



SUSTAINABILITY REPORTING 2018

Powermatic Data Systems Limited



SUSTAINABILITY REPORT 2018

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1. Board Statement

Powermatic Data Systems Ltd (hereafter referred to as “PDS” or the “Group”) presents our first annual Sustainability Report (the “SR Report”) which covers our Group’s performance from 1 April 2017 to 31 March 2018 (the “reporting period”).

This Report covers the Group’s key sustainability issues, management approach and related performance. It is prepared in accordance with the GRI standards: Core Option.

Our board of director appoints a steering committee headed by Ms Katherine Ang and a working committee consists of senior staff of Singapore HQ and our subsidiary in Suzhou, China. Their role is to ensure all ESG factors and material topics which are likely to cause impact to the group will be identified and evaluated thoroughly. Policies and measures are to be planned to meet the set target deadline. This report shall be reviewed annually.

During the process, our committees have worked closely with all HODs and our stakeholders from whom we gathered valuable material ESG factors for our sustainability assessment. The committee updated their findings as and when they found importance for the Board to know. We are pleased that several policies and measures are derived from these discussions and becoming our business strategy.

The BOD wishes to thank all who participated and felt benefited in this SR exercise. We are convinced that the business we are in is sustainable and our stakeholders’ interest are safeguarded.

Chairman, Board of Director

Sustainability Reporting Steering Committee

Chairperson: Ms Katherine ANG

Members: Molly CHUA / Yvonne ANG / Alex TIONG/ Kelly LI

Sustainability Reporting Working Committee

Chairperson: Molly CHUA

Members: Kelly LI / SUN HONG LIAN

2. Economic

2.1 Our Business

Our core business is in the manufacturing and sale of wireless connectivity products. Through our subsidiaries COMPEX Systems and COMPEX Suzhou, we specialize in the design and manufacturing of wireless connectivity devices. Our services include the provision of OEM, ODM, and JDM for wireless solutions.

Our product range includes high performance wireless radio modules, embedded boards, indoor and outdoor access points and wireless antennas. Our products are used in various industries such as Factory automation, Health care, Hospitality, Security surveillance and many others.

We are in a strong partnership with QUALCOMM ATHEROS (QCA). Our subsidiary COMPEX Systems Pte Ltd is officially appointed as QUALCOMM Authorized Design Centre in South East Asia. As a QUALCOMM design center, we provide our wireless know-how in both hardware and software services to many multinational corporations. Our clientele includes reputable distributors of electronic and wireless device components, system integrators, wireless products design houses, and Fortune 500 corporations.

The introduction of 5G telecommunication and demand of access points, the prospect of the wireless connectivity devices and technology are expected to be good in the coming years. Our sales by geography reflect our balance approach in market diversification with Asia 37%, Europe 32% and USA 26% and other regions 5%.

We believe the vision of future connectivity with virtually unlimited number of things that can be connected will spur growth for our core wireless connectivity products business. There are hurdles to cross, costs pressure to manage but we are excited on what the future will lead us to.

2.2 Economic Performance

Here is a glance of our financial records over the last five years

Income Statement	2014	2015	2016	2017	2018
Revenue (S\$ million)	15.1	14.3	15.5	15.4	16.1
Profit before tax (S\$ million)	2.41	3.12	3.21	4.68	5.31
Earning per share (Sin Cents)-diluted	5.85	7.73	8.10	11.97	12.94
Dividend per share paid (Sin Cents)	5	5	5	7	7
Dividend paid as percentage of profit before tax (%)	72	57	54	52	46
Net assets value per share with investment property and freehold office unit stated at carrying cost (S\$)	1.27	1.35	1.36	1.51	1.57
Net assets value per share with investment property and owner occupied property stated at fair value (S\$)	1.74	1.79	1.77	1.91	1.98
Staff head count (In Numbers)	79	78	79	74	76

Figure 1 Financial Performance (2014-2018)

2.3 EICC standards (*Electronic Industry Code of Conduct*)

Our plant in Suzhou has since July 2017 been practicing the EICC standards (*now also known as Responsible Business Alliance Code of Conduct*), though yet to be certified, it has been recognized and accepted by our major customers. The EICC standard includes essential requirement of various international standards such as SA8000, ISO14001, OHSAS18001 and QC080000. It is an integrated standard. By adopting EICC standard, we ensure that the best practice of Labour regulation, health & Safety, environment, management system and ethnic are kept in check at all time.

