

Sustainability Report

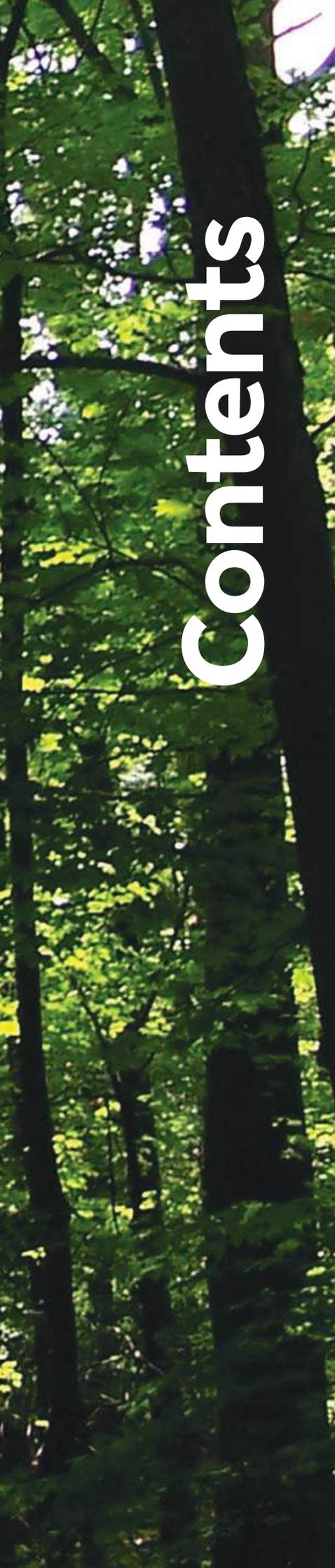
2017

NIPPECRAFT

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 "SGX-ST"). The Sponsor has not independently verified the contents of this Sustainability Report.

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

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Introduction

Nippecraft Limited (“Nippecraft” or the “Company” and together with its subsidiaries, the “Group”) is headquartered in Singapore and was founded in 1977. It has been listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”) since 1994.

Founded in 1977, Nippecraft has grown from a stationery manufacturer to becoming a leading provider of innovative lifestyle stationery solutions and pulp and paper products trader of today. The key markets of the stationery business include United Kingdom, Australia and Singapore while the key markets of the pulp and paper product trading business include Indonesia, Singapore, Malaysia and Hong Kong.

The Group has two main consumer stationery brands: Collins and Debden. Collins and Debden are both global brands, with Collins having close to 200 years of British heritage, while Debden has about 40 years of history in Australia and New Zealand. We are proud of our heritage and always embrace sustainability as one of the priorities in our decision making process for our business.

Collins and Debden are names that are synonymous with high quality stationery products across the globe. We are passionate in everything we do and strive to make the Collins and Debden brands the best that they can be based on our key principles:

- **Quality;**
- **Innovation;**
- **Creativity;**
- **Environmentally responsible; and**
- **Investment in people**

For more information on Nippecraft, please visit our website at the following Uniform Resources Locator: www.nippecraft.com.sg.

About this Report

This Nippecraft's inaugural Sustainability Report has been published in accordance with the Global Reporting Initiative ("GRI") Standards (Core Option) as well as the Singapore Exchange Securities Trading Limited ("SGX-ST") reporting guide that defined the boundaries and the identification of more important matters for disclosure in this report. This report covers the sustainability performance of our operations for our latest financial year ended 31 December 2017 ("FY2017") as well as data and information relating to our global operations in Australia, Singapore and United Kingdom for the same period. We will issue the Sustainability Report on a yearly basis in accordance with the SGX-ST's requirements.

In our effort to meet the expectations of our stakeholders, we have taken steps to ensure the transparency and accountability of our global operations in accordance with the scope of our sustainability reports. This includes businesses that we have a stake in with over 50% shareholding and control. The primary focus of this report is on our presence in Singapore, United Kingdom and Australia.

We have not sought external assurance on this report but will consider doing so as our reporting matures over time.

Our stakeholders' feedback is key in defining our sustainability approach. We look forward to your continuing support and welcome any feedback. Please contact us at sustainability@nippecraft.com.sg should you have any feedback.

