



SUSTAINABILITY REPORTING 2021/2022

Powermatic Data Systems Limited



SUSTAINABILITY REPORT 2021/2022

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1. Board Statement

Powermatic Data Systems Ltd (hereafter referred to as “PDS” or the “Group”) is pleased to present the fourth annual Sustainability Report (the “SR Report”) which covers our Group’s performance from 1 April 2021 to 31 March 2022 (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 our executive director, Ms. Katherine Ang and a working committee consisting of senior staff of the Singapore entities and our subsidiary in Suzhou, China to supervise the sustainability report in 2021/22.

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 practice social distancing, require visitors to scan the QR code to check in, do the health and travel history declarations, arrange for staff to work from home when practicable and encourage staff to observe personal hygiene. Our factory in Kulai, Johor Malaysia started operations in the last quarter of FY2020 to cater to our customers who wish to source their supplies from South-East Asia. The Kulai plant also provides a backup 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, 2 executive directors and 3 independent directors, and have received progressive reports on issues impacting the sustainability of the Group. Our board takes yearly sustainability reporting seriously, and 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 on 1 February 1989 and was listed on 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 FY2022 is Asia – 24% (FY2021:37%), USA – 19% (FY2021: 29%), Europe – 51% (FY2021: 30%), and other regions – 6% (FY2021: 4%). The increase in Europe sales came mainly from Germany.

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 the healthcare sector**, our wireless radio modules have been integrated into healthcare products to provide wireless connectivity for easier access to patients' databases; **in the security industry**, our outdoor access points have been deployed to provide live feed transmission across long distances for remote surveillance; **in the 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 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 become more prevalent. 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 and Outlook

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

Income Statement	2018	2019	2020	2021	2022
Revenues (S\$ million)	16.1	21.0	21.8	26.3	27.9
Profit before tax (S\$ million)	5.31	7.7	9.9	9.1	9.8
Earnings per share (Sin Cents)-diluted	12.94	20.01	24.99	21.23	23.38
Dividend per share (Sin Cents)	7	8	NIL	5	15
Dividend paid as a percentage of profit, net of tax (%)	54	40	NIL	24	64
Net assets value per share with investment property and freehold office unit stated at carrying cost (S\$)	1.57	1.68	1.75	1.81	1.96
Net assets value per share with investment property and the owner-occupied property stated at fair value (S\$)	1.98	2.14	2.18	2.4	2.6
Staff headcount (In Numbers)	76	88	83	84	80

Figure 1 Financial Performance (2018-2022)

Based on recent research from Mordor Intelligence in 2021, the wireless connectivity market is expected to register a CAGR of 12.66% for the period 2022 to 2027. Demand for consumer electronic devices, propelled by the adoption of advanced technologies. like AI, IoT, AR and VR is expected to remain high. The creation of smart infrastructure across the world is also acting as a major factor driving the demand for wireless sensor networks and products. Currently, a number of the Group's customers are serving these fast-growth areas.

The challenge of the world-wide shortage of microchip, an essential component needed for the manufacturing of our products continues to be relevant. The delivery lead time is not expected to ease significantly in the next 12 months. The acute shortages will see customers that are able to secure allocation of microchips, from chips manufacturers, having their finished products delivered at a shorter lead time. This inevitably increase the Group's customers and market concentration risk. Noticeably, comparing FY2022 to FY2021, the Group's revenue tilted towards Europe, contributing 51% in FY2022 as compared to 30% in Y2021. while USA sales were reduced from 29% in FY2021 to 19% in GY2022.

The escalation of the conflict between Russia and Ukraine has given rise to the fear of stagnation. Stagnation is a condition that inflation and unemployment increases steeply. Inflation has been on the rise in many major

global economies due to rising oil prices, arising from American and European trade sanctions imposed on Russia including its oil export which contributes significantly to the global crude oil market. Rising of prices will likely contribute to increases in our operating costs, noticeably distributions and salaries.

Our Order book continues to be healthy. However, the ability to complete such orders is highly dependent on the ability to secure supplies of both microchips and essential components. These two components face strong competing demands which drive prices up. The initiatives by the Group's research and development to work with customer design teams to incorporate newer generations of microchips into their design have, to a certain extent, mitigated these challenges. Chips manufacturers are more inclined toward increasing their supplies of newer generations of microchips as they yield higher profit margins.

