|--|
| Organisational profile | | | |
| 102-7 | Scale of the organisation | <ul style="list-style-type: none"> ▪ SR 21 > Material Factors > Sustainable Business Performance ▪ SR 21 > Material Factors > Equality and Diversity in the Workplace ▪ AR 21 > Our Products ▪ AR 21 > Financial and Operations Review ▪ AR 21 > Financial Highlights ▪ AR 21 > Consolidated Income Statement ▪ AR 21 > Consolidated Statement of Comprehensive Income ▪ AR 21 > Balance Sheets | <p>8</p> <p>13 - 14</p> <p>11 of AR 21</p> <p>14 - 18 of AR 21</p> <p>19 of AR 21</p> <p>60 of AR 21</p> <p>61 of AR 21</p> <p>62 of AR 21</p> |
| 102-8 | Information on employees and other workers | SR 21 > Material Factors > Equality and Diversity in the Workplace | 13 - 14 |
| 102-9 | Supply chain | <ul style="list-style-type: none"> ▪ SR 21 > Our Business ▪ AR 21 > Corporate Information | <p>3</p> <p>1 of AR 21</p> |
| 102-10 | Significant changes to the organisation and its supply chain | There were no significant changes to the organisation and its supply chain during the Reporting Period | - |
| 102-11 | Precautionary Principle or approach | None | - |
| 102-12 | External initiatives | SR 21 > Supporting the UN Sustainable Development Goals | 17 - 19 |
| 102-13 | Membership of associations | None | - |
| Strategy | | | |
| 102-14 | Statement from senior decision-maker | SR 21 > Board Statement | 1 - 2 |
| Ethics and integrity | | | |
| 102-16 | Values, principles, standards, and norms of behaviour | AR 21 > Corporate Governance | 21 - 51 of AR 21 |
| Governance | | | |
| 102-18 | Governance structure | <ul style="list-style-type: none"> ▪ SR 21 > Policy, Practice and Performance Reporting > Reporting Structure ▪ SR 21 > Material Factors > Robust Corporate Governance Framework ▪ AR 21 > Corporate Governance | <p>4</p> <p>17</p> <p>21 - 51 of AR 21</p> |
| Stakeholder Engagement | | | |
| 102-40 | List of stakeholder groups | SR 21 > Stakeholder Engagement | 3 - 4 |
| 102-41 | Collective bargaining agreements | None of our employees are covered by collective bargaining agreements | - |
| 102-42 | Identifying and selecting stakeholders | SR 21 > Stakeholder Engagement | 3 - 4 |
| 102-43 | Approach to stakeholder engagement | SR 21 > Stakeholder Engagement | 3 - 4 |
| 102-44 | Key topics and concerns raised | <ul style="list-style-type: none"> ▪ SR 21 > Stakeholder Engagement ▪ SR 21 > Material Factors > Total Customer Satisfaction | <p>3 - 4</p> <p>7 - 8</p> |

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| GRI standard & disclosure title | | Section reference | Page |
|---------------------------------|--|--|---|
| Reporting practice | | | |
| 102-45 | Entities included in the consolidated financial statements | AR 21 > Notes to Financial Statements > Subsidiary, Associated and Joint Venture Companies | 129 - 133 of AR 21 |
| 102-46 | Defining report content and topic Boundaries | SR 21 > Policy, Practice and Performance Reporting > Sustainability Reporting Processes | 5 |
| 102-47 | List of material topics | SR 21 > Material Factors | 6 - 17 |
| 102-48 | Restatements of information | None | - |
| 102-49 | Changes in reporting | None | - |
| 102-50 | Reporting period | SR 21 > Reporting Period and Scope | 3 |
| 102-51 | Date of most recent report | Sustainability Report 2020 | - |
| 102-52 | Reporting cycle | SR 21 > Reporting Period and Scope | 3 |
| 102-53 | Contact point for questions regarding the report | SR 21 > Feedback | 3 |
| 102-54 | Claims of reporting in accordance with the GRI Standards | <ul style="list-style-type: none"> ▪ SR 21 > Reporting Framework ▪ SR 21 > GRI Content Index | 2 19 - 22 |
| 102-55 | GRI content index | SR 21 > GRI Content Index | 19 - 22 |
| 102-56 | External assurance | We may seek external assurance in the future | - |
| Management approach | | | |
| 103-1 | Explanation of the material topic and its Boundary | SR 21 > Material Factors | 6 - 17 |
| 103-2 | The management approach and its components | <ul style="list-style-type: none"> ▪ SR 21 > Board Statement ▪ SR 21 > Policy, Practice and Performance Reporting ▪ SR 21 > Material Factors | 1 - 2 4 - 5 6 - 17 |
| 103-3 | Evaluation of the management approach | SR 21 > Material Factors | 6 - 17 |
| Category: Economic | | | |
| 201-1 | Direct economic value generated and distributed | <ul style="list-style-type: none"> ▪ SR 21 > Material Factors > Sustainable Business Performance ▪ AR 21 > Financial and Operations Review ▪ AR 21 > Financial Highlights ▪ AR 21 > Consolidated Income Statement ▪ AR 21 > Consolidated Statement of Comprehensive Income ▪ AR 21 > Balance Sheets | 8 14 - 18 of AR 21 19 of AR 21 60 of AR 21 61 of AR 21 62 of AR 21 |
| 205-3 | Confirmed incidents of corruption and actions taken | SR 21 > Material Factors > Proactive Anti-Corruption Practices | 8 |
| Category: Environmental | | | |
| 302-3 | Energy intensity | SR 21 > Material Factors > Energy Conservation | 9 - 10 |
| 303-5 | Water consumption | SR 21 > Material Factors > Water Conservation and Wastewater Treatment | 11 |
| 306-2 | Waste by type and disposal method | SR 21 > Material Factors > Waste Optimisation | 10 |

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| GRI standard & disclosure title | | Section reference | Page |
|---------------------------------|---|--|---------|
| Category: Social | | | |
| 401-1 | New employee hires and employee turnover | SR 21 > Material Factors > Employee Retention | 13 |
| 403-9 | Work-related injuries | SR 21 > Material Factors > Safe Working Environment | 14 - 16 |
| 405-1 | Diversity of governance bodies and employees | SR 21 > Material Factors > Equality and Diversity in the Workplace | 13 - 14 |
| 406-1 | Incidents of discrimination and corrective actions taken | SR 21 > Material Factors > Equality and Diversity in the Workplace | 13 - 14 |
| 413-1 | Operations with local community engagement, impact assessments, and development programs | SR 21 > Material Factors > Ongoing Community Engagement | 16 - 17 |
| 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services | SR 21 > Material Factors > Commitment to Quality Products | 12 |