

STARBURST

MODERN FIREARMS-TRAINING FACILITIES

SPECIALIST ENGINEERING GROUP IN A NICHE INDUSTRY



Sustainability Report 2017

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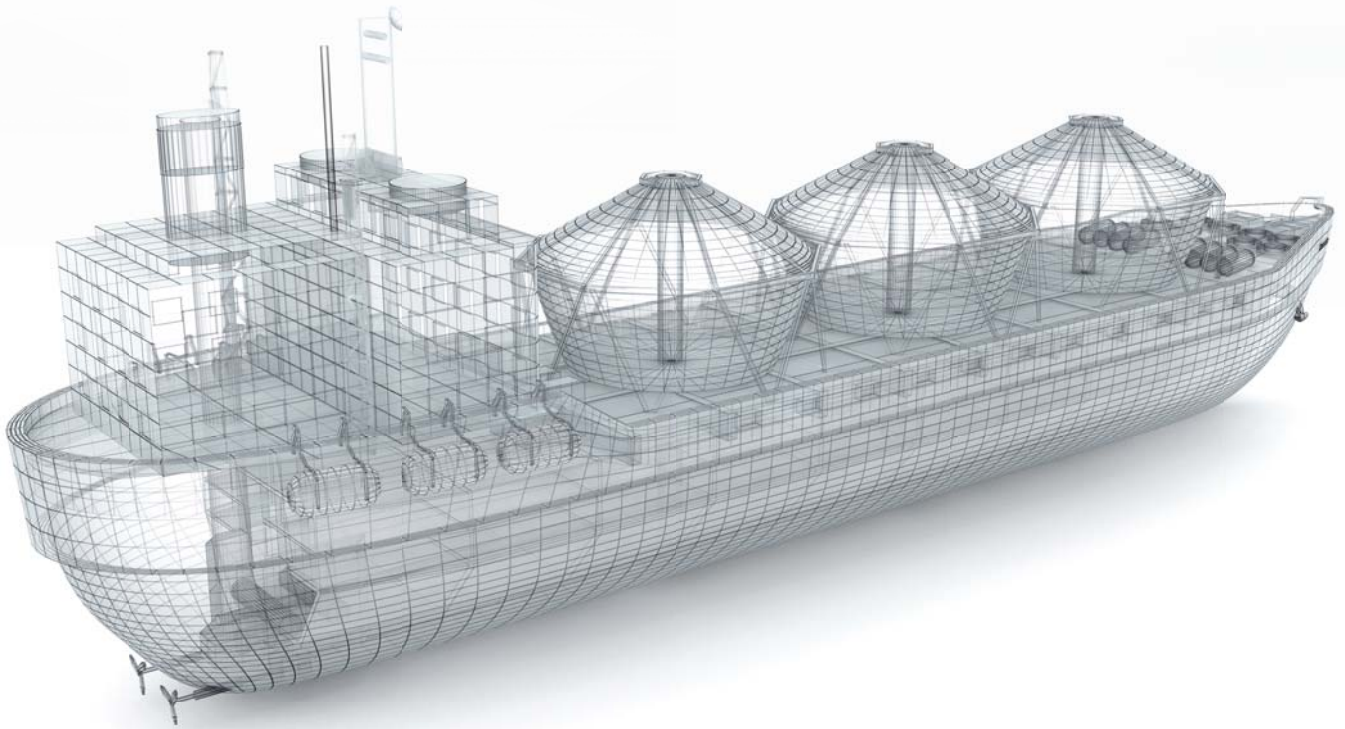
Sponsor's Statement

This Sustainability Report has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**Exchange**"). The Sponsor has not independently verified the contents of this Sustainability Report.

This Sustainability Report has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this Sustainability Report.

The contact person for the Sponsor is Mr. David Yeong (Telephone: 65-6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.





Board Statement

The board of directors (the “**Board**”) of Starburst Holdings Limited, together with its subsidiaries (the “**Group**”) is pleased to present our Sustainability Report for the financial year ended 31 December 2017 (“**FY2017**”). The Board recognises that good governance is essential for continued growth and investors’ confidence, and that all businesses have to manage their own operations responsibly.