2.4 R & D and Core Intellectual Properties

Our hardware research team has brought our business to a new height. Our two 4x4wave 2 wireless module patents in China were approved in April 2018.



Figure 2 Some of our Patented Products

3. Stakeholder Engagement

Our Group has always focused on creating sustainable value for our stakeholders. We have actively engaged them through the following channels:

S/N	STAKEHOLDERS	ENGAGEMENT PLATFORM / CHANNELS
1	Shareholder	Annual AGM, Company Website (http://www.powermatic.com.sg & www.compex.com.sg), Annual Report, Half-yearly financial report disclosure.
2	Customer	meetings, events, email communications, phone calls and teleconferences.
3	Employee	Regular management meetings, Yearly work plans, Monthly birthday celebration for staff, Christmas Party, Chinese New Year “Loi Hey”, Seminars and Talks.
4	Vendor	Communication platforms with vendors involve all levels of personnel in each product lines via emails, meetings, events and regular vendor conferences.
5	Regulator	Attend SGX, ACRA and trade industry events and functions.
6	Community	Annual dinner, Industry estate manufacturers gatherings, Seminars and Talks.

Figure 3 How we engaged with our Stakeholders

4. Material Factors

Our materiality assessment process for FY2017/18 involved the Group's Senior Management in identifying sustainability factors deemed material to the our businesses and our stakeholders, this is to ensure that our resources are better deployed to create sustainability value for our stakeholders.

The table below are **10 key factors** being prioritized by the working committee:

S/N	MATERIAL FACTOR	KEY STAKEHOLDER	REPORTING PRIORITY
SOCIAL			
1	Inclusive workplace and talent development	Employee	I
2	Occupational health and safety	Employee	II
3	Community engagement	Community	III
ENVIRONMENTAL			
4	Electricity and water conservation	Community, shareholder	II
ECONOMIC			
5	Sustainable business performance	Shareholder	I
6	Succession planning	Management	II
7	Innovation & Technology Leadership	Management/shareholder	I
8	Product quality and satisfaction	Customer	I
GOVERNANCE			
9	Robust corporate governance framework	Shareholder, regulator	II
10	Business continuity management (BCM)	Regulator/Management	II

Figure 4 Materiality Assessment by our Stakeholders and their priority

Each of these topics was discussed among the selective groups separately and collectively in some subjects which are elaborated in this report.

5. Environment

5.1 Electricity and Water Conservation

Our group is committed to the usage of electricity and water resources most responsibly. We have put in place a SOP in energy saving and consumption. Key statistics on electricity and water consumption in Suzhou operations are as follows:

Our daily electricity consumption from 1-4-2017 to 31-3-2018 was managed in between **1,700 to 2,100 KWh**. From our records, product machines took up half of the total consumption and air conditioners, compressor and supporting lighting took up the other half.

The tables below show the total actual consumption of energy consumed per dollar and the emissions intensity per metric ton.