Board's Statement

The Board of Directors of Nippecraft Limited (the “Board”) is honoured to present our first Sustainability Report in line with the GRI standards as well as the SGX-ST's sustainability reporting guide. As Nippecraft continues to expand its businesses, we are appreciative of how an increasingly interconnected economic, environmental, social and governance (“EESG”) landscape impact on our natural environment and the societies that we operate in.

Sustainability is always a key consideration in strategy formulation for the Group. Throughout this report, we aim to share a perspective of our continuing efforts in sustainability and improvement; and at the same time strive to provide the most transparent and accurate account of our practices, challenges and activities in managing the material EESG factors, which we believed this report has achieved reasonably.

The Board recognises the importance of sustainability practices and how it can benefit Nippecraft's operations and performance. Together with the management, we have been involved in the identifying, managing and monitoring of the EESG factors that are material to Nippecraft's business and our stakeholders.

Being in a fast moving consumer goods industry, Nippecraft aims to delight our customer's experience on a daily basis. All our stakeholders are encouraged to share our commitment by continuing to promote sustainability growth and development of the communities in which we operate.

BOARD OF DIRECTORS
20 November 2018

Organisation Profile

Name of organisation	Nippecraft Limited												
HQ location	9 Fan Yoong Road, Singapore 629787												
Geography	Offices in Singapore, United Kingdom and Australia												
Legal form	Publicly listed on the SGX-ST since 1994												
Principal markets served	United Kingdom, Australia, Japan, Taiwan, Singapore, Malaysia, Indonesia, India and United Arab Emirates												
Organisation scale	<table><tr><td>Number of employees</td><td>: 75</td></tr><tr><td>Number of key operating business units</td><td>: 4</td></tr><tr><td>Revenue</td><td>: US\$ 125.8 million</td></tr><tr><td>Cash and bank balances</td><td>: US\$ 11.6 million</td></tr><tr><td>Total debt</td><td>: US\$ - million</td></tr><tr><td>Total equity</td><td>: US\$ 32.3 million</td></tr></table>	Number of employees	: 75	Number of key operating business units	: 4	Revenue	: US\$ 125.8 million	Cash and bank balances	: US\$ 11.6 million	Total debt	: US\$ - million	Total equity	: US\$ 32.3 million
Number of employees	: 75												
Number of key operating business units	: 4												
Revenue	: US\$ 125.8 million												
Cash and bank balances	: US\$ 11.6 million												
Total debt	: US\$ - million												
Total equity	: US\$ 32.3 million												
Membership of associations	Singapore Business Federation Singapore National Employee Federation GS1 Singapore, United Kingdom and Australia Supplier Ethical Data Exchange (“SEDEX”) The BOSS Federation (United Kingdom) Chamber of Commerce (United Kingdom)												

Global Presence

NIPPECRAFT

- Nippecraft Limited (HQ, Singapore)
- Collins Debden Pty Ltd (Australia)
- Collins Debden Limited (UK)
- Paperich Pte Ltd (Singapore)
- Debden Importing (UK) Limited (UK)
- Collins Office Products International Ltd (Mauritius)



Our Policies, Practices and Performance Reporting to Sustainability

POLICIES AND SUSTAINABILITY METHODOLOGY

Nippecraft, together with its subsidiaries, is dedicated to support and promote responsible forestry practices through our purchasing of materials and products. We are dedicated to maintaining a chain of custody (“CoC”) programme while creating sustainable and long term economic growth.



STAKEHOLDERS ENGAGEMENT

An important starting point in our sustainability journey is to identify our stakeholders and material factors relevant to our business. The interests and requirements of key stakeholders are also taken into account when formulating corporate strategies. These key stakeholders include, but are not limited to, customers, suppliers, employees, investors, and regulators. We adopt both formal and informal channels of communication to understand the needs of key stakeholders, and incorporate these into our corporate strategies to achieve mutually beneficial relationships. The following sets out our engagement platforms with our stakeholders:

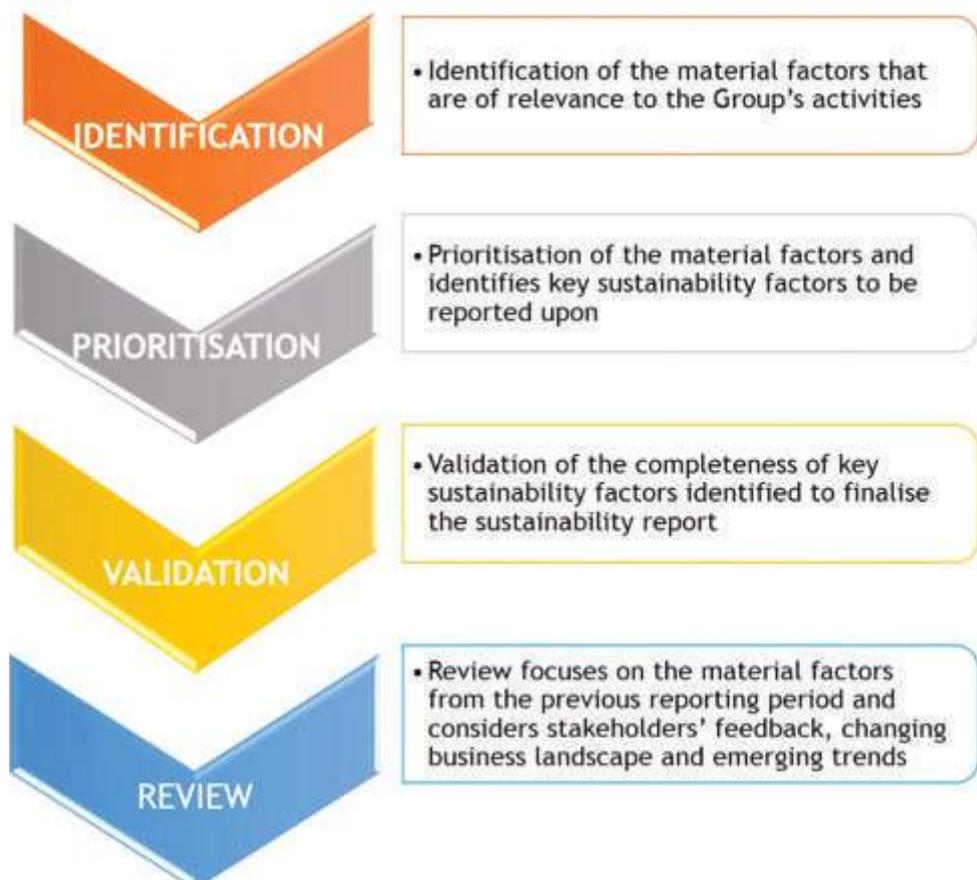
Stakeholders	Frequency of Engagement	Method	Topics of Concern	Our Response
Customers and consumers	Daily to weekly	<ul style="list-style-type: none"> Consumer enquiry channels Surveys, market research and focus groups Marketing and labelling of products Mass media and social media Point of sale 	<ul style="list-style-type: none"> Stock availability Innovation Product quality Convenience and experience Product labelling Product safety 	<ul style="list-style-type: none"> To sustain brand trust and loyalty through a unique brand experience to meet their needs and enjoyment To develop innovation and strive for high quality products at competitive pricing
Local community	Ad hoc to annually	<ul style="list-style-type: none"> Annual reports Corporate social responsibility initiatives Participation in charitable activities 	<ul style="list-style-type: none"> Support activities organised by local communities Local employment Environmental impact of operations 	<ul style="list-style-type: none"> Contribute to the development of the communities we operate in
Employees and trade unions	Daily	<ul style="list-style-type: none"> Daily meeting Staff feedback Collective bargaining agreement Company events and activities Surveys and interviews Staff appraisal Training and development programs 	<ul style="list-style-type: none"> Work environment Pay and benefits Equal opportunities and non-discrimination Health, safety and well being Job satisfaction Training and development opportunities 	<ul style="list-style-type: none"> Improve productivity Reward performance with incentive To strengthen the relationships with our staff through communication and participation in building our work environment
Shareholders	Half yearly to annually	<ul style="list-style-type: none"> SGXNet announcements Press releases Half yearly result announcements Annual reports Circulars Shareholders' general meeting Corporate website 	<ul style="list-style-type: none"> Business performance Good corporate governance Transparency 	<ul style="list-style-type: none"> Improve profitability New strategies and initiatives Create long term sustainable value Create an atmosphere of trust via timely communication and provide relevant and reliable information Strict adherence to good corporate governance practices
Suppliers	Daily to weekly	<ul style="list-style-type: none"> Annual reports Electronic mails Conference calls Long term business relationship Service performance review Site visits and audits 	<ul style="list-style-type: none"> Product and service quality Cost of product and service Business ethics 	<ul style="list-style-type: none"> Close collaboration and mutual development Achieve a sustainable business relationship with our suppliers
Government and regulators	Monthly to annually	<ul style="list-style-type: none"> Annual reports Half yearly result announcements Participation in conferences, meetings and discussions Press releases Circulars SGXNet announcements 	<ul style="list-style-type: none"> Business performance Good corporate governance Contribution to social and economic development Environmental impact of operations 	<ul style="list-style-type: none"> Full compliance with the relevant statutes and regulations Full support for relevant government and regulators' initiatives