2.3 RBA Code of Conduct *(previously known as EICC, Electronic Industry Code of Conduct)*

Our plant in Suzhou continues to practice Responsible Business Alliance Code of Conduct and all our major customers recognized and accepted our standards. This Standard includes an essential requirement of various international standards such as *SA8000, ISO14001, OHSAS18001, and QC080000*. It is an integrated standard. By adopting the RBA 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

For the year 2022, customers are mass adopting WiFi 6, as they are facing constant pressure from their competitors to deliver a better performing product. The R&D focus for this reporting year is on WiFi 6, as the mass adoption of WiFi 6 signifies the equivalent resources needed to assist our customers to adopt this new technology, migrating away from their legacy products.

For this calendar year, 802.11be aka WiFi 7 standard is finalized, and we are seeing chipsets manufacturers starting to introduce WiFi 7 products to their customers, including us, though WiFi 7 is not ready for commercial use yet. As the design center for Qualcomm, we have the privilege to receive engineering samples and early access to this new technology's information, allowing us to plan our roadmap appropriately, and start our design work earlier than our competitors. With the current progress of WiFi 7, we do not foresee the availability of WiFi 7 products until the 2nd half of 2023 at least.

We are expanding aggressively towards our ODM offerings, assisting customers who wanted customized products to meet their application needs and yet do not have the appropriate resources to develop and manufacture the products with their available resources. 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 2022, countries are progressively laying out appropriate guidelines in adopting WiFi 6E, as they are seeing this new technology as a reliable backhaul replacing 5GHz. Customers started inquiring and developing their tri-band products with us, with WiFi 6E as the 3rd radio for efficient and stable backhaul. As always, the R&D focus is to deliver a product that consumes less energy than our competitors, while still performing outstandingly and efficiently.

The world is quickening the adoption of cellular 5G NR, as more cost-sensitive solutions are now more readily available for mass adoption. With our early investment into this sector in the year 2021 and our success in bringing our first WiFi 6 + 5G cellular products towards mass production as per figure 3, we are now working closely with all possible customers who wanted to catch up with the competition, to assist them with their WiFi 6 + 5G product launch. 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 meet 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 shows the latest WiFi 6 product offering that we are bringing towards mass production. The development of these products 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. Most importantly, we can distinguish ourselves from the offerings available in the market, by giving the radio module the ability to do dual-band (2.4/5GHz), switching between the two bands depending on customers' requirements. The above products are suitable for enterprise, hospitality, industrial, machine to-machine (M2M), healthcare and security segments.

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 4. 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.

Figure 4 How we engaged our Stakeholders

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, teleconferences and visiting / receiving customers after the ease of border restrictions
3	Employee	Regular online meetings, Monthly birthday celebrations for staff, and webinars.
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.

4. Material Factors

Our materiality assessment process for FY2022 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, during the period when the maximum group headcount restriction is in place, except for manufacturing operations, other business activities are carried out via remote telecommuting work arrangements. Our **10 key factors** prioritized by the working committee are as follows:

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

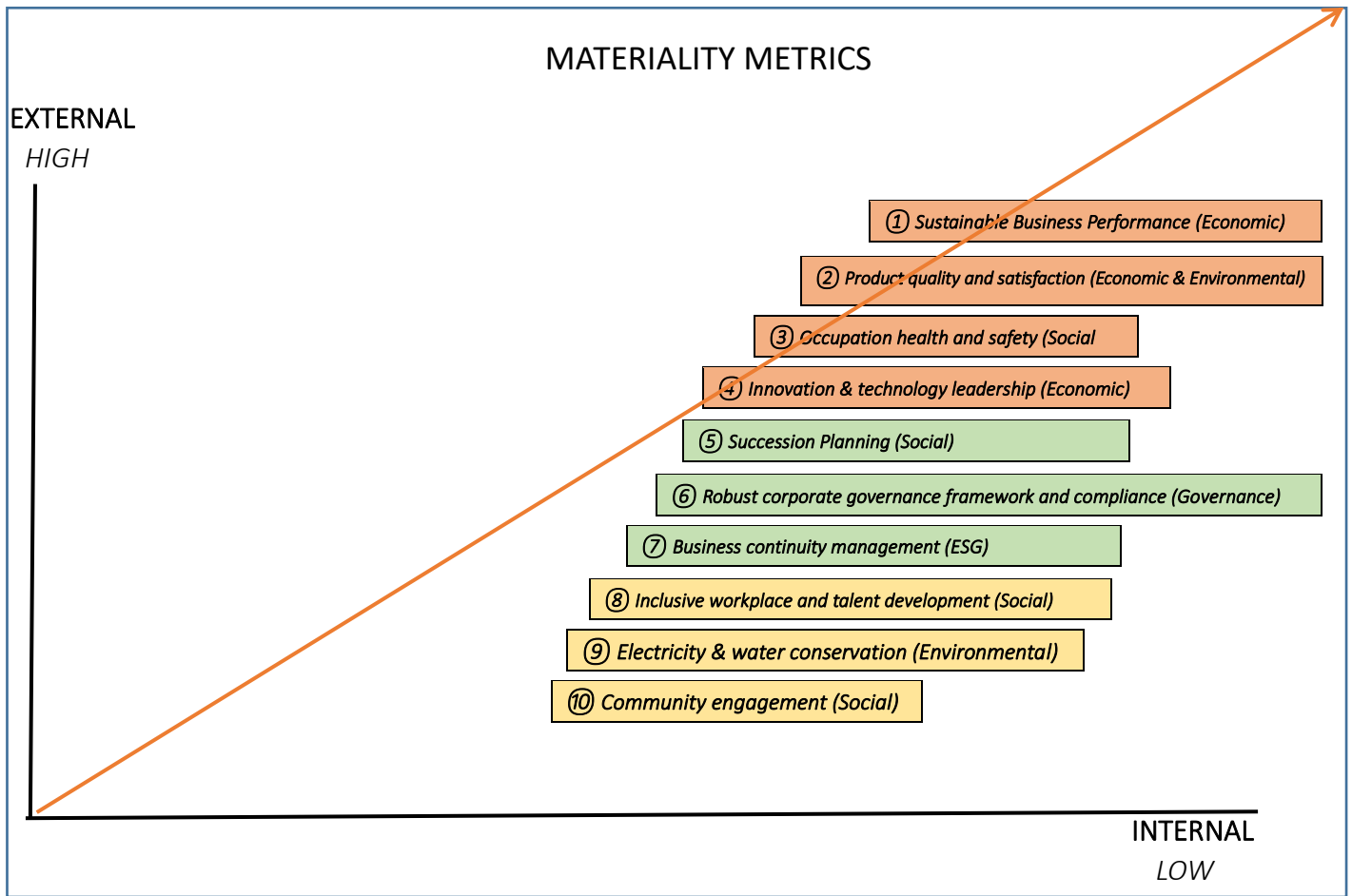


Figure 5 Materiality Assessment by our Stakeholders and their priority

Each of these topics was discussed among the selective groups separately and collectively in some subjects which are elaborated on 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 1-4-2021 to 31-3-2022 was managed at 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. There was a 25% energy consumption reduction during this reporting year over the previous report. This was due to the new installation of two surface-mount machines and the replacement of a wave soldering furnace in late 2020. In addition, the less over-time operation had also contributed to the saving of energy.

Year	Actual Consumption (KWh) of the Group	Turnover (\$M)	(KWh/\$)
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
2022	561,886.00	27.9	0.02013
Average	602,513.00	20.56	0.03

Figure 6 KWh Consumption vs the Revenue (KWh/\$ represents the 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, \$)	Emissions Intensity (MT/\$' 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
2022	NA	398	27.9	0.01426

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:

Hydropower 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 supervises 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 on manually 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 conditioning 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 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 is contracted out to licensed companies for proper disposal to ensure an environmentally friendly process is carried out thoroughly. We also make known to our customers that some parts of our products must be properly disposed of or decommissioned after being used. Clear instructions are attached to the manual of our products.

5.2.1 Hazardous Waste Training

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

waste management. However, we do not produce any hazardous waste material during this reporting year, thus we have yet to conduct the training on the regular basis.

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 the harmful impact of hazardous waste on human health and the environment.

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 Environment Compliance

Our production plant in Suzhou is in full compliance to the workplace safety regulations mandated by the authority. The last inspection by the government official was in April 2022, no irregularity was sighted.

5.4 Supply Chain

We practise RBA 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

- 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
- The equipment used are environment friendly
- Applying the precautionary principle to reduce or avoid negative impacts on the environment

5.6 Climate Change Policy and Commitments

We recognize the business imperative of integrating climate change into our investment strategies and view the physical, regulatory and reputation risks of climate change as material to our clients' objectives, especially over medium and long-term investment horizons.

Considering the current climate-related disclosure landscape, we are committed to the following active management strategies in alignment with our industries and commitments:

- 1) To engage stakeholders in promoting climate-related disclosure
- 2) To advocate with policymakers, regulators and stock exchanges to encourage climate-related disclosure guidance
- 3) To take an active role in collaborative research regarding carbon, plastics, methane water, promote best practices and benchmark firms' performance on these metrics over time.
- 4) To set realistic, achievable and time-bound targets related to climate change.

