



# **SUSTAINABILITY REPORTING 2020/2021**

## **Powermatic Data Systems Limited**



# SUSTAINABILITY REPORT 2020/2021

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*Relevant corresponding reference location in our Annual Report 2020/21*

# 1. Board Statement

Powermatic Data Systems Ltd (hereafter referred to as “PDS” or the “Group”) is pleased to present the third annual Sustainability Report (the “SR Report”) which covers our Group’s performance from 1 April 2020 to 31 March 2021 (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 Entity and our subsidiary in Suzhou, China to supervise the sustainability report in 2020/21.

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 important and keep the Board informed.

The company observes all health and safety precautions in protecting our employees since the start of the Covid-19 pandemic, also in full support of our national measures and related policies. We practise social distancing, require visitors to scan the QR code to check in, do the health and travel history declarations, arrange staff to work from home when practicable and encourage staff to observe personal hygiene. Our factory in Kulai, Johor Malaysia had started operations in last quarter of FY2021 to cater to our customers who wish to source their supplies from South-East Asia. The Kulai plant also provides a back-up facility to ensure production capacity remains steady in case of 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 room for improvements. 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 Systems was established in Singapore since 1 February 1989 and was listed in the SGX since 1992. As an investment holding company, it has seven 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 FY2021 is Asia – 37%, USA – 29%, Europe – 30%, 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.

Our product applications by customers: **In healthcare sector**, our wireless radio modules have been integrated into healthcare products to provide wireless connectivity for easier access of patients' database; **in security industry**, our outdoor access points have been deployed to provide live feed transmission across long distances for remote surveillance; **in factory automation industry**, our wireless radio modules have been utilized in factory application such as power meters and robots to increase productivity; and **in industrial PC**, our Industrial Grade wireless radio modules have been utilized in industrial computers designed to transmit crucial data to servers. <https://compex.com.sg/> <https://compex.com.sg/cn/>

The Group develops and designs 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 was officially appointed as Qualcomm Authorized Design Centre in South East Asia in 2014. 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.

The Covid-19 pandemic has brought changes to both commerce and lifestyle. These changes will continue into

the post Covid-19 era. Cloud computing, 5G and many new trends. The higher speed and capability enhancements brought about by these new trends have enabled the extension of corporate networks to homes. A user working from home can enjoy the same access and security as working in the corporate office. We participate in enabling advanced WiFi capabilities to such new systems. We also participate with our customers in wireless applications in transportation, home security, IoT, education etc. The increasing awareness of our capabilities in wireless integration has contributed to the Group's revenue growth.

## 2.2 Economic Performance

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

Income Statement	2017	2018	2019	2020	2021
Revenues (S\$ million)	15.4	16.1	21.0	21.8	26.3
Profit before tax (S\$ million)	4.68	5.31	7.73	9.86	9.1
Earning per share (Sin Cents)-diluted	11.97	12.94	20.01	24.99	21.23
Dividend per share (Sin Cents)	7	7	8	NIL	5
Dividend paid as a percentage of profit, net of tax (%)	58	54	40	NIL	24
Net assets value per share with investment property and freehold office unit stated at carrying cost (S\$)	1.51	1.57	1.68	1.75	1.81
Net assets value per share with investment property and owner-occupied property stated at fair value (S\$)	1.91	1.98	2.14	2.18	2.4
Staff head count (In Numbers)	74	76	88	83	84

**Figure 1** Financial Performance (2017-2021)

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

Our plant in Suzhou continues to practice EICC standards (now also known as Responsible Business Alliance Code of Conduct), and 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 practices of labour regulation, health & safety, environment, management system, and ethnicity are kept in check at all times.

## 2.4 R & D new products

During the calendar year 2021, customers are moving rapidly towards adopting WiFi 6 products to replace their older WiFi 5 products. The R&D focus for this financial year is still on WiFi 6 and should be the same across the next 3-4 years, until 802.11be aka WiFi 7 standard is finalized and ready for commercial use.