To fulfil our mission in being the Specialist in Modern Firearms-Training Facilities Serving Law Enforcement, Military and Security Agencies Worldwide, we recognise the importance of environmental, social and governance (“**ESG**”) issues in ensuring that our Group is able to deliver the capability to overcome not only the challenges it is facing, but also the forthcoming uncertainties that may result in undesired impacts to the Group.

Through this Sustainability Report, the Board is pleased to say that it demonstrates our commitment to adapt to the changes we face, to progress further and turn obstacles into opportunities.

Sustainability involves everyone in our Group to play a part, and this goes beyond just financial results.

With the Board’s leadership, we remain committed and ready to monitor our material ESG factors while steering the Group’s strategic development.

About this Report

Our Sustainability Report focuses on the Group's performance for FY2017 and is aligned with the principles and framework of the Global Reporting Initiative ("GRI") Standards – Core Option, as well as the SGX-ST Listing Rules 711A and 711B.

Risk management procedures are in place to identify major business risks and management regularly reviews the Group's strategic, operational, financial and compliance risks through a precautionary approach such as identifying possible risks and implementing action plans to tackle the potential risks.

Our Group has also designed processes to collect and/or estimate, assess and report on the data for this Sustainability Report and we plan to continue reporting on our progress annually. No external assurance was sought for this report.

Reporting Boundaries and Standards	<ul style="list-style-type: none"> • Materiality: Focusing on issues that impact business growth and are of utmost importance to stakeholders; • Stakeholder Inclusiveness: Responding to stakeholder expectations and interests; • Sustainability Context: Presenting performance in the wider context of sustainability; and • Completeness: Including all information that is of significant economic, environmental and social impact to enable stakeholders to assess the Group's performance.
Report Period and Scope	<p>This report covers data and information from 1 January 2017 to 31 December 2017 and discusses the Group's sustainability achievements and performance.</p>
Accessibility and Feedback	<p>The Group will only release this report in electronic editions. Electronic editions of the report are available at: http://www.starburst.net.sg/investor-relations</p> <p>We are committed in listening to our stakeholders and we look forward to your feedback. Please send your feedback to: mail@starburst.net.sg</p>

Corporate Profile

With an established track record and experience of close to 18 years in the firearms industry, Starburst is one of the few companies operating primarily in Southeast Asia and the Middle East with headquarter in Singapore that provides in-house integrated solutions in the design, fabrication, installation and maintenance of anti-ricochet ballistic protection systems for firearm shooting ranges and tactical training mock-ups.

Across our three main business segments, firearm shooting ranges, tactical training mock-ups and maintenance services and others, our key competitive strengths include timely delivery of quality products with quality processes that meet the requirements of our consumers in Southeast Asia and the Middle East.

OUR VISION

To Create a Safer Environment for Firearms Training

OUR MISSION

The Specialist in Modern Firearms - Training Facilities Serving Law Enforcement, Military and Security Agencies Worldwide

OUR VALUES

Discipline

An uncompromising behaviour towards compliance

Quality

An international standard of professionalism

Safety

A safety-first attitude from design to delivery

Our Supply Chain

Our primary area of expertise is in the design, fabrication, installation and maintenance of firearm shooting ranges and tactical training mock-ups.

Our operations rely on suppliers who are able to supply quality raw materials to meet our fabrication requirements. In addition, our primary raw materials such as anti-ricochet materials are manufactured by third party manufacturers under our “Searls” trademark and based on our specifications.

In order to maintain sustainable production to meet our customers’ needs, our Group has in place formalised procurement and competitive sourcing policies and procedures which includes periodic evaluations conducted for monitoring of the performance of key suppliers and subcontractors.

Governance Structure

Our Group considers good corporate governance to be the hallmark of a well-managed organisation and aims to maintain a high standard of corporate governance and processes which will enhance shareholders value and return in the long term. The Audit Committee (“**AC**”), Remuneration Committee (“**RC**”) and Nominating Committee (“**NC**”) comprise of only independent non-executive Directors. Please refer to our corporate governance report of Annual Report 2017 for details.

The Board has a diversity of skills, knowledge, experience, educational background and ethnicity. Each Director brings a variety of skills, experience and insights to the Board which, together with their networking relations, serve to further the interests of the Group.

For more information, please refer to page 13-14 of Annual Report 2017.

