Sustainability Report

Introduction

Polaris Ltd ("Polaris") is pleased to present its first annual Sustainability Report. The report captures Polaris's sustainability effort, performance and strategies over the financial year January 1, 2017 to December 31, 2017 ("FY2017"). This report includes the environmental, social and governance ("ESG") performance for our business operations in Singapore and excludes overseas operations unless stated otherwise.

This report has been prepared in accordance with the latest Global Reporting Initiative ("GRI") Sustainability Reporting Guidelines: Core options. The GRI Content Index and the relevant references are provided on pages 12 – 14 of the report. Information presented in this report has been extracted from primary internal records and documents to ensure accuracy.

Reporting Principles

We have followed the GRI principles for defining the sustainability report content and quality. We have prepared the report having considered stakeholder inclusiveness, Polaris's sustainability context, materiality and completeness. To ensure quality of the report, we have applied the GRI principles of accuracy, balance, clarity, comparability, reliability and timeliness in preparing this report.

Reporting Process

Polaris's Sustainability Committee (the "Committee"), which includes key members of management and executive directors, provides the overall major direction for preparing the report. The Committee's responsibilities include reviewing, assessing and determining the sustainability context, material ESG topics, report content and topic boundaries, scope and prioritisation of issues to be included in the report. The Committee takes into consideration formal and informal feedback received throughout the year from a range of internal and external stakeholders to determine the most relevant material topics to be covered in the report.

Reporting Cycle

Our reporting cycle begins with a review of the Company's ESG factors and material topics and their context in light of business environment changes and stakeholder feedback.

Feedback

We welcome feedback from all stakeholders. Please send questions, comments, suggestions or feedback relating to this report or our sustainability performance to **ir@wearepolaris.com.**

External Assurance

The financial statements in the report are audited by independent auditors. Moreover, we rely on our internal review processes to verify the accuracy of ESG performance data and information presented in the report.

Letter to Stakeholders

Dear Stakeholders,

As it always has been and always will be, the world is changing.

Every generation has its own challenges and it can be argued that sustainability is at the top of our list. While environmental sustainability might come first to mind, the making of this report reminded us of the many shapes and forms of sustainability we have to address as a company. It helped us assess the overall state of our sustainability and encouraged us to consider how external events might affect us and develop strategies in relation to sustainability accordingly. The objective is to instill qualities and values in Polaris that deliver long-term success and make us a positive contributor to the community around us.

To be able to take on today's challenges, and even thrive and prosper amidst the rapid changes around us, will take concerted and sustained efforts. As we communicate in this report, a plan for long term sustainability has been drawn up and execution on it started. Sustainability is now a top priority at Polaris.

For environmental sustainability, we take inspiration and guidance from the UN Sustainable Development Goals and the Paris Climate Agreement. While having a modest overall environmental footprint, Polaris continually look for ways to reduce our energy consumption, minimize our waste and improve reuse and recycling efforts. Apart from being guided by the international efforts mentioned above, internal employee knowledge and business partners such as Apple, Dyson and Singtel all help us improve.

With regards to business sustainability, our focus is on attracting, retaining and training great talent. Diversity, equal opportunity and an overall positive working environment are attributes that we strive for every day. Committed employees make Polaris successful and sustainable. Privacy and data security are areas of focus and also benefit from our reputable business partners' guidelines and systems.

With procurement being a common area of governance concern, we decided to share our framework to address it here in our first report. In addition, the upcoming changes to the Code of Corporate Governance and the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Rules will be an area of focus going forward. Management is reviewing each business unit for optimizations and viability, with the objective and ambition to increase our reserves and improve our ability to expand investments in selected businesses.

Significant efforts are also being made to engage more closely with our external stakeholders. This includes timely announcements for all shareholders and cultivating constructive relationships with key investors. Internally, business unit heads and the executive office work closely together to enable and encourage speedy decision making, such as for closing deals, solving problems, entering new businesses or exiting existing ones. Customer service will be improved through training and by increasing the number of agents, enhancing the quality of service, as well as reducing waiting and turn-around times.