The focus as always, with our OEM and ODM offerings to our customers, is on delivering stable and high-performance hardware with value added software integration and certification compliances. While doing so, products designed by the R&D always take into consideration the impact it has on environment, safety, and

health that could potentially associate with what we are doing. Striving to ensure that our products are top of the line in terms of performance, the design meets the strict rules set out by horizontal legislation controlling risks that could potentially bring harm to consumers, such as RoHS Directive and REACH Regulations.

In year 2021, as countries such as USA and EU are starting to approve the usage of both WiFi 6 and WiFi 6E, our focus is to assist customers to grab this new market opportunity, while delivering a product that is sustainable. Be it using this newly approved band as a reliable backhaul for outdoor access point or using it to launch an indoor tri-band access points / routers, the traction for this new opportunity increases. The R&D focus is to deliver a product that consumes less energy, while still perform outstandingly and efficiently comparing to the legacy 802.11ac products.

As of this year, the world begins to adopt cellular 5G more aggressively, and with our early investment into this sector, we have begun working with customers to bring WiFi 6 + 5G cellular products towards mass production. Working with customers that have potential businesses with Telco, our team ensures that designed products comply strictly with the environmental and health directives set forth by our customers and meeting the strict maximum allowable power consumption



**Figure 2: Standard Size WiFi 6 Radio Module**



**Figure 3: Cost Effective 5G Supported WiFi 6 Board**

Figure 2 and 3 shows the new products offering that we are bringing towards mass production. The development of these products was started as early as mid of year 2020. The main objective is to provide a product that is of a smaller form factor, consuming 30% less power than what's available in the market, while maintaining the product's performance and stability. By shrinking down the size of the products offered and making them less power hungry, we are also able to make the products more cost friendly than their predecessors. The above products are suitable for enterprise, hospitality, industrial, machine to machine (M2M), healthcare and security segments.

Our R & D and engineering teams have in recent times been actively engaged in the early stage product development cycles of our customers. Customization of our proprietary products to meet their demands is a valuable proposition that we offer to our customers. We now serve customers across industries such as security surveillance, IoT, health care, education, logistics, transportation, manufacturing and Industries PC. The end products are used in both private and public sectors in various major economies.

The R&D teams are always at the forefront in the design and development of products. A new four-channel card system was developed and obtained its patent on 29 June 2021 in China.

### 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. To prevent the spread of Covid-19, meetings and events are via online where practicable. Events are also conducted via online telecommunication - “virtual” instead of physical meetings.

