Ellipsiz Ltd

**2018
Sustainability
Report**

Contents

Board Statement

The Board of Directors (the "**Board**") is pleased to present the inaugural Sustainability Report of Ellipsiz Ltd ("**Ellipsiz**" or the "**Company**") for the financial year ended 30 June 2018. This report is prepared in line with the sustainability reporting requirements of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual.

In this report, we share a description of our existing policies, approaches and initiatives towards sustainability, with focus on environmental, social and governance ("**ESG**") topics that are considered material to Ellipsiz and its subsidiaries (collectively, the "**Group**") and our key stakeholders.

The Board is entrusted with the responsibility of overseeing the business and corporate affairs of the Group, including sustainability. The Board has considered sustainability issues as part of its strategic formulation, and determined the ESG factors which are material to the Group for reporting. The Board is assisted by a team comprising certain senior management and key executives of the Group who review, assess and make recommendations to the Board on sustainability matters. This includes identification, management and monitoring of the material ESG factors. The Company has appointed an external consultant to advise it on this report.

We aim to improve our sustainability practices continuously to better support our business strategies, and to explore constructive learning opportunities for sustainability on an on-going basis.

About Ellipsiz Ltd

Ellipsiz was founded as a leading provider of integrated solutions in the electronics industry. Over the years, it has become one of the leading engineering and service solutions providers, serving customers across the semiconductor and electronics manufacturing industries in Asia. In October 2017, Ellipsiz divested its leading probe card solutions designing and manufacturing business. Ellipsiz is currently focused on the business of distributing a wide range of manufacturing, testing and inspection/measurement equipment to the semiconductor, electronics manufacturing and telecommunication industries.

Ellipsiz's key competitive strengths lie in its innovation, strong customer focus, resourcefulness, strong partnership with customers and principals and established regional support network. Ellipsiz is headquartered and operates in Singapore and also has operations in Taiwan, China and Malaysia.

VISION

We aim to be the best creator of value for our customers, business partners and stakeholders in markets that we participate in.

MISSION

To enable our customers and business partners to achieve their goals optimally, we offer innovative and integrated solutions

The Group operates via a basic supply chain structure, where the lead company forms a series of relationships with companies that buy and sell a wide range of equipment and products. We operate and provide our product and service solutions to customers in various countries, including Singapore, Taiwan, China and Malaysia. As a result, our business and its future growth are dependent on the political, economic, regulatory and social conditions of these countries. The Group's efforts to streamline, consolidate and integrate various distribution & service solutions ("**DSS**") businesses over the past few years have unlocked further cross-marketing and cross leveraging opportunities between East Asia and Southeast Asia operations. This has created invaluable synergies across markets and distribution networks. Please refer to Ellipsiz's Annual Report 2018 for more details on our business operations.

Our values

Our core values keep the inner workings of our brand in check. They shape our culture and define our beliefs and practices, allowing us to achieve the results we desire and to continually develop and improve our services for our customers.

About our Report

This report has been prepared in line with the sustainability reporting requirements of the SGX-ST Listing Manual. It has been developed with reference to the Global Reporting Initiative (GRI) Standards. We have selected GRI Standards as our sustainability reporting framework as we believe it provides robust guidance and is globally accepted for sustainability reporting.

Our reporting boundary includes the Company and the Group's DSS operations in Singapore, Taiwan, China and Malaysia.

We summarise in this report key aspects of the Group's approach towards sustainability for the period from 1 July 2017 to 30 June 2018 ("**FY 2018**"), with a focus on the Group's material ESG topics as set out in the section entitled "*Our Sustainability Approach*" below. We also provide information on the process adopted for identification of the material ESG topics covered by this report. Data presented in this report has been drawn from the Group's operations included within the reporting boundary.