Membership of Associations and Certificates

Starburst strives to align its policies and practices to local and international standards including:

- ISO 9001:2015, Certification for Quality Management System in the supply and installation of detention / security cell, bullet containment system, anti-ricochet lining system, defence / military training facilities (e.g. obstacle training facilities) and related maintenance, and provision of structural steel work.
- ISO 14001:2015, Certification for Environmental Management System with respect to the supply and installation of detention and security cells, bullet containment systems, anti-ricochet lining systems, defence and military training facilities as well as related maintenance and structural steel work.
- ISO 9001:2008, Certification for Management System in provision of security consultancy services and security solutions including surveillance and access control systems.
- OHSAS 18001:2007, Certification for Occupational Health and Safety Management System.
- bizSAFE Star, Certification of the workplace Safety and Health Management System.
- S1 Accredited Structural Steel Fabricator by Singapore Structural Steel Society.

Governance and Sustainability Approach

Our Group is committed to achieving and maintaining high standards of corporate governance principles and processes. We place great emphasis on transparency, ethical business conduct and good corporate governance.

We have documented policies and work procedures that incorporate internal controls which ensure that adequate checks and balances are in place. Periodic internal audits are also conducted to evaluate the effectiveness of these internal controls.

Anti-Corruption

Our Group is committed to acting lawfully and with integrity in every aspect of our business. We take a strong stance against corruption and malpractice in the Group. We provide an avenue for employees of the Group and third parties to raise concerns about wrongdoing, malpractice or misconduct within the Group.

There have been no incidents of corruption and no public legal cases brought against the organisation or its employees. We currently have a very low risk of corruption but we continue to be vigilant in ensuring our employees conduct themselves with the highest integrity.

Code of Conduct and Ethics

We have in place the Code of Conduct and Ethics which is communicated to all employees to maintain the highest standards of integrity and trust in all business relationships and dealings.

Conflict of Interest

In addition, we have established a conflict of interest policy to ensure that our employees understand the procedures when his or her personal interest conflicts with those of the Group's.

Whistle Blowing Policy

As disclosed in our Annual Report 2017 page 34, our Group has whistle-blowing policy whereby staff of the Group and relevant external parties may, in confidence, raise concerns about possible irregularities in matters of financial reporting or other matters. The policy defines the processes clearly to ensure independent investigation of such matters and permits whistle blowers to report directly via email to a dedicated email account which will direct the report to the Independent and Non-Executive Directors, or AC Chairman (in case of management conflict of interest) for assessment and warrant an investigation if necessary. The AC has power to conduct or authorise investigations into any matter within the AC's scope of responsibility.

Sustainability Approach

Our Group has made efforts to seek the opinion of many stakeholders either through informal or formal means. We evaluated the needs and expectations of our key stakeholder groups which are significant to our Group's value creation strategy and strive to build mutually beneficial relationships.

Our Group's senior management periodically assesses focus areas where our Group can have the greatest economic, environmental and social impact, as well as the areas that are most important to our stakeholders. Senior management is responsible for the on-going communication to the Board.

