SUSTAINABILITY REPORTING FY2023

Powermatic Data Systems Limited

SUSTAINABILITY REPORT FY2023

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1. Board Statement

Powermatic Data Systems Ltd (hereafter referred to as "PDS" or the "Group") is pleased to present the sixth annual Sustainability Report (the "SR Report") which covers our Group's performance from 1 April 2022 to 31 March 2023 (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 2022/23.

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 Sustainability for the reporting year has been reviewed by the Internal Auditors.

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 China's national measures and related policies. Our production in Suzhou has not been severely affected by the pandemic during this reporting year.

As at the date of this report, the board comprises 2 executive directors and 4 independent directors. All directors had attended the courses required by the SGX. 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 Directors

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 FY2023 is Asia – 34% (2022:24%), USA – 18% (FY2022: 19%), Europe – 47% (FY2022: 51%), and other regions – 1% (FY2022: 6%).

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 product 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	2019	2020	2021	2022	2023
Revenues (S$ million)	21.0	21.8	26.3	27.9	30.9
Profit before tax (S$ million)	7.7	9.9	9.1	9.8	11.6
Earnings per share (Sin Cents)-diluted	20.01	24.99	21.23	23.38	27.14
Dividend per share (Sin Cents)	8	NIL	5	15	10
Dividend paid as a percentage of profit, net of tax (%)	40	NIL	24	64	37
Net assets value per share with investment property and freehold office unit stated at carrying cost (S$)	1.68	1.75	1.81	1.96	2.11
Net assets value per share with investment property and the owner-occupied property stated at fair value (S$)	2.14	2.18	2.4	2.6	2.92
Staff headcount (In Numbers)	88	83	84	80	84

Figure 1 *Financial Performance (2019-2023)*

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 increased 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 prices will likely contribute to increases in our operating costs, noticeably distributions and salaries.

Our Order book continues to be healthy. The acute shortages in components (especially microchips) have abated. This has allowed us to fulfil orders that were placed in previous financial years. However, the rising inflationary pressure brought about by the rising interest rates and the prolonged Ukraine/ Russia war has a negative impact on business spending. This may lead to customers deferring or canceling their orders. We are engaging our customers and business partners, vendors actively to manage the inflationary cost pressure and business disruption.

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

Our plant in Suzhou continues to practise the 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, OHASAS18001, and QC080000.* It is an integrated

standard. By adopting the RBA standard, we ensure that the best practices of labor regulation, health & safety, environment, management system, and ethics are kept in check at all times.

2.4 R & D new products focusing on a sustainable future

As the world gradually moves beyond the era of COVID-19 and strives to coexist with the virus, our customers are resuming their research and development activities. Given the technological catch-up required post-pandemic and the introduction of 802.11be (WiFi 7) by chipset manufacturers, customers now face a challenging decision: Should they focus their next-generation product on WiFi 6 or 6E, or should they leap forward to WiFi 7?

In the current calendar year, our research and development efforts primarily revolve around WiFi 7. As a prominent global wireless manufacturer, our engineering team aims to be at the forefront of technological advancements. We are actively preparing products for our customers while they navigate the decision-making process for their new product lines. With WiFi 7 promising speeds four times faster than WiFi 6, customers are eager to initiate product evaluations.

This year, we expect increased interest from our customers in our Original Design Manufacturer (ODM) services. As customers restructure their products to meet end-users' requirements and with our readiness for new product launches, our ODM service provides an excellent platform for customers to benefit from a faster and more efficient development cycle, resulting in improved time to market. The demand from our customers to leverage our technical expertise and fulfill their specific requirements is expected to rise, given the increasing complexity of WiFi 7 technology.

As a leading wireless product manufacturer, we are committed to addressing the environmental and societal challenges that impact the world. In addition to our focus on innovation, we prioritize sustainable practices. Our engineering team closely collaborates with regulatory bodies to ensure our products minimize exposure to conflict materials while remaining environmentally friendly. With the growing awareness regarding the health and environmental implications of hazardous substances in electrical and electronic equipment, our team works hand in hand with our supply chain to eliminate such substances from our products, safeguarding the environment and public health simultaneously.

