

ellipsiz

forward solutions

EXTENDING
OUR REACH

2019 ANNUAL REPORT



Sustainability Report

BOARD STATEMENT

The directors of the Company (the "Board") are pleased to present the Sustainability Report of Ellipsiz Ltd ("Ellipsiz" or the "Company") for the financial year ended 30 June 2019 ("FY2019"). This report is prepared in line with the sustainability reporting requirements of the listing manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"). Our inaugural Sustainability Report for financial year ended 30 June 2018 was published in March 2019.

In this report, we share the progress made by Ellipsiz and its subsidiaries (collectively, the "Group") on sustainability performance in FY2019, and also look to the next phase of our journey towards sustainability, with focus on environmental, social and governance ("ESG") topics that are considered material to the Group and our key stakeholders.

The Board is responsible for overseeing the business and corporate affairs of the Group, including sustainability. As part of its strategic formulation, the Board has considered sustainability issues 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 which includes identification, management and monitoring of the material ESG factors.

As we continue on our sustainability journey, we aim to build a sustainable business for generations to come. To achieve this, we continually keep abreast of developments in our industry, actively and regularly engage our key stakeholders, build upon our existing sustainability framework, and seek to further embed sustainable practices within our business so as to improve our overall sustainability performance.



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ABOUT ELLIPSIZ LTD

Ellipsiz is one of the leading engineering and service solutions providers, serving customers across the semiconductor and electronics manufacturing industries in Asia. We focus on the business of distributing a wide range of manufacturing, testing and inspection/measurement equipment to the semiconductor, electronics manufacturing and telecommunication industries.

Our Vision and Mission

We aim to be the best creator of value for our customers, business partners and stakeholders in markets that we participate in. To enable our customers and business partners to achieve their goals optimally, we offer innovative and integrated solutions.

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 provides an overview of our approach towards sustainability as well as our sustainability performance and progress in FY2019, with a focus on the Group's material ESG topics set out in the section entitled "*Our Sustainability Approach*". This report 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 distribution and service solutions ("DSS") operations in Singapore, Taiwan, China and Malaysia. Data presented in this report has been drawn from the Group's operations included within the reporting boundary.

In addition, whilst not part of the scope of our report, we have provided some information relating to the Group's community outreach through its corporate social responsibility programs.

If you wish to provide feedback on this report, please reach out to us at ir@ellipsiz.com.

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.

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OUR SUSTAINABILITY APPROACH

Sustainability Governance

The Board is responsible for overseeing sustainability matters, and is supported by a team comprising certain senior management and key executives of the Group. 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



Stakeholder Engagement

One of the keys to building an effective organisation is to uphold a healthy company culture, which, amongst others, emphasise on the interaction with key stakeholders. We treat our key stakeholders as assets because constructive communication with our key stakeholders birth new ideas and encourages growth, thus improving the organisation's sustainability performance as well as increasing the organisation's overall effectiveness in the long run. We define our key stakeholders as groups of people or entities

whom we consider may be significantly affected by our business operations and outcomes, or who may significantly influence our business. The following are identified as the key stakeholders of the Group:






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

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We believe it is necessary to make time and effort in acknowledging and understanding the key stakeholders' material concerns and expectations. It is through regular formal and informal engagements with the key stakeholders that, we believe, will enable us to develop a mutually beneficial relationship and to ensure a smooth operation within the organisation.

The following figure summarises our approach in engaging with our key stakeholders:

Figure 2 Key Stakeholders' Engagement Mechanism

KEY STAKEHOLDERS	MATERIAL CONCERNS	ENGAGEMENT MECHANISMS
Customers 	Quality of products and services provided	<ul style="list-style-type: none"> Regular dialogue with customers to understand their needs and collect their feedback Designated representatives to handle customers' concerns
Suppliers 	Loss of key products distributorships and service contracts	<ul style="list-style-type: none"> 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
Employees 	Manpower risk	<ul style="list-style-type: none"> Orientation conducted for new employees to familiarise them with the Group's business, management and policies Training and career development plans Social and team-building activities Annual employee performance appraisal
Shareholders & Investors 	Economic and industry trends; Group performance and corporate governance	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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

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Materiality Assessment

For our FY2019's reporting, the five material ESG factors shown in Figure 3 below continue to be relevant to our business and remain unchanged. We review our material ESG factors annually to ensure relevance and a clear reflection of our business and key stakeholders' concerns. 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.