Year	Actual Consumption (KWh) of the Group	Turnover (S\$M)	(KWh/S\$)
2016	526,528.00	15.5	0.03397
2017	630,015.00	15.4	0.04091
2018	628,323.03	16.1	0.03903
Average	594,955.34		0.03797

Figure 5 KWh Consumption vs the Revenue (KWh/S\$ represents energy consumed per monetary unit of sales)

Year	Total direct CO ₂ or Carbon Equivalent Emissions (Metric Tons)	Total indirect CO ₂ or Carbon Equivalent Emissions (Metric Tons)	Turnover (Revenue in Millions, S\$)	Emissions Intensity (MT/S\$' 000)
2016	NA	392	15.5	0.02529
2017	NA	469	15.4	0.03045
2018	NA	468	16.1	0.02906

Figure 6 Emissions Intensity

<https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>

Under our commitment to electricity and water conservation, various measures and initiatives are adopted such as:

- Installed sensor water taps in toilets to prevent water wastage.
- Switch off the office lights in the common areas and office when not in use.
- Put up signage at light switches to remind staff to switch off the lights when not in use.
- Only turn on air conditioning when the room temperature is higher than 28 degrees Celsius in summer and lower than 10 degrees Celsius in Winter in Suzhou, China.
- Designated staff to patrol and check that air-conditioning and lighting are off after office hours.

5.2 Work Place Air and environment certification

Our production plant in Suzhou was certified by the NUOXIN Safety Technology Co., Ltd to have passed the work place air and environment certification. This is to ensure that the air conditioning in our plant meets with the health standard for our workers.

5.3 Waste management

We practise IECQ QC 080000 Hazardous Substance Process Management (HSPM) system in our operating plant. Our waste including scraps and discharges are contracted out to licensed companies for disposal so as to ensure environmental friendly process are carried out thoroughly. We also make known to our customers that certain parts of our products must be properly disposed or decommissioning after used. Clear instructions are attached to the manual of our products.

5.4 Supply Chain

We practise EICC standards in our operating process in advocating sustainable solutions. In dealing with our suppliers, we ensure that proper evaluation procedures are observed and reported in our assessment checklist which include their business conduct, labour practices, safety & health and environmental management.

5.5 Compliance

We are not aware of any violations to laws and regulations pertaining to the environmental aspects. We have also put in place policies and standard operating procedures to ensure environmental compliance such as

- Ensuring suppliers have obtained environmental certification (*HSPM: QC080000*)
- Workers are well informed of policies and procedures in the event of contamination
- Products are labeled with the environmental requirements
- All material used are within the limit of environmental requirements
- Equipment used are environment friendly
- Applying precautionary principle to reduce or to avoid negative impacts on the environment

6. Social

6.1 Inclusive Workplace and Talent Management

Our Corporate Cultures:

- We believe in collective resourcefulness, experience, skills and know how, dedication and endurance.
- Quality employees are nurtured, cultivated and given space to improve the skill sets.
- We exploit the cooperative and positive energy of our employees to succeed.
- Everyone is treated equally. We practise non-discrimination and equal opportunities.
- Our employee handbook stated that decisions on recruitment, selection, promotion and transfer are made based on merits regardless of age, race, gender, religion, nationality, marital status and family responsibilities.
- We are constantly developing our human capital base to build a strong succession pipeline and a high performing team.
- We organize cohesive building programs which includes festive celebrations, staff appreciation functions, community events, seminars and family gatherings to achieve the purpose.
- All employees meet regularly to cultivate their ethical behaviors via community talks and festive activities organized by HR department where feedback and suggestions are received and explained.

6.2 Our Work Force Characteristics (Suzhou Office)

Particulars	Quantity/percentage
All workers	99
Management	8
Male workers ratio	38%
Female workers ratio	62%
Tertiary Education and above	39
Below Tertiary Education	60
Below 40 years old	88
Above 40 years old	11
Production Workers	60
Monthly Training hour per month per staff	1.5
Monthly Training hour per month per worker	2

Figure 7 Work Force Characteristics

6.3 Employee Entry Wages

We adhere to the minimum wage laws of China. On average we paid higher entry wages than the required minimum to attract and retain employees. We engaged local professional human resources company to help us in the new recruitment of general workers and replacement. It is efficient and cost saving in such practices. Our turnover was low in the past and the replacement is fast. We strictly abide to the manpower laws and regulation in our China subsidiaries, once the new recruits qualified for certain conditions, the rightful benefits will be provided accordingly.