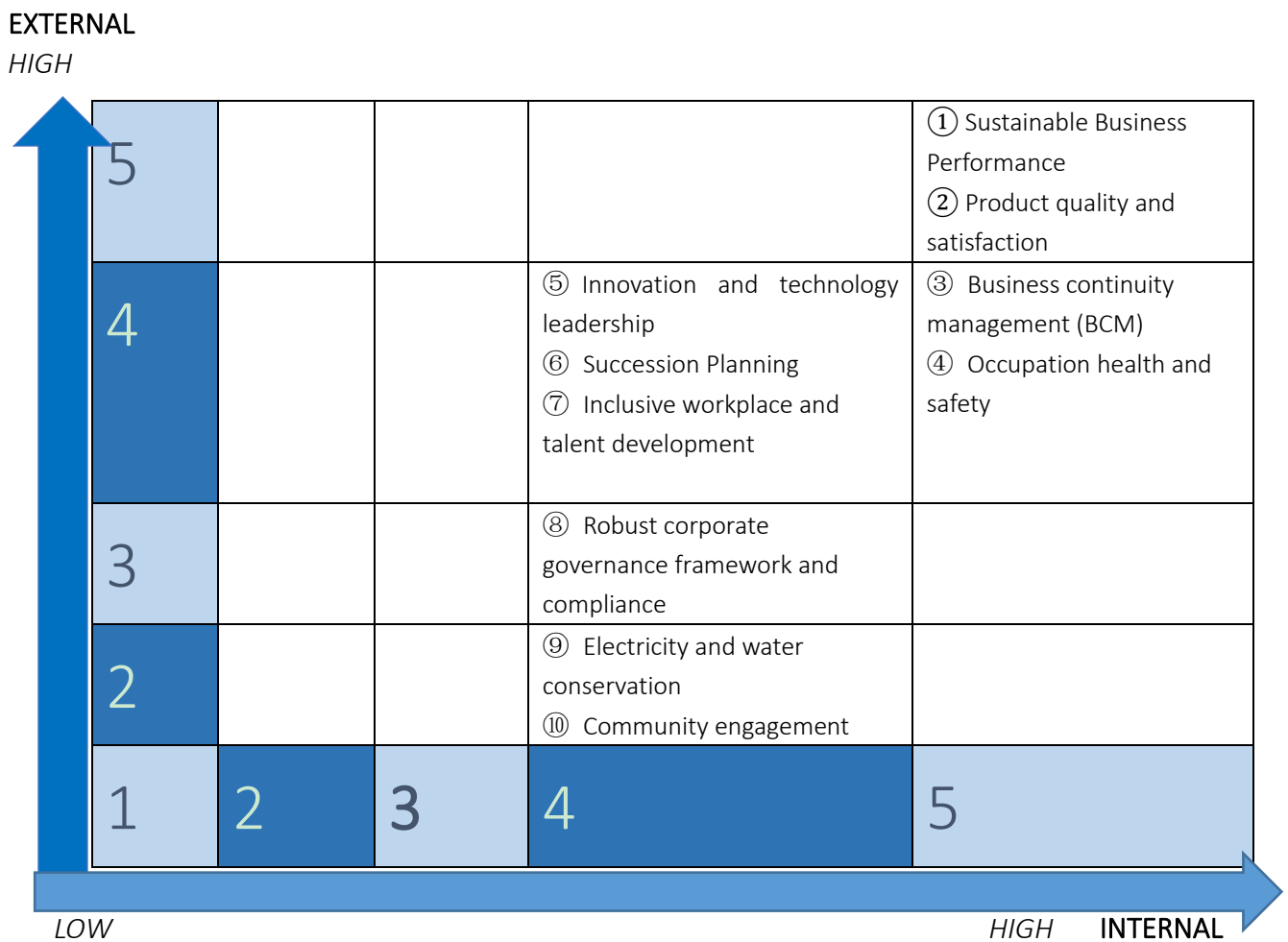
1	Shareholder	Annual AGM, Company Website ( <a href="http://www.powermatic.com.sg">http://www.powermatic.com.sg</a> & <a href="http://www.compex.com.sg">www.compex.com.sg</a> ), Annual Report, Half-yearly financial report disclosure.
2	Customer	meetings, events, email communications, phone calls and teleconferences.
3	Employee	Regular online meetings, Monthly birthday celebration for staff, and webinars.
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 4 How we engaged our Stakeholders*

### 4. Material Factors

Our materiality assessment process for FY2020/2021 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 important of Business Continuity Management, in fact, except for manufacturing operations, other business activities are carried out via remote telecommuting work arrangement. Our **10 key factors** prioritized by the working committee are:

- ① Sustainable Business Performance (Economic)
- ② Product quality and satisfaction (Economic & Environmental)
- ③ Business continuity management (ESG)
- ④ Occupation health and safety (Social)
- ⑤ Innovation & technology leadership (Economic)
- 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)



**Figure 5** 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 responsible usage of electricity and water resources. We have created 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 1-4-2020 to 31-3-2021 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
2021	752,405.00	26.2	0.02871
<b>Average</b>	<b>609,284.17</b>	<b>19.33</b>	<b>0.03152</b>

**Figure 6** KWh Consumption vs the Revenue (KWh/S\$ represents the energy consumed per monetary unit of sales)

Year	Total direct CO <sub>2</sub> or Carbon Equivalent Emissions (Metric Tons)	Total indirect CO <sub>2</sub> 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
2021	NA	533	26.2	0.02034

**Figure 7** 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

To further strengthen the company's energy-saving work, manage well the use of hydro-power resources, and reduce hydro-power expenses, the following 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 responsible for the use of lighting in the area of the department and cultivate the habit of turning off the lights when not in use.

(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 conditioner is not less than 25 degrees.

(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 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 condition.

(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, 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 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 proper disposal to ensure an environmentally friendly process are carried out thoroughly. We also make known to our customers that some parts of our products must be properly disposed of or decommissioning after used. Clear instructions are attached to the manual of our products.