This first Sustainability Report has also provided us with a structured process to guide our improvement efforts going forward, with selected data points to measure ourselves by. Moreover, as other companies in Singapore make their own sustainability reports available, best practices and

benchmarks are shared, benefitting our local community and society at large. At Polaris, we look forward to keep learning from this process as well as share our efforts and improvements.

Organizational Profile

About Polaris

Polaris is a Singapore-based investment holding based company and is listed on the Catalist Board of the SGX-ST. Polaris is active in the distribution and retail of smart mobile devices and lifestyle products in Southeast Asia, with extensive operations in Singapore.

The Group is organised into business units based on its products and services.

The Distribution segment engages in the distribution of consumer electronics, mobile communication devices and accessories for leading brands. The retail consumer electronics segment engages in the retail sale and services of IT and related products in Singapore. It offers a wide range of electronic products and services from reputable brands such as Apple and Dyson. The corporate segment is involved in Group-level corporate services, treasury functions and investment in marketable securities. It is also involved in strategic investment and joint venture opportunities in emerging Southeast Asia markets to synergise and complement the Group's existing offerings.

Polaris purpose of existence is to enable and enhance connection and services for people in Singapore and across Southeast Asia. Polaris aims to be the brightest provider of connection devices and services and to serve with a caring touch.

We will be the brightest providers by:

- Guiding our customers to make choices that will enhance their lives and businesses.
- Being sought after by Stakeholders by being a transparent and professional organisation.
- Casting our light on the entire region, we serve Southeast Asia.

We will deliver with a caring touch by:

- Providing thoughtful service to our customers.
- Creating mutually beneficial relationships with our partners and investors.
- Creating a work environment for our employees where trust, happiness and satisfaction can thrive.

Polaris strongly believes and practices five core values:

- Trust – We are reliable, honest and always deliver what we promise.
- Simplicity – We strive to be clear and meaningful in all that we do.
- Young at heart – We approach our work with a creative, open-minded and positive attitude.
- Caring touch – We treat our people, customers, partners and shareholders with respect, kindness and sincerity.
- Innovation – We innovate with solution(s) when we face challenges and to run our businesses efficiently with productivity.

Awards and Recognitions

Our Singtel NEX retail outlet was awarded the Top GA Contribution Outlet in FY2017 by Singtel, in recognition of the most number of successful new sim card sign ups.

Performance Highlights FY2017

Strategic Area	FY2017
ENVIRONMENTAL	
Total CO_2e emissions (tonnes)	107
Carbon emission intensity per onsite repair job (Tonnes CO_2e)	0.0028
Total Energy used (gigajoules)	516
Energy Intensity per square metre (gigajoules)	0.357
Water Consumption (cubic metres)	251.9
PEOPLE	
Permanent Employees	91%
Local Employees (Singapore Citizen + PR)	74%
Female Employees	39%
Male Employees	61%
SUPPLIERS	
Share of local suppliers as % of total supplier payments	88%
Proportion of local suppliers	90%

Privacy and Data Security

Ensuring the security and confidentiality of our database and customer information is of utmost importance to us. At Polaris, we are committed to protecting the personal information of our customers. We have implemented a strict Personal Data Protection Policy and will take any necessary measures to protect our customer's personal data. Customer's privacy is important to us and we are bound by the Personal Data Protection Act 2012 ("PDPA"). We regularly review our customer privacy and data protection processes to ensure compliance.

As Polaris operates retail stores under Singtel, Apple and Dyson Customer Service Centres, we strictly follow and adhere to their Personal Data Protection policies and procedures.

Our detailed Personal Data Protection Policy is available on the WeArePolaris and Polarisepp website.

Stakeholder Engagement

At Polaris, we develop our sustainability strategy by gathering stakeholder feedback on issues that are material to them and our business. We have identified our stakeholders based on importance, responsibility, dependency and proximity.

We continuously seek to improve communication with our stakeholders and consider their inputs and feedback in our business strategy. This helps us to develop better trust and understanding with our stakeholders and strengthens our partnership as well.

