SUSTAINABILITY REPORTING 2019/2020
Powermatic Data Systems Limited

SUSTAINABILITY REPORT 2019/2020

Relevant corresponding reference location in our Annual Report 2019/20

1. Board Statement

Powermatic Data Systems Ltd (hereafter referred to as "PDS" or the "Group") is pleased to present the second annual Sustainability Report (the "SR Report") which covers our Group's performance from 1 April 2019 to 31 Match 2020 (the "reporting period").

This Report covers the Group's key sustainability issues, management approach, and related performance. It is prepared following the GRI Standards: Core Option.

Our board of directors continues to appoint 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 to supervise the sustainability report in 2019/20.

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 updates their findings as and when they deem importance and keep the Board informed.

The company observes all health and safety precautions in protecting our employees since the start of the pandemic, also in full support of our national "circuit breaker" measures and related policies. We practise social distancing and rotate our staff back to the office gradually. Our factory in Kulai, Johore, Malaysia had started operations in last quarter of FY2020 to cater to our customers who wish to source their supply from South-East Asia. The Kulai plant also provides a back-up facility to ensure production capacity remains steady in case the Suzhou plant is down. In anticipation of having to work remotely becoming a new norm, we have stepped up our IT infrastructure to ensure business continuity in coping with the prolonged pandemic situation.

During this reporting period, the board members remained the same and have received the progressive reports on issues impacting the sustainability of the Group. Our board takes yearly sustainability reporting seriously, all concerns of stakeholders are duly discussed and put into our business strategy to make rooms for improvement. The BOD wishes to thank all parties who participated in the compilation of this report.

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

Powermatic Data System was established in Singapore since 1 February 1989 and was listed in the SGX since 1992. As an investment holding company, it has six fully owned subsidiaries located in Singapore, China, USA, and Malaysia. The Group operates under two main segments:

1. Manufacturing and sale of Wireless Connectivity products and related services.
2. Lease and maintenance of Harrison Industrial Building, a freehold investment property owned by the Company.

Geographically, our sales distribution for FY2020 is Asia – 43%, USA – 33%, Europe – 20%, and Other regions – 4%.

Wireless connectivity is the core business and the main profit driver of the Group. Apart from manufacturing its own designed hardware the group also provides OEM, ODM solutions, and other sales-related services to customers.

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

The Group develops and design its own proprietary array of wireless communication products. To further our technology reach, we have a technology 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, including those in our proprietary array, 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 Group's property business is carried out by the holding company Powermatic Data Systems itself. The freehold property is situated at 7 & 9 Harrison Road, Singapore, 369651. We house our Singapore operations in one of the units and rent out the rest.

Covid-19 which began wide-spread nearing our financial year ended in March did not bring down our revenue during this reporting year. Our revenue performed slightly better than previous years despite of disruption of our Suzhou operation for about a month. However, In the coming months of 2020, we expect business to slow down as some of our clients are in the hospitality and transportation sectors that are badly hit. They may defer their orders due to deferment of their marketing activities

2.2   Economic Performance

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

Income Statement	2016	2017	2018	2019	2020
Revenues (S$ million)	15.5	15.4	16.1	21.0	21.8
Profit before tax (S$ million)	3.21	4.68	5.31	7.73	9.86
Earning per share (Sin Cents)-diluted	8.10	11.97	12.94	20.01	24.99
Dividend per share (Sin Cents)	5	7	7	8	NIL
Dividend declared as a percentage of profit, net of tax (%)	63	58	54	40	NIL
Net assets value per share with investment property and freehold office unit stated at carrying cost (S$)	1.36	1.51	1.57	1.68	1.75
Net assets value per share with investment property and owner-occupied property stated at fair value (S$)	1.77	1.91	1.98	2.14	2.18
Staff head count (In Numbers)	79	74	76	88	83

Figure 1 *Financial Performance (2016-2020)*

2.3   EICC standards *(Electronic Industry Code of Conduct)*
Our plant in Suzhou continues to practise EICC standards *(now also known as Responsible Business Alliance Code of Conduct),* all our major customers recognized and accepted our standards. The EICC Standard includes an essential requirement of various international standards such as *SA8000, ISO14001, OHASAS18001, 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 ethnicity are kept in check at all times.

2.4   R & D new products

Our customers come from many different industries with very different requirements. We meet customer- specific requirements with ODM designs. Such designs can involve special interfaces, special power supply requirements, operating under severe environments, unique antennas, or form factor/heat dissipation compromises. We also typically value add to customer's software in performance optimization and certification compliance.

Currently, our R&D is working hard to bring the latest WiFi technology to the market. Asides from the 802.11ax WiFi 6 products that we have started developing since early 2019 and have since been completed, we now focus i on WiFi 6E development. WiFi 6E has recently been approved by FCC in the USA and is gaining tremendous tractions. WiFi 6E is capable of reducing the interference brought up by the legacy 2.4GHz and 5GHz down to 50% with its wide frequency band to operate with. It is capable of delivering more than 70% more speed than legacy 5GHz.

