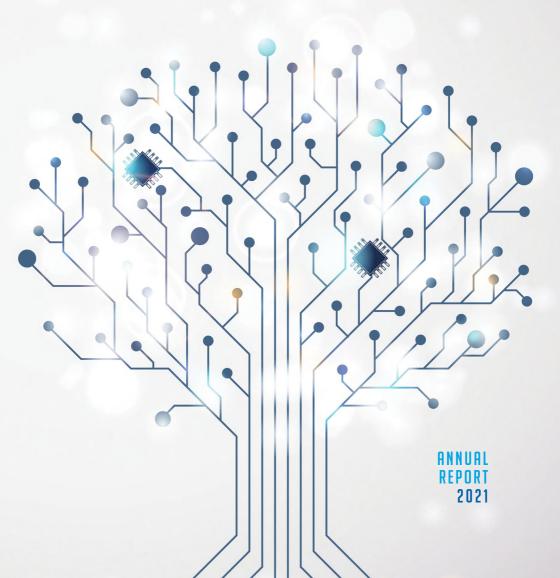


EVOLVING TOWARDS SUSTAINABILITY





BOARD STATEMENT

The directors of the Company (the "Board") are pleased to present the Sustainability Report of Ellipsiz Ltd ("Ellipsiz" or the "Company", and together with its subsidiaries, the "Group") for the financial year ended 30 June 2021 ("FY2021"). This report presents our Group's environmental, social and governance ("ESG") initiatives, plans and performances, and demonstrates our ongoing commitment to sustainable development, with focus on ESG topics which are 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. 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.

As a business that strives towards growth and development, we remain vigilant in emerging trends and new developments that may present business opportunities. The changing business environment may offer opportunities for us to improve our sustainability and business performance. Our sustainability approach recognises the need to enhance our sustainability performance in order to increase our competitiveness. We are aware of the increasing importance of ESG factors among our key stakeholders and the business landscape, and we aim to align our sustainability initiatives with our business strategy.

We thank our staff, partners and stakeholders for their continuous support in our sustainability journey over the years. 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.



ABOUT US

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 in the semiconductor and electronics manufacturing industries across Asia. Our current key business is in providing distribution and services solutions ("DSS"). We provide engineering and service solutions to customers in the semiconductor and electronics manufacturing industries. We also distribute a wide range of manufacturing, testing and inspection/measurement equipment to the semiconductor, electronics manufacturing and telecommunication industries.

The Group operates its DSS business 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 and service solutions business 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.

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.

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



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.

VALUES









Integrity

Customer Focus

Entrepreneurship







Meritocracy

Achievement Orientated

Profit & Liquidity Focus

ABOUT THIS REPORT

This report provides an overview of our approach towards sustainability as well as our sustainability performance and progress in FY2021, with focus on the Group's material ESG topics, set out in the section entitled "Our Sustainability Approach" below. It is prepared in line with the sustainability reporting requirements of the listing manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), and is 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, is highly relevant and reflects global best practice for sustainability reporting.

Reporting Scope

Our reporting scope covers the Company and the Group's DSS operations in Singapore, Taiwan, China and Malaysia, which is consistent with our report for the previous financial years. 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 scope. Moving forward, we will continually review our reporting framework and reporting scope so as to improve and enhance our overall sustainability reporting.

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



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 reviews, assesses and makes recommendations to the Board on sustainability matters. It initiates, drives, and monitors various aspects of the Group's sustainability practices to ensure 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, places emphasis on interaction with key stakeholders. We treat our key stakeholders as assets and constructive communication with our key stakeholders generates new ideas and encourages growth which will improve the organisation's sustainability performance as well as increase 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

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 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 our customers, suppliers and employees. 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. As part of our efforts to safeguard our customers' health and safety during this period, we require our service engineers to carry out COVID-19 swab tests once every fortnight, at the Group's expense, so as to minimise the risk of COVID-19 transmission when conducting service supports at our customers' premises. We maintain our strong

commitment to our customers during these challenging times. This commitment is demonstrated through the recognition of our DSS entity in Singapore by one of our customers, McDonald's Singapore, for our true partnership and resilience in battling the COVID-19 pandemic together.



We also 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 COVID-19 pandemic has resulted in many organisations placing increased focus on the health and safety of employees through implementing rapid changes to their operations. In this regard, we took precautionary measures since January 2020 by executing our Group's business continuity plan to protect the well-being of our employees, and to ensure our business continues with minimum disruption. Please also refer to the section entitled "Talent Attraction and Retention" in this report for more details on the Group's engagement with our employees.

The Company has ceased quarterly reporting and adopted half-yearly announcement of its financial statements following amendments made to the listing manual of the SGX-ST in February 2020. We believe that the adoption of half-yearly announcement of the Company's financial statements will enable us to cut down on compliance costs, allowing management to be more focused on the Group's business. We will, however, continue to regularly 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 safe distancing measures as a result of the COVID-19 pandemic, the forthcoming annual general meeting of the Company ("AGM") will continue to 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 at the AGM by appointing the chairman of the meeting as proxy, 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.





