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# **SUSTAINABILITY REPORT**

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**2018**

Contents

- ABOUT THE REPORT** ..... 2
  - CONTACT US..... 2
- ABOUT US** ..... 3
  - OUR LONG-TERM VISION: ..... 3
  - SUSTAINABILITY STATEMENT: ..... 3
- BOARD STATEMENT**..... 4
- STAKEHOLDER ENGAGEMENT AND CLIENT SATISFACTION** ..... 5
  - STAKEHOLDER ENGAGEMENT ..... 5
  - MATERIALITY ASSESSMENT ..... 5
- CLIENT SATISFACTION** ..... 6
- WORKPLACE**..... 7
  - OUR APPROACH ..... 7
  - OCCUPATIONAL HEALTH AND SAFETY ..... 8
- EMPLOYEE DEVELOPMENT**..... 9
  - OUR APPROACH ..... 9
  - TRAINING AND EDUCATION..... 9
- GRI CONTENT INDEX**.....11

## **ABOUT THE REPORT**

This is Global Testing Corporation Limited ("GTCL" or the "Group") second-year sustainability report which has been prepared in accordance with the Global Reporting Initiatives (GRI) Standards: Reference Claims, the international standard for sustainability reporting.

This report aims to disclose our environmental, social and governance (ESG) performance against the issues that are considered most material to the stakeholders. We prepare this report annually to inform our stakeholders regarding how we aim on achieving our targets related to sustainability through our various initiatives and strategies.

This report covers the sustainability performance of our operations for the financial year 2018. All data and activities reported were from 1 January 2018 to 31 December 2018, unless stated otherwise.

The content of this report was defined by the four reporting principles established by GRI Standards: Stakeholder Inclusiveness, Sustainability Context, Materiality and Completeness.

- Stakeholder Inclusiveness principle was implemented in determining the report context through the stakeholder engagement with the objective to understand the reasonable expectations as well as interests of our stakeholders.
- Sustainability Context principle was implemented in determining the report context which covered the ESG aspects.
- Materiality principle was implemented in determining the report context through the stakeholder engagement and materiality assessment workshop. Internal and external factors that were considered when assessing whether a topic is material.
- Completeness principle was implemented by examining specific and material topics to check the data availability and determination of the topics' boundaries.

This report has not been externally assured. However, we will consider to doing so in the future as our sustainability reporting matures.

## **CONTACT US**

At GTC, we welcome feedback since we aim on refining our sustainability journey and also wish to share the sustainable journey with our stakeholders. For questions or to deliver feedback about this report, please contact:

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## **ABOUT US**

Established in 1998, GTCL is an independent testing services company in the Asia-Pacific region. The Group primarily provides testing services such as wafer sorting and final testing to the semiconductor industry, focusing on logic and mixed signal semiconductors used in consumer electronics and communication devices.

The Group has also extended its testing capability and established its niche in the provision of wafer testing services to the automotive devices industry, which generally has more stringent quality and technical requirements compared to other types of wafers.

As part of its testing services, the Group provides test program development, conversion and optimization services, load board and probe card design, and leases its testers to its customers for trial and pilot testing purposes on an ad hoc basis. GTCL has been listed on the SGX Mainboard since 24 August 2005.

## **OUR LONG-TERM VISION:**

To build a world-class semiconductor testing business. This is both resilient and sustainable, and capable of delivering long term benefits to all our stakeholders.

## **SUSTAINABILITY STATEMENT:**

At GTCL, we recognise the importance of environmental, social and governance issues. We strongly believe it is essential for us to incorporate sustainability in our business strategy, and we remain committed to creating a sustainable future for our stakeholders and society. We are pleased to present a sustainability report on the Company's efforts in FY2018, which will be published through SGXNet. The Company will continually make efforts to improve its sustainability performance across Global Testing's operations with the objective of developing a sustainable business for the future.

## **BOARD STATEMENT**

Dear Stakeholders,

In order to achieve, long term success GTCL strongly believes that it is essential for GTCL to incorporate sustainability in its business strategy. Managing the ESG issues and also satisfactorily fulfilling the ESG targets allows GTCL to fulfil its aim of creating a sustainable future for the organisation, its stakeholders and also the society. To manage its stakeholders' engagement, GTCL cultivates relationship through regular and systematic planned forms of dialogue.