With the worldwide introduction of cellular 5G, the 802.11ax WiFi 6 products we have developed are now supporting most of the 3rd-party 5G cellular modems. This will open up more business opportunities for us to tap into new trending applications that require cellular and WiFi working concurrently.

11ax wireless modules   **11ax embedded board**

Figure 2 *Some of our new Products*

3. Stakeholder Engagement

Our Group has always focused on creating sustainable value for our stakeholders. We have actively engaged them through the following traditional channels as shown in figure 3. However, since the last quarter of this reporting year, we observe safety measures to prevent the spread of covid-19, business meetings, and celebration events that are conducted via online telecommunication - "virtual" instead of physical meetings.

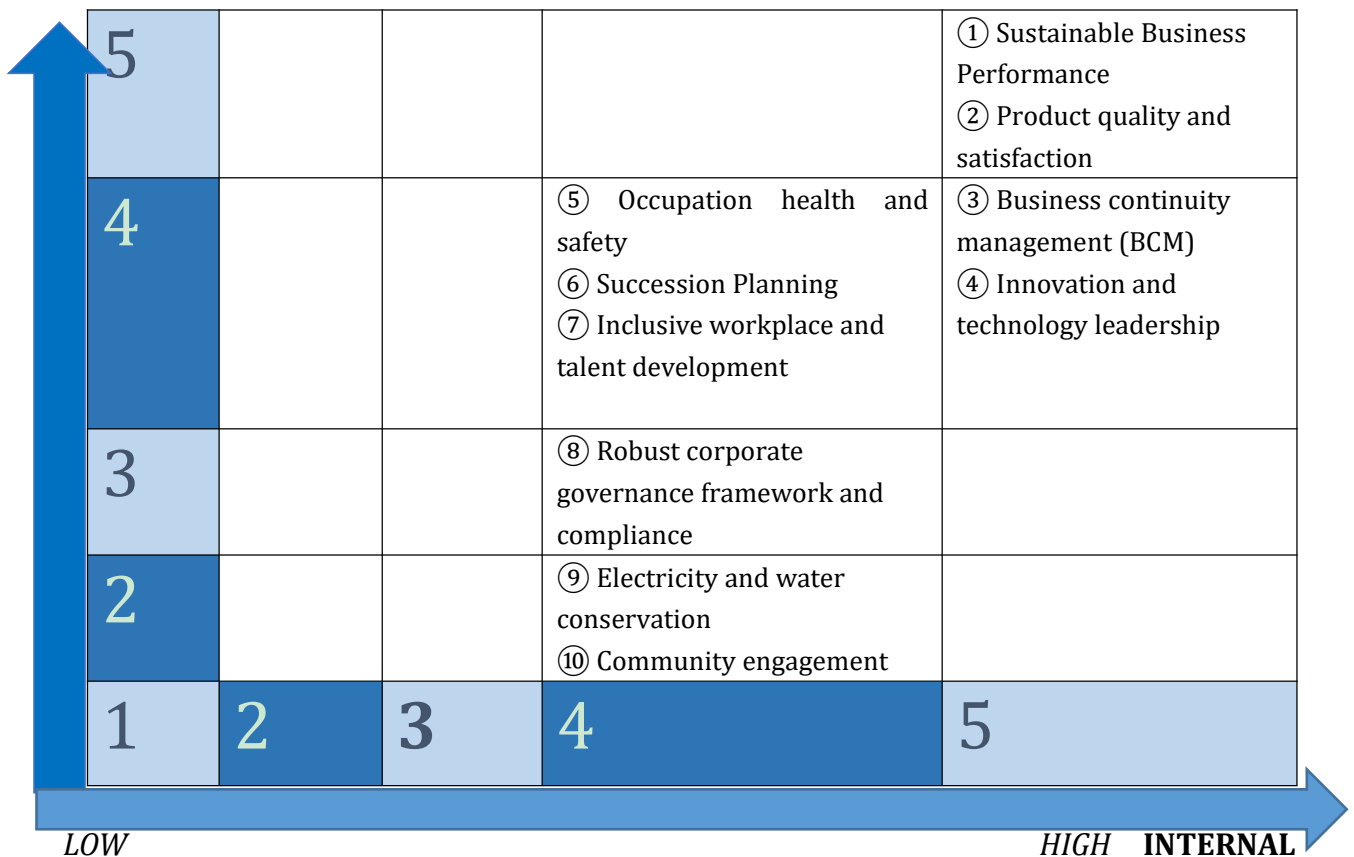|		
1	Shareholder	Annual AGM, Company Website (http://www.powermatic.com.sg & www.compex.com.sg), Annual Report, Half-yearly financial report disclosure.
2	Customer	meetings, events, email communications, phone calls and teleconferences.
3	Employee	Regular management meetings, Yearly work plans, Monthly 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 line 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 our Stakeholders*