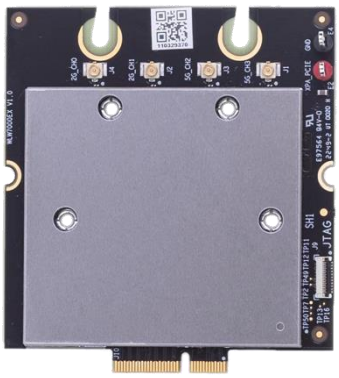


Figure 2: World's first Dual Band Dual Concurrent 2x2 MU-MIMO WiFi 7 Radio Module

Figure 2 shows the latest WiFi 7 product offering that we are bringing to the market. This is the first Qualcomm based WiFi 7 radio module that can deliver two frequency bands concurrently, reducing the need to use two different radio modules to achieve the same objective. The main objective is to further reduce the power consumption of our offering for customers who are increasingly wary of while ensuring that the product's performance and stability are well maintained and exceed legacy products' performance. With this technological advancement, customers who require dual-band operation will find our latest product offering more appealing. The above product is suitable for enterprise, hospitality, industrial, machine-to-machine (M2M), healthcare and cybersecurity segments.

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 when the virus was still prevalent during the early part of FY2023, 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 (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.

Figure 4 *How we engaged our Stakeholders*

4. Material Factors

Our materiality assessment process for FY2023 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. Our 10 key factors prioritized by the working committee in this reporting year are as follows:

① *Product quality and satisfaction (Economic & Environmental)*
② *Sustainable Business Performance (Economic)*
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)*

This year the 10 key factors for the company remain the same except that Sustainable Business Performance has been replaced by Product quality and satisfaction in the ranking of importance.