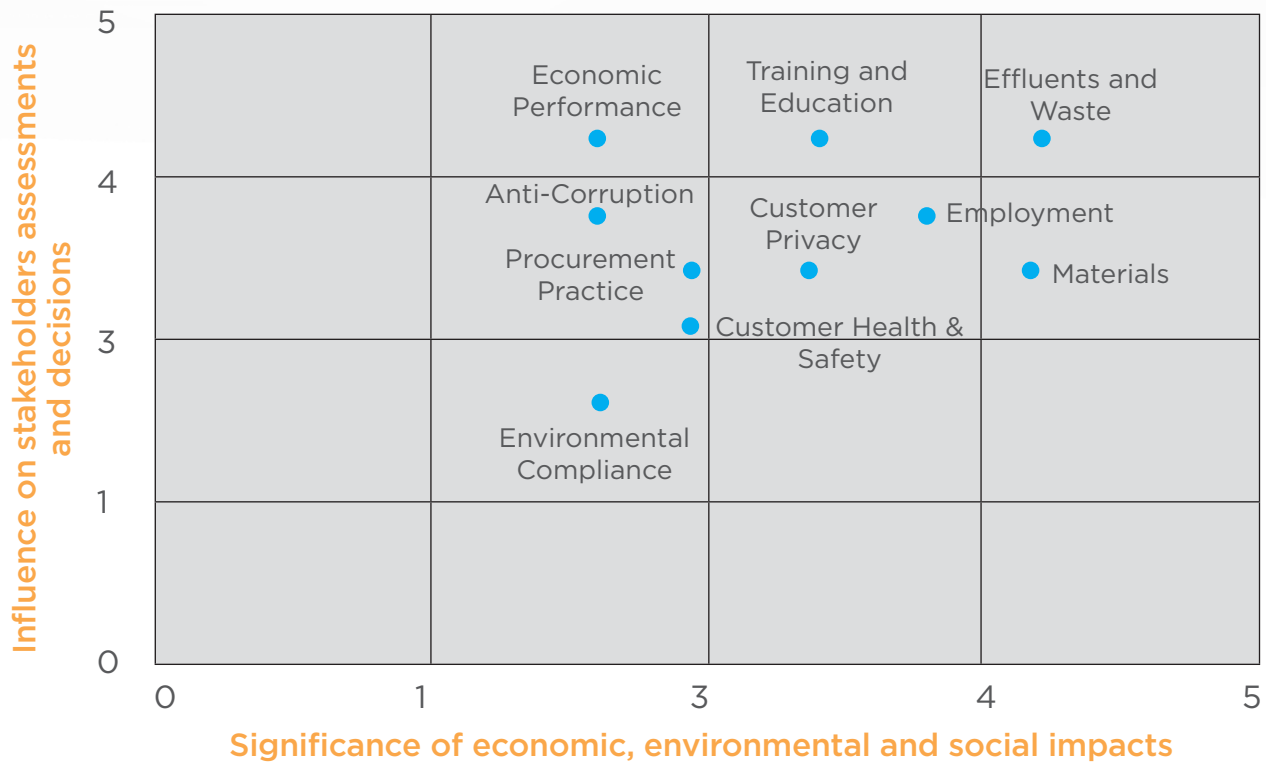
Stakeholder Engagement

Through active and continuous engagement with our key stakeholders, we understand and priorities the key issues identified to be material in influencing our stakeholders' decisions and impact of ESG factors.

Key Stakeholder	Methods of Engagement	Key Topics and Concerns
Customers	<ul style="list-style-type: none"> • Product catalogue • Project presentations, enquiry and feedback • Project meetings 	<ul style="list-style-type: none"> • Customer satisfaction • Quality products and services • Feedback platforms
Employees	<ul style="list-style-type: none"> • Staff communication session • Internal newsletter/memo • Training programmes • Internal meetings • Employee handbook 	<ul style="list-style-type: none"> • Reward and recognition • Business strategies and corporate goals and objectives • Training and development • Safe and healthy working environment
Investors (including analysts and media)	<ul style="list-style-type: none"> • Annual general meeting • Quarterly financial results announcements • Circulars to shareholders • Annual Report • Investor and analyst meetings • Announcements via SGXNET • Company website 	<ul style="list-style-type: none"> • Performance and distributions • Operational efficiency and cash flow • Business strategy and outlook • Timely and transparent reporting • Corporate governance
Suppliers and Sub-contractors	<ul style="list-style-type: none"> • Quotations and requests for proposals • Periodic site visits and meetings • Suppliers and sub contractors evaluation 	<ul style="list-style-type: none"> • Quality products and delivery on time • Occupational health and safety practices • Environmental compliance
Government and Regulators	<ul style="list-style-type: none"> • Public communication • Relevant authorities website • Emails • Meetings 	<ul style="list-style-type: none"> • Regulatory and Industrial requirements under Building and Construction Authority (BCA) • Regulatory requirements under Ministry of Manpower (MOM) • Environmental compliance with National Environmental Agency (NEA) • Regulatory requirements under SGX
Community	<ul style="list-style-type: none"> • Charity initiatives • Collaboration with non-profit local communities 	<ul style="list-style-type: none"> • Community services engagement

Material Topics

Based on feedback gathered from our stakeholders, we have evaluated and identified factors which would have significant economic, environmental and social impacts and are material to the organisation and stakeholders. The factors are prioritised in the materiality matrix as shown below.