4. Material Factors

Our materiality assessment process for FY2019/20 involved the Group's Senior Management in identifying sustainability factors deemed material to our businesses and our stakeholders, this is to ensure that our resources are better deployed to create sustainable value for our stakeholders. The current COVID-19 pandemic outbreak signals the importance of Business Continuity Management, in fact, except for Suzhou manufacturing operations, Singapore and Malaysia have already practised remote telecommuting work arrangement. Thus, we have moved up BCM our third concern this reporting year. Our **10 key factors** prioritized by the working committee remain the same:

① *Sustainable Business Performance (Economic)*
② *Product quality and satisfaction (Economic & Environmental)*
③ *Business continuity management (ESG)*
④ *Innovation & technology leadership (Economic)*
⑤ *Occupation health and safety (Social)*
⑥ *Succession Planning (Social)*
⑦ *Inclusive workplace and talent development (Social)*
⑧ *Robust corporate governance framework and compliance (Governance)*
⑨ *Electricity & water conservation (Environmental)*
⑩ *Community engagement (Social)*

EXTERNAL
HIGH

5				① Sustainable Business Performance ② Product quality and satisfaction
4			⑤ Occupation health and safety ⑥ Succession Planning ⑦ Inclusive workplace and talent development	③ Business continuity management (BCM) ④ Innovation and technology leadership
3			⑧ Robust corporate governance framework and compliance	
2			⑨ Electricity and water conservation ⑩ Community engagement	
1	**2**	**3**	**4**	**5**

LOW   *HIGH* **INTERNAL**

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 an SOP in energy-saving and consumption. Key statistics on electricity and water consumption in Suzhou operations are as follows:

Our daily electricity consumption from 1-4-2019 to 31-3-2020 was managed in an average of 1,400 KWh a drop of about 15% in power consumption for this reporting period. From our records, production 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
2019	619,834.00	21.0	0.02951
2020	498,600.00	21.8	0.02287
Average	580,660.00	17.96	0.03325

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

Year	Total direct CO_2 or Carbon Equivalent Emissions (Metric Tons)	Total indirect CO2 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
2019	NA	425	21.0	0.02023
2020	NA	353	21.8	0.06175

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, the followings are our Hydro-power Management Measures:

Hydro-power Management Measures

In further strengthen the company's energy-saving work, manage well the use of hydro-power resources, and reduce hydro-power expenses, this method is specially formulated.

A. Management responsibility

The factory affairs department is in charge of the company's hydro-power management, and the company's staff to supervise the implementation.

B. Management Content

1. Power management

(1) The staff of each department should be seriously responsible for the use of lights in the area of the department and cultivate the habit of turning off the lights.

(2) Cultivate the habit of shutting down unused office equipment. When leaving the office (area), do pay attention to turning off all electrical appliances, such as computers, printers, drinking fountains, and other electrical facilities in time. Electrical appliances that have not been used for a long time should be disconnected from the power supply to reduce energy consumption in the standby state.

(3) Each office computer and printer is switched by the user, and the power must be disconnected and turned off after getting off work.

(4) The air-conditioning, lighting, multimedia, and other equipment in the conference room should be turned on within half an hour before use, and all electrical equipment should be turned off after use.

(5) When the room temperature is between 10 and 28 degrees Celsius, the use of air condition is not allowed. The temperature setting of the air-con is not less than 25 degrees in winter and summer.

(6) Pay attention to heat preservation in the air-conditioned space, close doors and windows, reduce the loss of cold and hot air, and save electricity.

2. Water management

(1) The office staff should be seriously responsible for the use of the faucet of each floor, it should be reported to the administrative department for maintenance if found any not in working conditions.

(2) Water-saving must be made a habit when doing daily toilet cleaning and sanitation.

(3) It is forbidden to turn on the faucet and wait for water during the water supply conservation period, to prevent the overflow of water when no one attends to it.

3. Repair management

After receiving the repair report of the hydro-power equipment, the factory affairs department shall carry out repairs promptly and perform daily maintenance to ensure that the hydro-power equipment is in normal operation mode.

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 workplace 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 to ensure environmentally friendly processes are carried out thoroughly. We also make known to our customers that certain parts of our products must be properly disposed of or decommissioning after used. Clear instructions are attached to the manual of our products.

5.3.1 Hazardous Waste Training System

During the last reporting year, we have advocated the hazardous Waste training for all our employees involved in waste management.

A. Purpose of training:
To improve the awareness of all employees on hazardous waste management through training and to strengthen environmental protection, protection awareness, and self-protection awareness, to effectively prevent and control hazardous waste to human health harmful to the environment and further protect human health.

