



# ellipsiz

forward solutions

## FOSTERING **SUSTAINABLE FUTURE**

ANNUAL REPORT 2020

## 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 2020 (“FY2020”). This report is prepared in line with the sustainability reporting requirements of the listing manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

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 environmental, social and governance (“ESG”) factors which are material to the Group for reporting. The Board believes that a responsible business approach is integral to our long-term success and considers sustainability as part of our business strategy. We are committed to adopting sustainable practices across our operations, empowering individuals, enriching communities, and thereby creating a positive impact on the environment and society.

In this report, we share the progress made by Ellipsiz and its subsidiaries (collectively, the “Group”) on sustainability performance in FY2020, and also look to the next phase of our journey towards sustainability, with focus on ESG topics that are considered material to the Group and our key stakeholders.

The global spread of COVID-19 since beginning of the year 2020 is unprecedented and has adversely affected businesses and communities worldwide. To contain the spread of COVID-19 infections,

governments and institutions have implemented new protocols and measures to address health and safety issues, including lockdowns and closure of borders. Our top priority is to ensure the well-being of our stakeholders during these challenging times. We stocked up necessary items such as face masks and hand sanitisers for our employees and made changes to our work processes to ensure the safety and well-being of our people and the community, and to safeguard business continuity for our customers. We remain vigilant in monitoring the situation as it evolves to minimise business disruption.

We thank our staff, partners and stakeholders for their support in our sustainability journey. As we continue on our sustainability drive, 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.



*Stakeholders' discussion at Axis-Tec's headquarters.*

## SUSTAINABILITY REPORT

### ABOUT THIS REPORT

This report provides an overview of our approach towards sustainability as well as our sustainability performance and progress in FY2020, with a focus on the Group's material ESG topics set out in the section entitled "*Our Sustainability Approach*" below. 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.

For the purpose of reporting, we have considered the Company and the Group's distribution & services solutions ("DSS") operations in Singapore, Taiwan, China and Malaysia. This reporting scope is consistent with our Sustainability Report for financial year ended 30 June 2019.

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

### VALUES



Respect for Individual



Integrity



Customer Focus



Entrepreneurship



Meritocracy



Achievement Orientated



Profit & Liquidity Focus

# SUSTAINABILITY REPORT

## 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, emphasises on the interaction with key stakeholders. We treat our key stakeholders as assets because constructive communication with our key stakeholders generates 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

## SUSTAINABILITY REPORT

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.

Lockdowns imposed by countries to fight the COVID-19 pandemic have caused impacts to some of our customers. We made continuing efforts in engaging our customers during the lockdown period, and these include additional on-site service supports to our customers that need to operate from different locations due to operating restrictions imposed by the relevant government authorities. We continue to maintain active and regular engagements and discussions with our suppliers during this period, to understand and assess the impact of lockdowns and potential lockdowns so as to minimise the risk of disruption to our supply chain.

The swift spread of COVID-19 and the resulting responses to keep employees safe have seen many organisations implementing rapid changes to their operations. In this regard, we took precautionary measures in early January 2020 and rolled out business continuity plan swiftly to protect the well-being of our employees and to ensure business continuity with minimum disruption.






Following the amendments to the listing manual of the SGX-ST in February 2020, we announced that the Company will cease quarterly reporting in March 2020 and adopt half-yearly announcement of its financial statements. We believe that the adoption of half-yearly announcement of the Company's financial statement will enable us to cut down on compliance costs, and allowing management to be more focused on the Group's businesses. We will, however, continue to engage with shareholders and investors through, *inter alia*, our continuing disclosures of material information relating to the Group from time to time.

As we respond to tightened safe distancing measures as a result of the COVID-19 pandemic, the forthcoming annual general meeting of the Company ("AGM") will be held by electronic means. Alternative arrangements relating to attendance of shareholders at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions by shareholders to the chairman of the meeting in advance of the AGM, addressing substantial and relevant questions at, or prior to, the AGM and shareholders' voting by appointing the chairman of the meeting as proxy at the AGM, will be put in place for the AGM. With the foregoing in place, shareholders may participate in the AGM without any risk of COVID-19 transmission.