Stakeholder	Key Concern of Stakeholders	Communication Channel	Our Strategy
Shareholders & Investors	• Transparency • Timely information on company progress and status • Profitability	• Board Meetings • Email correspondence • Annual General Meeting	• Engaging board and Stakeholders face to face and through emails
Employees	• Diversity and equal opportunities • Training and Career development • Employment benefits	• Reporting systems	• Manage Work Environment • Review employment benefits
Customers	• Product/Service quality • Safe product use • Correct product information • Transparent communication	• Call centres • Social media communications • Retail stores • Email correspondence • Customer satisfaction surveys conducted by external organizations	• Strengthen the quality and safety management system • Provide accurate product information • Gather and address the voice of customers
Suppliers	• Compliance with terms and conditions of prevailing purchasing policies and procedures • Appropriate Costs	• Quotations • Request for proposals • Email correspondence • Teleconferences	• Establish policies and practices that ensures a fair selection and procurement process, ethical business practices and respect for contractual obligations

Resellers/ Distributors	• Timely delivery • Quality assurance • After-sales support • Strong collaboration • Good customer experience	• Shop visits • Email correspondence • Regular meetings	• Proactive sales planning • Providing Sales support • Regular visits
Business Partners	• Partnerships for business growth and opportunities	• Frequent discussions • Teleconferences • Email correspondence	• Work with reputable company partners
Government & Regulators	• Adherence to regulations • Prompt resolutions to issues • Reporting of any service issues as required by regulators	• Discussions with relevant agencies and departments	• Comply with applicable laws • Putting in place policies and procedures to ensure compliance
Media	• Exposure and access to company development and news • New products/services/entertainment and related content	• Invitation to media events	• Providing timely and accurate information on product releases

Our Materiality Topics

We have identified material topics for reporting based on the significance of our ESG and economic impacts and the degree of influence where we see the most potential for creating maximum value for our shareholders and stakeholders. In order to ensure an accurate determination of material issues, we undertook a process of identification, prioritisation and validation with our management team.

Each sustainability factor is assigned a reporting priority that determines the actions required, as illustrated below:

Description	Criteria
High	Factors with high reporting priority are reported in detail.
Medium	Factors with medium reporting priority are considered for inclusion in the Report.
Low	Factors with low reporting priority may be reported to fulfil regulatory requirements.

A summary of Polaris's material ESG and economic issues, where the impact occurs and Polaris's involvement in respect of such impacts is presented in the table below. A more detailed discussion on the material topics, including the management approach, will be covered in the respective chapters of this report.

Material Issues	Mission	Prioritization of Topics	Where impact occurs	Polaris Involvement
ENVIRONMENT				
Energy Efficiency	Lower ecological footprint and Reduced energy cost	Medium	Within Organization and Environment	Direct
Climate Change and Carbon Emission	Lower Carbon footprint	Medium	Within Organization and Environment	Direct
Waste minimisation	Lower Pollution	Medium	Within Organization and Environment	Direct
SOCIAL				
Talent Attraction and Retention	Increase company morale, gives employee a sense of pride, lower turnover rate and reduce hiring costs, creates employee satisfaction	High	Within Organization and Community	Direct
Training and Education	Increase productivity, grow and nurture employees, Innovative problem-solving	Medium	Within Organization and Community	Direct
Diversity and Equal Opportunity	Create an inclusive and non-discriminating environment	High	Within Organization and Community	Direct
Marketing and Labelling	To uphold the highest standards of professional values and integrity and build trust through transparency	Medium	Within Organization, Customers, Distributors and suppliers	Direct
ECONOMIC				
Anti-corruption	Uphold and adhere to Group's zero	High	Within Organization, Communities	Direct

|				
	tolerance policy towards fraud, corruption and unethical conduct	High	and Investors	
Procurement Practices	To continuously support local suppliers	Medium	Within Organization, Suppliers, Distributors, Investors	Direct
GOVERNANCE				
Board Diversity	Holistic guidance to the Company	High	Within Organization and Investors	Direct
Risk Management and Internal Controls	Effective risk taking and management, aligned with the organisation's business objectives with an integrated, proactive and systematic approach in risk management and to have a better Corporate Governance	High	Within Organization and Investors	Direct
Whistle-blowing Policy	Mitigate business risks and Fraud prevention	High	Within Organization and Investors	Direct

Our Environmental Efforts

Carbon Emissions

We believe in progressively reducing our organisation's carbon footprint by improving energy efficiency and minimising energy consumption. Polaris's greenhouse gas ("GHG") emission is attributed to the use of electricity, diesel and petrol. Our emission intensity in 2017 was calculated at 0.0028 tonnes CO_2e per onsite repair jobs. Emission from electricity represented 99% of our total carbon.