Our Policies, Practices and Performance Reporting to Sustainability (Cont'd)

MATERIALITY ASSESSMENT

Our sustainability journey begins with the identification of relevant factors and we align our sustainability practices from the view point of materiality. We conducted our materiality assessment in accordance with the GRI standards, Section 1.3 Reporting Principles: Materiality. A workshop was conducted by independent sustainability consultants for Nippecraft's employees and management to short-list material factors in which our business creates significant impact. Before we determine if a factor is material, we assess it based on its impact on the economy, environment, society and governance, taking into account what is considered to be important from both internal and external stakeholders' perspective.

Those material factors are prioritised and subsequently validated through discussions with senior management. The end result of this process is a list of material factors disclosed in the sustainability report. A visual presentation of the materiality assessment is as follow:



Our Policies, Practices and Performance Reporting to Sustainability (Cont'd)

Applying the guidance from GRI standards, Section 1.3 Reporting Principles: Materiality, we have identified the following material factors:

- 1) Economic Performance
- 2) Anti-corruption
- 3) Materials Sourcing
- 4) Supplier Environmental Assessment
- 5) Employment
- 6) Diversity and Equal Opportunity

Moving forward, the material factors will be reviewed on an annual basis. A materiality assessment exercise will be conducted in accordance to the process described above.

TARGETS

Given that this is our first report, we do not have sufficient performance data to form a trend for the purpose of setting targets. Accordingly, the process of target setting is deferred until a time when there is adequate data to set reasonable targets.

Economic

ECONOMIC PERFORMANCE

The scope of this report covers our business operations in Singapore, United Kingdom and Australia in which Nippecraft has an ownership interest of over 50%.

Nippecraft is pleased to announce that we have ended FY2017 with a 9.8% increase in revenue and a net profit before tax of US\$97,000 despite operating in a competitive and challenging retail environment. Nippecraft holds a holistic view in generating long term profitability and shareholders' returns with a consideration of the interest of various stakeholders identified under the stakeholders' engagement. For example, our classic diaries and notebooks are evolving to portray the personality, lifestyle and fashion-sense of the consumers. We are also looking into improving our consumers experience by engaging them in a focus group to gather feedback on their experience in using our products and to comment on our work in progress to keep up with the ever-changing consumer trends.

For more information on our financial performance in FY2017, please refer to the Annual Report 2017.

ANTI-CORRUPTION

Our staff are prohibited from offering, requesting or accepting bribes and other improper financial advantages. Our staff are not allowed to provide anything of value to obtain or retain business or gain any advantage, financial or otherwise. "Anything of value" includes cash, gifts, entertainment, political and charitable contributions, employment or internship for customers, to government officials or their related persons; and any persons whom Nippecraft does or anticipate to do business with. We expect all our business partners and stakeholders to act in compliance with the applicable anti-bribery and corruption laws and regulations at all times.

All our directors and key management personnel are required to declare any dealings with external parties which may cause a conflict of interest.

Environment

The Paris Agreement on climate change entered into force on 4th November 2016 has marked a milestone for humanity as a turning point that combined the power of people, countries, governments, businesses and investors all around the world to take a stand against global warming. As a stakeholder of our planet Earth, we will continue our journey into the future by being a proactive soldier in the global force to shift the tide of climate change. “Whatever we do, Nature will always win” will continue to be our guiding principle in conducting our business.

MATERIALS SOURCING

We embrace sustainable sourcing and our Collins Standard is quality assurance that our products have positive environmental attributes backed by a global chain of custody system of verification. Most of our papers and boards are certified and sourced from Forest Stewardship Council (“FSC”) accredited suppliers. Most of our cover materials are also certified and sourced from FSC or Registration, Evaluation, Authorisation and Restriction of Chemicals (“REACH”) accredited suppliers.