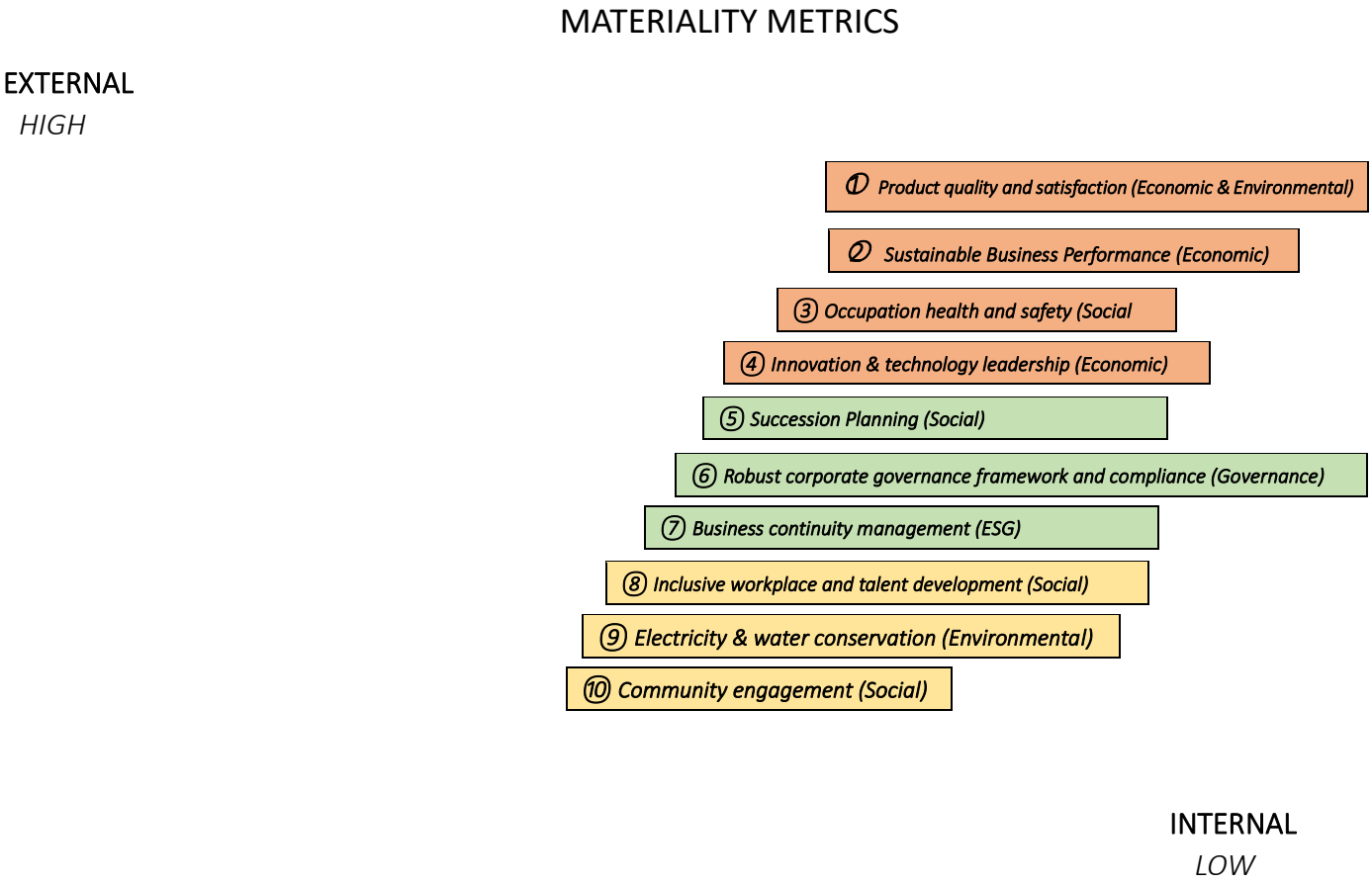


Figure 5 *Materiality Assessment by Our Stakeholders and their priority*

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 for energy-saving and consumption. Key statistics on electricity and water consumption in Suzhou's operations are as follows:

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
2022	561,886.00	27.9	0.02013
2023	642,540.00	30.9	0.02079
Average	**607,516.38**	**21.85**	**0.02949**

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

Year	Total direct CO_2 or Carbon Equivalent Emissions (Metric Tons)	Total indirect CO2 or Carbon Equivalent Emissions (Metric Tons)	Turnover (Revenue in Millions, S$)	Emissions Intensity (MT/S$'000)
2016	NA	392	15.5	0.02529
2017	NA	469	15.4	0.03045
2018	NA	468	16.1	0.02906
2019	NA	425	21.0	0.02023
2020	NA	353	21.8	0.06175
2021	NA	533	26.2	0.02034
2022	NA	398	27.9	0.01426
2023	NA	455	30.9	0.01472

Figure 7 *Emissions Intensity* *https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator*

Our water consumption had been small. From the last 3 years (2020-2022) the meter reading was less than 800 tons per year. The tariff rate is about RMB4.5 per ton. Under our commitment to electricity and water conservation, various measures and initiatives are adopted, the followings are our Hydropower Management Measures:

Hydropower Management Measures To further strengthen the company's energy-saving work, manage well the use of hydro-power resources, and reduce hydropower expenses, the following method is specially formulated.

A. Management responsibility

The factory affairs department is in charge of the company's hydropower 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

While we have advocated for hazardous waste training for all our employees involved in waste management, we did not generate any hazardous waste materials during this reporting year. As a result, we have not yet conducted the training on a regular basis. However, we recognize the importance of preparedness and the need for our employees to have the necessary knowledge and skills and we have in place a training plan to ensure that our employees are well-equipped in handling hazardous waste, should the need arise in the future.