Energy

In our daily operations, electricity which is used to power our office buildings and retail outlets has contributed to the majority of our energy consumption. Other notable consumption components include petroleum or diesel that is used for transportation and logistics. In FY2017, our total energy intensity was calculated at 0.357 per square metres. Each department's consumption is depicted in Figure 1 as shown below:

Energy Consumption (kWh)

- HQ   - Apple   - Singtel
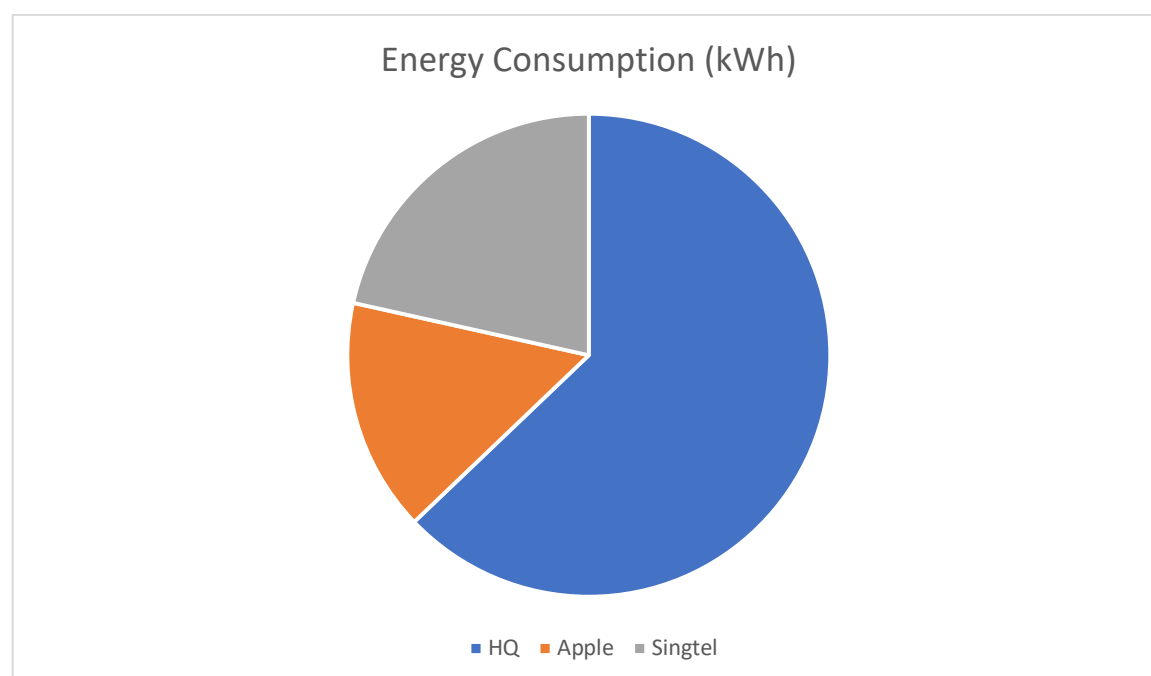
In FY2017, Polaris carried out a renovation exercise by changing all of the local office building ceiling lights to energy-saving ones. This reflects our commitment to continuously reducing and monitoring our energy consumption across all of our businesses.

Waste Minimisation

Our management approach is to reduce, reuse and recycle waste wherever possible throughout our daily operations. Waste from our operations includes paper and packaging waste. In FY2018, we are looking to implement a recycling initiative for Dyson parts.

Over the years, Polaris has implemented several other initiatives to reduce printed marketing materials. We have switched to sending e-cards during festive seasons from the conventional printed greeting cards. Empty ink cartridges are consolidated and returned back to supplier bimonthly. Packaging waste are consolidated and recycled on a weekly basis.