6.4 Diversity in the Workforce

We embrace diversity and have employees from different backgrounds. We have representation from different nationalities/provinces in China and gender in our workplace. This allows our organization to be more vibrant and innovative with different experiences and background that each employee offers.

6.5 Employee by Department (DEC 2017)

Figure 8 Employees by Departments in numbers

	Suzhou Plant	Singapore HQ	The Group	The Group
Department	# Of Workers	# Of Workers	# Of Workers	Total workers vs department
Executive Director	-	2	2	1.63%
Finance, Shipping & Warehouse Management	9	4	13	10.57%
Management Information System	3	1	4	3.25%
Production	44	-	44	35.78%
Sales and Marketing	8	6	14	11.38%
Purchasing	4	1	5	4.07%
R & D	9	7	16	13%
Quality Control	19	-	19	15.45%
HR and Management Support	3	2	5	4.07%
Logistic & Property	-	1	1	0.81%
Total	99	24	123	100%

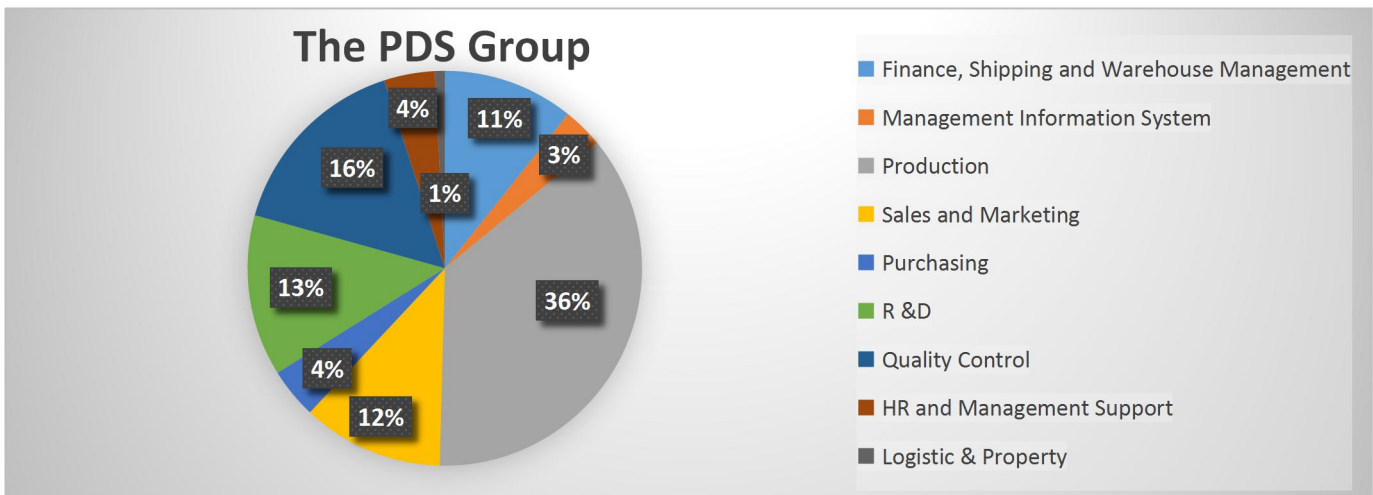


Figure 9 Employees by Departments in percentage

There are 8 senior local management in our Suzhou subsidiary. 100% of production come from the Suzhou factory.

6.6 Occupational Health and Safety

We are aware of the importance of health and safety. Hence, we are committed to ensure that we place the highest priority on the health and safety of our employees, customers, suppliers and subcontractors as well as the community at large. Key measures adopted to manage health and safety in the workplace environment are as follows:

- A set of safety rules and regulations is in place
- Safety committee are in place and safety inspections are performed regularly
- Briefings and talks on occupational safety are organized regularly
- Accidents are tracked and monitored regularly

There are no record of fatalities in this reporting year. We will continuously work towards reducing both the occurrence and severity of workplace accidents.