5.7 Recycle Policy

- Use of recycle papers (used papers with one side blank) for the printing of internal documents.
- Recycling of usable components from damaged or unsold finished goods that are waiting for destruction or disposal.
- The electrostatic outfits for production operators are thoroughly washed and recycled for future use when operators resigned.

6. Social

6.1 Inclusive Workplace and Talent Management

Our Corporate Culture:

- We believe in collective resourcefulness, experience, skills, know-how, dedication and endurance.
- Quality employees are nurtured, cultivated, and given space to improve their 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	FY2022
All workers	99	109	109	133	129
Management	8	8	14	15	16
Male workers ratio	38%	40%	46%	49%	48%
Female workers ratio	62%	60%	54%	51%	52%
Tertiary Education and above	39	45	71	69	71
Below Tertiary Education	60	64	38	64	56
Below 40 years old	88	96	92	104	110
Above 40 years old	11	13	17	29	19
Production Workers	60	64	40	50	40
Monthly Training hour per month per staff	1.5	1.5	2	2	2
Monthly Training hour per month per worker	2	2	2	2	2

Figure 8 Work Force Characteristics over the last five years

6.3 Employee Entry Wages & Turnover Rates

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 a 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 by the manpower laws and regulations in all the entities within the Group, once the recruits qualify for certain conditions, the rightful benefits will be provided accordingly. Our manpower turnover rates have been able to maintain at not more than 8% throughout the reporting year.

6.4 Diversity in the Workforce

We embrace diversity and have employees from different backgrounds. We have representation from the 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 2022

	Suzhou Plant China	SG HQ	Kulai Plant Malaysia	Group	%
Department	# Of Workers				
Executive Director	-	2	0	2	1.5%
Finance, Shipping & Warehouse Staff	9	3	1	13	10%
Management Information System	4	1	1	6	5%
Production	49	-	3	52	40%
Sales and Marketing	0	5	3	8	6%
Purchasing	3	1	0	4	3%
R & D	14	5	0	19	15%
Quality Control	17	0	1	18	14%
HR and Management Support	3	1	1	5	4%
Logistic & Property	1	1	0	2	1.5%
Total	100	19	10	129	100%