Our Workplace

Polaris practices fair employment and is aligned with the Tripartite Alliance for Fair Employment guidelines. Our human resource policies are aimed at providing a fair performance-based work culture that is diverse, inclusive and collaborative. We also encourage our people to reach their fullest potential and provide them with a fulfilling and meaningful career.

As of 31 December 2017, Polaris employed 74 people. Permanent employees, which includes part-time employees, represented 97% of the total headcount. Employees with managerial or supervisory roles accounted for 17% of our workforce.

Talent Attraction and Retention

We believe investing in our people is crucial to the success of a business. We manage our human capital investment by attracting and nurturing the right talent, as well as caring for their professional growth and personal well-being during their employment with us. This can be attested by Polaris's low staff attrition rate.

In addition, we leverage our partnership with the Institute of Technical Education (ITE) to support work-study programmes, providing internship opportunities to students as part of their course modules. This programme is designed to prepare students for the future workforce by equipping them with employable, real-world skills and experiences, whilst allowing them to complete their studies.

Training and Education

With the rapid changes in our industry, it is important for our people to keep updated on the latest industry developments. At Polaris, we encourage and aim to provide all employees with equal opportunities for training and upgrading. We believe that learning and training is an important, continuous and life-long process so that employees are equipped with the competencies needed to meet current and future business needs. This includes workshops, seminars, conferences, in-house company training and on-the-job training.

We strongly believe that it is important to continuously provide our employees with the correct training. This, in return, allows the business to be cost-effective, increasing credibility and expertise as well as improving job satisfaction, and creates a competitive edge in the market.

Diversity and Equal Opportunity

We believe that creating a diverse workplace environment is essential to building and sustaining our competitive advantage. Such diversity fosters innovative thinking and helps tackle business challenges through different perspectives.

Moreover, we strive to offer equal opportunities in hiring, career advancements, promotions and remuneration based on merit and experience irrespective of gender, age, racial, ethnic or cultural background. Female employees account for 39% of our total workforce. There are three women who hold a managerial position in the company and one woman who holds a director position in the company.

Marketing and Labelling

Polaris has formed strategic partnerships with global mobile device manufacturers, consumer electronic companies and leading telecommunication service providers to offer its customers with a wide range of latest innovative consumer devices and services.

We recognise that fair marketing practices and being transparent in the way we communicate can build trust and loyalty among our customers, partners and suppliers. We adhere to strict marketing codes to ensure that all marketing activities comply with the various laws and guidelines such as the Singapore Code of Advertising Practice, the Info-communications Media Development Authority's Codes of Practice and Guidelines, and the PDPA.

In FY2017, we have not identified any non-compliance with regulations and/or voluntary codes concerning information and labelling, or marketing communications including advertising, promotion and sponsorships in relation to products and services that we offer.

Moving forward, we strive to maintain the quality of our products and services as well as retail and distribution channels by choosing the right type of products and services to fit our business model. Quality checks will also be continuously deployed by our staff to ensure compliance with applicable regulations relating to marketing and labelling in the markets we operate.

Our Economy

Our management approach is to create value for our shareholders and stakeholders by ensuring sustainable growth for our business. We are focused on adopting strategies that maximise shareholder returns while creating environmental, social and economic value for our stakeholders.

We regularly review our management approach in view of the business goals, stakeholder expectations and the actual performance to evaluate effectiveness.

Anti-Corruption

Polaris adheres to a zero-tolerance policy on fraud and unethical conduct including corruption and bribery. A whistle-blowing process is in place and supported. There was no reported incident of corruption in the reporting period.