6.7 Ongoing Community Engagement

Our Group strives to set a good example in giving back to our community. We encourage our employees to give back to the society through community service projects and/or donation to the less fortunate groups. we aim to organize corporate social responsibility activities for our employees to participate in as practicably as possible.

6.8 Employee Benefits

We have in place programs to encourage healthy workforce through sports, social and health related education talks and activities. Our employees' welfare, insurance and benefits include body and dental checks as well as specific high risk work related check-ups. Employees of PDS are entitled to a range of benefits including hospital and surgical insurance, workmen compensation insurance, group personal accident insurance, medical and dental health care benefits as well as hospitalization leaves. In Singapore,

we also support the government’s pro-family policies and follow MOM regulations with regards to parental and childcare leave.

6.9 Training and Education

We believe that our greatest assets are our people and that the technological and engineering skills and knowledge of our staff are the core to our success. Therefore, we invest in training, learning initiatives and development to expand our staff competencies. Apart from technical skills, we also organize business, leadership, train-the-trainer, finance, operational management and enterprise resource planning training for our Management and staff. Average our workers received 15-20 hours training a year depending on their job requirements. In the coming years, we plan to increase average training hour gradually base on the recommendation of each department’s needs.



Figure 10 Suzhou Factory

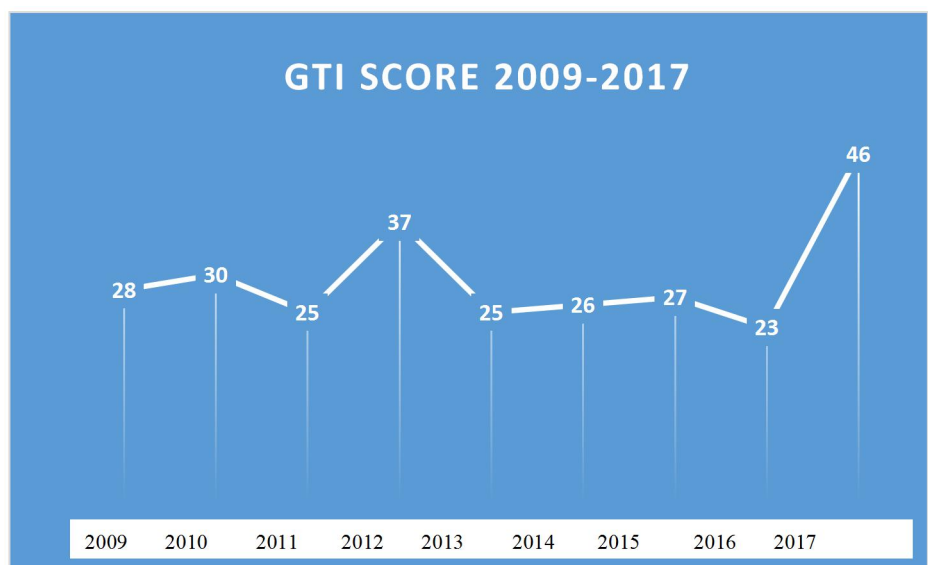
7. Governance

7.1 Corporate Governance

A high standard of corporate governance is integral in ensuring sustainability of the Group’s business as well as safeguarding shareholders’ interest and maximizing long term shareholder value.

Our overall Singapore Governance and Transparency Index (GTI) score assessed by the National University of Singapore Business School is **375** for FY2017 which had moved up tremendously over previous years.

GTI Year	Rank	Score
2017	375	46
2016	599	23
2015	584	27
2014	552	26
2013	566	25
2012	220	37
2011	458	25
2010	417	30
2009	485	28



7.2 Whistle-blowing Policy

The group has in place a Whistle Blowing Policy that provides a channel to employees and other parties to report in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting or other matters. Our stakeholders and employees can reach our AC Chairman, Mr. Yee Lat Shing, Tom or our Finance Manager, Miss Molly Chua.