B. Training target:
1. Full-time (part-time) personnel in hazardous waste management;
2. Enterprise leaders, environmental protection supervisors, hazardous waste management staff
3. Newly hired employees, interns, etc.

C. Main training content:
1. The importance and necessity of hazardous waste management;
2. Relevant national laws and regulations and hazardous waste management regulations;
3. Duties of full-time (part-time) personnel in hazardous waste management;
4. Hazardous waste classification collection methods and work requirements;
5. Working procedures for internal transportation of hazardous wastes;
6. Hazardous waste transfer procedures and registration system;
7. Occupational health and safety of workers in the process of separate collection, transportation and temporary storage of hazardous waste all self-protection measures;
8. Report the disposal system and accidents when hazardous wastes are lost, leaked, or spread emergency measures.

D. Training methods:
1. Issue relevant national regulations and hazardous waste management regulations and the company's hazardous waste management practices. The implementation measures and related

---

systems are for the whole company employees to study by themselves or department heads to organize learning.

2. For each quarter, all employees will be organized in groups and batches to learn and discuss the topics to strengthen their knowledge and to do assessments.

3. Carry out the logic and operation of hazardous waste management work procedures for relevant personnel in combination with actual work guidance and demonstration of the method

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 reported in our assessment checklist which includes their business conduct, labour practices, safety & health, and environmental management.

5.5 Compliance

We are not aware of any violations of the 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 materials used are within the limit of environmental requirements
- Equipment used are environment friendly
- Applying the 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, 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 bonding programs which include 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 the HR department where feedback and suggestions are received and explained.

6.2   Our Work Force Group

Particulars	2017/18	2018/19	2019/20
All workers	99	109	109
Management	8	8	14
Male workers ratio	38%	40%	46%
Female workers ratio	62%	60%	54%
Tertiary Education and above	39	45	71
Below Tertiary Education	60	64	38
Below 40 years old	88	96	92
Above 40 years old	11	13	17
Production Workers	60	64	40
Monthly Training hour per month per staff	1.5	1.5	2
Monthly Training hour per month per worker	2	2	2

Figure 7   *Work Force Characteristics over the last three years*

Particulars	Suzhou (CPX-SZ & WL)	Singapore (PDS, CPX-S, PX-T)	Malaysia (CPX-T Sdn Bhd)	Group
All workers	80	24	5	109
Management	7	6	1	14
Male workers ratio	41%	54%	80%	46%
Female workers ratio	59%	46%	20%	54%
Tertiary Education & above	47	19	5	71
Below Tertiary Education	33	5	0	38
Below 40 years old	74	16	2	92
Above 40 years old	6	8	3	17
Production Workers	40	0	0	40
Monthly Training hour per month per staff	2	Nil	Nil	2

Figure 7A   *Manpower distribution within group 2020*

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 regulations in our China subsidiaries, once the 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 backgrounds that each employee offers.
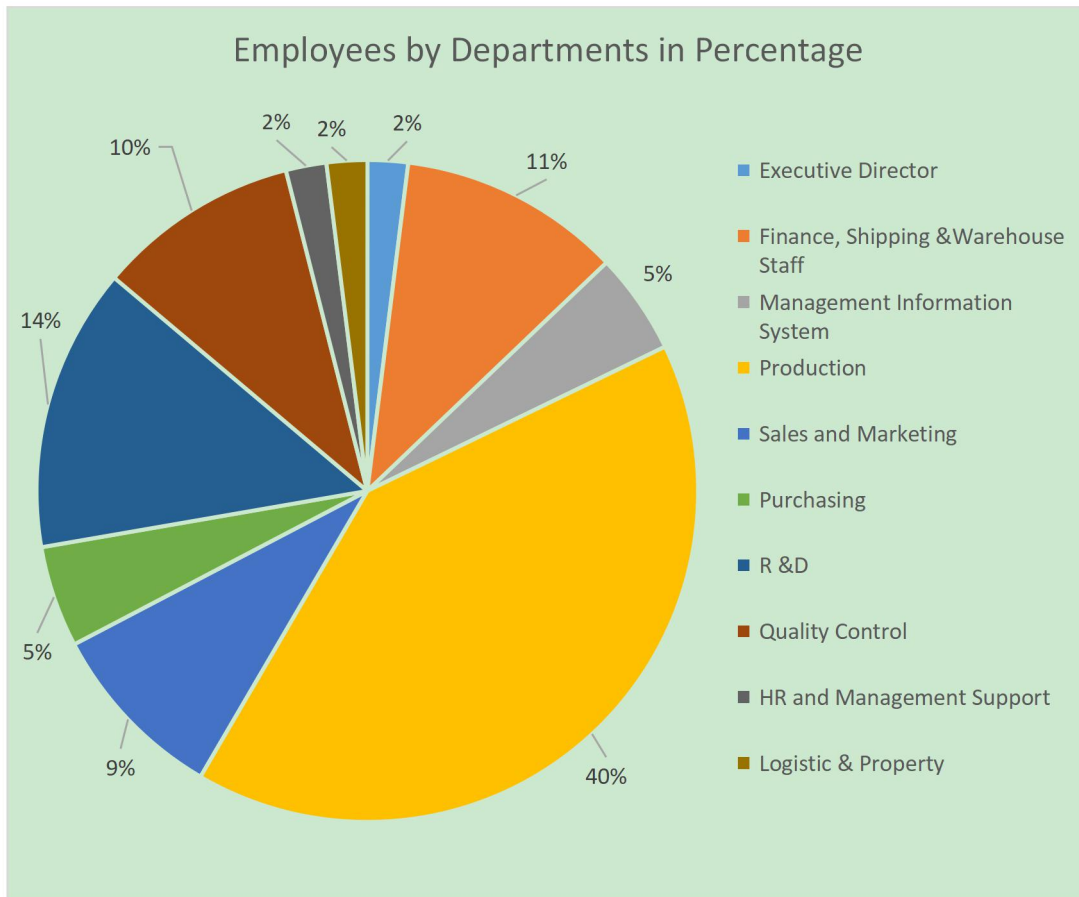
6.5 Employee by Department (March 2020)