In addition, whilst strictly not part of the scope of our report, we have provided some information relating to the Group's initiatives on being a caring corporate citizen by giving back to society through corporate social responsibility programs.
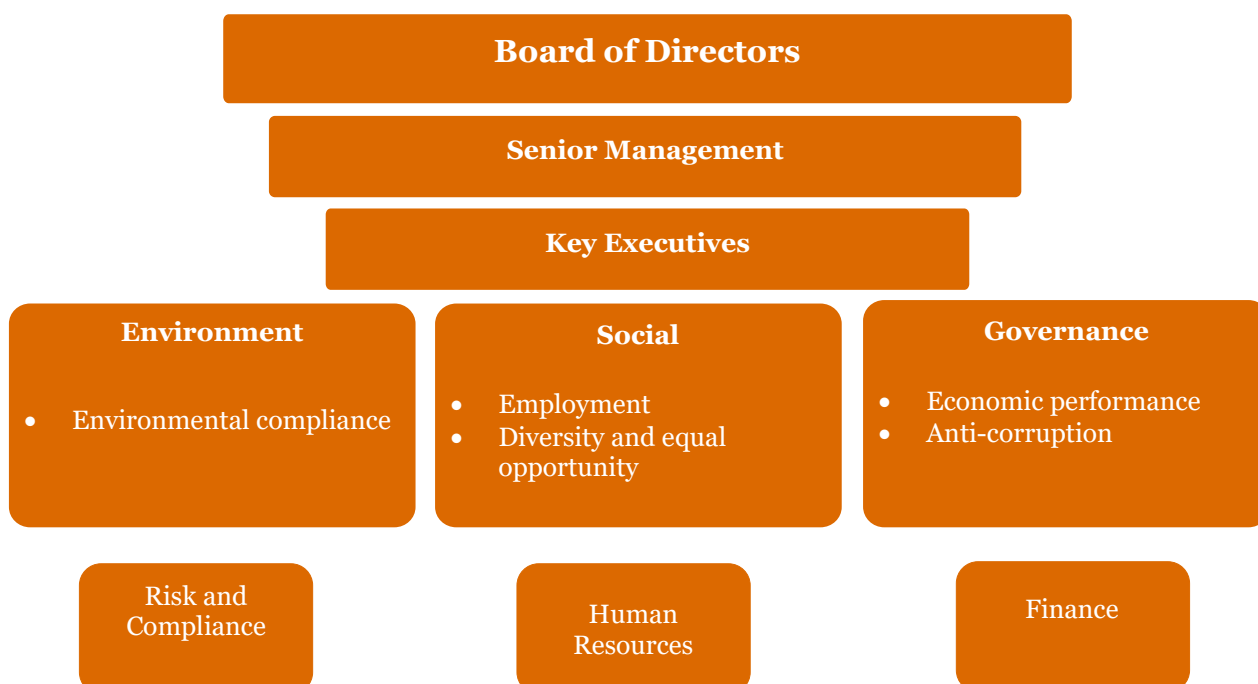
If you wish to provide feedback on this report, please reach out to us at ir@ellipsiz.com.

Our Sustainability Approach

Sustainability Governance

Our organisation-wide sustainability agenda is led by a team comprising certain senior management and key executives of the Group who assist the Board in overseeing the sustainability reporting. The team initiates, drives, and monitors various aspects of the Group's sustainability practices, ensuring effective integration of ESG initiatives into the business operations and corporate objectives.

Figure 1 Group's Sustainability Governance

Board of Directors

Senior Management

Key Executives

Environment	Social	Governance
• Environmental compliance	• Employment • Diversity and equal opportunity	• Economic performance • Anti-corruption

Risk and Compliance

Human Resources

Finance

Stakeholder engagement

We define our key stakeholders as groups of people or entities whom we consider are significantly affected by our business operations and outcomes, or who may significantly influence our businesses. Feedback from our key stakeholders forms a crucial part of our strategic and business planning, and it provides the Group with valuable insight to continuously improve our sustainability performance. Through internal discussions and reviews with the external consultant, the following key stakeholders of the Group are identified:

- Customers
- Employees
- Suppliers
- Shareholders & Investors
- Government & Regulators

Understanding the key stakeholders' material concerns and expectations is an essential part of Ellipsiz's sustainability approach. Through regular formal and informal engagements, we develop mutually beneficial relationships with our key stakeholders.