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	Regular dialogue with customers to understand their needs and collect their feedback Designated representatives to handle customers' orders and requests
Suppliers	Loss of key products distributorships and 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
Employees	Manpower risk	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 Employees' welfare and benefits
Shareholders & Investors	Economic and industry trends, Group performance and corporate governance	Shareholders are kept abreast of the Company's key developments through press releases, corporate website, announcements via SGX website and Annual Reports Annual General Meetings are conducted to engage our shareholders and investors Dedicated investor relations page on the Company's corporate website
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 Seminars or courses attended by Board/management on developments in relevant laws and regulations



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 had carried out a materiality assessment exercise. The process includes interviews with our key stakeholders and internal workshops to identify the material sustainability issues taking into account our operations in Singapore, Taiwan, China and Malaysia.

We adopt a systematic four-step approach in determining the material topics:



For our FY2021's reporting, we have determined that the five material ESG factors shown in Figure 3 below have continued to be relevant to our business and remained unchanged. We review our material ESG factors annually to ensure their relevance and clear reflection of our business and our key stakeholders' concerns.

Figure 3 Material ESG Factors of the Group

ENVIRONMENTAL	SOCIAL	GOVERNANCE
Environmental Compliance	Talent Attraction and Retention	Economic Performance
10015 900 9	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 make effort to reduce our environmental footprint by encouraging our employees to observe green practices in conserving energy, reducing and recycling waste, saving paper, and minimising 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, which at the same time will help to improve efficiencies and deliver cost reductions for the Group.

In line with our effort in contributing to the environment, we have discontinued the practice of mailing 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 are available for download at a dedicated investor relations page of 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.

Our employees mostly telecommute since the spread of COVID-19 in early 2020 and have accustomed to certain changes in the ways to carry out their daily tasks. These include moving towards e-paper or going paperless in performing their work. We have embarked on digital transformation by digitising paper-based processes and

documents, with a view to contribute positively towards a clean and green environment as well as in increasing productivity through reducing time spent on physical activities such as filing, photocopying and movement of paper trail. We are pleased to report that we have substantially reduced our paper consumption by more than 40% in FY2021, compared to the previous financial year.

During FY2021, we have also replaced all traditional light bulbs used in our Singapore office and warehouse with LED lights which are made of non-toxic materials, with a view to lowering the environmental impact of lighting as well as to improve energy efficiency and reduce energy consumption cost.

Environmental Compliance

As a socially responsible organisation, 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 FY2021, 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 2022 ("FY2022"), we target to maintain our healthy record of zero incident of significant non-compliance with applicable environmental laws and/or regulations.

Target for FY2021	Target Met?	Target for FY2022
Zero incident of significant non- compliance with applicable environmental laws and/or regulations	Yes	Maintain 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 our greatest assets. They are the main driving force behind our successes and achievements. With the competitive landscape in hiring, talent attraction and retention remain a key concern for the Group. We believe in creating a safe and inclusive working environment for our employees, where we continually develop them and reward them for 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 makes it a point to award such employees with the Outstanding Staff Award. Additionally, 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 competitive 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. 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 wellbeing of our employees. As a responsible employer, we adhere strictly to all advisories on COVID-19 issued by the relevant government authorities. Safe management measures taken by the Group include distribution of face masks and hand sanitizers to employees on a regular basis, requiring employees to telecommute and implementing safe distancing measures at workplace. We have also engaged service providers to deep clean and sanitise workplaces thoroughly from time to time. As a caring employer, we encourage our employees to get vaccinated when vaccination is made available to them by the relevant authorities. In support of this, we grant our employees 2 off-days (on the day of vaccination and the following day) in addition to their leave entitlements for each dose of vaccine, for them to have sufficient rest upon receiving vaccination









During this unprecedented COVID-19 pandemic where our employees are mostly telecommuting, we took the opportunity to renovate our office space in Singapore during the year, with a view to refresh the workspace environment for our employees. We believe that working in the right environment plays a big part in the increase of productivity as well as the well-being of our employees.

Each employee is appraised at least once a year through an annual performance appraisal, which includes an open discussion of the employee's performance, 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 participating in various upgrading and career development programs. We aim to groom and train dedicated individuals and invest time and effort in them so as to enable them to take on more responsibilities and grow with the Group.



New Employee Hires

Figure 4 below shows the number of employee hires by region and age group in FY2021.

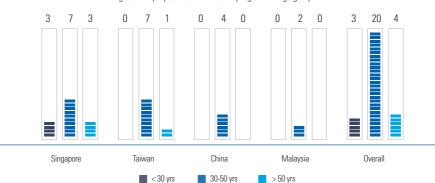


Figure 4 Employee hires in FY2021 by region and age group

Overall, the total number of new employees hired in FY2021 was 27 with the majority from the age group of 30-50 years old.

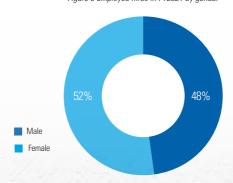


Figure 5 Employee hires in FY2021 by gender

The total number of new employees hired in FY2021 comprised 48% male and 52% female as shown in Figure 5 above.