Department	Suzhou Plant China # Of Workers	SG HQ # Of Workers	Kulai Plant Malaysia # Of Workers	Group # Of Workers	% Total worker Vs Department
Executive Director	-	2	0	2	2%
Finance, Shipping &Warehouse Staff	7	4	1	12	11%
Management Information System	3	1	1	5	5%
Production	42	-	3	45	41%
Sales and Marketing	3	7	0	10	9%
Purchasing	4	1	0	5	5%
R &D	8	7	0	15	14%
Quality Control	11	0	0	11	10%
HR and Management Support	1	1	0	2	2%
Logistic & Property	1	1	0	2	2%
Total	80	24	5	109	100%

Figure 8 Employees by Departments in numbers
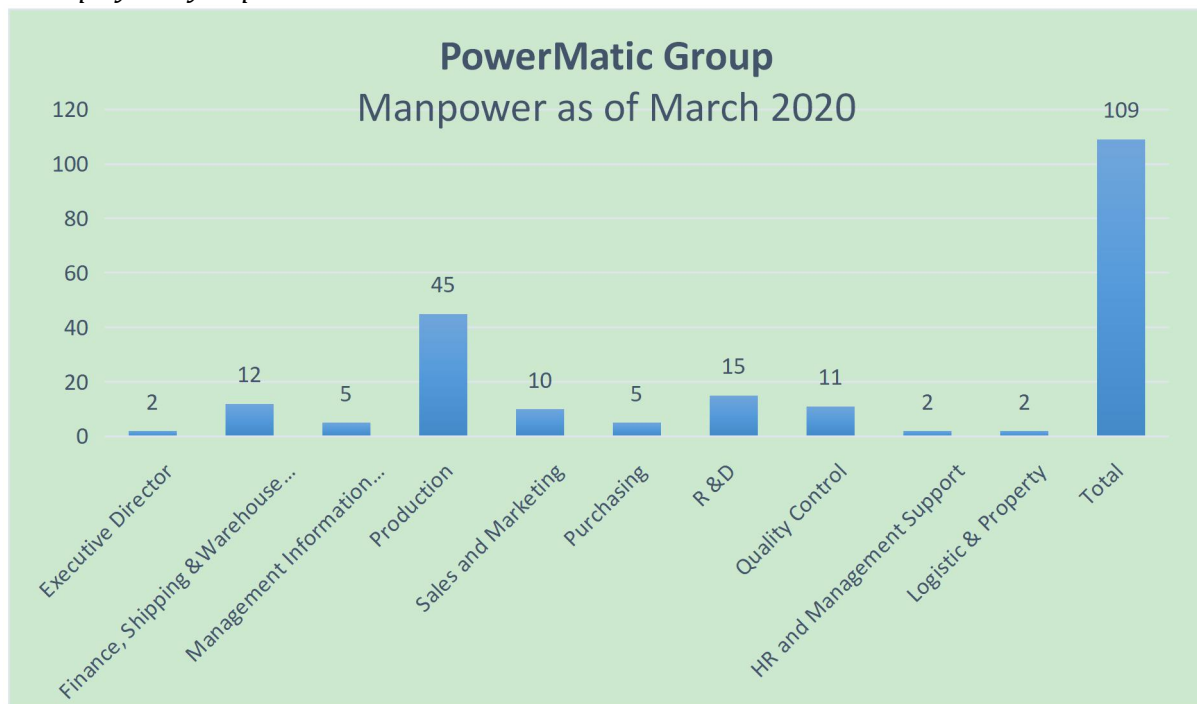
Figure 9   Employees by Departments in number

Figure 10   Employees by Departments in Percentage as of March 2020

There are 7 senior local management employees in our Suzhou subsidiary. 99.8% of production output comes 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 ensuring 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 is no record of fatalities in this reporting year. We will continue to 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 donations 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 a healthy workforce through sports, social and health-related education talks and activities. Our employees' welfare benefits include subsidized outpatient medical and dental treatments, hospitalization insurance coverage, workmen compensation insurance, medical and   hospitalization leaves. Our Group supports the government's pro-family policies and follow statutory regulations in both Singapore and China with regards to parenting and childcare leaves.