7.3 Risk Management

We have an Enterprise Risk Management (ERM) frame work in place to monitor and address the group's risk profiles. NEXIA TS Pte Ltd, a Singapore audit and risk management company was commissioned to assess the group's risk exposure in 2013 and 2016. An area highlighted in the recent report was the insufficient succession planning for senior management risks. The Board has seriously considered the assessment and have put in place a strategic succession plan.

7.4 Investor Relations

We welcome all stakeholders to approach us and support the sustainability of our business. Investors can reach us via our company website at www.Powermatic.com.sg or read our company latest information at www.SGX.com or actively participate at the AGM.

8. Performance Tracking and Reporting

Within the group, we will track our progress of material factors by systematically identifying relevant information and data. And to conduct Gap analysis to ensure the expectation of our stakeholders and the company are going along well. In addition, we will set performance targets that are aligned with our strategy to ensure that we maintain the right course in our path to sustainability.

GRI STANDARDS CONTENT INDEX

GRI Standards 2016	General Disclosures	Annual Report 2018 Section Reference
	Organization Profile	
102-1	Name of the organization	Cover page
102-2	Activities, brands, products, and services	Product design & Solutions Page 5-6
102-3	Location of headquarters	Corporate Information Page 2
102-4	Location of operations	Corporate Information Page 2
102-5	Ownership and legal form	Corporate information Page 2 & Statistics of Shareholders Page 83
102-6	Markets served	AR Report, Sales by Geography, Page 7
102-7	Scale of the organization	AR Report Page 3-8 & SR Report Page 8
102-8	Information on employees and other workers	AR Report Page 8 & SR Report Page 7-9
102-9	Supply chain	Product Highlight Page 5 & 6 Also in SR Report, Page 6
102-10	Significant changes to the organization and its supply chain	Chairman Statement, Page 3-4

102-11	Precautionary principle or approach	SR Report, Page 7
102-12	External initiatives	Chairman Statement Page 3-4 Product Application & Market Page 5-6
102-13	Membership of associations	Board of Directors, Management Profile Page 8
	Strategy	
102-14	Statement from senior decision-maker	Chairman Statement Page 3-4
102-15	Key impacts, risks, and opportunities	Chairman Statement Page 3-4 Risk Management & internal control Page 18 -20
	Ethics and Integrity	
102-16	Values, principles, standards, and norms of behaviour	SR Report - Corporate Cultures Page 7
102-17	Mechanisms for advice and concerns about ethics	SR Report - Corporate Cultures Page 7
	Governance	
102-18	Governance structure	Corporate Governance Page 9-11
102-19	Delegating authority	Corporate Governance Page 9
102-20	Executive-level responsibility for economic, environmental	SR Report - Board Statement Page 2
102-21	Consulting stakeholders on economic, environmental, and social topics	SR Report - Board Statement Page 2
102-22	Composition of the highest governance body and its committees	Corporate Governance Page 9
102-23	Chair of the highest governance body	Corporate Governance Page 12
102-24	Nominating and selecting the highest governance body	Corporate Governance Page 12-13
102-25	Conflicts of interest	NA
102-26	Role of highest governance body in setting purpose, values, and strategy	Corporate Governance Page 9
102-27	Collective knowledge of highest governance body	Corporate Governance Page 8
102-28	Evaluating the highest governance body's performance	Corporate Governance Page 15-17
102-29	Identifying and managing economic, environmental, and social impacts	Corporate Governance Page 5
102-30	Effectiveness of risk management processes	Corporate Governance Page 15-26
102-31	Review of economic, environmental, and social topics	SR Report - Page 2
102-32	Highest governance body's role in sustainability reporting	SR Report - Page 2
102-33	Communicating critical concerns	SR Report - Page 4
102-34	Nature and total number of critical concerns	SR Report - Page 5
102-35	Remuneration policies	Corporate Governance Page 15-17 & Page 22-24
102-36	Process for determining remuneration	Corporate Governance Page 16-17
102-37	Stakeholders' involvement in remuneration	N.A
102-38	Annual total compensation ratio	Corporate Governance Page 16-17 Notes to Financial Statement Page 70-71
102-39	Percentage increase in annual total compensation ratio	Corporate Governance Page 16-17 Notes to Financial Statement Page 70-71

