



Sustainability Report FY2018

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## Board Statement

We are pleased to present our second Sustainability Report for FY2018 that shows our approach towards sustainability as well as our practices and performance around relevant material topics.

Our company is uniquely positioned in semiconductor industry in Singapore to provide integrated range of services comprising Backend Equipment Solution & Technologies (BEST) and services. We believe our business goes beyond our integrated range of services, where we are committed in identifying the sustainability needs of individuals, businesses and communities while growing our business.

We are committed to good sustainability practices and we aim to continue to do better to remain successful. Strategic considerations and actions around sustainability increases resilience in our business. By focusing on customers' requirements, we gain valuable insights on providing quality customer service. We ensure to abide by our supplier due diligence procedures for screening and monitoring of our customers and suppliers. We are in adherence to global and industrial standards and guidelines while providing safe and positive working environment to our employees.

We work together to determine, manage and communicate sustainability risks and opportunities relevant to our business. We are responsible for maintaining oversight of development and implementation of sustainability strategy. We are supported by the Sustainability Steering Committee (SSC) that supports us in these sustainability endeavours. We followed a comprehensive materiality assessment

exercise last year and reviewed the identified material topics in FY2018 to determine high impact areas to support our business strategy. We concluded that our 9 ESG material topics in FY2018 remained unchanged from last year.

Our strong commitment to ethical business practices and product quality guide everything that we do and we believe these principles are of particular significance to our reputation, profitability and long-term success. Sustainability remains a priority in our business operations.

We look forward to sharing our sustainability experience in FY2018.

## Materiality Assessment

We conducted a materiality assessment workshop in FY2017 involving members of the senior management team from ASTI. The identification of material issues involved conducting research on global and local trends in our industry and material topics identified by our peers and industry best practices. In FY2018, we reviewed the materiality assessment process and concluded that the identified 9 material topics are still reflective of our business direction and continue to remain relevant this year. We will continue to assess these material topics on regular basis to ensure their relevance and importance to our business. For each material topic, table below shows the corresponding topic specific GRI standards and relevant United Nations Sustainable Development Goals (UNSDGs).

ASTI Sustainability Framework Pillars	Material Factors	Materiality to ASTI	Corresponding Topic-specific GRI Standards	Relevant UNSDGs
Economic	Economic Performance	Our continued success and contribution to society depends greatly on the macroeconomic and demographic trends	GRI 201: Economic Performance 2016	 
Our Environment	Energy and Emissions	The effect that climate change has on our manufacturing business is important to us and we try our best to identify ways to reduce it wherever possible	GRI 302: Energy 2016  GRI 305: Emissions 2016	 
Our People	Talent Attraction and Retention	Employing and keeping the right people to lead our business is our success formula	GRI 401: Employment 2016	 
	Training and Education	Constantly upgrading and refreshing the skills of our employees keeps us in the forefront of the industry	GRI 404: Training and Education 2016	
	Occupational Health and Safety	Keeping our employees safe is our top priority as we endeavour to provide a safe working environment for all staff	GRI 403: Occupational Health and Safety 2016	
Our Value Chain	Supplier Assessment	Sustainable procurement is important to ASTI for us to continue to value add to our stakeholders	GRI 414: Supplier Social Assessment 2016	

ASTI Sustainability Framework Pillars	Material Factors	Materiality to ASTI	Corresponding Topic-specific GRI Standards	Relevant UNSDGs
Regulatory Compliance	Compliance with Laws and Regulations	We constantly keep ourselves abreast with changes in the evolving regulatory landscape	GRI 419: Socioeconomic Compliance 2016	
	Environmental Compliance	ASTI strives for full legal and regulatory compliance, which is the foundation of our business	GRI 307: Environmental Compliance 2016	
	Anti-Corruption	In ASTI, we do not condone financial crime and are constantly on the lookout for any tell-tale signs of corruption	GRI 205: Anti-corruption 2016	

## Economic

### Economic Performance

We carry our operations in a responsible manner, so as to create value for our stakeholders, particularly our shareholders. In order to deliver value to all our stakeholders, our focus is to maintain a strong financial position for long-term sustainable growth for our shareholders.

Our financial performance for FY2018 can be found in the Financial Highlights section (page 8) and Appendix 2 – Audited Financial Statements (pages 9 to 83) of the Annual Report.