Figure 3 Material ESG Factors of the Group

Environmental	Social	Governance
Environmental Compliance	Talent Attraction and Retention	Economic Performance
	Diversity and Equal Opportunity	Anti-Corruption

ENVIRONMENTAL PERFORMANCE

The Group is committed to being a socially responsible organisation and strives to take measures to manage its environmental impact. We aim to reduce our environmental footprint by encouraging 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. In line with our sustainability effort, we are exploring the use of electronic transmission for the giving of notices and sending of documents, including Ellipsiz's annual reports, to shareholders of the Company moving forward.

Environmental Compliance

The Group is committed to complying with all laws and/or regulations in places where it operates. A breach of any law or regulation may affect our ability to continue with our operations.

In FY2019, there were no significant fines or non-monetary sanctions for non-compliance with environmental laws and/or regulations. For the financial year ending 30 June 2020, we target to maintain our healthy record of zero incident of significant non-compliance with applicable environmental laws and/or regulations.

SOCIAL PERFORMANCE

(a) Talent Attraction and Retention

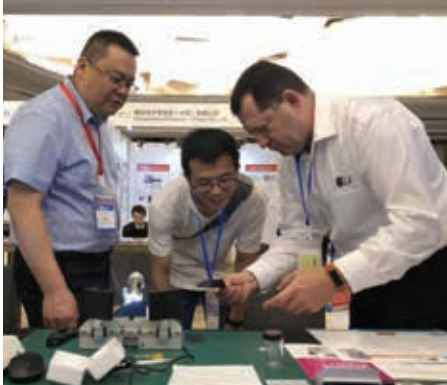
We value our people who contributes to the organisation. They are the main driving force behind our successes and achievements. With the current competitive landscape, talent attraction and retention remain a key concern for the Group.

At Ellipsiz, we are committed to provide an environment where the dedication and commitment of our people are recognised. In recognising the contributions and efforts of our employees who have performed beyond the call of duties and showed their commitment towards Ellipsiz's vision and

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mission, the Company makes it a point to award such employees with the annual Outstanding Staff Award. In addition, in recognition of the long-term commitment and loyalty of employees who have achieved significant milestones in service in the Group, the Company awards such employees with the Long-Service Award. The Long-Service Award recognises years of employment starting from the fifth year, in five-year intervals.

In an effort to remain as an attractive employer, we ensure that all employees are well provided with the necessary welfare



and benefits such as medical benefits, relevant insurance coverage and annual leaves. Additional type of leaves that employees are entitled to include marriage leave, compassionate leave, maternity and paternity leave. We adhere strictly to the basic terms of employment stipulated by national laws in our countries of operation (for instance, the Employment Act of Singapore) to safeguard the legitimate rights and benefits of our employees.

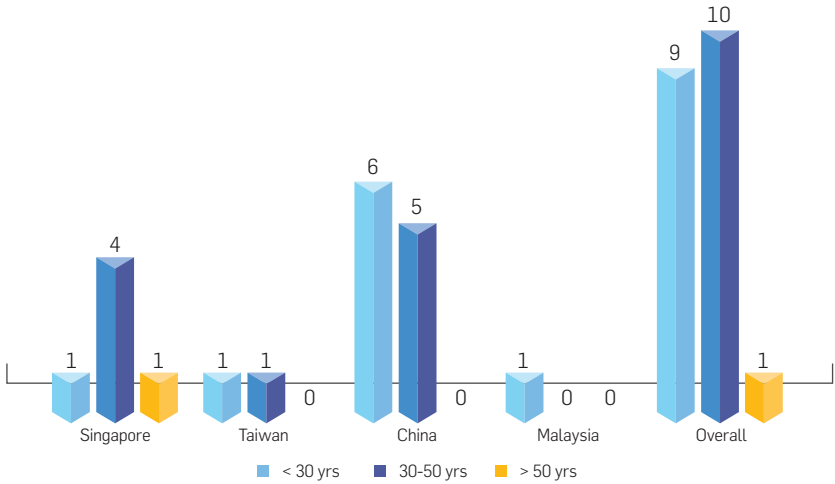
The performance of each employee is evaluated during an annual performance appraisal, which includes a discussion of the employee's training, development and long-term goals. With the rapid technological and market changes in our industry, it is vital for our employees to keep themselves abreast of the latest industry developments. To this end, we encourage and support our employees to constantly develop and improve their knowledge and skillsets through various upgrading and career development programs. We aim to groom and train dedicated individuals and invest time and effort in order for them to take on more responsibilities within the Group.