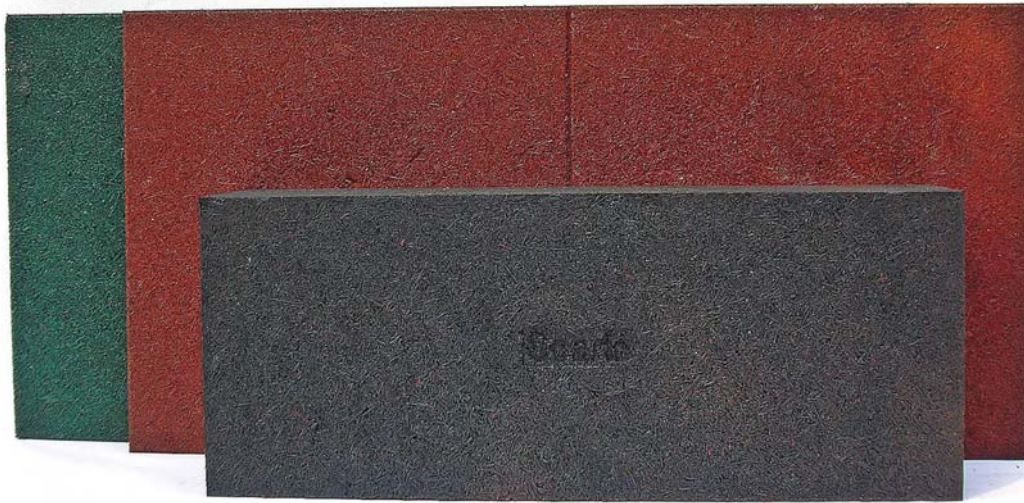


We review our material topics every year in light of new stakeholders' feedback and our own business goals. A more detailed discussion on the material topics including, our management approach, how we evaluate the management approach and the topic boundary limitations, if any, is provided in the respective sections of this report.

Sustainability Topics Selected:

1. Materials
2. Effluents and Waste
3. Employment
4. Training and Education

Materials



Why It Matters

In today's business world, sustainable procurement practices are increasingly driving companies' purchasing decision, policies and reputation.

We are committed to engaging and partnering with our suppliers who are transparent about their sustainability goals, and can assure us reasonable and good quality goods and services. Our primary raw materials, anti-ricochet materials are manufactured by third party manufacturers under our "Searls" trademark, which is mainly made up by the recycled rubber and based on our specifications. Searls™ materials have been designed, tested in accordance with international standards and proven to prevent ricochets from bullets or shards involving a wide variety of combinations of weapons, calibres and substrates.

How We Approach It

We work closely with our suppliers to ensure transparency. We perform periodic assessments on our suppliers to evaluate the suppliers' performance in terms of responsiveness, delivery, pricing and quality of goods.

As per our cost savings and eco-friendly policy, we used a total of approximately 31.8 tons recycled materials for FY2017.

Our Performance

From our customers' feedback and regular assessment of our products, we have consistently good reviews on our materials used. We did not receive any major complaints in relation to our product quality for FY2017.

Our Targets

Our goal for FY2018 is to not receive any complaints from our customers for our anti-ricochet materials used at all facilities.

Effluent and Waste



Why It Matters

In Starburst, we do not treat effluent and waste lightly. As our customers' training activities typically involve live-firearms and/or the use of pyrotechnics, it is critical that the facilities are monitored continually to ensure that they are kept in optimal condition as described in the initial design criteria and maintenance manuals, and JSP403 Volume 2 and NIOSH Technical Specifications are met.

We understand the impact of lead level within the indoor shooting range facilities, immune system is an important target organ of lead. This is a significant area and the efforts we put in during our maintenance works. We are strictly in compliance with relevant rule on NEA Environmental Public Health Act and Code of Practice on Pollution Control to overcome the potential threats imposed by our disposal of effluent and waste.

How We Approach It

Our Group has developed a set of maintenance procedures including waste management to guide our teams on managing these aspects.

In Starburst, we have various type of waste and disposal method. Our disposal methods were thoroughly assessed and carried out by well-trained personnel. We provide trainings for our employees so that we can minimise the potential risk imposed.

Our Performance

For FY2017, we did not note any instances that violates the policy.

Our Targets

Our goals are to reduce the hazardous waste in accordance with our eco-friendly policy and achieve nil instances of violation of the policy for FY2018.