Procurement Governance

Polaris adopts a fair business trading framework and procures from suppliers who conduct business ethically.
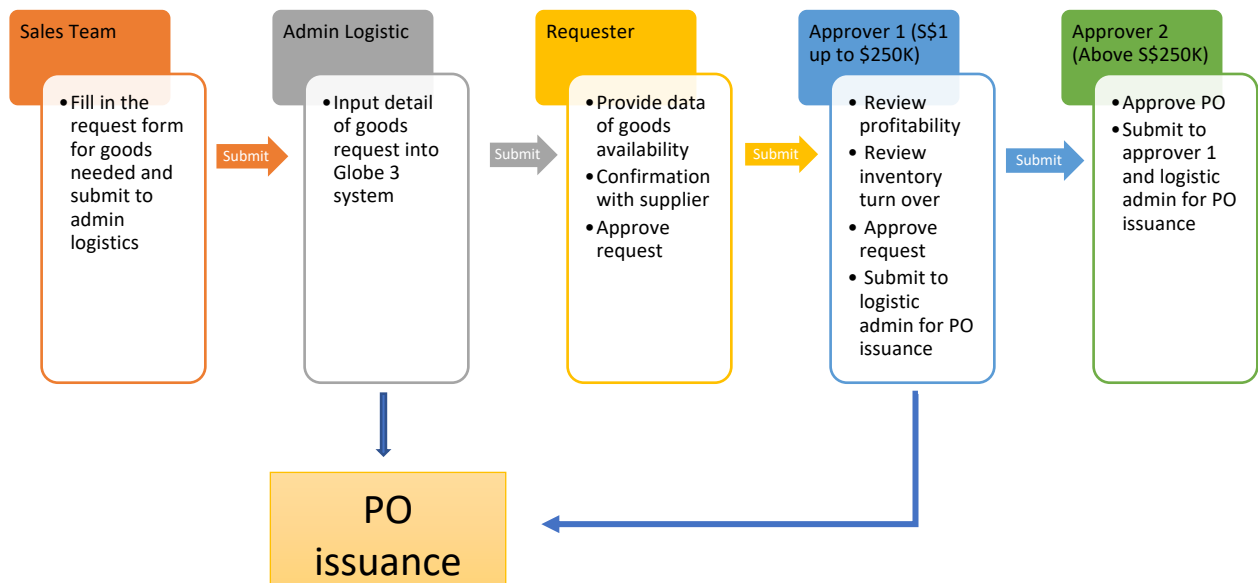
With the extensive varieties and ranges of products to procure from different sectors of suppliers, we have stringent procurement processes in place to ensure good corporate governance and compliance with anti-bribery and corruption rules and regulations.

Our procured products and supplies are from two groups: principle brands which the business units are representing, namely Apple, Dyson, Makeblock and Singtel; and other suppliers for products such as mobile phone and computer accessories and audio devices.

We encourage and support local businesses. In FY2017, our total purchase spending exceeded $60 million. Out of our 35 regular vendors, only one was from overseas import as we represent the brand as its distributor in Singapore. This overseas vendor comprises 0.25% of our total purchases.

We work actively to combat corruption in all of its forms, which includes bribery, unfair competition, conflicts of interest, fraud, embezzlement and unlawful kickbacks.

All procurement is processed through our Enterprise Resource Planning system with its multi-tiered approval process, whereby up to three levels of approving officers are required to approve and sign off on the issuing of Purchase Orders in the system. This is to address conflicts of interest and ensure the correct latest purchase price, as illustrated in the diagram below.

Sales Team		Admin Logistic		Requester		Approver 1 (S$1 up to $250K)		Approver 2 (Above S$250K)
• Fill in the request form for goods needed and submit to admin logistics	Submit	• Input detail of goods request into Globe 3 system	Submit	• Provide data of goods availability • Confirmation with supplier • Approve request	Submit	• Review profitability • Review inventory turn over • Approve request • Submit to logistic admin for PO issuance	Submit	• Approve PO • Submit to approver 1 and logistic admin for PO issuance

PO issuance

As an integral part of supply chain management, we also diligently sort out the delivered goods packaging and ensure that they are disposed of in an environmentally and responsible manner.

Going forward, we are looking at improving our warehousing and storage spaces to ensure better workplace safety and health.