### 5.2.1 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

### 5.3 Work Place Air and The 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 the plant is compliant with the required health standard for our workers.

### 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 set up 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 labelled 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 Culture:

- 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 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 behaviours 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 as at 31st March of each Financial Year End

Particulars	FY2018	FY2019	FY2020	FY2021
All workers	99	109	109	133
Management	8	8	14	15
Male workers ratio	38%	40%	46%	49%
Female workers ratio	62%	60%	54%	51%
Tertiary Education and above	39	45	71	69
Below Tertiary Education	60	64	38	64
Below 40 years old	88	96	92	104
Above 40 years old	11	13	17	29
Production Workers	60	64	40	50
Monthly Training hour per month per staff	1.5	1.5	2	2
Monthly Training hour per month per worker	2	2	2	2

*Figure 8 Work Force Characteristics over the last four years*

Particulars	Singapore	China & Malaysia	Group
All workers	24	109	133
Management	6	9	15
Male workers ratio	54%	39%	49%
Female workers ratio	46%	43%	51%
Tertiary Education & above	18	51	69
Below Tertiary Education	6	58	64
Below 40 years old	16	88	104
Above 40 years old	8	21	29
Production Workers	0	50	50
Monthly Training hour per month per staff	Nil	2	2

*Figure 8A Manpower distribution within group 2021*

## 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.. We strictly abide to the manpower laws and regulations in all the entities within the Group, 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.

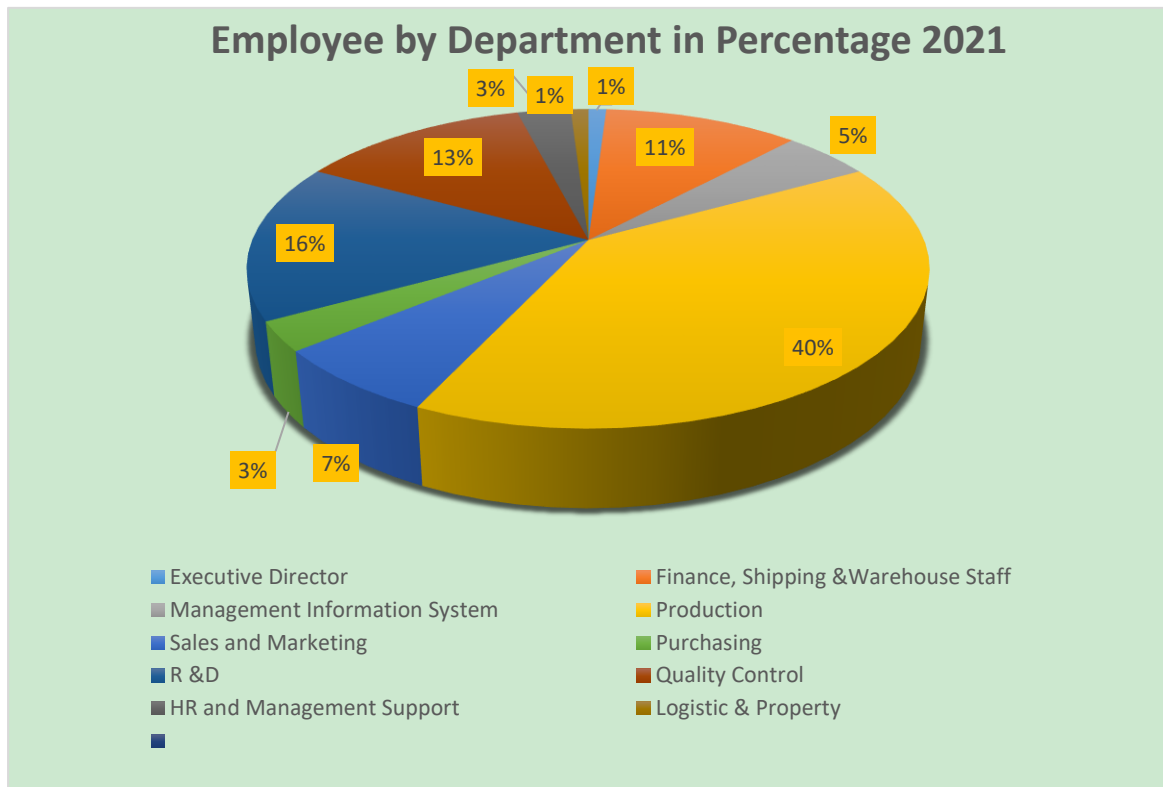
## 6.5 Employee by Department as at 31st March 2021