102-40	List of stakeholder groups	SR Report - Stakeholder Engagement, Page 4
102-41	Collective Bargaining Agreements	Not formalized
102-42	Identifying and selecting stakeholders	Stakeholder Engagement, Page 4
102-43	Approach to stakeholder engagement	Stakeholder Engagement, Page 4
102-44	Key topics and concerns raised	Stakeholder Engagement, Page 5
102-45	Entities included in the consolidated financial statements	Notes to the Financial Statements Page 27-82
102-46	Defining report content and topic boundaries	SR Report, Page 2 & 5
102-47	List of material topics	SR Report, Page 5
102-48	Restatements of information	N.A., first report
102-49	Changes in reporting	N.A., first report
102-50	Reporting period	Board Statement, Page 2
102-51	Date of most recent report	N.A., first report
102-52	Reporting cycle	Annually
102-53	Contact point for questions regarding the report	Contacts, last page of this report
102-54	Claims of reporting in accordance with the GRI Standards	SR Report, Board Statement Page 2
102-55	GRI content index	GRI Standards Content Index, Page 11-14
102-56	External assurance	We have not sought external assurance as it is our first report
GRI Indicators	Economic	Annual Report Section Reference
201-1	Direct economic value generated and distributed	Chairman Statement Page 3-4 & Page 38-42
201-4	Financial assistance received from government	Notes to The Financial Statements, Page 55
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	SR Report, Social Page 8
202-2	Proportion of senior management hired from the local community	SR Report, Social Page 8
205-1	Operations assessed for risks related to corruption	SR Report, Corporate Governance Page 10
205-2	Communication and training about anti-corruption policies and procedures	SR Report, Corporate Governance Page 10
205-3	Confirmed incidents of corruption and actions taken	Nil
GRI Indicators	Environment	Annual Report Section Reference
302-1	Energy consumption within the organization	SR Report, Page 6-7
306-1	Water discharged by quality & destination	SR Report, Page 6-7
307-1	Non-compliance with environmental laws and regulations	SR Report, Page 6-7
308-1	Percentage of new suppliers that were screened using environmental criteria	SR Report, Page 6-7
308-2	Negative environmental impacts in the supply chain and actions taken	SR Report, Page 6-7
GRI Indicators	Social	Annual Report Section Reference
401-1	New employee hires and employee turnover	SR Report, Page 7-9
401-2	Benefits provided to full time employees that are not provided to temporary or part-time employees	SR Report, Page 7-9
401-3	Parental leave	SR Report, Page 7-9
403-1	Workers representation in formal joint managements worker	SR Report, Page 7-9
403-2	Injury and incidents	SR Report, Page 7-9

403-4	Health & safety topics covered in formal agreements with trade union	SR Report, Page 7-9
404-1	Average hours of training per employee	SR Report, Page 7-9
404-2	Programs for upgrading employee skills and transition assistance programs	SR Report, Page 7-9
404-3	Percentage of employees receiving regular performance and career development reviews	SR Report, Page 7-9
405-1	Diversity of governance bodies and employees	SR Report, Page 7-9
413-1	Operations with local community engagement, impact assessments, and development programs	SR Report, Page 7-9
414-1	New suppliers screened using social criteria	SR Report, Page 6-7
414-2	Negative social impacts in the supply chain and actions taken	SR Report, Page 6-7
419-1	Non-compliance with laws and regulations in the social and economic area	SR Report, Page 6-7