As a responsible environmental company, we are focused on sourcing materials from sustainable sources. Our materials passed the stringent checks by the customs of the importing markets and we perform ongoing reviews to ensure that we comply with respective market customs regulations. We also review the commodity codes on an ongoing basis to ensure we are using the correct codes and therefore pay the correct level of duty. (Note: Commodity codes are used to classify goods for importing and export within the European Union (“EU”) or outside the EU. The aim of the classification is to pay the right tax and duty and follow the respective regulations.) We also perform quality checks on our materials to ensure that there are no hazardous elements. For example, we ensure that our materials are non-hazardous through the use of materials which are REACH certified in particular, the materials used for our book covers. We practise ethical sourcing by using materials only from well-established suppliers who are compliant with environmental legislation and procedures.

Paper, which makes up approximately 90% of a book, can be recycled. Other elements, which cannot be recycled, include book cover materials, ribbon markers and head and tail bands. In the United Kingdom, these materials are disposed of through a third party vendor via our distributor. In Australia, the unsold products are disposed of through a third party vendor. The products are sent for 100% recycling. Both third party vendors are “Zero Waste to Landfill” sites. The residual non-recoverable waste streams are shredded, baled then air dried and exported to Asia to be used in energy production.

Environment (Cont'd)

During the year, 2,319 metric tonnes of materials were used to produce and pack our books sold.

SUPPLIER ENVIRONMENTAL ASSESSMENT

Our Quality Control team performs regular site visits to our suppliers and check that they are indeed using sustainable materials. For all new suppliers, we perform rigorous due diligence checks before appointing them. The following reports will also be obtained from them:

- 1) ISO9001 Quality Management
- 2) ISO14001 Environmental Management Certification
- 3) FSC or Programme For the Endorsement of Forest Certification (“PEFC”)
- 4) SEDEX
- 5) Social Accountability (SA8000) or Occupational Health and Safety Assessment Series (OHSAS 18001)

Should any potential vendors not willing or not able to provide the above mentioned reports, we will not appoint them as our vendor. There was no new supplier appointed in FY2017. All our vendors are SEDEX certified. We performed a total of 18 visits to our vendors’ manufacturing facilities and offices in FY2017. Customers may also request for the SEDEX audit reports which we have promptly provided to them for them to understand how our supply chains are performing.

Social

EMPLOYMENT

Group Employee Profile

As at 31 December 2017

	Male	Female	Total
Full Time	27	42	69
Part Time	1	5	6
Total	28	47	75

As we are in the fast moving consumer goods industry, people is our greatest asset that serve as an important point of contact between our customers and Nippcraft. It is a priority for us to equip them with the required skill sets so that they can be at their best at all times. This includes functions like customer service, sales, procurement, warehousing, quality assurance, product development, human resources, administrative and finance. We hope to continue to improve their skills to meet the changing demands of the industry.

Talent Attraction

Nippcraft is committed to fair employment, elimination of discrimination and encouraging diversity amongst our workforce. 17 new staffs were hired in FY2017.



We believe that having a strong talent pool is crucial and believe that it can make a positive impact towards our sustainability efforts. Moving forward, we will offer internship opportunities to students to give them exposure to our industry.

Social (Cont'd)

DIVERSITY AND EQUAL OPPORTUNITY

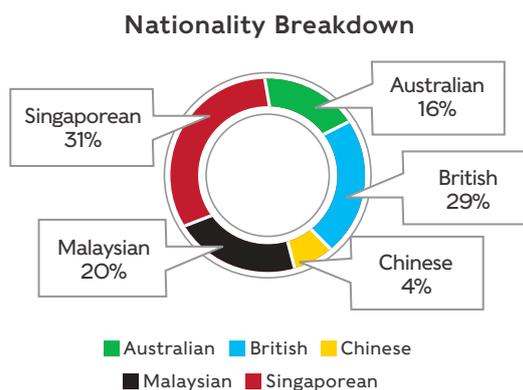
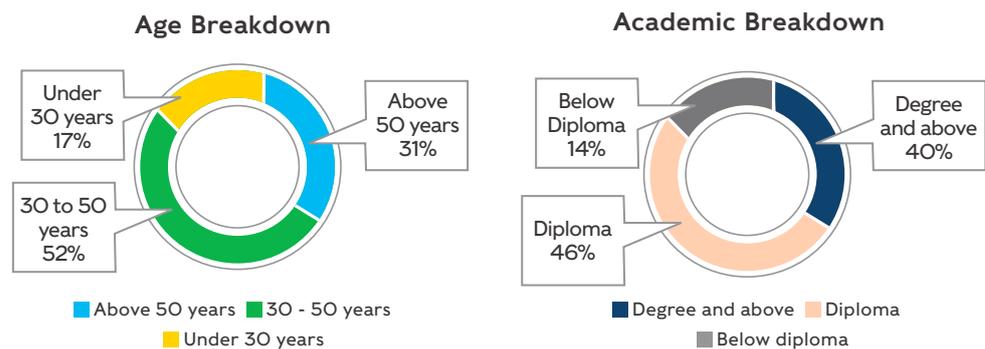
We embrace diversity, and at the same time expect employees to be aligned with the Group's vision and strategic initiatives. The age of our staff ranges from 20s to 60s. Our staff consists of people coming from different nationalities and academic qualifications but we strive for fair treatment. We are committed to providing competitive remuneration and benefits to our employees.