Department	SG Entity	Manufacturing China & Malaysia	Group	%
Department	# Of Workers	# Of Workers	# Of Workers	Total worker Vs Department
Executive Director	2	0	2	1%
Finance, Shipping & Warehouse Staff	4	10	14	11%
Management Information System	1	5	6	5%
Production	-	54	54	40%
Sales and Marketing	7	2	9	7%
Purchasing	1	3	4	3%
R & D	7	14	21	16%
Quality Control	0	17	17	13%
HR and Management Support	1	3	4	3%
Logistic & Property	1	1	2	1%
<b>Total</b>	<b>24</b>	<b>109</b>	<b>133</b>	<b>100%</b>

Figure 9 Employees by Departments in numbers



Figure 10 Employees by Departments in number



**Figure 11** Employees by Departments in Percentage as of 31st March 2021

There are 7 senior local management employees in our Suzhou subsidiary.

## 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 is no record of fatalities in this reporting year.

## 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 with regards to parenting and childcare leaves.

## 6.9 Training and Education

We believe that our greatest assets are our people and; their skill sets and knowledge are the core of our success. Therefore, we invest in training, learning initiatives, and development to expand our staff competencies. Apart from technical skills, we also organized 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

### During the epidemic:

1. We actively organized all employees and coordinate inter-departmental manpower to participate in production work to ensure the output of production;
2. Our epidemic prevention and control team has established a prevention and control plan to regularly disinfect the public areas of the factory. We require all employees to wear masks before entering the company. Security posts are set up at the company's entrance. Temperature detection and registration are required for every employee and visitor.
3. During this reporting year no epidemic case has occurred
4. Looking forward, we will continue to maintain best practices in epidemic and production safety, actively organize manpower to commit to production work, and truly achieve sustainable development.



**Figure 12** 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 52 in FY2020, up from 44 in FY2019.

GTI Year	Rank	Score
2020	497	52
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

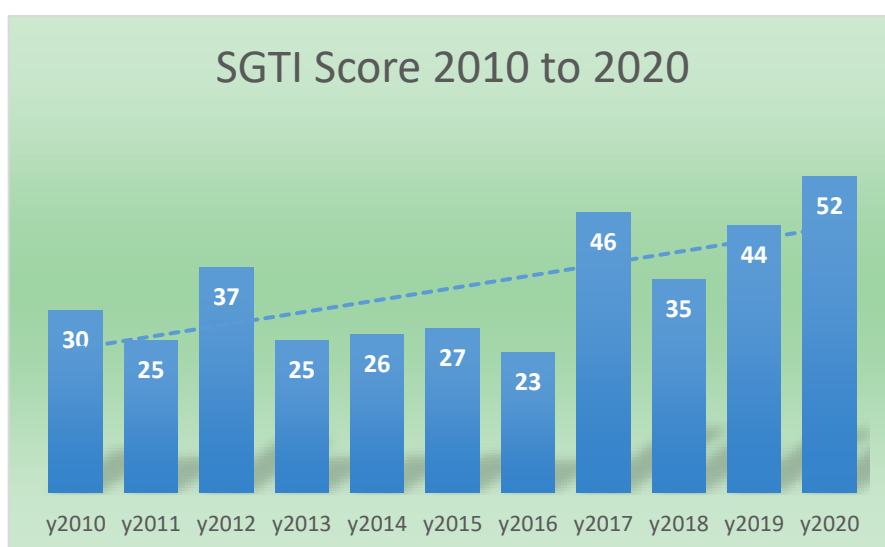


Figure 13 SGTI scores 2010-2020

### 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. Full details of our whistle-blowing policy is listed at our corporate website: [www.powermatic.com.sg](http://www.powermatic.com.sg).