Figure 9 Employees by Departments in numbers

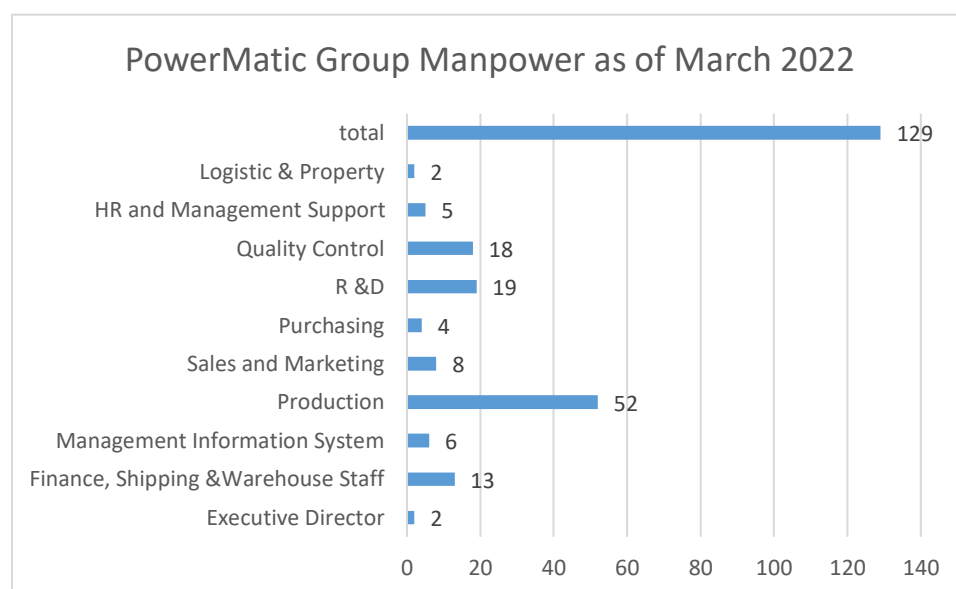


Figure 10 Employees by Departments in number

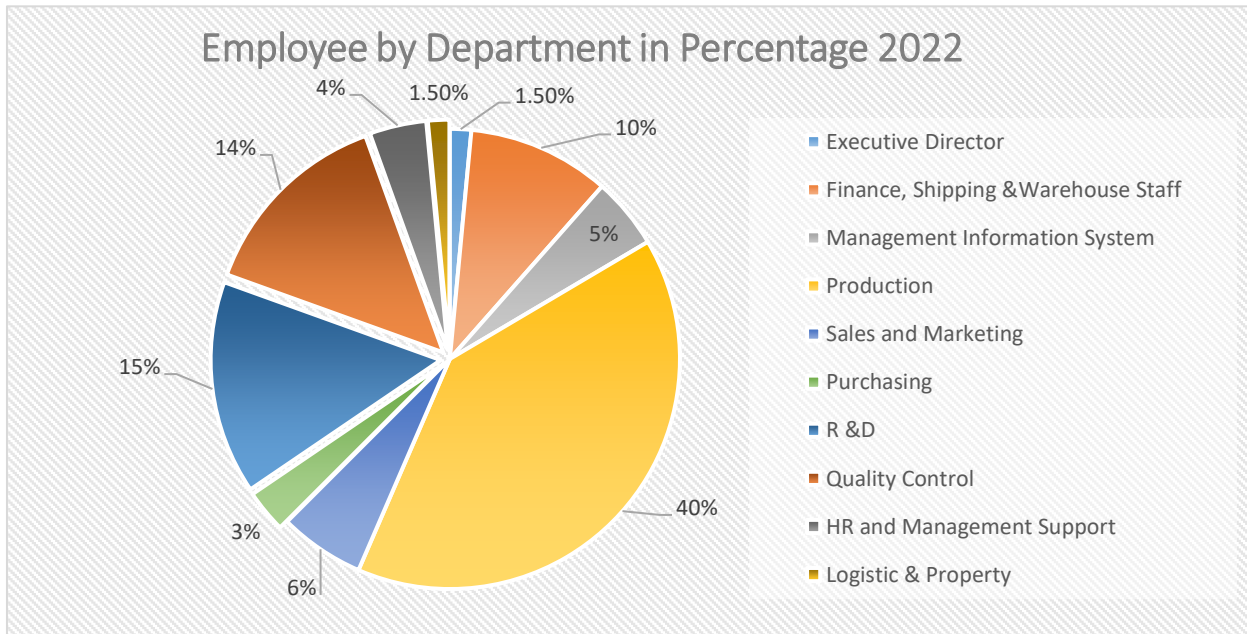


Figure 11 Employees by Departments in Percentage as of 31st March 2022

There are 16 key persons in the management of the group which consists of 2 executive directors and 14 heads of department. The female takes up 5 positions or 31.25% of the management team of the group.

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 is 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 except a minor injury.

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 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, hospitalization insurance coverage, workmen compensation insurance, medical and hospitalization leaves. Our Group supports the government's pro-family policies and follows statutory regulations with regard 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. The total number of employee training hours from April 1, 2021 to March 31, 2022 was 150 hours, covering the following areas:

1. Regular, weekly OP training for workers (once a week, 30 minutes each time)
2. Taxation changes and update training/talks for staff of the Finance Department
3. Human and social system training for the HR department
4. safety and risks training for Security officers
5. Occupational hygiene training for all staff
6. Training for the electrician to obtain Electrician Certificate
7. Fire safety training for all staff.

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.

6. 10 Operation disrupted due to Covid-19 Pandemic

During the epidemic:

1. We actively organized all employees and coordinated 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. Prior to the easing of Covid-19 control measures, security posts are set up at the company's entrance. Temperature detection and registration are required for every employee and visitor.
3. Our staff in China undergo mandatory swab tests as and when directed by the local authority;
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 was 69 in FY2021, up from 52 in FY2020.

GTI Year	Rank	Score
2021	237	69
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