6.9   Training and Education

We believe that our greatest assets are our people and that the skill sets and knowledge of our staff are core of 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. On average, our workers received 15-20 hours of training a year depending on their job requirements. In the coming years, we plan to increase the average training hour gradually based on the recommendation of each department's head.

6.10   Operation disrupted due to Covid-19 Pandemic

Our Suzhou production plant was closed post-Chinese New Year till mid-February in compliance with the local authority to curb the spread of Covid-19. As at the date of the report, the operation has been back to normal capacity.

All of the operation units practise safe-distancing measures in workplace. We provide face masks and hand sanitizers to our staff and workers. HQ staff who can work remotely are working from home. Staff returns to the office on rotation to reduce big group contact.

Figure 11 *Suzhou Factory*

7. Governance

7.1 Corporate Governance

A high standard of corporate governance is integral in ensuring the 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 44 in FY2019, up from 35 in FY2018.

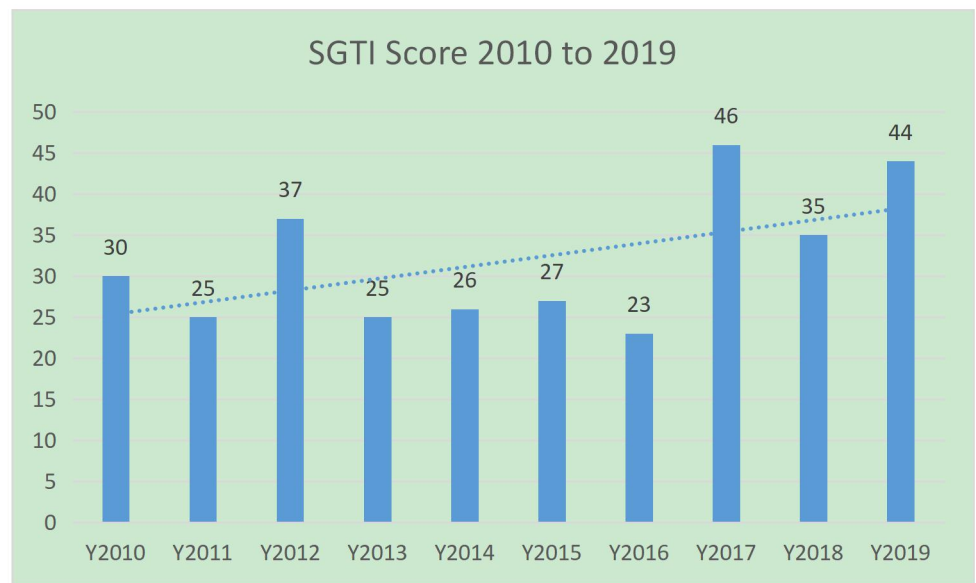| GTI Year	Rank	Score
2019	510	44
2018	522	35
2017	375	46
2016	599	23
2015	584	27
2014	552	26
2013	566	25
2012	220	37
2011	458	25
2010	417	30

Figure 12 *SGTI scores 2010-2019*

7.2   Whistle-blowing and Anti-Corruption 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 public can contact our office at +65 6288 8220 or fax to +65 6280 9947 to raise any concerns or to 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) framework 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 of the consultant's proposal and has put in place a strategic succession plan.

The outbreak of Covid-19 has disrupted our operations both locally and abroad, office, and factory. We adhered very closely with the government measures in containing the virus further spread. We ensure

all employees who are working to practise social distancing and wearing masks at all times. Security checks and temperature taking twice a day for all staff and workers.

The Group out-sourced its internal audit function to a well-established mid-tier local accounting firm. On an annual basis, the internal auditors prepare the internal audit plan for AC's approval. These audits are conducted to assess the adequacy and effectiveness of the Group's risk management and the internal control systems, including financial, operational, compliance, and information technology controls. Concerted efforts are made to rectify lapses and non-compliance reported by the internal auditors.

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's latest information at *www.SGX.com* or actively participate at the AGM.

8. Measures and Targets for 2019/2020

For this reporting year we target to address the following concerns and issues.