#### Performance in FY2018

- Electricity consumption: 269,739 KWh
- Energy (electricity) intensity: 281 kWh/m<sup>2</sup>
- Scope 2 Greenhouse gas (GHG) emissions: 113 tCO<sub>2</sub>e
- GHG emissions intensity: 0.12 tCO<sub>2</sub>e/m<sup>2</sup>

#### Target for FY2019

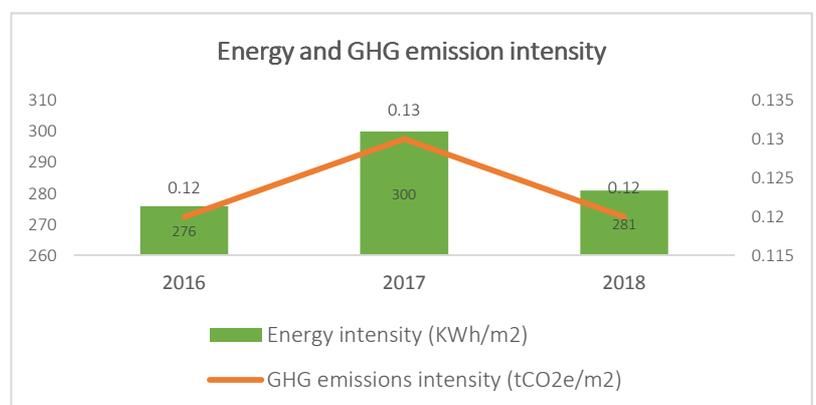
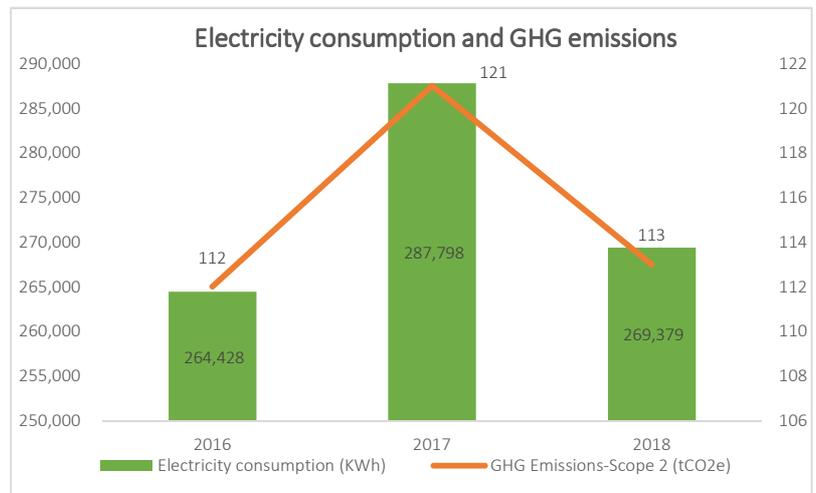
- Maintain energy (electricity) intensity within 10% of the 2017 baseline

At ASTI, we conduct regular monitoring of our energy consumption in equipment manufacturing, heating, ventilation and air conditioning by implementing a robust monitoring system. With implementation of energy monitoring initiatives our operational costs have been reduced.

## Our Environment

### Energy and Emissions

Our large portion of operations costs is attributed to electricity usage in the manufacturing process which results in indirect greenhouse gas (GHG) emissions. With implementation of carbon tax in Singapore from 2019, where tax will be levied on direct emitters mainly power plants, it will result in increase in energy costs. In such changing scenario and increasing climate risks, we are committed to reducing energy consumption and indirect GHG emissions as we improve our efficiencies and reduce costs.



We consumed 269,739 KWh of electricity in our operations in FY2018 with a decrease of 6.3%, which was due to an increase in shared use of office space. This led to a decrease in electricity intensity by 6.3% from 300 kWh/m<sup>2</sup> in FY2017 to 281 kWh/m<sup>2</sup> in FY2018. We have achieved our target set for FY2018 to maintain our energy intensity within 10% of 2017 levels. As our major source of energy consumption is attributed to electricity which results in 113 tCO<sub>2</sub>e of indirect emissions. With a decrease in electricity consumption in our operations, there was a 6.3% decrease in our GHG emissions intensity in FY2018.