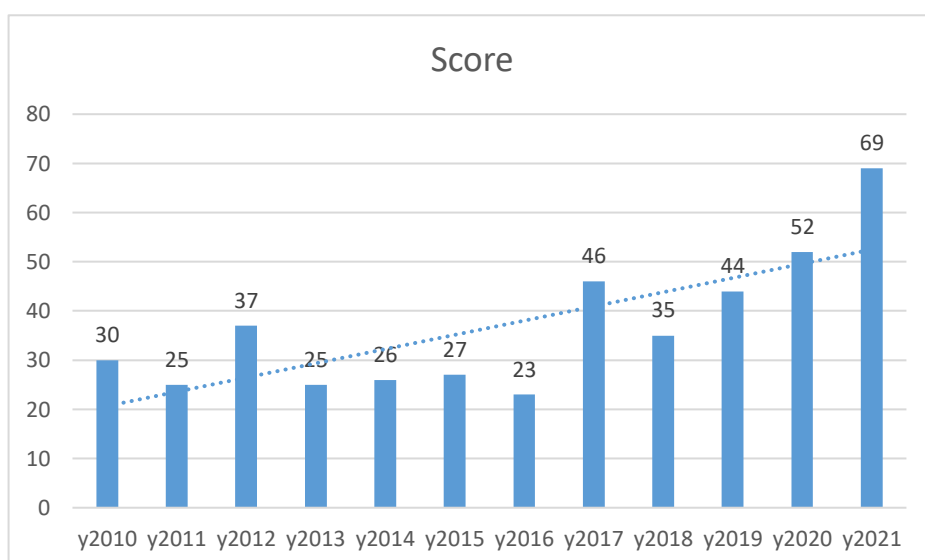


Figure 13 SGTI scores 2010-2021

7.2 Whistle-blowing Policy

The Company has in place a whistle-blowing policy where the staff of the Company and any other persons can have access to the ARMC (“Audit and Risk Management Committee”) Chairman and members. All concerns about possible improprieties in financial reporting and other matters would be channelled to the ARMC Chairman and members.

The Company's Whistleblowing Policy aims to:

- (a) provide a trusted avenue for employees, vendors, customers and other stakeholders to report serious wrongdoings or issues, particularly fraud, governance or ethics, without fear; and
- (b) ensure that robust arrangements are in place to facilitate independent investigation of the reported issues with appropriate follow-up actions. The Company will treat all information received confidentially and protect the identity of all whistle-blowers. It is also committed to ensuring that whistle-blowers will be treated fairly, and protected against detrimental or unfair treatment for whistle-blowing in good faith.

All whistle-blowing complaints are independently investigated and appropriate actions are taken.

ARMC, which is responsible for oversight and monitoring of whistle-blowing, reviews and ensures that independent investigations and any appropriate follow-up actions are carried out, taking into account factors such as the seriousness of the issues, the credibility of the concern and the likelihood of confirming the allegation from attributable sources. The ARMC will follow a set of guidelines to ensure proper conduct of investigations and appropriate closure actions following completion of the investigations, including administrative, disciplinary, civil and/or criminal actions and remediation of control weaknesses that may arise to fraud or misconduct. In addition, the ARMC reviews the Whistleblowing Policy regularly to ensure that it remains current.

A whistle-blower email address is created for reporting suspected fraud, corruption, dishonest practices or other similar matters. Details of the whistle-blowing policy and arrangements have been made available to all employees of the Company and are published on the Company's website www.powermatic.com.sg.

The ARMC shall commission and review the findings of internal investigations in matters where there is any suspected fraud or irregularity, failure of internal controls, or infringement of any law, rule or regulation which has or is likely to have a material impact on the Group's operating.

The Company had, in FY2022, received a whistle-blowing report (spread over a series of communications) from the same individual via the process above. The whistle-blowing report has received close attention and is being investigated by members of the ARMC (including the ARMC Chairman) who were not directors of the Company at the time the relevant events (as described below) took place, with assistance from external legal counsel.

The whistle-blowing report contained allegations against the Company in connection with events that occurred in 2007/2008 and which involved a former subsidiary of the Company in China which was voluntarily wound up in 2010. These events, along with the allegations contained therein appear to emanate from a series of disputes involving business transactions conducted prior to 2007 between the whistle-blower, an unrelated company and a former non-executive independent director of the Company, who left the Company in 2008. Based on ARMC's investigations and internal inquiries to date, neither the Company nor any of its subsidiaries has any prior knowledge of or involvement in the abovementioned dispute(s) and business transactions. In its inquiry, the ARMC had also reached out to the whistle-blower **requesting specific**

information and to seek clarification on the allegations. To date, the whistle-blower has not responded to these requests.

Based on the ARMC's findings to date, the whistle-blowing report is not likely to have a material impact on the Group's financial statements. The ARMC's investigation is still ongoing and the Company will make an appropriate disclosure if there is any material finding on this matter.

7.3 Anti-corruption Policy

Our staff are required to strictly comply with the Group's Anti-corruption policy as spelt out clearly in the Employee Handbook.