GTCL strongly believes that its employees are fundamental support for the growth of the organisation. Hence, a lot of emphasis is placed on attracting, developing and retaining a high quality workforce to ensure long-term success of GTCL. A lot of investment has been placed in employee trainings to help the employees grow which would then translate to greater operational excellence. In 2018, all employees attended internal and external trainings as part of their overall learning and development, with each employee clocking an average of 47 hours over the financial year.

Corporate governance is at the heart of its business in achieving sustainability goals. GTCL upholds the belief that good corporate governance is essential in building a sound corporation and operating in an ethical environment, thereby protecting the interests of all stakeholders. GTCL strives to put in place a robust governance framework to maintain integrity, transparency, accountability and discipline in all of its business activities.

Looking ahead, GTCL will progressively target and improve upon new aspects material to its business. GTCL will make efforts to improve the overall sustainability performance across its testing operations with the objective of developing a sustainable business for the future.

## STAKEHOLDER ENGAGEMENT AND CLIENT SATISFACTION

### STAKEHOLDER ENGAGEMENT

Stakeholders are key to fuelling a company's long term growth. Being a responsible business and developing our ESG factors in order to maintain our long term growth and satisfy our diverse range of stakeholders is highly important to us.

It is crucial to identify stakeholders who are both instrumental to the success of the business and influential in sustainability performance. These stakeholders form a highly diversified group which reflects the breadth of our reach in the market.

Open and transparent stakeholder engagements are carried out throughout the financial year not only allows us to gather and better understand the stakeholder feedback and concerns but also further improve ourselves through the sustainability journey. Currently, workshops, surveys and external audits are carried out to better assess the daily operations and ensure that it is entirely compliant with the rules and regulations in place. We believe that this approach will help us to align our stakeholders concerns into operational, reporting objectives and organisation's objectives.

Based on the stakeholders concerns gathered, Table 1 below shows the list of ESG indicators for GTCL that will be highlighted in this report.

### MATERIALITY ASSESSMENT

Following last year's inaugural sustainability report, GTCL had conducted its second materiality assessment to identify the ESG topics material to the Group and its stakeholders in 2018. Similar to the previous year, the materiality assessment was conducted with the help of an external consultant, and GTCL will continue to involve them in the coming year.

| Material Aspects               | List of ESG Indicators   | Aspect Boundary     |
|--------------------------------|--|---------------------|
| Stakeholder Engagement         | 102-43: Approach to Stakeholder Engagement<br>102-44: Key topics and concerns raised   | Within Organisation |
| Client Satisfaction            | 102-43: Approach to Stakeholder Engagement<br>102-44: Key topics and concerns raised   | Within Organisation |
| Occupational Health and Safety | 403-2: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related facilities | Within Organisation |
| Training and Education         | 404-1: Average hours of training per year per employee   | Within Organisation |

Figure 1: List of ESG Indicators

## CLIENT SATISFACTION

An annual customer satisfaction survey is sent out to our main customer lines which comprise of probing and final testing. The annual survey conducted is aligned with the ISO program ISO9001 and IATF16949 standard of the Customer Satisfaction Survey Handling Procedure.

In 2018, our clients rated us with our overall rating of "Good" which met with their project outcomes and value added to their organisation throughout the reporting year. Thus, we have fulfilled customer requirements and provided them with a quality experience.

In future, GTCL aims on receiving an overall rating of "Excellent" where more enhanced quality is delivered which thoroughly satisfies the customers.