## Our People

### Talent Attraction and Retention

#### Performance in FY2018

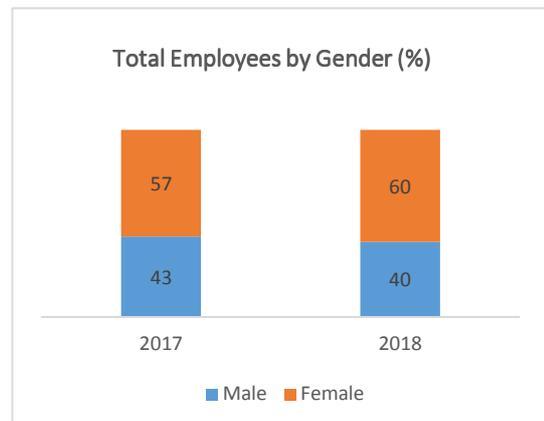
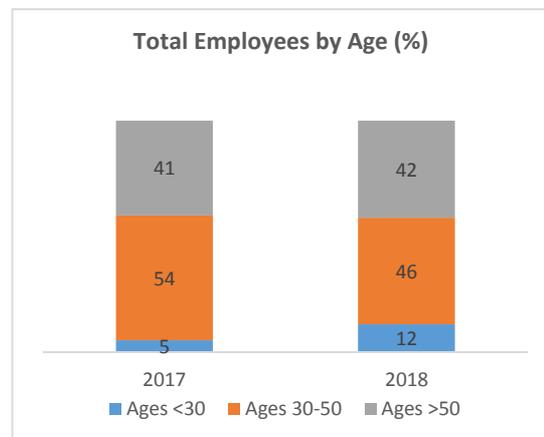
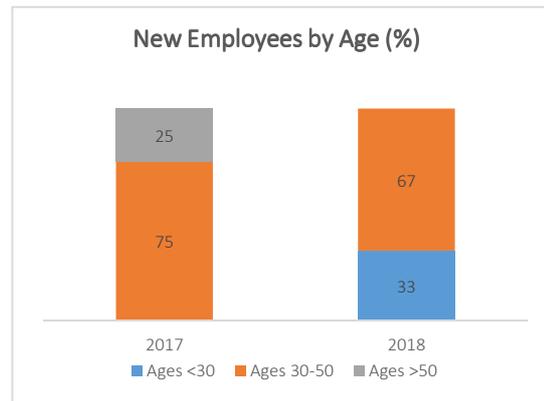
- New employee hires: 9 (monthly rate: 1.4%) and no turnover of employees

#### Targets for FY2019

- Achieve an employee turnover rate that is equal to or less than the industry average of 1.6<sup>1</sup>%

We pride ourselves on our highly motivated and engaged workforce. Our success depends on the commitment of our workforce. We are committed to equal and fair employment opportunities as we believe in employing diverse talent which is required for growth and innovation in our business.

<sup>1</sup> Monthly (manufacturing) industry turnover rate, Ministry of Manpower, 2018



We employ 52 employees based in Singapore as at 31st December 2018 and 46% of them were within the 30-to-50-year age group. Male and female employees accounted for 40% and 60% of ASTI’s workforce, respectively. In FY2018, our average monthly new hire rate was 1.4%. We met our target set for FY2018 to achieve an employee turnover rate less than or equal to the industry average. There was no turnover of employees at Telford in FY2018.

All our employees are dedicated to deliver the best customer experience, products and services to our stakeholders.

We collect, track and monitor our human resources (HR) data, including overtime, vacation balances and the number of training days on a regular basis.

We believe in a transparent talent acquisition system. We offer our employees a competitive compensation and a range of other benefits. We do not discriminate during our recruitment process and ensure to adopt fair practices for all the deserving candidates including persons with disabilities offering remuneration as per market standards. We also learn from the employees who leave the company through the exit interviews where we gather feedback and comments. It gives us some key insights on improvement in our recruitment and talent retention system.