7.4 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 updated review and re-assessment were carried out during the reporting year. Key risks identified in the recent report was insufficient succession planning for key procurement staff; procurement risk arising from the worldwide shortage of microchip, an essential component for the manufacturing of our products. The Board has seriously considered the assessment of the consultant's proposal and has

- a) put in place a strategic succession plan.
- b) mitigated the impact of procurement risk through managing our customer's conversions into newer generations of microchips which have shorter delivery lead-time.

The outbreak of Covid-19 has disrupted our operations both locally and abroad, for the second year albeit less in severity. We continued to adhere very closely to the government measures to containing the virus from further spreading. We ensure all employees who are working in the office and factory wear masks and observe personal hygiene at all times

The Group out-sourced its internal audit function to a well-established, mid-tier local risk advisory firm. On an annual basis, the internal auditors prepare the internal audit plan for ARMC's approval. These audits are conducted to assess the adequacy and effectiveness of the Group's risk management and 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.

7.5 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 2021/2022

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

Sustainability Concerns	Issues	Policies, Measures & Targets
Wiring at 1 st to 3 rd floor was improper as there are too many sockets which could post safety problem to the factory. (Production Department)	It needs to be rewired and fixed the sockets to the wall instead of hanging around the floor areas.	It has been decided that we shall get our electricians to purchase the necessary material and fix the problem within a year.
Chips are out of stock in 2021 & 2022 and the delivery period is extended by more than 80 weeks (no fixed delivery period), which is unable to meet the customer's project needs. (Sales /Purchase Department)	We have communicated with customers the estimated lead-time, and work closely with them to secure a shorter delivery timeline through conversion to newer generation chips or sourcing from open-market at higher prices.	Work closely with customers and chip suppliers, business associates to mitigate the shortage issues where possible. We mitigate the impact by managing our customers' conversion into the new generation of chips that are less constrained in supply.

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 on our path to sustainability.

9.1 **The control measures of temperature and humidity** of the production floors which we set to improve in the previous reporting year had been 100% achieved.

9.2 **For safety measures in containing the spread of the Covid 19 virus within the factory were 100% successful.** The effort came from all workers actively participating in vaccination and following the safe distancing and masking.

9.3 **For safety inspection of foreign material shipping to the factory during the year was 100% achieved. No related Covid 19 virus was detected.**

9.4 **For centralized procurement orders and delivery confirmation**, we managed to reduce labor wastage, and obtain price discounts and better services. We achieved a 93% satisfactory level and will continue to strive for better results.

9.5 For shortening delivery time and confirmation/verification of sample products, we have achieved a 90% satisfactory level.

9.6 Cultivating of new suppliers has been 90% satisfactory since last suggestion.

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

9.8 In the area of cyber security and management, 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.

9.9 Our Group Sales Team continues to provide quality service and support to grow the existing business despite the pandemic and the global shortage of chips over the year. The Group achieved a 6.1% increase in revenue over the previous financial year.

9.10 Our Kulai Plant, Johor, Malaysia has completed the initial setup. Essential staff such as operation manager, finance executive, production supervisor, IT executive, QC supervisors, and product engineer were recruited to gear up the production.

9.11 RoHS and REACH Standards/Requirements: Since last reporting year our plants had planned to review and update ourselves with the RoHS and REACH legislative requirements by European Union. The RoHS (Restriction of Hazardous Substances) is a directive regulating the manufacture, import and distribution of Electronics and Electrical Equipment (EEE) which bans from the use of 6 different hazardous materials (to date). REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) Regulations are broader in scope and apply to every product manufactured, imported or sold with the EU. During this reporting year, more than 50% of our sales distribution was exported to the EU. Clear measures and targets regarding the implementation were set by the team in charge to ensure our market shares are intact.