## SUSTAINABILITY REPORT

The following figure summarises our approach in engaging 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"> <li>Regular dialogue with customers to understand their needs and collect their feedback</li> <li>Designated representatives to handle customers' concerns</li> </ul>
Suppliers 	Loss of key products distributorships and service contracts	<ul style="list-style-type: none"> <li>Regular meetings with suppliers to exchange feedback and areas of concern</li> <li>Routine and ongoing communication with suppliers to keep them informed on strategies and plans</li> </ul>
Employees 	Manpower risk	<ul style="list-style-type: none"> <li>Orientation conducted for new employees to familiarise them with the Group's business, management and policies</li> <li>Training and career development plans</li> <li>Social and team-building activities</li> <li>Annual employee performance appraisal</li> <li>Employees' welfare and benefits</li> </ul>
Shareholders & Investors 	Economic and industry trends, Group performance and corporate governance	<ul style="list-style-type: none"> <li>Shareholders are kept abreast of the Company's key developments through press releases, corporate website, announcements via SGX website and Annual Reports</li> <li>Annual General Meetings are conducted to engage our shareholders and investors in a two-way communication</li> </ul>
Government & Regulators 	Regulatory and compliance risk	<ul style="list-style-type: none"> <li>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</li> </ul>

## SUSTAINABILITY REPORT

### Materiality Assessment

For our FY2020'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 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 effort in contributing to the environment, we will be discontinuing the practice of mailing the printed copies of Ellipsiz's annual reports and circulars (unless otherwise required under the listing manual of the SGX-ST) to shareholders. The annual reports and circulars will be available for download at our

corporate website at <https://www.ellipsiz.com/investor-relations/newsroom/> as well as the SGX website. We encourage shareholders to support our sustainability efforts and embrace e-communications.

Most of our employees telecommute during the lockdown, movement control order and circuit breaker periods imposed by China, Malaysia and Singapore governments to contain the spread of COVID-19. Our employees have accustomed to certain changes to continue their daily tasks, and these include moving towards e-paper or paperless in performing their work. We are accelerating our digital transformation by digitizing paper-based processes and documents, with a view to contribute positively towards a clean and green environment as well as increasing productivity through reducing time spent on physical activities such as filing and movement of paper trail.

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### Environmental Compliance

As a socially responsible corporation, the Group is committed to complying with all environmental laws and/or regulations in places where it operates. A breach of any environmental law or regulation may affect our ability to continue with our operations.

In FY2020, 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 2021, 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 recognise that employees are one of the greatest assets to the organisation. They are the main driving force behind our successes and achievements. Therefore, with the current competitive landscape, talent attraction and retention remain a key concern for the Group. We believe in creating a safe and inclusive working environment where we continually develop our people, and reward outstanding performance.

At Ellipsiz, we are committed to providing 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 mission, the Company annually assesses and makes it a point to award such employees

with the Outstanding Staff Award. In addition, in recognition of the long-term commitment and loyalty of employees who have achieved significant milestones 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 and dental benefits, relevant insurance coverage and annual leave entitlement. Additional types of leaves that are available to eligible employees include marriage, compassionate, maternity and paternity leaves. In anticipation of the flu season which typically occurs between the period from December to February,



*On the left, Mr Joseph Kang, Head of Corporate Development & Operations, presenting Outstanding Staff Award to employee.*



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we had in November 2019 organised and sponsored an influenza vaccination for all our employees in Singapore as part of our employees' welfare. We adhere strictly to the basic terms of employment stipulated by national laws in the countries where we operate (for instance, the Employment Act of Singapore) to safeguard the legitimate rights and benefits of our employees.

Following the outbreak of COVID-19, we have put in place additional precautionary measures since early January 2020 to ensure the safety and well-being of our employees. As a responsible employer, we adhere strictly to all advisories on COVID-19 issued by



*Doctor administering flu jab on employee in November 2019.*

the relevant government authorities. Safe management measures taken by the Group include distribution of face masks and hand sanitizers to employees, requiring employees to telecommute and implementing safe distancing measures at work place. We have also engaged service providers to deep clean and sanitise workplaces thoroughly from time to time.

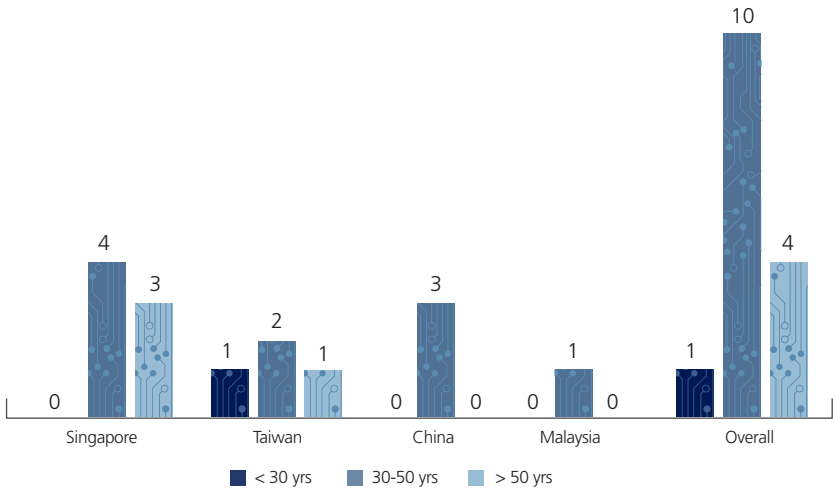
Each employee is appraised at least once each year through an annual performance appraisal, which includes a discussion of the employee's training, development and long-term goals. With the rapid technological and market changes in our industry, it is vital for our employees to keep themselves abreast 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.