The following figure summarises our approach in engaging with the key stakeholders:
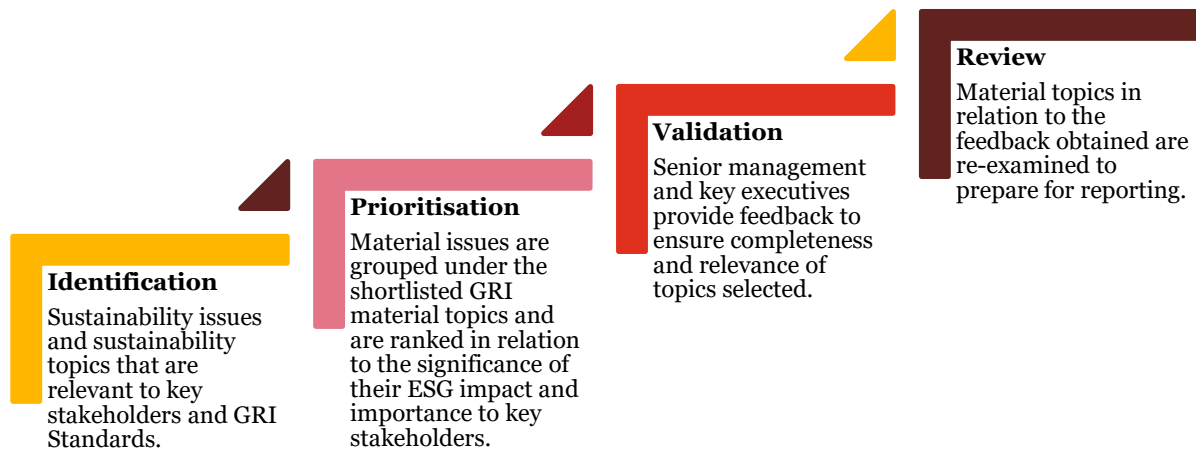
Figure 2 Key Stakeholders' Engagement Mechanism

Key stakeholder	Material concerns	Engagement mechanism
Customers	Quality of products and services provided	• Regular dialogue with customers to understand their needs and collect their feedback • Designated representatives to handle customers' concerns
Employees	Manpower risk	• Orientation conducted for new employees to familiarise them with the Group's businesses, management and policies • Training and career development plans • Social and team-building activities • Annual employee performance appraisal
Suppliers	Loss of key products distributorships & service contracts	• Regular meetings with suppliers to exchange feedback and areas of concern • Routine and ongoing communication with suppliers to keep them informed on strategies and plans
Shareholders & Investors	Economic and industry trends, Group performance, Corporate Governance	• Shareholders are kept abreast of the Company's key developments through press releases, corporate website, announcements via SGXNet and Annual Reports • Annual General Meetings are conducted to engage our shareholders and investors in a two-way communication
Government & Regulators	Regulatory and compliance risk	• Board and management are kept abreast of new policies, regulations and guidelines launched and implemented by government and regulators such as Ministry of Manpower, SGX-ST, National Environment Agency and Health Sciences Authority

Materiality assessment

Materiality is a critical input in our corporate sustainability strategy as we strive to provide our key stakeholders with the sustainability information most relevant to them, and to our business. In determining the material factors of the Group, we have conducted an internal materiality assessment with the help of our external consultant. The process included interviews with employees and management, and internal workshops to identify the material sustainability issues taking into account our operations in Singapore, Taiwan, China and Malaysia.

Ellipsiz adopts a systematic four-step approach in determining the material topics:

Identification
Sustainability issues and sustainability topics that are relevant to key stakeholders and GRI Standards.

Prioritisation
Material issues are grouped under the shortlisted GRI material topics and are ranked in relation to the significance of their ESG impact and importance to key stakeholders.

Validation
Senior management and key executives provide feedback to ensure completeness and relevance of topics selected.

Review
Material topics in relation to the feedback obtained are re-examined to prepare for reporting.

The assessment yielded 5 material ESG factors, namely:
- Talent attraction and retention
- Diversity and equal opportunity
- Environmental compliance
- Economic performance
- Anti-corruption

Social performance

(a) Talent attraction and retention

In the current competitive landscape, talent attraction and retention remain a key concern for the Group. We are committed to developing our human capital and encourage our employees to constantly develop and improve their knowledge and skillsets through various upgrading and career development plans. We recognise all our employees' contributions and aim to foster an entrepreneurial environment.
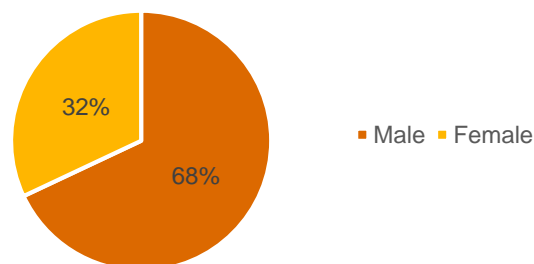
New Employee Hire

Figure 3 below illustrates the total number of employee hires by region and age group during FY 2018:

Figure 3 Total number of employees hires during FY 2018 by region and age group
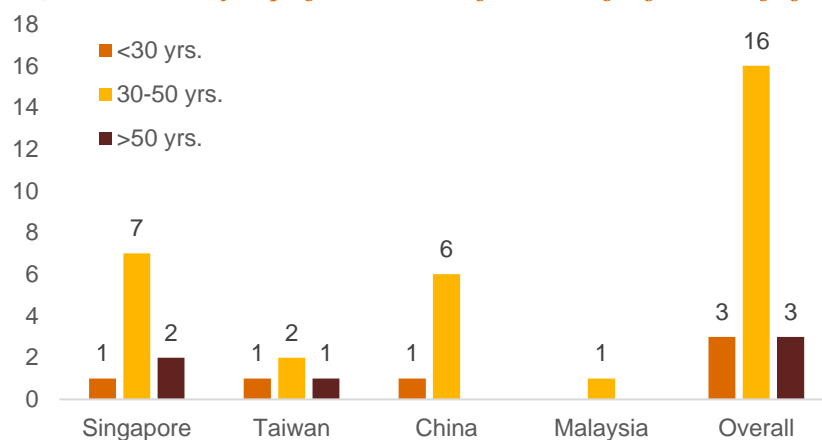
Overall, the total number of new employees hired during FY 2018 was 22 with the majority from the age group of 30-50 years old.

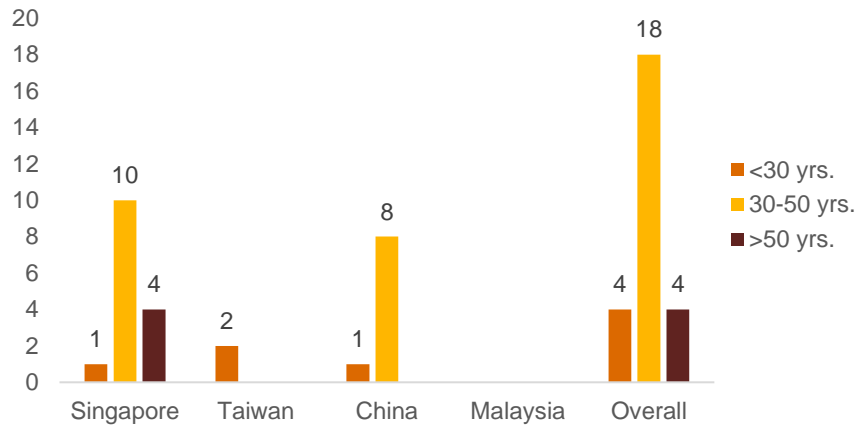*Figure 4 Total number of employees hires during FY 2018 by gender*

The number of new employees hired during FY 2018 comprised 68% male and 32% female as illustrated in Figure 4 above.
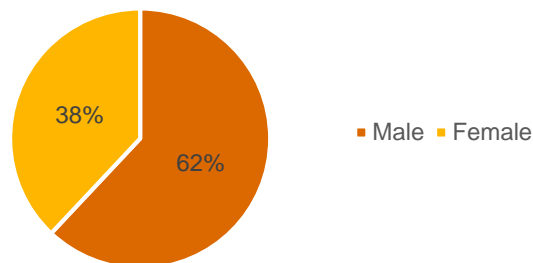
Employee Turnover

Employee turnover are employees who ceased to be employed by the Group for various reasons. Figure 5 illustrates the total employee turnover by region and age group during FY 2018:

Figure 5 Employee turnover in FY 2018 by region and age group

Overall, the total number of employee turnover during FY 2018 was 26.

Figure 6 Employee turnover in FY 2018 by gender

Employee turnover comprised 62% male and 38% female as illustrated in Figure 6 above.

(b) Diversity at workplace and the Board

At Ellipsiz, we believe that the success and growth of our business depends on the continued efforts and abilities of our employees. We place emphasis on implementing inclusive recruitment practices and optimising the use of available labour and talent in different regions.

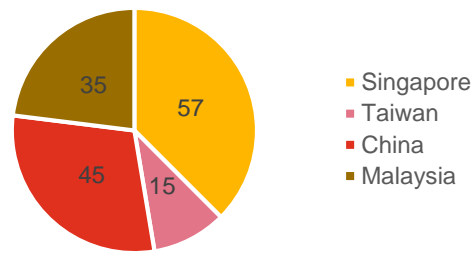Figure 7 Total number of employees (as of 30 June 2018)

Figure 7 above illustrates the total number of employees by region as of 30 June 2018.