### 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. We will continue to re-assess and manage the risk exposure.

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 from further spreading. We ensure all employees who are working in the office and factory to practise social distancing and wearing masks at all times. Security checks and temperature taking are done 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](http://www.Powermatic.com.sg) or read our company’s latest information at [www.SGX.com](http://www.SGX.com) or actively participate at the AGM.

## 8. Measures and Targets for 2020/2021

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

Sustainability Concerns	Issues	Policies, Measures & Targets
Enhance quality improvement activities (QC Department)	Encourage all employees to participate in quality improvement activities.	<ol style="list-style-type: none"> <li>1. Set improvement goals</li> <li>2. Establish an improvement team</li> <li>3. Implement improvement activities as planned</li> <li>4. Parallel development of improvement results</li> </ol>
<p>The temperature and humidity of the production workshop:</p> <ol style="list-style-type: none"> <li>1. Temperature in the Summer is high and exceeded the standard</li> <li>2. Temperature is Dry and low in humidity in the winter</li> </ol>	<ol style="list-style-type: none"> <li>1. Increase the air-conditioning configuration in summer to mitigate the high temperature in summer.</li> <li>2. Add a humidifier or humidifier in winter.</li> </ol>	<p>Assign designated personnel to inspect and monitor the daily trend of temperature and humidity changes.</p> <p>2-3 years follow up to solve the issues.</p>

For overseas material: epidemic prevention and control management	Set up designated disinfection operations for overseas imported materials, register and manage materials receipt, and allocate wash-free disinfectants for positions of personnel who contact overseas materials. Continuous advocacy to personnel	IQC, warehouse, online warehouse, production line staff  Continue until the end of the epidemic
Chips are out of stock in 2021 & 2022 and the delivery period is extended by more than 80 weeks (no fixed delivery period), which unable to meet customer's project needs.	Communicate with customers and make reservations. The epidemic has caused a global shortage of chips	Work closely with customers and chip suppliers, business associate to mitigate the shortage issues where possible.

## 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 The condition of our workshop environment** (floor, door, wall damage) has completed 100% and the result was satisfactory according to the report from the production department.

**9.2 The control of temperature and humidity** of materials in the warehouse have been 100% successful after our implementation of several measures during this reporting year. However, the temperature and humidity of materials in the production areas are still a problem to solve in the coming years.

**9.3 The visualization aids** has improved and enhanced our operating standards with the supervision of the QC department. The MIS department had managed to simplify and automate the system processes we identified during this reporting year. As a result, we had reduced the operating costs and increased our competitiveness. In the coming year, the MIS department will continue to further simplify the work flows and automation.

**9.4 For order placement and delivery confirmation**, our centralized procurement reduces manpower waste, improves negotiation power with suppliers, and makes it easier to obtain price discounts and good service. We had achieved up to 93%. There are minor problem remains due to frequency of orders. We need to coordinate with sales department more closely.

**9.5 In the area of development of new suppliers**, the satisfactory level was up to 90%. However, the purchasing department will still need to speed up the verification time.

**9.6 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 leak out intentionally or unintentionally. We are pleased to see most of our set targets were met and become more confident in our next targets setting and formulating measures to execute them

**9.7 Our Group Sales Team** continues to provide quality service and support to grow the existing business despite the pandemic over the year. They have also safeguarded existing businesses and explored new business opportunity during this reporting year.

**9.8 Our Kulai Plant, Johor, Malaysia** has completed the initial setup. Essential staff such as operation manager, finance executive, production supervisor, IT executive, QC supervisor were recruited to start production in April 2020. The production floor continues to expand in line with the production capacity.