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New Employee Hires

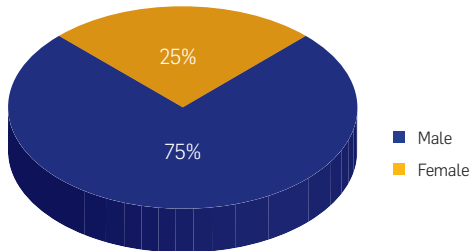
Figure 4 below illustrates the number of employee hires within the Group by region and age group in FY2019.

Figure 4 Employee hires in FY2019 by region and age group



Overall, the total number of new employees hired in FY2019 was 20 with the majority from the age group of 30-50 years old.

Figure 5 Employee hires in FY2019 by gender



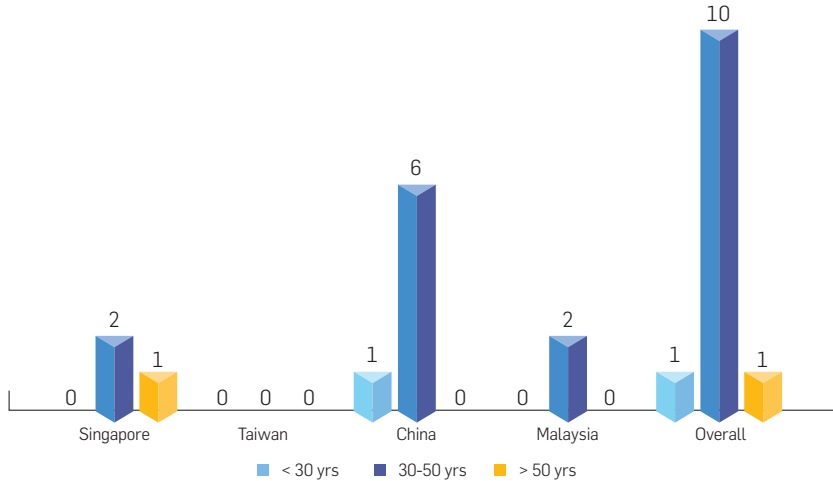
The total number of new employees hired in FY2019 comprised 75% male and 25% female as illustrated in Figure 5 above.

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Employee Turnover

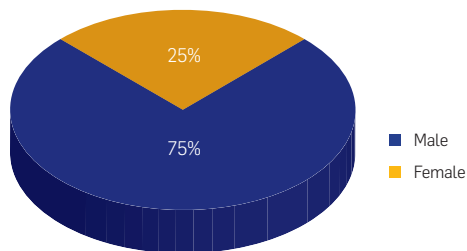
Employee turnover are employees who ceased to be employed by the Group for various reasons. Figure 6 below illustrates the employee turnover by region and age group in FY2019.

Figure 6 Employee turnover in FY2019 by region and age group



Overall, the total number of employee turnover in FY2019 was 12.

Figure 7 Employee turnover in FY2019 by gender



The total employee turnover in FY2019 comprised 75% male and 25% female as illustrated in Figure 7 above.

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For the financial year ending 30 June 2020, we target to achieve an employee turnover rate that is less than 10% of the total number of employees as at 30 June 2019.

(b) Diversity and Equal Opportunity

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. We embrace diversity and we recognise the importance of creating an all-inclusive environment where our people can treat each other respectfully and equally. We are committed to creating an environment that provides non-discrimination and equal opportunities and benefits to each employee, regardless of gender or age. This is implemented through our Employees' Code of Conduct and Ethics Policy ("Code of Conduct"), which sets our position against discrimination in any form.

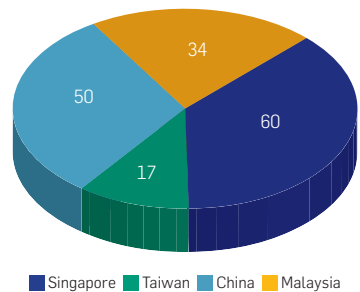
Employees are hired based on individual competencies, skillsets, organisational and job fit. A fair appraisal system supports our remuneration practices, opportunities for advancement and promotion, recognition of achievements, training requirements and other conditions of employment. All employees are appraised at least annually.

As at 30 June 2019, the Group has a total of 161 employees, with diversity in terms of age and gender. There were no cases of discrimination reported within the Group in FY2019.



The following figures 8, 9 and 10 illustrate the total number of employees by region, the distribution of employees by gender and employee category, and the distribution of employees by age group and employee category, respectively, as at 30 June 2019.