Employment

Why It Matters

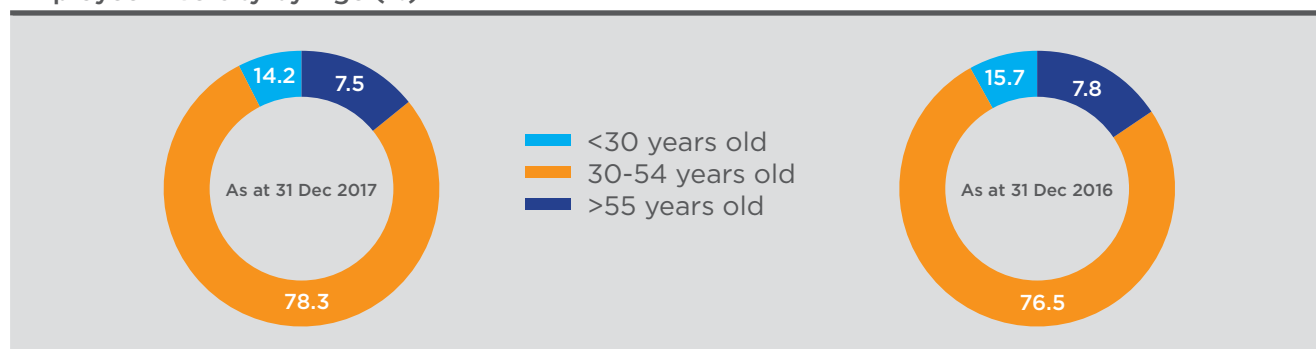
One of our key strengths lie with us being a specialist in modern firearms-training facilities. With the need to raise the technical capabilities of our engineering manpower, our people are critical in ensuring our continued success. It is our responsibility to ensure the safety and well-being of our people and fair opportunities are given in their career development.

How We Approach It

Fair Employment Practice

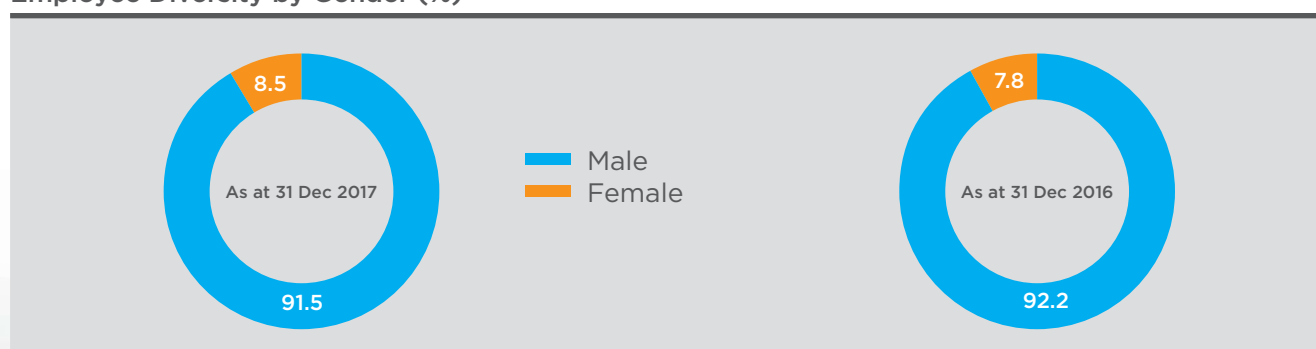
Our Group provides equal employment opportunities and non-discrimination in our employment practices in order to achieve a work environment that fosters fairness and respect for social and cultural diversity, regardless of age and gender.

Employee Diversity by Age (%)



For age diversity, matured workers are valued in our Group, for their experience, knowledge and skills. As at 31 December 2017, 78.3% (as at 31 December 2016: 76.5%) of the Group workforce is between 30-54 years old, while 7.5% (as at 31 December 2016: 7.8%) of the Group workforce is over 55 years old.

Employee Diversity by Gender (%)



As highlighted in Goal No. 5 in the United Nations Sustainable Development Goals Gender equality is not only a fundamental human right, but a necessary foundation for a peaceful, prosperous and sustainable world. In terms of the Group's gender diversity, 8.5% (as at 31 December 2016: 7.8%) of our total workforce is made up of female employees. The Group recognise that the industry is predominately male-staff but the Group will continuously move towards in improving the gender ratio where practicable. At the Board level, the Board views diversity as an important element in supporting the Group's strategic objectives and sustainable development. In terms of selecting members of the Board, the Group's selection process will not preclude consideration of female candidates as and when there is an opportunity.