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 with 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, and 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 recycled papers for printing internal documents (used papers with one side blank).
- 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.
- Every one is treated equally. We practice 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	FY2019	FY2020	FY2021	FY2022	FY2023
All workers	109	109	133	129	121
Management	8	14	15	16	16
Male workers ratio	40%	46%	49%	48%	45%
Female workers ratio	60%	54%	51%	52%	55%
Tertiary Education and above	45	71	69	71	58
Below Tertiary Education	64	38	64	56	64
Below 40 years old	96	92	104	110	69
Above 40 years old	13	17	29	19	53
Production Workers	64	40	50	40	35
Monthly Training hour per month per staff	1.5	2	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 replacements. 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 rate is 24% during the reporting year.

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 the different experiences and backgrounds that each employee offers.

6.5 Employee by Department as at 31st March 2023

	Suzhou Plant	SG HQ	Kulai Plant	Group	Percentage
	China		Malaysia		
Department	# Of Workers	# Of Workers	# Of Workers	# Of Workers	% Of the Group
Executive Director	-	2	-	2	1.65%
Finance, Shipping & Warehouse	9	4	1	14	11.57%
Management Information System	5	1	1	7	5.79%
Production	38	0	10	48	39.67%
Sales and Marketing	0	3	3	3	2.48%
Purchasing	3	1	0	4	3.31%
R &D	13	2	1	16	13.22%
Quality Control	16	0	1	17	14.05%
HR & Management Support	3	1	1	5	4.13%
Logistic & Property	1	1	0	2	1.65%
Total	88	15	18	121	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 2023*

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 20-24 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 63 in FY2022, down from 69 in FY2021.

GTI Year	Rank	Score
2022	329	63
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 2010-2022*

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.

During this reporting year, the ARMC did not receive any related complaints.

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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 ,2016 and 2022 Key risks identified in the recent report were 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 by managing our customer's conversions into newer generations of microchips that have shorter delivery lead-time.

The Group outsourced 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 FY2023

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

Sustainability Concerns	Issues	Policies, Measures &Targets
1. The R&D department's flooring has shown signs of wear and tear over the years, which not only affects the overall aesthetics of the area but also poses safety risks to our employees. To address this issue, we shall refurbish the flooring.	By revitalizing the R&D department's flooring, we can create a more conducive and inspiring work environment for our research and development teams.	Estimated time of completion: within year 2023
Skills training and upgrading for inspectors in order to ensure product quality	A. Correct employee's skill gaps B. Develop training plan and training content C. Implementation training D. Assessment of the effectiveness of the training	Department managers to take advantage of morning meetings or off-duty times to implement the training programs. The effectiveness assessment shall be reviewed quarterly

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 rewiring of 1st to 3rd floor** has been fully completed as planned during the last reporting year. It is 100% satisfied.

9.2 **In managing and control of RoHS & Reach Hazardous** during this reporting period we had succeeded 100% satisfaction. 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 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 40% 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.

9.3 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.

9.4 **For safety measures in containing the spread of the Covid 19 virus within the factory were 100% successful.** The effort came from all staff actively participating in vaccination drives, strictly adhering to the local government's swab tests/quarantine directives and consciously observing personal hygiene.

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

9.6 **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. The process of certification is a little lengthy as it involves the customers' approval process and the test labs' efficiency.

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

9.8 **Cultivating new suppliers** has been 90% satisfactory since the last suggestion.

9.9 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.. In the coming year, the MIS department will continue to further simplify the workflows and automation.

9.10 In the area of cyber security and management, In the field of cyber security and management, we are consistently striving to enhance our security measures to protect our sensitive data and information. As part of this effort, we have recently implemented a robust security feature known as File Security Systems, which includes encryption of our content. This implementation is aimed at minimizing the risk of confidential information leakage.

9.11 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.

9.12 Our Kulai Plant, Johor, Malaysia has started operation and all essential staff such as operation manager, finance executive, production supervisor, IT executive, QC supervisors, and product engineer were in place and carried out complete operational functions.