Our new factory in Kulai, Johor, Malaysia

GRI STANDARDS CONTENT INDEX

GRI Standards 2016	General Disclosures	Annual Report 2021 Section Reference
	Organization Profile	
102-1	Name of the organization	AR Report Cover page & Page 1
102-2	Activities, brands, products, and services	AR Report Page 2-7
102-3	Location of headquarters	AR Report Corporate Information Page 1
102-4	Location of operations	AR Report Corporate Information Page 1
102-5	Ownership and legal form	AR Report Corporate information Page 1 & Statistics of Shareholders Page 89
102-6	Markets served	AR Report, Sales by Geography, Page 6 & 7
102-7	Scale of the organization	AR Report Page 7, 42,43 & SR Report Page 4
102-8	Information on employees and other workers	AR Report Page 36 & SR Report Page 12-16
102-9	Supply chain	AR Report Page 4-7 SR Report Page 12
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 9-10
102-12	External initiatives	Nil
102-13	Membership of associations	Singapore Business Federation & AR Report Profile of Directors Page 8
	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 Risk Management & internal control Page 28-32
	Ethics and Integrity	
102-16	Values, principles, standards, and norms of behavior	SR Report- Corporate Cultures Page 12-14
102-17	Mechanisms for advice and concerns about ethics	SR Report- Corporate Cultures Page 12-14
	Governance	
102-18	Governance structure	AR Report Corporate Governance Page 10-32
102-19	Delegating authority	AR Report Corporate Governance Page 10-32
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 – How we engage our stakeholders Page 7
102-23	Chair of the highest governance body	AR Report Corporate Governance Page 2
102-24	Nominating and selecting the highest governance body	AR Report Corporate Governance Page 17-25
102-25	Conflicts of interest	NA
102-26	Role of highest governance body in setting purpose, values, and strategy	AR Report Corporate Governance Page 17-18
102-27	Collective knowledge of highest governance body	AR Report Corporate Governance Page 17
102-28	Evaluating the highest governance body's performance	AR Report Corporate Governance Page 20
102-29	Identifying and managing economic, environmental, and social impacts	SR Report Page 7-8
102-30	Effectiveness of risk management processes	AR Report Corporate Governance Page 28-32

102-31	Review of economic, environmental, and social topics	SR Report- Page 7-8
102-32	Highest governance body’s role in sustainability reporting	SR Report- Page 2
102-33	Communicating critical concerns	SR Report- Page 7-8
102-34	Nature and total number of critical concerns	SR Report- Page 7-8
102-35	Remuneration policies	AR Report Corporate Governance Page 23-24
102-36	Process for determining remuneration	AR Report Corporate Governance Page 23-24
102-37	Stakeholders’ involvement in remuneration	NA
102-38	Annual total compensation ratio	AR Report Page 24, 62
102-39	Percentage increase in annual total compensation ratio	AR Report Page 24, 62
102-40	List of stakeholder groups	SR Report- Stakeholder Engagement, Page 7
102-41	Collective Bargaining Agreements	Not formalized
102-42	Identifying and selecting stakeholders	SR Report Stakeholder Engagement, Page 7
102-43	Approach to stakeholder engagement	SR Report Stakeholder Engagement, Page 7
102-44	Key topics and concerns raised	SR Report Stakeholder Engagement, Page 7
102-45	Entities included in the consolidated financial statements	AR Report Notes to the Financial Statements P 47-90
102-46	Defining report content and topic boundaries	SR Report, Page 1
102-47	List of material topics	SR Report, Page 7-8
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 2021
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 12-24
102-56	External assurance	No
GRI Indicators	Economic	Annual Report Section Reference
201-1	Direct economic value generated and distributed	SR Report Page 4 & AR Report 42-46, 64
201-4	Financial assistance received from government	Notes to The Financial Statements, Page 62
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	SR Report, Social Page 13-14
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 17-18
205-2	Communication and training about anti-corruption policies and procedures	SR Report, Corporate Governance Page 17-18
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 9
306-1	Water discharged by quality & destination	SR Report, Page 10
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 12
308-2	Negative environmental impacts in the supply chain and actions	nil

	taken	
GRI Indicators	Social	Annual Report Section Reference
401-1	New employee hires and employee turnover	SR Report, Page 13
401-2	Benefits provided to full time employees that are not provided to temporary or part-time employees	SR Report, Page 11-16
401-3	Parental leave	SR Report, Page 11-16
403-1	Workers' representation in formal joint managements worker	SR Report, Page 11-16
403-2	Injury and incidents	SR Report, Page 156
403-4	Health & safety topics covered in agreements with trade union	SR Report, Page 11-16
404-1	Average hours of training per employee	SR Report, Page 16
404-2	Programs for upgrading employee skills and transition assistance programs	SR Report, Page 16
404-3	Percentage of employees receiving regular performance and career development reviews	SR Report, Page 16
405-1	Diversity of governance bodies and employees	SR Report, Page 13
413-1	Operations with local community engagement, impact assessments, and development programs	SR Report, Page 15
414-1	New suppliers screened using social criteria	SR Report, Page 12
414-2	Negative social impacts in the supply chain and actions taken	Nil
419-1	Non-compliance with laws and regulations in the social and economic area	Nil

The end of SR report 2022