Figure 8 below illustrates the distribution of employees by gender and employee category and Figure 9 illustrates the distribution of employees by age group and employee category.
The four employee categories are as follows:
- Employee Category 1 – General Manager / Director level
- Employee Category 2 – Manager level
- Employee Category 3 – Executive level
- Employee Category 4 – Non-executive level

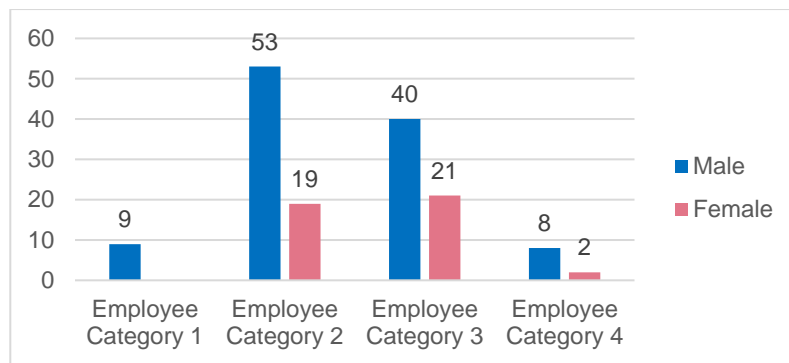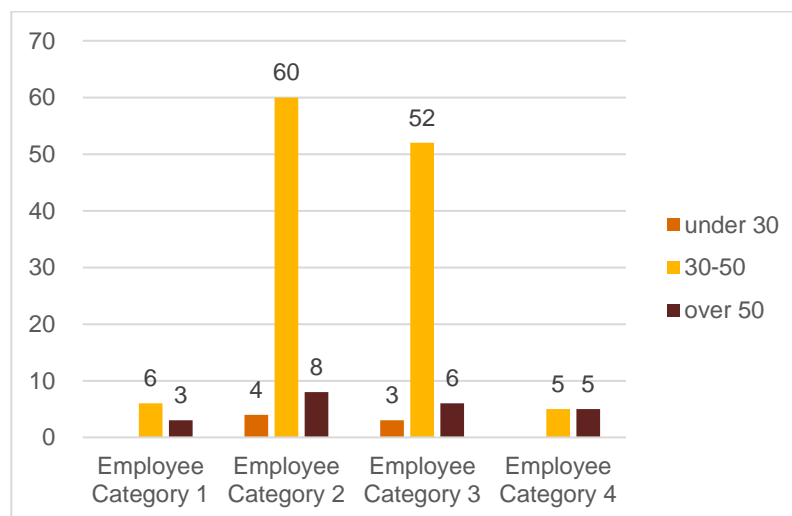*Figure 8 Distribution of total employees by gender and employee category*

Figure 9 Distribution of total employees by age group and employee category

Please refer to our Annual Report 2018 (section entitled "*Corporate Governance – Board Composition and Guidance*") for disclosure on composition and diversity of the Board.

(c) Corporate Social Responsibility

We strive to be a responsible and caring corporate citizen. Ellipsiz supports corporate social responsibility programs through various community and charitable causes.

We encourage our employees to get involved in reaching out directly to the community, with the intent of raising awareness and cultivating a sense of social responsibility towards the less privileged in our society.

In May 2018, our employees participated as volunteers in the *Project 100=50* charity event held at *Sree Narayana Mission Home for the Aged Sick*. This event aimed to help underprivileged families that did not qualify for government subsidies to defray part of their financial burden by providing them with groceries and household items at a discount. Overall, the event managed to help over 120 families in need.

Group photo of employees who volunteered for Project 100=50

Employees distributing food at the event

We believe that every act of kindness goes a long way, and everyone has a part to play in building a gracious society.

Environmental performance

(a) Environmental Responsibility

The Group is committed to being a socially responsible organisation and strives to take measures to manage its environmental impact. We encourage our employees to observe green practices to conserve energy, reduce waste, save paper, and to minimise the negative impact that we have on the environment overall. We believe that every little step goes a long way towards sustaining a clean and green environment, and at the same time help to improve efficiencies and deliver cost reductions for the Group.

(b) Environmental Compliance

There were no significant fines or non-monetary sanctions for non-compliance with environmental laws and/or regulations during FY 2018. We aim to improve our environmental compliance related processes and procedures going forward so as to maintain zero incidents of significant non-compliance with applicable environmental laws and/or regulations.