Employee Turnover

Employee turnover refers to employees who have left the Group voluntarily or due to dismissal, retirement, or death in service.

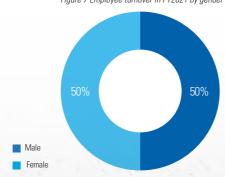
Figure 6 below shows the employee turnover by region and age group in FY2021.





Overall, the total employee turnover in FY2021 was 28. We did not achieve the target rate set for employee turnover in respect of FY2021.

Figure 7 Employee turnover in FY2021 by gender



The total employee turnover in FY2021 comprised 50% male and 50% female as shown in Figure 7 above.

For FY2022, we target to achieve an employee turnover rate of not more than 15% of the total number of employees of 118 as at 30 June 2021.

Target for FY2021	Target Me	et?	Target for FY2022
Achieve an employee turnover rate that is less than 10% of the total number of employees as at 30 June 2020	No	1	Achieve an employee turnover rate of not more than 15% of the total number of employees as at 30 June 2021

(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 the differences in background and experience of each employee will make our Group more vibrant and innovative. 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 nondiscrimination and equal opportunities and benefits to each employee, regardless of race, religion, 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, which is carried out annually, supports our remuneration

practices, opportunities for advancement and promotion, recognition of achievements, training requirements and other conditions of employment.

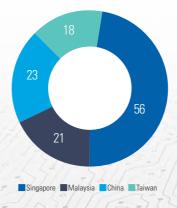
As at 30 June 2021, the total number of employees of the Group under the reporting scope was 118, with diversity in terms of age and gender. There were no cases of discrimination reported within the Group in FY2021.

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 2021.

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







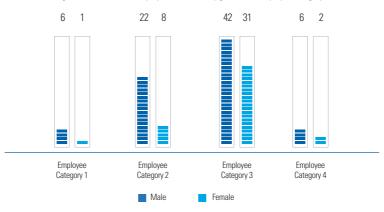
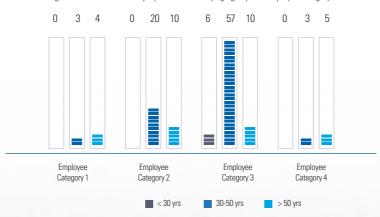


Figure 10 Distribution of employees in FY2021 by age group and employee category



For FY2022, 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.

Target for FY2021	Target Met?	Target for FY2022
Zero discrimination case within the Group	Yes	Maintain zero discrimination case within the Group



(c) Corporate Social Responsibility

One of our goals as a responsible and caring organisation is to give back to the society. We actively integrate 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 believe that every act of kindness goes a long way, and everyone has a part to play in building a gracious society.

We encourage our employees to engage in corporate social responsibility programs, with the intent of raising awareness and cultivating a sense of social responsibility towards the less privileged in our society. Amid the COVID-19 pandemic, we believe that we have an even bigger part to play in providing support to the community. The COVID-19 situation presented an obstacle in our attempts to reach out directly to the community due to the restrictions on gatherings and visitations. However, we contributed in other ways by making a donation of \$100,000 to the Compassion Fund. The Compassion Fund is a crisis response fund that supports low-income families with children facing a recent death, an illness or an accident of a family member, resulting in loss of income. The Compassion Fund works to reach out to these families in crisis, to allow their children to continue with their education, improve their well-being and to re-integrate them back into the community. Moving forward, we hope to continue doing our part for charitable organisations. We are also currently working on several corporate social responsibility initiatives relating to community activities and look forward to implementing them after the risk of COVID-19 spread subsides.

GOVERNANCE PERFORMANCE

(a) Economic Performance

The Group sees economic performance as one of the material factors as we believe our business economic viability is important to our key stakeholders. We aim to attain long-term sustainable growth to provide sustainable returns to our shareholders.

Our financial performance for FY2021 can be found in the sections entitled "Financial Review" and "Financial Statements" in this Annual Report.

(b) Anti-Corruption

As an organisation that upholds business integrity, we have zero tolerance towards any forms of corruption. All our employees are expected to strictly 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 for acceptable codes of ethics in a workplace and for dealings with suppliers and customers. As part of our yearly exercise, the Code of Conduct is sent to all employees to read and refresh themselves of the guidelines set out therein. Employees who are of executive level and above 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 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. The independent Directors of the Company are responsible for oversight and monitoring of whistleblowing, including investigation of whistleblowing reports (including report made anonymously) which are made 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. Our Whistleblowing Policy is made available to all employees through an employees' portal, and is reviewed and updated from time to time to ensure that it remains current and applicable.

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 FY2021. Whilst there is no risk of corruption presently, we will continue to remain vigilant in ensuring that our employees conduct themselves with the highest standards of integrity and accountability.

We target to continue to maintain the record of zero incident of corruption in FY2022.

Target for FY2021	Target Met?	Target for FY2022
Zero incident of corruption	Yes	Maintain zero incident of corruption