Sustainability Concerns	Issues	Policies, Measures &Targets
Visual improvement of operating standards **(QC Department)**	Due to the lack of visualization aids in the production line, the operation standards are often compromised. We can address the issue by making pictures and texts easy to understand by all workers at first look.	1. Train standard setters 2. Let the standard setters participate in the actual operation of each station to make them more aware of the needs of employees 3. Provide rewards and penalty system to ensure good compliance.
Ensuring the temperature & humidity of materials drawn to the production temporary storage area is maintained **(Production Department)**	The temperature and humidity of materials drawn from the main store are important to the quality of the final products. Thus, it is suggested that a separate storage room on the second floor to be established to ensure the temperature and humidity is controlled at a desirable level	1. To plan and call for contractors to quote and build the storage according to our design, timeline and budget 2. Based on our present production schedule, we could expect to complete it within the next reporting year. 3. Set up an inter-departmental working committee to oversee the execution of the renovation project.
Establish the 3rd SMT production line **(Production Department)**	The current wave soldering of the DIP line needs to be replaced for more efficient production.	1. To be installed at the second floor 2. To complete by October 2020 3. The same committee as the storage room renovation.

9. Performance Tracking and Reporting

Within the group, we 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. Also, we set performance targets that are aligned with our strategy to ensure that we maintain the right course in our path to sustainability.

9.1 In tracking our target set during the reporting period, the condition of our workshop environment (floor, door, wall damage) has improved a lot based on our set target. Also we had increased our power supply by 100%, from 250KVA to 500KVA as planned last year. The inadequate power supply issue was fully resolved. The installation of thermal insulation glass would not be necessary.

9.2 For quality control department personnel, we had adjusted their allowances and managed to retain experienced staff over the year.

9.3 The MIS department had managed to address the system processes we identified during this reporting year to become more simplified and automated. As a result, we had reduced the operating costs and increasing our competitiveness in this effort.In the coming year, the MIS department will continue to further simplify the work flows and automation which requires working closely with the production operators in terms of numbers of steps, system analysis, control points and preventive measures in coping with human mistakes.

9.4 In the area of cybersecurity and management, we have stepped up in data backups, frequency of server security inspection and control of important documents to prevent information leakage intentionally or unintentionally.

We are pleased to see most of our set targets were materialized and become more confident in our next targets setting and formulating measures to execute it.

9.5 Our group Sales Team continues to provide quality service and support to grow the existing business despite the pandemic outbreak during the 4th quarter of our financial year. They keep abreast of the industry trend and happening to not only safeguard existing businesses but also to explore the opportunity to grow new businesses.

9.6 The IT team in Singapore and Malaysia have set up IT infrastructure for warehouse management, shop-floor production processes, human resources and logistics management systems for our Malaysia factory.

9.7 We wish also to report that we have recently (in July 2020) replaced the old furnace (新波峰焊炉) to improve the product quality and productivity as a continued sustainability effort.

9.8 Our Kulai Plant, Johore, Malaysia has completed the initial setup. Essential staff such as operation manager, finance executive, production supervisor, IT executive, QC supervisor are ready to start production in April 2020 onwards and gradually scaling up. The production floor continues to

expand in line with the production capacity.

Our new factory in Kulai, Johore, Malaysia

GRI STANDARDS CONTENT INDEX

GRI Standards 2016	General Disclosures	Annual Report 2019 Section Reference
	Organization Profile	
102-1	Name of the organization	AR Report Cover page & Page 2
102-2	Activities, brands, products, and services	AR Report Product design & Solutions Page 5-7
102-3	Location of headquarters	AR Report Corporate Information Page 2
102-4	Location of operations	AR Report Corporate Information Page 2
102-5	Ownership and legal form	Ar Report Corporate information Page 2 & Statistics of Shareholders Page 100
102-6	Markets served	AR Report, Sales by Geography, Page 8 & 9
102-7	Scale of the organization	AR Report Page 9, 47,48,68 & SR Report Page 9
102-8	Information on employees and other workers	AR Report Page 55 & SR Report Page 10-14
102-9	Supply chain	AR Report Page 7-8 SR Report Page 10
102-10	Significant changes to the organization and its supply chain	AR Report Chairman Statement Page 3
102-11	Precautionary principle or approach	SR Report Page 8-9
102-12	External initiatives	Nil
102-13	Membership of associations	Singapore Business Federation & AR Report Profile of Directors Page 10
	Strategy	
102-14	Statement from senior decision-maker	AR Report Chairman Statement Page 3
102-15	Key impacts, risks, and opportunities	AR Report Chairman Statement Page 3-4 Risk Management & internal control Page 28-30
	Ethics and Integrity	
102-16	Values, principles, standards, and norms of behaviour	SR Report - Corporate Cultures Page 10
102-17	Mechanisms for advice and concerns about ethics	SR Report - Corporate Cultures Page 10
	Governance	
102-18	Governance structure	AR Report Corporate Governance Page 11-14
102-19	Delegating authority	AR Report Corporate Governance Page11-14
102-20	Executive-level responsibility for economic, environmental	SR Report - Board Statement Page 2
102-21	Consulting stakeholders on economic, environmental,	SR Report - Board Statement Page 5