Our new factory in Kulai, Johor, Malaysia

## GRI STANDARDS CONTENT INDEX

GRI Standards 2016	General Disclosures	Annual Report 2021 Section Reference
	<b>Organization Profile</b>	
102-1	Name of the organization	AR Report Cover page & Page 2
102-2	Activities, brands, products, and services	AR Report Page 3-9
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, 48, 49, 66-69 & SR Report Page 4
102-8	Information on employees and other workers	AR Report Page 42-43 & SR Report Page 11-15
102-9	Supply chain	AR Report Page 6-9 SR Report Page 10
102-10	Significant changes to the organization and its supply chain	AR Report Chairman Statement Page 3-4
102-11	Precautionary principle or approach	SR Report Page 9-10
102-12	External initiatives	Nil
102-13	Membership of associations	Singapore Business Federation & AR Report Profile of Directors Page 11
	<b>Strategy</b>	
102-14	Statement from senior decision-maker	AR Report Chairman Statement Page 3-4

102-15	Key impacts, risks, and opportunities	AR Report Chairman Statement Page 3-4 Risk Management & internal control Page 31-36
	<b>Ethics and Integrity</b>	
102-16	Values, principles, standards, and norms of behavior	SR Report- Corporate Cultures Page 11-15
102-17	Mechanisms for advice and concerns about ethics	SR Report- Corporate Cultures Page 11-15
	<b>Governance</b>	
102-18	Governance structure	AR Report Corporate Governance Page 11-17
102-19	Delegating authority	AR Report Corporate Governance Page 11-17
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 6
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 21-24
102-25	Conflicts of interest	NA
102-26	Role of highest governance body in setting purpose, values, and strategy	AR Report Corporate Governance Page 12
102-27	Collective knowledge of highest governance body	AR Report Corporate Governance Page 11- 12
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 total number of critical concerns	SR Report- Page 6-7
102-35	Remuneration policies	AR Report Corporate Governance Page 28-29
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 29-30
102-39	Percentage increase in annual total compensation ratio	AR Report Page 29-30
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 6
102-43	Approach to stakeholder engagement	SR Report Stakeholder Engagement, Page 6
102-44	Key topics and concerns raised	SR Report Stakeholder Engagement, Page 6-7
102-45	Entities included in the consolidated financial statements	AR Report Notes to the Financial Statements P 47-99
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 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 in accordance with the GRI Standards	SR Report, Board Statement Page 2
102-55	GRI content index	GRI Standards Content Index, Page 19-21
102-56	External assurance	No
<b>GRI Indicators</b>	<b>Economic</b>	<b>Annual Report Section Reference</b>
201-1	Direct economic value generated and distributed	AR Report Chairman Statement Page 3-4 & 73
201-4	Financial assistance received from 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 12
202-2	Proportion of senior management hired from the local community	SR Report, Social Page 14
205-1	Operations assessed for risks related to corruption	SR Report, Corporate Governance Page 16
205-2	Communication and training about anti-corruption policies and procedures	SR Report, Corporate Governance Page 16
205-3	Confirmed incidents of corruption and actions taken	Nil
<b>GRI Indicators</b>	<b>Environment</b>	<b>Annual Report Section Reference</b>
302-1	Energy consumption within the organization	SR Report, Page 8
306-1	Water discharged by quality & destination	SR Report, Page 9
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 11
308-2	Negative environmental impacts in the supply chain and actions taken	SR Report, Page 3
<b>GRI Indicators</b>	<b>Social</b>	<b>Annual Report Section Reference</b>
401-1	New employee hires and employee turnover	SR Report, Page 10-15
401-2	Benefits provided to full time employees that are not provided to temporary or part-time employees	SR Report, Page 10-15
401-3	Parental leave	SR Report, Page 10-15
403-1	Workers representation in formal joint managements worker	SR Report, Page 10-15
403-2	Injury and incidents	SR Report, Page 10-15
403-4	Health & safety topics covered in agreements with trade union	SR Report, Page 10-15
404-1	Average hours of training per employee	SR Report, Page 10-15
404-2	Programs for upgrading employee skills and transition assistance programs	SR Report, Page 10-15
404-3	Percentage of employees receiving regular performance and career development reviews	SR Report, Page 10-15
405-1	Diversity of governance bodies and employees	SR Report, Page 10-15
413-1	Operations with local community engagement, impact assessments, and development programs	SR Report, Page 10-15
414-1	New suppliers screened using social criteria	SR Report, Page 11
414-2	Negative social impacts in the supply chain and actions taken	SR Report, Page 10-11
419-1	Non-compliance with laws and regulations in the social and economic area	NIL

*The end of SR report 2021*