The employees in our Group comprise of union and non-unionised members. In Singapore, a collective bargaining agreement between the company and the Building Construction and Timber Industries Employee Union covers all our locally engaged employees other than staff holding managerial and confidential positions. Our employees in United Kingdom and Australia are not unionised.

In 2017, 57% of the leadership team comprised of females. The Board believes that with greater gender equality in the leadership team, the Group can expect a greater diversity of ideas and innovative breakthroughs. As such, Nippecraft has also ensured that gender equality is achieved on the boards of all our subsidiaries.

Employee Profile of the Group

As at 31 December 2017



Social (Cont'd)

Code of Conduct

The Group sets out the expected code of conduct in its employee handbook. Nippecraft ensures compliance with labour and employment laws, including working hours. The Group does not discriminate against anyone because of age, gender, national origin, disability, religion, sexual orientation, marital or maternity status, union membership or political opinion, among others. An Equality and Diversity Policy has been established within the Group to show our commitment towards promoting equality and diversity and to ensure that individuals are treated fairly and valued as a member of a team. The Company recognises that it has clear obligations towards all employees to ensure they are treated fairly. There are channels to report any non-compliance in relation to discrimination through our whistle-blowing system.

Nippecraft's Grievance Policy encourages employees to freely communicate with their immediate supervisor or human resource personnel. This is to ensure that problems are aired and resolved as quickly as possible. If it cannot be resolved at the operational level, it will be escalated to the next level of the organisational hierarchy.

TRAINING AND EDUCATION

Training in Nippecraft begins at the induction stage of our new hires. Our employees go through a host of internal coaching programs including selling, customer service, procurement, inventory control, human resources and finance.

Nippecraft understands that staff training and development paves the way for the Group to progress into the future. One of our initiatives is to re-deploy our staff to assume new roles while leveraging on their expertise amidst the evolving business model that we operate in. Staff are encouraged to go for courses and seminars to upgrade themselves and improve their skills. In-house trainings will be conducted to enhance the skill sets of our staff.

WORKPLACE HEALTH AND SAFETY

The well-being and safety of our employees is paramount to us. We are committed to safeguarding our employees' health and safety against any potential workplace hazards. Yellow tapes demarcate areas that may potential cause potential fall or injury. There was no work place incident in FY2017.

Social (Cont'd)

DONATIONS

The United Kingdom office makes yearly donations to the different charities such as the British Heart Foundations and Glasgow City Missions to show their care for the homeless and sick people. The Australian office collaborated with a global renewable energy company to offset their carbon footprint in manufacturing our Kyoto products. As a result of the collaboration, the Australia office made charitable donations to the Ziyaret Wind Power Project in Turkey and the Tasmanian Native Forest Protection Project.

Governance

Our Board is the governing body of Nippecraft and is responsible for the strategic direction of the Group. As at 31 December 2017, there were four directors. The Board is made up of one executive director and three non-executive directors, of whom all are independent directors possessing a wide range of skills and qualifications in areas, such as accounting, finance and business management as well as specific experience in various industries. Three hold citizenship in Singapore and one holds a permanent residency in Singapore. The Board is led by Ms. Connie Oi Yan Chan, who is the Executive Chairlady and Chief Executive Officer (the “CEO”). A Lead Independent Director, Mr. Khoo Song Koon, has been appointed to ensure transparency and adequate accountability in the decision-making process. The Board is supported by a management team responsible for the execution of the Group’s strategy and operations.

