

SUSTAINABILITY REPORT

BOARD'S STATEMENT

The Board of Directors and management of the Company (the “Company” and together with its subsidiaries the “Group”) are pleased to present the second Sustainability Report of the Group for the financial year ended 31 March 2019 (“FY2019”). As a world recognised ‘one-stop shop’ communications technology products developer, we provide state-of-the-art satellite-based communication and other innovative digital broadband products and solutions for a variety of connectivity between humans, between machines, and between humans and machines. The Group also offers customised design services, tailored to the unique needs of each customer in availing total satellite communication solutions from anywhere and at any time. In order to promote long-term value creation in the pursuit of our commercial objectives and attainment of sustainable value for our key stakeholders, comprising the shareholders, employees, customers, vendors and regulators, the Group adopts various practices, to be carried out through sustainable efforts, concerning social, environment, governance and economic matters.

SUSTAINABILITY APPROACH

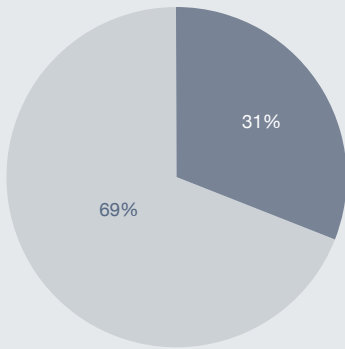
Our materiality assessment performed for FY2019 involved the Group’s Senior Management in identifying sustainability factors deemed material to the Group’s businesses and our stakeholders so as to allow us to channel our resources to create sustainable value for our stakeholders. This will be reviewed annually to reflect changes in business operations, environment, stakeholders’ feedback and sustainability trends. The details of each key sustainability factor are presented as follows:

SOCIAL

As a technology developer and innovator, we place importance on our workforce capabilities, resourcefulness, experience, skills and knowhow. One important sustainability focus will be the development and social well-being of every community in which we operate in, especially to our very own employees, with emphasis on providing them with sustainable and inclusive labour practices. The Group believes in respecting and valuing diversity in cultures, religion, gender and age of our team. Diversity and non-discrimination practices are necessary to create an open mindedness, and productive and creative community that the Group needed to drive the growth and sustainability of our business. With a total work force of 78 (2018:88) full time employees as at 31 March 2019, of which 69 (2018:77) of them are stationed in Singapore, 9 (2018:9) in our Beijing office, one (2018:1) in Johor and one (2018:1) based in US, the diversity of the Group by gender, age and nationality are presented as follows:

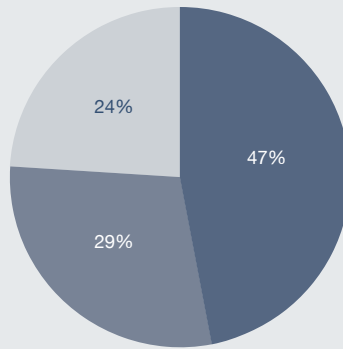
SUSTAINABILITY REPORT

Gender Diversity 2019



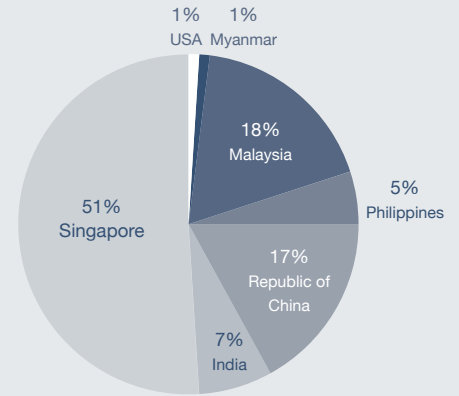
● Male ● Female

Age Diversity 2019

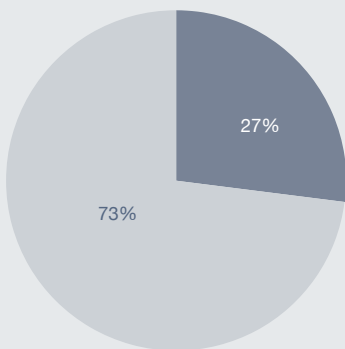


● Below 40 ● 41-50 ● Above 50

Nationality Diversity 2019

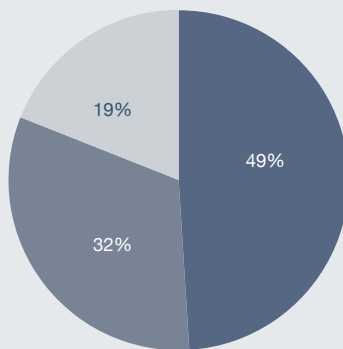


Gender Diversity 2018



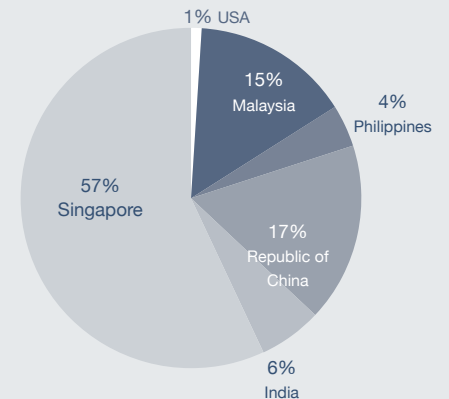
● Male ● Female

Age Diversity 2018



● Below 40 ● 41-50 ● Above 50

Nationality Diversity 2018



Sustainable Labour Practices

In order to maintain a sustainable organisation, the Group acknowledges the importance of developing talent and adopting sustainable labour practices, which include providing work life balance, sufficient attention to occupational health and safety hazards, non-discrimination policy and having effective communications between management and employees. The Group believes in having a diverse and inclusive culture, where all employees are welcomed and treated equitably. Having these policies will help to ensure employees to not only lead a well-balanced work life, but also to inculcate a sustained positive attitude for continuous improvement towards their work, customers and business partners of the Group.

Work life balance

The Group has adopted a work life balance policy to enable flexible work hours arrangements with employees. All employees are allowed to adopt a flexi-time arrangement while the managers and above are additionally permitted to practice flexi-place arrangement outside the office.

SUSTAINABILITY REPORT

Occupational health and safety hazards

Our Group regards work place safety as an essential part of office admin operation. Safety committee is put in place and safety inspections are performed regularly. Our Group sends employees to first-aid courses on regular basis to ensure that our team is equipped to provide first-aid help promptly when there is a need. We targets to have at least one (1) certified first-aid employee to be allocated at each department.

As the well-being of our staff is critical to the Group, we strive to actively promote healthy work practices. Accordingly, employees above 40 years of age, who are provided with additional relevant allowance, are encouraged to do a yearly health check. Regular health talks and annual health screening programmes are organised for our employees. In order to inculcate healthy eating habits, the Group also organised a Fruit Day once a month, whereby each employee will be given a healthy fruit on the Fruit Day.

Non-discrimination policy and effective communications

The Group promotes freedom of expression and open communications. The Group conducts regular company-wide meetings to discuss openly the Group's visions and goals. It also conducts team building and team bonding activities biennially, if not annually. During these meetings, all employees are encouraged to have open discussion with management and provide feedback. Our Group also conducts regular gatherings for festive lunches and occasional team bonding sessions.

The Group provides monthly internal sharing sessions with employees on product updates and knowledge; regular meetings with management on updates of relevant key matters; and monthly in-house newsletters to update our employees on key happenings, be it business-related or otherwise. Our Group practices an open door policy, and all employees are welcomed to approach the head of their respective departments or the Human Resource department or the CEO Office for any grievances and/or issue that they may encounter, whether it is work-related or otherwise. We also provide feedback boxes for employees who would like to feedback or suggest to management for any improvement measure concerning our work office environment or on any staff matter.

Product Responsibility

Our vision is to be widely recognised as a world leading global mobile satellite service (MSS) player in the satellite communications industry.

“We shall develop products and solutions that fit the aspirations of every conceivable end user. Our products and solutions will be so pervasive in the market that we become the de facto brand synonymous with innovation, user experience and performance.”