Figure 8 Total number of employees by region



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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 9 Distribution of employees by gender and employee category

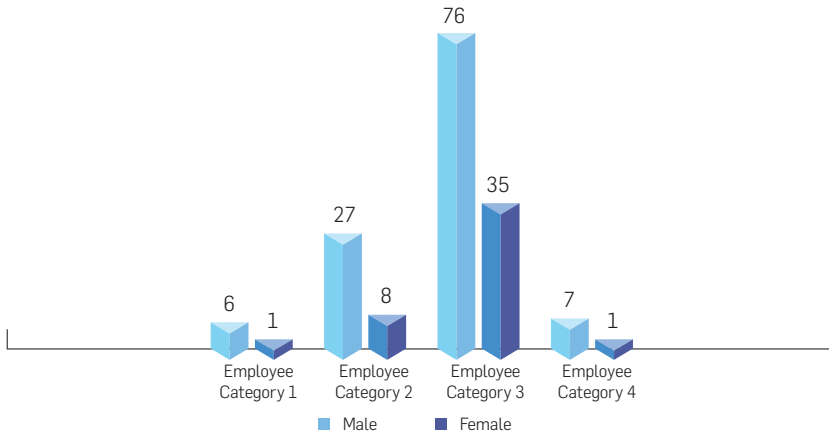
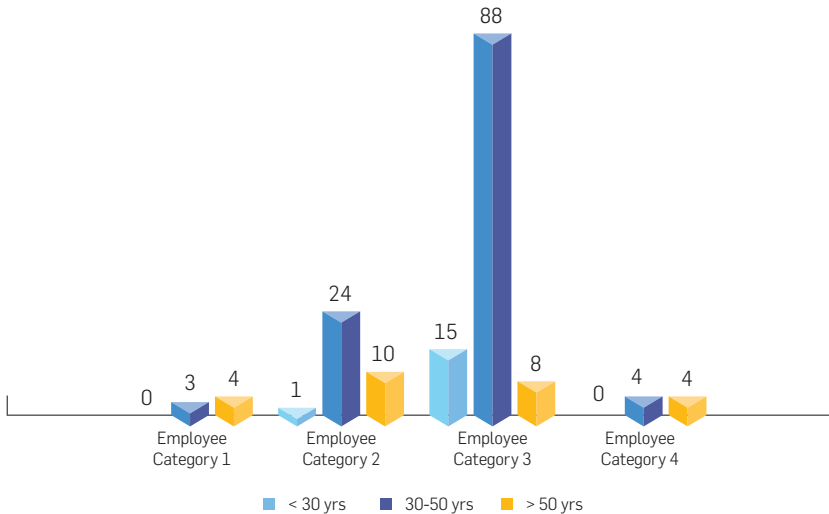


Figure 10 Distribution of employees by age group and employee category



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For the financial year ending 30 June 2020, we target to maintain the record of zero discrimination case at the Group.

For disclosure on composition and diversity of the Board, please refer to the section entitled "Corporate Governance – Board Composition and Guidance" in this Annual Report.

(c) Corporate Social Responsibility

One of our goals as a responsible and caring organisation is to give back to the society. We are actively integrating corporate social responsibility into sustainable business practices, with an aim to generate a positive outcome and to make a difference for our community. 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 2019, Ellipsiz partnered with The Food Bank Singapore Ltd, a registered charity in Singapore, in the "Joy in Every Bundle" drive. Our employees participated as volunteers in packing certain essential dry food sponsored by Ellipsiz in the beneficiary centre and distributed the same to the underprivileged families in the nearby blocks of the beneficiary centre. This event aimed to bring "Joy in Every Bundle" to those in need.



To make a difference to the lives of the needy students from low income families, the Group sponsored the Charity Golf 2019 organised by Compassion Fund during the year. Compassion Fund was established as a charity to provide immediate financial help to students from low income families who are in crisis.

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

GOVERNANCE PERFORMANCE

(a) Economic Performance

Please refer to the sections entitled "Financial Review" and "Financial Statements" in this Annual Report for further details on the Group's financial performance.

(b) Anti-Corruption

The Group is opposed to corruption. All employees of the Group are expected to observe integrity and to conduct themselves in a professional and ethical manner in their course of work. Corrupt practices could subject the Group and individuals concerned to criminal and civil liabilities, and may adversely affect the Group's reputation.

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The Group's Code of Conduct 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 Code of Conduct. Certain key employees are required to complete a declaration form to confirm that he or she is in compliance with the Code of Conduct.

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 in good faith will be protected from reprisals for whistleblowing. 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.

Internal audits of our Group entities are conducted periodically to monitor, amongst others, the risk of corruption. In the event any of such risk arises, it will be reported to the management and the Audit and Risk Committee of the Company. There were no reported incidents of corruption in FY2019.

For the financial year ending 30 June 2020, we target to continue to maintain the record of zero incident of corruption.