	and social topics	
102-23	Chair of the highest governance body	AR Report Corporate Governance Page 3
102-24	Nominating and selecting the highest governance body	AR Report Corporate Governance Page 12-13
102-25	Conflicts of interest	NA
102-26	Role of highest governance body in setting purpose, values, and strategy	AR Report Corporate Governance Page 10
102-27	The collective knowledge of the highest governance body	AR Report Corporate Governance Page 10
102-28	Evaluating the highest governance body's performance	AR Report Corporate Governance Page 17-23
102-29	Identifying and managing economic, environmental, and social impacts	SR Report Page 6-7
102-30	Effectiveness of risk management processes	AR Report Corporate Governance Page 15-26
102-31	Review of economic, environmental, and social topics	SR Report - Page 6-7
102-32	Highest governance body's role in sustainability reporting	SR Report - Page 2
102-33	Communicating critical concerns	SR Report - Page 6-7
102-34	Nature and the total number of critical concerns	SR Report - Page 6-7
102-35	Remuneration policies	AR Report Corporate Governance Page 24
102-36	Process for determining remuneration	AR Report Corporate Governance Page 25-27
102-37	Stakeholders' involvement in remuneration	N.A
102-38	Annual total compensation ratio	AR Report Page 25-27 & 90
102-39	Percentage increase in annual total compensation ratio	AR Report Page 25-27 & 90
102-40	List of stakeholder groups	SR Report - Stakeholder Engagement, Page 5
102-41	Collective Bargaining Agreements	Not formalized
102-42	Identifying and selecting stakeholders	SR Report Stakeholder Engagement, Page 5
102-43	Approach to stakeholder engagement	SR Report Stakeholder Engagement, Page 5
102-44	Key topics and concerns raised	SR Report Stakeholder Engagement, Page 5-6
102-45	Entities included in the consolidated financial statements	AR Report Notes to the Financial Statements P 52-99
102-46	Defining report content and topic boundaries	SR Report, Page 2
102-47	List of material topics	SR Report, Page 5-6
102-48	Restatements of information	Yes, most basic ESG factors and compliance
102-49	Changes in reporting	In line with GRI standards
102-50	Reporting period	SR Report Board Statement, Page 2
102-51	Date of a most recent report	SR Report 2019
102-52	Reporting cycle	Annually
102-53	Contact point for questions regarding the report	SR Reporting Working Committee
102-54	Claims of reporting following the GRI Standards	SR Report, Board Statement Page 2
102-55	GRI content index	GRI Standards Content Index, Page 18-20
102-56	External assurance	No
GRI Indicators	**Economic**	**Annual Report Section Reference**
201-1	Direct economic value generated and distributed	AR Report Chairman Statement Page 3 &73
201-4	Financial assistance received from the government	Notes to The Financial Statements, Page 70
202-1	Ratios of standard entry-level wage by gender compared to local minimum wage	SR Report, Social Page 11

202-2	The proportion of senior management hired from the local community	SR Report, Social Page 13
205-1	Operations assessed for risks related to corruption	SR Report, Corporate Governance Page 15
205-2	Communication and training about anti-corruption policies and procedures	SR Report, Corporate Governance Page 15
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 7-9
306-1	Water discharged by quality & destination	SR Report, Page 7-8
307-1	Non-compliance with environmental laws and regulations	NIL
308-1	Percentage of new suppliers that were screened using environmental criteria	SR Report, Page 10
308-2	Negative environmental impacts in the supply chain and actions taken	SR Report, Page 2 & 3
GRI Indicators	**Social**	**Annual Report Section Reference**
401-1	New employee hires and employee turnover	SR Report, Page 10-14
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	SR Report, Page 10-14
401-3	Parental leave	SR Report, Page 10-14
403-1	Workers representation in formal joint management worker	SR Report, Page 10-14
403-2	Injury and incidents	SR Report, Page 10-14
403-4	Health & safety topics covered in formal agreements with trade union	SR Report, Page 10-14
404-1	Average hours of training per employee	SR Report, Page 10-14
404-2	Programs for upgrading employee skills and transition assistance programs	SR Report, Page 10-14
404-3	Percentage of employees receiving regular performance and career development reviews	SR Report, Page 10-14
405-1	Diversity of governance bodies and employees	SR Report, Page 10-14
413-1	Operations with local community engagement, impact assessments, and development programs	SR Report, Page 10-14
414-1	New suppliers screened using social criteria	SR Report, Page 10
414-2	Negative social impacts in the supply chain and actions taken	SR Report, Page 10
419-1	Non-compliance with laws and regulations in the social and economic area	NIL

The end of SR report 2020