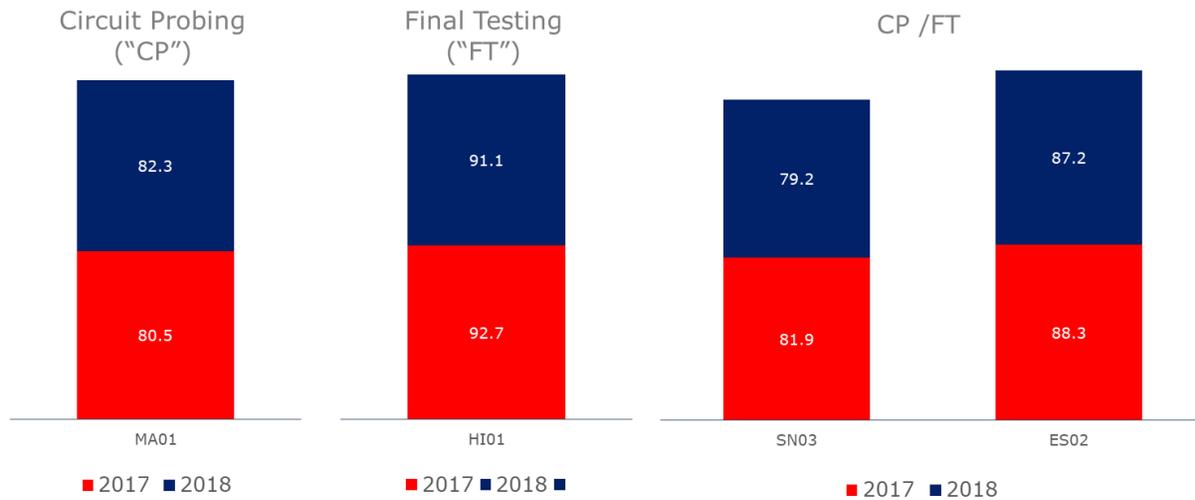


Figure 2: Client Satisfaction Survey Results for FY2018

| CP   | FT        | CP / FT |      |
|------|-----------|---------|------|
| MA01 | HI01      | SN03    | ES02 |
| Good | Excellent | Good    | Good |

Figure 3: Client Satisfaction Survey Results Ratings

## **WORKPLACE**

### **OUR APPROACH**

GTCL strongly believes that its employees are its pillars for growth, and its long term success is dependent on them. Hence, constant efforts are put in to ensure that GTCL provides a safe working environment to enhance staff productivity and morale.

All new joiners go through a compulsory occupational health and safety (OHS) training program to familiarize themselves with the various measures in place. Employees need to go through a set of tests to confirm that they have completed the tests. Fire safety programs such as fire evacuation drills and response plans are carried out to better familiarize employees with emergency procedures on a regular basis. The last session was conducted on 4 December 2018 where attendance was made compulsory for all employees.

To ensure that our OHS policies are implemented efficiently, a Management Safety and Health Committee is established. Reviews are conducted on a yearly basis and the policies are constantly refreshed with the necessary amendments. Our Audit Safety and Health Committee carries out internal audit on a quarterly basis to evaluate and improve the effectiveness of risk management, control and governance of OHS processes.

The effectiveness of our OHS measures is assessed based on the number of warnings and penalties issued by the government. Based on our track records in 2018, no warnings and penalties were issued thus, we are certain that our OHS standards within the organisation is of excellent standards.

At GTCL, we have an in-house nurse that serves as a first responder to any medical emergencies. By having an in-house nurse, she is able to serve as an emergency medical respondent and liaison with clinics and hospitals to coordinate health check-ups and monthly health consultations for our employees. The in-house nurse thus ensures that our employees are always fit for duty to carry out their daily operations.

## OCCUPATIONAL HEALTH AND SAFETY

In 2018, there were zero occupational diseases contracted and throughout the year, only 3 work-related injuries were reported.

The overall injury rate is reported to be 607 per 100,000 employees and affected employees have all returned to work as per normal after their medical leave. The figures below show the full breakdown of GTCL's occupational health and safety performance statistics for the assessment year.

| Number of Work Related Injuries |        |
|---------------------------------|--------|
| Male                            | Female |
| 1                               | 2      |

| Per Total Man-Hours in a Year | Per 200,000 Working Hours |
|-------------------------------|---------------------------|
| Absentee Rate                 | Lost Day Rate             |
| 0                             | 0.77                      |

| Per 100,000 Employed Persons |                           |
|------------------------------|---------------------------|
| Injury Rate                  | Occupational Disease Rate |
| 607                          | 0                         |

Figure 4: GTCL's Occupational Health and Safety Performance Statistics

GTCL strives to continuously monitor and improve the performance and safety standards of the workplace environment.