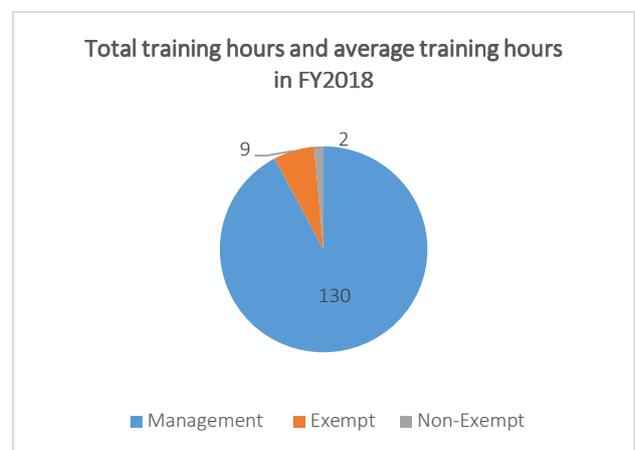
Our career development initiatives focus on providing all our employees with a clear line of sight of their career growth in ASTI. We strive to promote a culture of continuous performance appraisal for all job grades, encouraging constructive and open communication between managers and their staff.

These initiatives provide clear insight to our employees to take ownership of their careers and progress with acquired skill sets. Our employee annual appraisals are based on the career development framework. We believe in more engaging appraisal system where a discussion with employee is initiated on their personal development and long term goals.

Our full time employees are provided with benefits which include health care coverage, parental leave and retirement plans. There were no part-time employees at ASTI Holdings in FY2018.

### Training and Education

Our success depends on the right pool of talent in the organisation. Our HR department assesses the current and future skills requirements for our business operations and design learning and development programmes to meet these requirements. These programmes are tailored to meet the needs of employees and enhance their personal and professional development. Our on-site training programmes in latest technology updates allow us to stay on the forefront of the industry.



There are special training programmes for the Senior Management to identify and groom promising individuals as part of our succession planning.

In FY2018, our employees were provided with trainings with an average of 3 hours per employee. Approximately, 92% of total training hours were recorded by the management team, 6% and 1% were recorded by exempt employees and non-exempt employees, respectively.

We monitor the training needs and progress of our employees on regular basis; this helps them to take ownership of their career development.

### Occupational Health and Safety

We believe that our employees deserve a safe workplace environment. We have a workplace health and safety committee to promote health and safety initiatives and programmes. The committee comprises of management and employee representatives who work together to identify any health and safety issues in the workplace, develop and implement corrective and preventive action plan.

The committee also holds meetings on a regular basis and provides recommendations to improve health, safety and working conditions at ASTI. We also have established processes to measure and monitor our occupational health and safety performance.

We maintain standard operating procedures for our operations to ensure safe work practices. We also provide emergency response training to our employees and regular health & safety training. It helps our employees and

contractors from accidents, injuries and health hazards in low risk areas. In case of high risk areas, they are able to identify the common hazards by themselves and implement measures to prevent the hazards. All our employees and contractors comply with standard safety practices and requirements that are listed in our safety handbook.

We carry out regular maintenance and quality check of our machines, equipment and work areas within our premises for any health and safety risks. Our health & safety team conducts safety drills to identify any potential hazards and to monitor the effectiveness of local risk control implemented.

Performance in FY2018
<ul style="list-style-type: none"> <li>▪ Zero reported workplace fatalities and zero major accidents</li> </ul>
Target for FY2019
<ul style="list-style-type: none"> <li>▪ Achieve zero workplace fatalities and/or injuries</li> </ul>

Fire drills are conducted twice a year in order to ensure that our employees are familiar with emergency procedures during a fire. During our fire drills, all employees and contractors are trained to identify and operate fire extinguishers placed in various locations within our premises. Regular inspections on fire extinguishers are conducted and signed off. We have displayed emergency evacuation plan in our premises which is visible to all our employees and occupants. They are instructed to follow the evacuation plan during an emergency situation.

We have put in place measures to reduce noise and air pollution within and outside our manufacturing plants. For example, compressed air guns in our manufacturing

plants are used in short intervals and regular maintenance and inspections of the compressors are carried out in order to cut noise and air pollution. We have displayed signage to use Personal Protective Equipment (PPEs) to prevent noise pollution in local languages at high noise areas. There were zero reported workplace fatalities and zero major accidents among our employees in FY2018. We hereby achieved our target set for zero workplace fatalities/injuries in FY2018.

## Our Value chain

### Supplier Assessment

Our suppliers form an important part of our value chain as they contribute to our sustainability goals and business success.

We understand the importance of maintaining transparency in our value chain. We carry out due diligence of all our suppliers based on our strict requirements in terms of sustainable practices, quality and pricing. During our due diligence process, we ensure that our suppliers deliver top-quality raw materials and products. The suppliers who work with us have to abide by our values and standards and conduct their business in an ethical, legal and sustainable manner. Our suppliers are also required to meet the requirements of relevant laws and regulations.