Sustainability risk management is incorporated into the Group’s risk management structure under the preview of the Board of Directors, which reviews sustainability reports and issues on a half yearly basis.

For more information on Nippecraft corporate governance matters in FY2017, please refer to our Annual Report 2017.

MINORITY REPRESENTATION

Our Board consists of four members of which three of them are independent directors. This will ensure that the minority interests are protected and voices heard.

ENTERPRISE RISK MANAGEMENT (“ERM”)

ERM is an integral part of good corporate governance as well as resource management. A thorough and comprehensive ERM framework enables the Group to identify, communicate and manage its risks and exposures in an integrated, systematic and consistent manner. For more information on our ERM performance in FY2017, please refer to the Annual Report 2017.

WHISTLE BLOWING POLICY

Our whistle blowing policy provides a mechanism for employees and external parties to report concerns over alleged wrongful acts. The policy is posted on various locations in the office so that employees are aware of the policy. There was no whistleblowing report received in FY2017.

GRI Standard Content Index

GRI Standard	Disclosure		Section of Report/ Reasons for Omission	Page Reference
GRI 101: Foundation 2016				
GENERAL DISCLOSURE				
GRI 102: General Disclosures	Organisation Profile			
	102-1	Name of organisation	Organisation Profile	7
	102-2	Activities, brands, products and services	Introduction	4
	102-3	Location of headquarters	Organisation Profile	7
	102-4	Location of operations	Organisation Profile	7
	102-5	Ownership and legal form	Organisation Profile	7
	102-6	Markets served	Organisation Profile	7
	102-7	Scale of the organisation	Organisation Profile	7
	102-8	Information on employees and other workers	Social	16
	102-9	Supply chain	Stakeholders Engagement	9
	102-10	Significant changes to the organisation and its supply chain	There were no significant changes.	N.A.
	102-11	Precautionary principle or approach	Environment	14
	102-12	External initiatives	Nil	N.A.
	102-13	Membership of associations	Organisation Profile	7
	Strategy			
	102-14	Statement from senior decision maker	Board's Statement	6
	Governance			
	102-18	Governance structure	Governance	20
	Stakeholders Engagement			
	102-40	List of stakeholder groups	Stakeholders Engagement	9
	102-41	Collective bargaining agreements	Social	16
	102-42	Identifying and selecting stakeholders	Stakeholders Engagement	9
	102-43	Approach to stakeholder engagement	Stakeholders Engagement	9
	102-44	Key topics and concerns raised	Environment	14

GRI Standard	Disclosure		Section of Report/ Reasons for Omission	Page Reference
GRI 102: General Disclosures	Reporting Practice			
	102-45	Entities included in the consolidated financial statements	Global Presence	8
	102-46	Defining report content and topic boundaries	About this Report	5
	102-47	List of material topics	Materiality Assessment	11
	102-48	Restatement of information	Not applicable since this is the first report.	N.A.
	102-49	Changes in reporting	Not applicable since this is the first report.	N.A.
	102-50	Reporting period	About this Report	5
	102-51	Date of most recent previous report	Not applicable since this is the first report.	N.A.
	102-52	Reporting cycle	About this Report	5
	102-53	Contact point for questions about the report	About this Report	5
	102-54	Claims if reporting in accordance with the GRI Standards	About this Report	5
	102-55	GRI content index	GRI Standard Content Index	21
	102-56	External assurance	We may seek external assurance in the future.	N.A.
MATERIAL TOPICS				
GRI 201: Economic performance	103-1	Explanation and reporting boundary	Economic	13
	201-1	Direct economic value generated and distributed	Economic	13
GRI 205: Anti-corruption	103-1	Explanation and reporting boundary	Economic	13
	205-2	Communication and training about anti-corruption policies and procedures	Economic	13
GRI 301: Materials	103-1	Explanation and reporting boundary	Environment	14
	301-1	Total weight or volume of materials that are used to produce and package the organization's primary products and services during the reporting period	Environment	14
GRI 308: Supplier environmental assessment	103-1	Explanation and reporting boundary	Environment	14
	308-1	New suppliers that were screened using environmental criteria	There were no new suppliers in FY2017.	N.A.
GRI 401: Employment	103-1	Explanation and reporting boundary	Social	16
	401-1	New employees hire	Social	16
GRI 405: Diversity and equal opportunity	103-1	Explanation and reporting boundary	Social	16
	405-1	Diversity of governance bodies and employees	Social	16

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