**EMPLOYEE DEVELOPMENT**

**OUR APPROACH**

At GTCL, the employees form the foundation of our business and we constantly seek to improve their workplace competencies through training and education. Through such training and education, employees who are our greatest assets, are able to carry out operations safely and effectively.

To facilitate proper training for our employees, we adhere to the ISO QP18-01 Employee Training Procedure which allows us to develop a comprehensive training framework to accommodate to different spectrums of employees.

Our comprehensive training framework includes internal trainings which are carried out periodically to improve the skills of our employees. These trainings are only deemed completed when employees pass the necessary tests which are carried out during or after the training session. This is to ensure our employees have attained the necessary competencies to carry out their daily operations effectively. An extended portion of our training framework includes sending employees to attend technical trainings conducted by external professionals.

These technical trainings are more intensive with regards to content and relate to the areas of engineering, tax and management where upon completion of the training, certification is required to recognise the employee as competent in their relevant area of expertise.

**TRAINING AND EDUCATION**

Improving diversity is of key importance to GTC, and hence a lot of emphasis is placed on ensuring easy access to training for all employees irrespective of gender or job profile. In 2018, GTCL maintained a balanced profile of employees across both genders where male employees numbered at 249 whilst female employees at 245.

We recognise that our employees contribute largely to the success of the business. As such, we believe in developing their performance capabilities. In 2018, all employees attended trainings as part of their overall learning and development to improve their performance capabilities. Thus, a total of 23,635 hours were dedicated to training for all employees. We achieved our target for FY2018 with each employee clocking in an average of 47.8 training hours. Furthermore, each of our females clocking in an average of 48 hours and males and average of 47.6 hours in FY2018. Moreover, individuals on a managerial level clocked in an average of 11.6 hours, executives an average of 19.4 hours and non-executives an average of 61.4 hours.

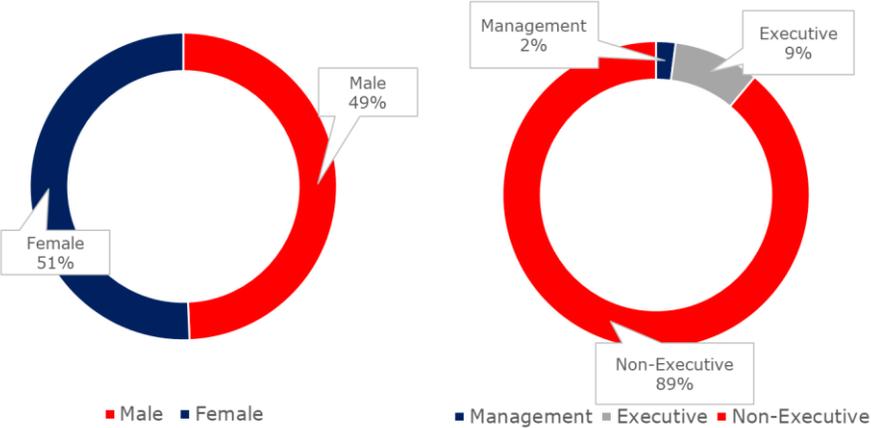


Figure 5: Training Hours by Gender and Management Level

We aim to maintain the average training hours in the future so as to continue to work towards equipping its employees with the necessary knowledge and skills as well as elevate their competencies

The management is the key driver who is responsible for overseeing the company, ensuring that the company is moving in the right direction and also managing the employees. Hence, it is essential for the managers to be updated with the latest developments and also constantly improve their skill sets with regular appraisal. In FY2018, the management team comprised of 42 people, out of which 36 were males and 6 were females. 100% of the total management received regular performance appraisal which further helps the company to achieve their strategic goals and objectives and also gives the entire workforce a sense of direction.

In the following year, GTCL aims to maintain 100% of the management to receive regular performance and career development reviews.