We continuously monitor and update our supplier selection process and ensure that only the best raw materials are used in the production process. Our current suppliers of raw materials for our production of equipment are monitored on a regular basis based on their performance. Any

supplier that fails to meet the expected quality and delivery requirement is removed from the list of raw material suppliers.

In FY2018, no new suppliers were engaged, and therefore evaluated in terms of their ability to supply materials according to our requirements. As per the target set for FY2018, we ensured that all our suppliers complied with the requirements of the Quality Management System ISO 9001:2015.

We require our suppliers to comply with the Restriction of Hazardous Substances (RoHS) Directive, which includes a CE-marking directive.

Performance in FY2018
<ul style="list-style-type: none"> <li>No new suppliers were engaged, and therefore evaluated in terms of their ability to supply materials according to our requirements.</li> </ul>
Target for FY2019
<ul style="list-style-type: none"> <li>Ensure that all suppliers comply with ISO Standards (if applicable)</li> </ul>

## Our Governance

We strongly believe that our ability to uphold the highest ethical standards of compliance, transparency, and business conduct translates our trust in our stakeholders which is in line with our values. We have a robust governance structure, sound policies and monitoring system which ensure this trust intact in our stakeholders.

## Comply with Laws and Regulations

### Performance in FY2018

- Zero incidents of non-compliance with anti-corruption and environmental laws, socioeconomic regulations and regulatory requirements

### Target for FY2019

- Achieve zero incidents of non-compliance with anti-corruption and environmental laws, socioeconomic regulations and regulatory requirements

Compliance with the applicable laws and regulations forms one of the most important pillars for sustainable growth and is an essential component of corporate governance in any organization.

Our reputation is what it is today because we strive to comply with relevant laws, including environmental laws and socioeconomic regulations by having various procedures and risk management standards in place. We ensure that all our employees adhere to company’s values so as to act with integrity and conduct business in accordance with the highest ethical standards. We successfully met our target to achieve zero incidents of non-compliance related to ESG regulatory requirements.

### Ensuring Environmental Compliance

Environmental laws in Singapore manage externalities caused by air, water, land and noise pollution. We are committed to complying with all applicable laws and regulations and maintain licence to operate in all our locations. Our sites in Singapore are subjected to environmental laws and regulations set by the National Environmental Agency (NEA), the Public Utilities Board (PUB) and the Singapore Civil Defence Force (SCDF). We keep

ourselves updated with any new regulations on environmental compliance which is applicable to our business, so that we identify and manage our regulatory risks beforehand.

In FY2018, there were no incidents of non-compliance with environmental laws and regulations.

### Anti- Corruption

At ASTI, we do not allow any all of bribery and corruption which leads to dishonest business practices such as conflict of interests, accepting gifts, insider information etc. We have robust policies around anti-corruption and all our employees are required to abide by the Code of Conduct and policies on corruption within the Group. During employee orientation, all employees go through mandatory induction programme, where they are briefed on Code of Conduct, which includes information on workplace ethics and the whistle-blowing policy.

We encourage our employees to raise their concerns regarding suspected fraud, corruption, dishonest practices or other similar matters in a very secured and responsible manner. Any suspicious practices or inappropriate activities in the workplace are reported immediately by our workforce to the Head of Human Resources (“HR”) and/or any member of the Executive Committee in a fair, respectful and timely manner. We take disciplinary action on the employee who is found guilty of fraud, dishonesty or criminal conduct.

In FY2018, there were zero incidents of non-compliance with anti-corruption laws and socioeconomic regulations.

Information on ASTI's corporate governance, compliance and risk management policies and practices can be found in Appendix 1 – Corporate Governance Report (pages 10 to 11) of the Annual Report.

## How We Wrote This Report

Our second Sustainability Report summarises sustainability practices and performance for the period of 1 January to 31 December 2018 (“FY2018”). ASTI provides Tape & Reel packaging services and Integrated Circuit Programming Services to renowned Original Equipment Manufacturers, contract manufacturers and component distributors globally. Based in Singapore, the Group has 2 research and development centres and 8 factories. Our operations are located in Southeast Asia, Greater China, the United States of America and the United Kingdom. We have decided to focus our scope of this report on Telford's business operations in Singapore as they are currently the most material to the ASTI.