Our Group has a comprehensive Human Resource Policy and Procedure in growing our human capital through talent recruitment, training and retention. Human Resource planning ensures that recruitments will continually support the Group's manpower's needs, and that the most suitable candidates are hired for the jobs through our fair recruitment and selection process.

To enhance the capabilities of our staff, we focus on the importance of recruitment and training opportunities. We maintain a two-way communication with all of our employees via avenues such as emails and performance evaluations. Our training includes orientation, on the-job training, in-house training and external training. We have a fair and comprehensive annual appraisal in place to recognise good performance and contributions in exchange for incentives. Executive staff are appraised against their key performance indicators which are aligned with the company's goals. In addition, we provide employees with equal opportunities to be considered for training and development based on their strengths and needs, to help them in achieving their full career potential.

Our Performance

There has not been any incidences of work stoppages or labour disputes which has affected our operations in FY2017.

Our Targets

For our goal in FY2018, we strive to achieve no incidences of work stoppages or labour disputes.

Workplace Safety

We believe that our employees are a valuable resource and, as such, we have put in place measures to ensure a safe working environment for them. We also strive to maintain the reputation of our quality and safety of our home-grown products and providing a safe environment for our customer's training activities.

Our Performance

There were no accidents at the workplace in FY2017.

Our Targets

For our goal in FY2018, we strive to maintain the zero accident rate at the workplace.

Employee Benefits

All Starburst staff, including both permanent and contract employees are treated fairly and are entitled and not precluded to a range of Company's benefits, such as healthcare benefits, work injury insurance and leaves. Starburst supports the government's pro-family policies and follows MOM regulations with regards to parental leave. In FY2017, 19 employees were entitled to parental leave and 1 male employee was granted Paternity Leave.

To continuously motivate our directors and employees, the Share Option Scheme and Performance Plan was established to recognise and reward our staff for their valuable contributions to the growth and success of the Group.

In terms of staff engagement, there will be more intra and inter-department interaction, as well as between staff and management. The Group has rolled out initiatives like Quarterly Employee Communication Meetings to promote cohesiveness amongst staff and management.

Our Performance

We have ensured that all employees are treated fairly with their entitled benefits in FY2017.

Our Targets

For our goal in FY2018, the Group is to ensure that all employees are treated fairly with their entitled benefits.

Employee Working Hours and Turnover

The Group has recently implemented an effective time management system (in FY2017) to manage employees' productivity. With the new system in place, the Group is able to better manage workers' working hours and overtime, it also allows better manpower planning for projects in advance, resulting in a shortened planning process for projects.

The Group also aims to retain and continue developing our talented workforce so that the performance and core competence of the Company are preserved.

Our Performance

To ensure improvement on the workforce productivity, we will monitor the annual appraisals and continue to encourage our employees to achieve their key performance indicators. The staff turnover was 6% for FY2017.

Our Targets

For FY2018, our goals are to continue to improve workforce productivity, retain core employees and to achieve less than 5% staff turnover.

Training and Education

Why It Matters

Equipping our employees with relevant skills is of utmost importance to achieve sustainability in the Group.

In our Group, we strongly believe that training and education is vital in the upgrading of our workforce in terms of efficiency, capability and profitability. In other words, upgrading our workforce would mean bringing the Group forward and achieving more.

How We Approach It

At Starburst, we believe in recognising our employees' performances. We ensure that our employees receive adequate training to provide their best in all delegated roles and responsibilities. In FY2017, there were a total of 2,622 hours of training given to our employees. This is a significant increase as compared to FY2016 as we understand the importance of equipping our employees with the best training and education.

In the table, you can find the various types of trainings provided as well as the hours of training our employees have undergone.

FY2017			FY2016	
Category	Total hours	Per employee	Total hours	Per employee
Soft skills	1,384	13.1	630	6.2
Technical skills	1,238	11.7	1,174	11.5
Total	2,622	24.8	1,804	17.7

Other than regular trainings, we conducted several sharing sessions for our employees to exchange ideas and experiences.

Our Performance

Our goals are to ensure that each employee receive quality and practical trainings to continue improve their skillset.

Our Targets

We target to increase the number of training hours given per employee by 10% for FY2018.

Global Reporting Initiative (GRI)

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Starburst Holdings Limited

(Company Registration Number: 201329079E)
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