## GRI CONTENT INDEX

| GRI Standard 2016                       | Disclosure Title   | Page Reference & Remarks       |
|---|--|--------------------------------|
| <b>GRI 102: GENERAL DISCLOSURE 2016</b> |  |                                |
| <b>ORGANISATIONAL PROFILE</b>           |  |                                |
| 102-1                                   | Name of the organisation                                   | Pg [3]                         |
| 102-2                                   | Activities, brands, products and services                  | Pg [3]                         |
| 102-3                                   | Location of headquarters                                   | Pg [3]                         |
| 102-4                                   | Location of operations                                     | Pg [3]                         |
| 102-5                                   | Ownership and legal form                                   | Pg [3]                         |
| 102-6                                   | Markets served   | Pg [3]                         |
| 102-7                                   | Scale of the organisation                                  | GTCL's Corporate Website       |
| 102-8                                   | Information on employees and other workers                 | Pg [7]                         |
| 102-9                                   | Supply Chain   | GTCL's Corporate Website       |
| 102-10                                  | Significant changes to organisation and its supply chain   | Not Applicable                 |
| 102-11                                  | Precautionary principle or approach                        | Pg [3]                         |
| 102-12                                  | External Initiatives                                       | GTCL's Corporate Website       |
| 102-13                                  | Membership of associations                                 | GTCL's Corporate Website       |
| <b>STRATEGY</b>                         |  |                                |
| 102-14                                  | Statement from senior decision-maker                       | Pg [4]                         |
| <b>ETHICS AND INTEGRITY</b>             |  |                                |
| 102-16                                  | Values, principles, standards, and norms of behaviour      | Pg [3]                         |
| <b>GOVERNANCE</b>                       |  |                                |
| 102-18                                  | Governance structure                                       | 2018 Annual Report: Pg [13-23] |
| <b>STAKEHOLDER ENGAGEMENT</b>           |  |                                |
| 102-40                                  | List of stakeholder groups                                 | Pg [5]                         |
| 102-41                                  | Collective bargaining agreements                           | Not Applicable                 |
| 102-42                                  | Identifying and selecting stakeholders                     | Pg [5]                         |
| 102-43                                  | Approach to stakeholder engagement                         | Pg [5]                         |
| 102-44                                  | Key topics and concerns raised                             | Pg [5]                         |
| <b>REPORTING PRACTICE</b>               |  |                                |
| 102-45                                  | Entities included in the consolidated financial statements | 2018 Annual Report: Pg [65]    |
| 102-46                                  | Defining report content and topic Boundaries               | Pg [5]                         |
| 102-47                                  | List of material topics                                    | Pg [5]                         |
| 102-48                                  | Restatements of information                                | Not Applicable                 |
| 102-49                                  | Changes in reporting                                       | Not Applicable                 |
| 102-50                                  | Reporting period   | Pg [2]                         |
| 102-51                                  | Date of most recent report                                 | Sustainability Report FY2017   |
| 102-52                                  | Reporting cycle  | Pg [2]                         |
| 102-53                                  | Contact point for questions regarding the report           | Pg [2]                         |
| 102-54                                  | Claims of reporting in accordance with the GRI Standards   | Pg [2]                         |
| 102-55                                  | GRI content index  | Pg [11]                        |
| 102-56                                  | External assurance   | Pg [2]                         |

| <b>GRI Standard 2016</b>                            | <b>Disclosure Title</b>   | <b>Page Reference &amp; Remarks</b>      |
|---|---|--|
| <b>GRI 103: MANAGEMENT APPROACH 2016</b>            |   |  |
| 103-1   | Explanation of the material topic and its boundary  | Occupational Health and Safety<br>Pg [7] |
| 103-2   | The management approach and its components  | Training and Education<br>Pg [9]         |
| 103-3   | Evaluation of the management approach   | Customer Satisfaction<br>Pg [6]          |
| <b>MATERIAL TOPICS</b>                              |   |  |
| <b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2016</b> |   |  |
| 403-2   | Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities | Pg [8]                                   |
| <b>GRI 404: TRAINING AND EDUCATION 2016</b>         |   |  |
| 404-1   | Average hours of training per year per employee   | Pg [9]                                   |
| <b>CUSTOMER SATISFACTION</b>                        |   |  |
| -   | Customer service satisfaction survey result   | Pg [6]                                   |