Governance performance

(a) Direct economic value generated and distributed

The Group's revenue from continuing operations was $49.1 million in FY 2018, an improvement of 18% over the financial year ended 30 June 2017 of $41.8 million. Growth was mainly from the Group's DSS operations in Singapore, China and Taiwan.

Please refer to our Annual Report 2018 (sections entitled *"Financial Review"* and *"Financial Statements"*) for further details on the Group's financial performance.

(b) Anti-corruption

The Group is opposed to corruption, which is inconsistent with its values. All employees of the Group are expected to observe integrity and conduct themselves in a professional and ethical manner in their course of work.

The Group has in place an Employees' Code of Conduct and Ethics Policy ("**Conduct Policy**") which sets out, *inter alia*, the guidelines of acceptable codes of ethics in a workplace. As part of our yearly exercise, all employees are required to read and refresh themselves on the guidelines set out in the Conduct Policy, and to complete a declaration form to confirm that he or she is in compliance with the Conduct Policy.

In addition, the Group has a whistleblowing policy ("**Whistleblowing Policy**") in place to promote good ethical standards, integrity and governance in the corporate conduct and business practices of the Group. The Whistleblowing Policy provides an avenue for employees of the Group to raise in confidence, concerns about actual or suspected improprieties about, amongst others, financial reporting, internal controls, corruption, bribery and fraud, and offer assurance that employees raising such concerns will be protected from reprisals for whistleblowing in good faith. Whistleblowing concerns received will be handled in accordance with the procedures set out in the Whistleblowing Policy, including the course of action based on information provided.

GRI Standards 2016 Content Index

GRI Content Index		
GRI Standard	Disclosure	Page number
GRI 101: Foundation 2016		
General Disclosures		
GRI 102: General disclosures 2016	Organisational profile	
	102-1	Name of the organisation	3
	102-2	Activities, brands, products, and services	4
	102-3	Location of headquarters	4
	102-4	Location of operations	4
	102-5	Ownership and legal form	4
	102-6	Markets served	4
	102-7	Scale of the organisation	9-10,12
	102-8	Information on employees and other workers	9-10
	102-9	Supply chain	4
	102-10	Significant changes to the organisation and its supply chain	4
	102-11	Precautionary Principle or approach	11
	102-12	External initiatives	N/A[1]
	102-13	Membership of associations	
	Strategy	
	102-14	Statement from senior decision-maker	3
	Ethics and integrity	
	102-16	Values, principles, standards, and norms of behaviour	4
	Governance	
	102-18	Governance structure	5
	Stakeholder engagement	
	102-40	List of stakeholder groups	6
	102-41	Collective bargaining agreements	N/A
	102-42	Identifying and selecting stakeholders	6
	102-43	Approach to stakeholder engagement	6
	102-44	Key topics and concerns raised	6
	Reporting practice	
	102-45	Entities included in the consolidated financial statements	Please refer our Annual Report 2018
	102-46	Defining Report content and topic Boundaries	7
	102-47	List of material topics	7
	102-48	Restatements of information	N/A as this is the 1st year
	102-49	Changes in reporting	
	102-50	Reporting period	5
	102-51	Date of most recent Report	N/A as this is the 1st year
	102-52	Reporting cycle	
	102-53	Contact point for questions regarding the Report	5
	102-54	Claims of reporting in accordance with the GRI Standards	5
	102-55	GRI content index	13-14
	102-56	External assurance	No external assurance

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[1]*N/A: Not Applicable*

Material Topics				
Talent attraction and retention				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	8-9	
	103-2	The management approach and its components	8-9	
	103-3	Evaluation of the management approach	8-9	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	8-9	
Diversity at workplace and the Board				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	9-10	
	103-2	The management approach and its components	9-10	
	103-3	Evaluation of the management approach	9-10	
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	9-10	
Environmental compliance				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	12	
	103-2	The management approach and its components	12	
	103-3	Evaluation of the management approach	12	
GRI 307: Environmental compliance 2016	307-1	Non-compliance with environmental laws and regulations	12	
Economic performance				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	12	
	103-2	The management approach and its components	12	
	103-3	Evaluation of the management approach	12	
GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed	12	
Ethics & Anti-Corruption				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	12	
	103-2	The management approach and its components	12	
	103-3	Evaluation of the management approach	12	
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	12	