## SUSTAINABILITY REPORT

### New Employee Hires

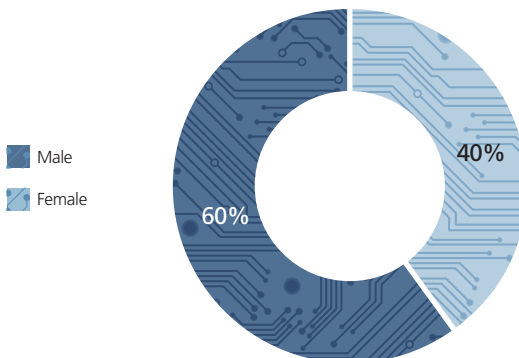
Figure 4 below shows the number of employee hires by region and age group in FY2020.

Figure 4 Employee hires in FY2020 by region and age group



Overall, the total number of new employees hired in FY2020 was 15 with the majority from the age group of 30-50 years old.

Figure 5 Employee hires in FY2020 by gender



The total number of new employees hired in FY2020 comprised 60% male and 40% female as shown in Figure 5 above.

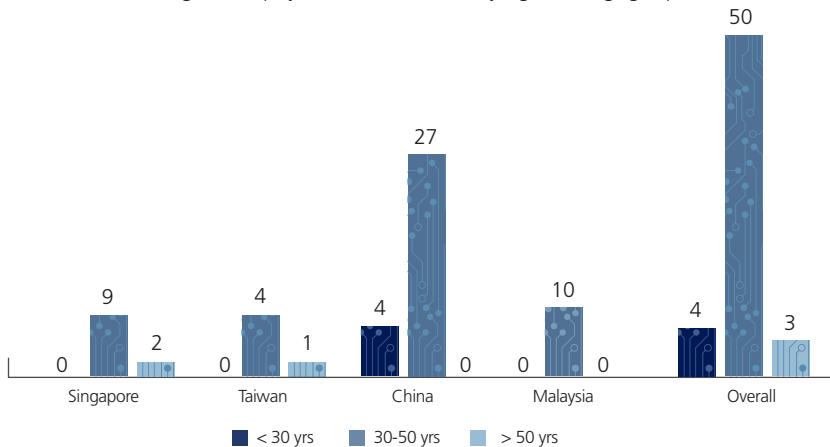
## SUSTAINABILITY REPORT

### Employee Turnover

Employee turnover are employees who leave the Group voluntarily or due to dismissal, retirement, or death in service.

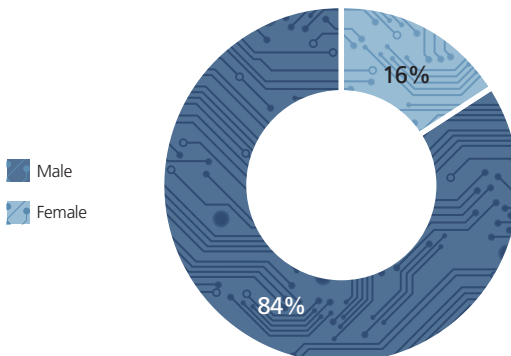
Figure 6 below shows the employee turnover by region and age group in FY2020.

Figure 6 Employee turnover in FY2020 by region and age group



Overall, the total number of employee turnover in FY2020 was 57. 86% of the employee turnover in FY2020 was due to the cessation of a distributorship agreement with a key principal in May 2020. As a result of this cessation, we did not achieve the target set for employee turnover rate in respect of FY2020.

Figure 7 Employee turnover in FY2020 by gender



The total employee turnover in FY2020 comprised 84% male and 16% female as shown in Figure 7 above.

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For the financial year ending 30 June 2021, we target to achieve an employee turnover rate that is less than 10% of the total number of employees as at 30 June 2020.

### (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 as it allows our Group to be more vibrant and innovative with difference in experiences and backgrounds that each employee may offer. 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.

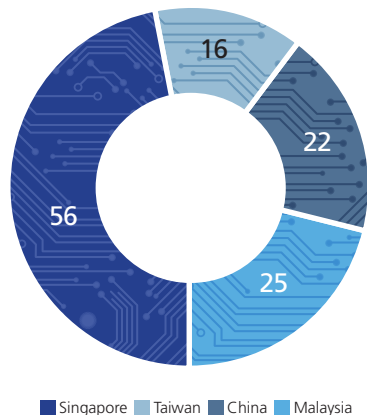


*Employees of overseas subsidiaries attending the Company's annual function held in Singapore in October 2019.*

As at 30 June 2020, the Group has a total of 119 employees, with diversity in terms of age and gender. There were no cases of discrimination reported within the Group in FY2020.