9.13. During the reporting year, the global acute shortage of microchips, which persisted for the past three years, has abated. This positive development has enabled our Group to fulfill customer orders that were placed as far back as two financial years ago. As the supply of microchips has eased, some customers have expressed their desire to defer the initial delivery timeline for orders they had previously placed in advance to secure chipsets.

We have been closely monitoring the situation and actively engaging with our customers to mitigate any undesirable impact on our operations.



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 95
102-6	Markets served	AR Report, Sales by Geography, Page 6 & 7
102-7	Scale of the organization	AR Report Page 7, 45-49 & SR Report Page 4
102-8	Information on employees and other workers	AR Report Page 7-8, 38-40& SR Report Page 12-16
102-9	Supply chain	AR Report Page 4-7 SR Report Page 11
102-10	Significant changes to the organization and its supply chain	AR Report Chairman Statement Page 2- 3
102-11	Precautionary principle or approach	SR Report Page 9-11
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 2-3
102-15	Key impacts, risks, and opportunities	AR Report Chairman Statement Page 2-3 Risk Management & internal control Page 27-33
	Ethics and Integrity	
102-16	Values, principles, standards, and norms of behavior	SR Report- Corporate Cultures Page 12-15
102-17	Mechanisms for advice and concerns about ethics	SR Report- Corporate Cultures Page 12-15
	Governance	
102-18	Governance structure	AR Report Corporate Governance Page 9-37
102-19	Delegating authority	AR Report Corporate Governance Page 9-37
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 6
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 14-25
102-25	Conflicts of interest	NA
102-26	Role of highest governance body in setting purpose, values, and strategy	AR Report Corporate Governance Page 8-20
102-27	Collective knowledge of highest governance body	AR Report Corporate Governance Page 8
102-28	Evaluating the highest governance body's performance	AR Report Corporate Governance Page 25-26
102-29	Identifying and managing economic, environmental, and social impacts	SR Report Page 7-11
102-30	Effectiveness of risk management processes	AR Report Corporate Governance Page 27-34

102-31	Review of economic, environmental, and social topics	SR Report- Page 7-11
102-32	Highest governance body's role in sustainability reporting	SR Report- Page 2
102-33	Communicating critical concerns	SR Report- Page 7-11
102-34	Nature and total number of critical concerns	SR Report- Page 7-11
102-35	Remuneration policies	AR Report Corporate Governance Page 25-26
102-36	Process for determining remuneration	AR Report Corporate Governance Page 25-26
102-37	Stakeholders' involvement in remuneration	NA
102-38	Annual total compensation ratio	AR Report Page 25-26, 67
102-39	Percentage increase in annual total compensation ratio	AR Report Page 25-26,67
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 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
102-45	Entities included in the consolidated financial statements	AR Report Notes to the Financial Statements P 50-94
102-46	Defining report content and topic boundaries	SR Report, Page 1-2
102-47	List of material topics	SR Report, Page 6-7
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	NIL
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 66
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 16-18
205-2	Communication and training about anti-corruption policies and procedures	SR Report, Corporate Governance Page 16-17
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 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	Nil

	taken	
GRI Indicators	Social	Annual Report Section Reference
401-1	New employee hires and employee turnover	SR Report, Page 12
401-2	Benefits provided to full time employees that are not provided to temporary or part-time employees	SR Report, Page 12-16
401-3	Parental leave	SR Report, Page 12-16
403-1	Workers' representation in formal joint managements worker	SR Report, Page 12-16
403-2	Injury and incidents	Nil
403-4	Health & safety topics covered in agreements with trade union	SR Report, Page 12-15
404-1	Average hours of training per employee	SR Report, Page 15
404-2	Programs for upgrading employee skills and transition assistance programs	SR Report, Page 15
404-3	Percentage of employees receiving regular performance and career development reviews	SR Report, Page 15
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 11
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 2023