ASTI reports its sustainability performance annually. This report is in compliance with the requirements of SGX-ST Listing Rules 711A and 711B and references the Global Reporting Initiative (GRI) Standards (2017). This report references the following topic-specific disclosures:

- Disclosure 205-3 from GRI 205: Anti-corruption 2016
- Disclosures 302-1 and 302-3 from GRI 302: Energy 2016
- Disclosures 305-1 and 305-4 from GRI 305: Emissions 2016
- Disclosure 307-1 from GRI 307: Environmental Compliance 2016

- Disclosures 401-1 and 401-2 from GRI 401: Employment 2016
- Disclosure 403-2 from GRI 403: Occupational Health and Safety 2016
- Disclosure 404-2 from GRI 404: Training and Education 2016
- Disclosure 414-1 from GRI 414: Supplier Social Assessment 2016
- Disclosure 419-1 from GRI 419: Socioeconomic Compliance 2016

For any enquires, comments or feedback regarding both our sustainability performance and inaugural sustainability report, please send them to [enquiries@astigp.com](mailto:enquiries@astigp.com).

## Sustainability Governance

Our sustainability strategy is in its second year and is headed by our Sustainability Steering Committee (SSC). SSC provides strong direction coupled with an effective sustainability governance framework to identify, assess and manage the environmental, social and governance (ESG) issues that are important to us and our stakeholders.

### Sustainability Steering Committee (SSC)

SSC is represented by senior members of the Administration, Finance, Human Resources and Information Technology divisions at ASTI. SSC provides advice and assistance to the Board in ensuring that policies and procedures in relation to ESG issues are aligned with ASTI's business strategy. The SSC is supported by a Sustainability Task Force (STF), which is responsible for driving sustainability initiatives and programmes across ASTI.

### Monitoring and Benchmarking

We monitor and evaluate our sustainability performance against our peer companies in order to improve our own performance and to identify areas of improvement. We conduct a review of our approach to sustainability from the identified gaps as compared to our peer group so that we are in a better position to execute targeted actions to address the gaps.

### Stakeholder Engagement

Our sustainability efforts are focused on the key areas of concern for our stakeholders and to us, such that we are able to continue as a sustainable business. Through regular meetings with stakeholders, we better understand the ESG issues that may be of most concern to them. Our approach to stakeholder engagement is as follows:

Key Stakeholders	Key Topics of Concern	Mode of Engagement	Frequency of Engagement and FY18 Highlights
Investors and Shareholders	<ul style="list-style-type: none"> <li>Financial results</li> <li>Business performance and outlook</li> <li>Corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>Media releases</li> <li>SGX's announcements</li> <li>Annual general meeting (AGM) for shareholders</li> <li>Annual report</li> </ul>	<ul style="list-style-type: none"> <li>Ad-hoc media releases</li> <li>Quarterly SGX announcements</li> <li>Annual AGM meeting</li> <li>Annual report</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Career development</li> <li>Employee engagement</li> <li>Staff bonding</li> <li>Health and safety</li> </ul>	<ul style="list-style-type: none"> <li>Company handbook</li> <li>New employee orientation</li> <li>Trainings</li> <li>Team building activities</li> <li>Whistle blowing policy</li> </ul>	<ul style="list-style-type: none"> <li>Each employee was given a minimum of 8 hours of training in the year</li> <li>One-day company retreat for all employees</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Customer satisfaction</li> <li>Quality of facilities and services</li> <li>Health and safety</li> <li>Impacts on the environment and society</li> </ul>	<ul style="list-style-type: none"> <li>Customer visits</li> <li>Customers' material safety compliance requirements</li> <li>Customer satisfaction survey</li> <li>Factory visits by customers</li> </ul>	<ul style="list-style-type: none"> <li>Ad-hoc tour of premises for customers</li> <li>Engaging with customers at their offices</li> <li>Surveys conducted for customers throughout the year</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Ability to make prompt payments</li> <li>Business performance and outlook</li> </ul>	<ul style="list-style-type: none"> <li>Supplier selection process</li> <li>Supplier assessment</li> <li>Meetings with suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Interviewed suppliers prior to selection</li> <li>Meeting with suppliers to discuss better ways of production/distribution</li> </ul>