Figures 8, 9 and 10 show 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 2020.

*Figure 8 Total number of employees in FY2020 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 in FY2020 by gender and employee category

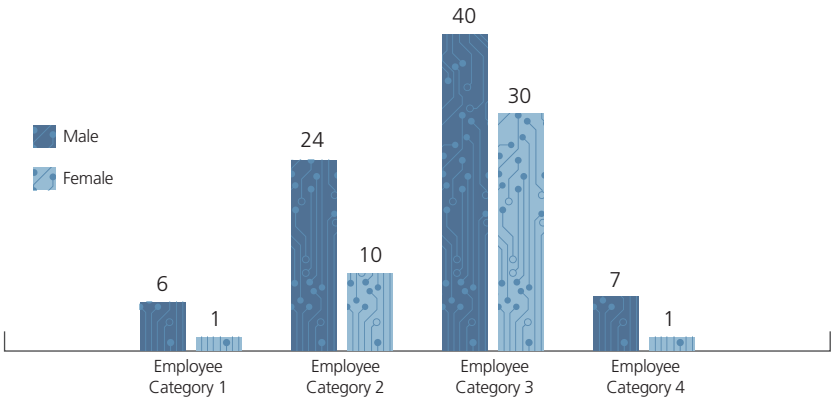
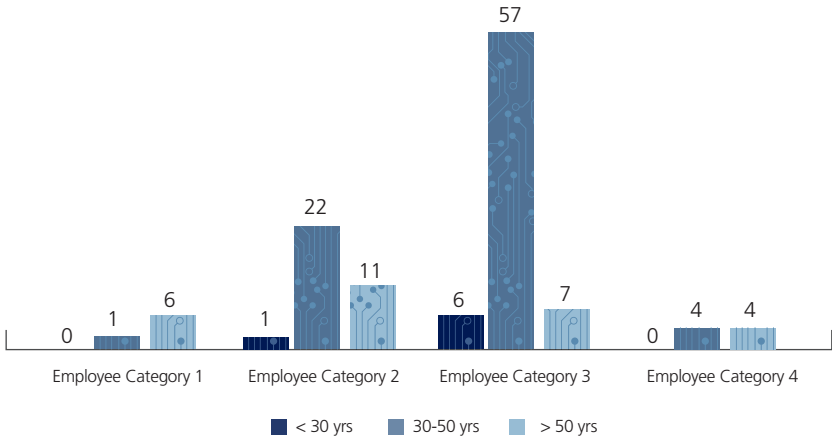


Figure 10 Distribution of employees in FY2020 by age group and employee category



## SUSTAINABILITY REPORT

For the financial year ending 30 June 2021, we target to maintain the record of zero discrimination case within the Group.

For disclosure on composition and diversity of the Board, please refer to the section entitled “Corporate Governance – Principle 2, Provision 2.4” 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 our 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 to the community, with the intent of raising awareness and cultivating a sense of social responsibility towards the less privileged in our society. For the health and safety of our employees, and to play our part in the fight against COVID-19, we have not reached out directly (i.e. face-to-face interaction) to the community in FY2020 to minimise physical interaction. We have however contributed by purchasing a piece of finger painting by the late Master Wu Tsai Yen at a charity art exhibition in December 2019, of which 70% of the proceeds were donated to HCA Hospice Care. HCA Hospice Care is Singapore’s largest home hospice care provider and is a registered charity in Singapore which provides comfort and support to patients with life-limiting illnesses regardless of age, religion, ethnicity, nationality and financial status. We have also made a donation to Ronald McDonald House

Charities (“RHMC”) Singapore to support the opening of Ronald McDonald House and Ronald Family Room at National University Hospital and its ongoing operation. RHMC Singapore is an independently administered charity on a simple mission to improve the health and well-being of children in Singapore.

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 in FY2020.

#### (b) Anti-Corruption

The Group is opposed to corruption. All our employees 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.

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, employees are required to read and refresh themselves on the guidelines set out in the Code of Conduct. Certain employees such as key management/executives and sales and marketing executives are required to complete an online declaration form to confirm that he or she is in compliance with the Code of Conduct during the financial year. Where there is any non-compliance

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with the Code of Conduct, employees will be required to disclose the details of such non-compliance.

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 our employees 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 FY2020. Whilst there is no risk of corruption presently, we continue to remain vigilant in ensuring our employees conduct themselves with the highest standards of integrity and accountability.

For the financial year ending 30 June 2021, we target to continue to maintain the record of zero incident of corruption.