GRI Content Index

'In accordance' - Core

GRI Standard	Disclosure	Page Reference
General Disclosure		
GRI 102: Organizational Profile		
102-1	Name of the organization	4, Organizational Profile
102-2	Activities, brands, products, and services	
102-3	Location of headquarters	
102-4	Location of operations	
102-5	Ownership and legal form	
102-6	Markets served	
102-7	Scale of the organization	11, Our Workplace
102-8	Information on employees and other workers	
102-9	Supply Chain	12, Procurement Governance
102-10	Significant changes to the organization and its supply chain	
102-11	Precautionary Principle or approach	1, Reporting Principles
GRI 102: Strategy		
102-14	Statement from Senior Decision-maker	2, Letter to stakeholders
102-15	Key impacts, risks and opportunities	
GRI 102: Ethics and integrity		
102-16	Values, principles, standards, and norms of behaviour	4, Organizational Profile
GRI 102: Governance		
102-18	Governance Structure	Annual Report Page 7
GRI 102: Stakeholder Engagement		
102-40	List of stakeholder groups	6, Stakeholder Engagement
102-42	Identifying and selecting stakeholders	
102-43	Approach to Stakeholder engagement	
102-44	Key Topics and concerns raised	
GRI 102: Reporting Practice		
102-45	Entities included in the consolidated financial statements	Annual Report Page 40
102-46	Defining report content and topic boundaries	7 - 9, Materiality Topics
102-47	List of material topics	
102-49	Changes in reporting	1, Reporting Process
102-50	Reporting period	1, Introduction
102-51	Date of most recent report	1, Introduction
102-52	Reporting cycle	1, Reporting Cycle
102-53	Contact point for questions regarding the report	1, Feedback
102-54	Claims of reporting in accordance with the GRI Standards	1, Introduction
102-55	GRI Content Index	14 - 16
102-56	External Assurance	1, External Assurance
Topic Specific Standards		
Anti-Corruption		
103-1	Explanation of the material topic and its boundary	8, Our Materiality Topics

103-2	The management approach and its components	12, Our Economy
205-2	Communication and training about anti-corruption policies and procedures	12, Anti-Corruption
205-3	Confirmed incidents of corruption and actions taken	12, Anti-Corruption
Procurement Practices		
103-1	Explanation of the material topic and its boundary	8, Our Materiality Topics
103-2	The management approach and its components	12, Our Economy
103-3	Evaluation of the Management Approach	12, Procurement Governance
204-1	Proportion of spending on local suppliers	5, Performance Highlights and 12, Procurement Governance
Energy		
103-1	Explanation of the material topic and its boundary	8, Our Materiality Topics
103-2	The management approach and its components	10, Energy
103-3	Evaluation of the Management Approach	
302-1	Energy Consumption within organization	
302-2	Energy Consumption outside organization	
302-3	Energy Intensity	5, Performance Highlights
302-4	Reduction of energy consumption	10, Energy
Emissions		
103-1	Explanation of the material topic and its boundary	8, Our Materiality Topics
103-2	The management approach and its components	10, Emissions
103-3	Evaluation of the Management Approach	
305-4	GHG Emissions Intensity	
Effluents and Waste		
103-1	Explanation of the material topic and its boundary	8, Our Materiality Topics
103-2	The management approach and its components	10, Waste Minimisation
103-3	Evaluation of the Management Approach	
306-2	Waste by type and disposal method	
Employment		
103-1	Explanation of the material topic and its boundary	8, Our Materiality Topics
103-2	The management approach and its components	11, Talent Attraction and Retention
103-3	Evaluation of the Management Approach	
401-1	New employee hires and employee turnover	
Training and Education		
103-1	Explanation of the material topic and its boundary	8, Our Materiality Topics
103-2	The management approach and its components	11, Training and Education
103-3	Evaluation of the Management Approach	
404-2	Programs for upgrading employee skills and transition assistance program	11, Training and Education
Diversity and Equal Opportunity		

103-1	Explanation of the material topic and its boundary	8, Our Materiality Topics
103-2	The management approach and its components	11, Diversity and Equal Opportunity
103-3	Evaluation of the Management Approach	
405-1	Diversity of governance bodies and employees	
Marketing and Labelling		
103-1	Explanation of the material topic and its boundary	8, Our Materiality Topics
103-2	The management approach and its components	11 - 12, Marketing and Labelling
103-3	Evaluation of the Management Approach	
417-1	Requirements for product and service information and labelling	
417-2	Incidents of non-compliance concerning product and service information and labelling	
417-3	Incidents of non-compliance concerning marketing communications	
Customer Privacy		
103-1	Explanation of the material topic and its boundary	6, Privacy and Data Security
103-2	The management approach and its components	
103-3	Evaluation of the Management Approach	
418-1	Substantial complaints concerning breaches of customer privacy and losses of customer data	