While we have been successful in adopting new technology advancements for new product development, our Compliance and Reliability Engineers are also scaling up our compliance for product safety and reliability. We ensure that our products are to be delivered in a responsible manner through a framework designed to manage issues relating to heat and radiation emissions of product when operating. Our products, bearing the “Addvalue enabled” label, are certified for compliance with relevant safety standards.

GOVERNANCE

Corporate Governance

The Group is committed to ensure a high standard of corporate governance and transparency to protect the interest of our shareholders and in promoting the confidence of investors. The Group subscribes to the recommendations of the Code of Corporate Governance 2012 as a framework to provide accountability among the Board, management and employees.

Whistle-blowing Policy

The Group has put in place a whistle-blowing policy for employees to raise concerns on any possible misconduct or improprieties within the Group. Details of the whistle-blowing policies and procedures have been made available to all employees of the Group through our internal website, apart from making known to them when they joined the organisation. All information received will be treated in confidence and in good faith in order to protect the identity of the whistle blower. Report by any whistle blower will be submitted to the Audit Committee for appropriate actions, which may include independent investigations and conduct of appropriate follow-up actions. No incident was reported in FY2019 and FY2018.

SUSTAINABILITY REPORT

ENVIRONMENT

Our Group recognises the importance of good environmental management in order to preserve the environment. Below are some of our practices put in place as part of our work culture.

Product Development and Production Stage

As part of our supply chain operations, we have to maintain the quality of materials used for production to ensure minimum adverse impact on the environment. All purchase orders issue to key suppliers must meet the prerequisites set out in Addvalue's product quality requirements. Apart from the geographic location and green environment awareness, we need to consider factors that may influence our choice of supplier, including but not limited to the possible pervasive use of recycled parts by the supplier or whether the supplier is a qualified organisation with environmental certification. With regard to improvement of environment, we commit to be as an environmental preservation organisation. In this regard, we have started to send out yearly assessment forms in FY2019 to key suppliers for such evaluation. From the feedback of such assessment, 75% of our selected key suppliers from our first round of such evaluation perform in FY2019 has met with our minimum requirements set. We will continue this process to evaluate more suppliers on an yearly basis on their environmental preservation as well as human rights and social responsibility that need to be maintained.

Internally, as part of our work culture and to play a greater role in environmental protection, we encourage our product designers to adopt environmental friendly components across all product development stages. One of such first steps which we have adopted is to reduce the use of environmental unfriendly packing materials.

Waste Management and Recycling

In our daily operations and as part of our work culture, we continue to be committed to recycle, re-use and reduce wastage.

We have started to replace all our light tubes in our Singapore office premises with the lower energy consumption LED light tubes in FY2018.

Our employees are also encouraged to be environmentally conscious by promoting paperless administration as well as operational practices to reduce paper usage, minimise energy consumption and water wastage, specifically through the switching off of lights during lunch hours and when not in use; the switching off of power for equipment which is not in use; the re-use of recycled printed papers for internal documents; and double-sided printing.

ECONOMIC

Stakeholders

The Group recognises the importance of effective engagement with our stakeholders in order to sustain a healthy relationship with them. The Group ensures that material information is released in a timely manner through announcements on SGXNET, at general meetings, annual reports as well as other channels such as business publications and investors' relation events. Corporate information and key information on our products and services are also regularly updated and posted on our websites.

Customers, business partners and vendors

The Group recognises that its success is highly dependent on the supports from its customers, business partners and vendors as well as in having good and effective communications with fairness in business dealings with them. Communications with these stakeholders are generally conducted through the various channels, such as meetings, events like trade shows and partners' conferences as well as emails, phone calls and tele-conferencing.

Manpower

As a technology based company where our core competency lies with our workforce, the ability to recruit, retain and enhance the competency of talents is key. Currently, the Group provides in-house training on product and technology competency; as and when necessary, it will also send the relevant staff for external courses to upgrade their competency level. A more structured training program will be put in place in due course.