

Sustainability Report

DREAM
PLANNER

2024





CONTENTS



1.0 Introduction

- 1.1 About Us
- 1.2 Our Presence
- 1.3 About this Report
- 1.4 Organisation Profile
- 1.5 Direct economic value generated and distributed
- 1.6 Financial assistance received from government

2.0 Approach to Sustainability

- 2.1 Board's Statement
- 2.2 Stakeholders' Engagement
- 2.3 Materiality Assessment

3.0 Economic

- 3.1 Economic Performance
- 3.2 Financial Misstatement Risk

4.0 Environment

- 4.1 Sustainable Raw Materials Sourcing
- 4.2 Supplier Environmental Assessment
- 4.3 Greener Products
- 4.4 Climate-related Risks

5.0 Social

- 5.1 Diversity and Equal Opportunity
- 5.2 Management
- 5.3 Code of Conduct
- 5.4 Training and Education
- 5.5 Occupational Health and Safety
- 5.6 Employee Engagement
- 5.7 Local Communities
- 5.8 Social-Economic Compliance
- 5.9 Communicable Diseases

6.0 Governance

- 6.1 Minority Representation
- 6.2 Policies and Practices
- 6.3 Enterprise Risk Management
- 6.4 Undeclared Conflict of Interest

7.0 Task-force on Climate-related Financial Disclosures

- 7.1 TCFD Pillar: Governance
- 7.2 TCFD Pillar: Strategy
- 7.3 TCFD Pillar: Risk Management
- 7.4 TCFD Pillar: Metrics & Targets

1.0 Introduction

1.1 About Us

Listed on the Catalist of the SGX-ST, Nippecraft Limited is headquartered in Singapore and was founded in 1977.

Today, Nippecraft has grown from a stationery manufacturer to becoming a leading provider of innovative lifestyle stationery solutions. The key markets of the stationery business include the United Kingdom, Australia and Singapore.

The Group has three main consumer stationery brands: Collins, Debden and Jumble and Co. Collins, Debden and Jumble & Co. are global brands, with Collins having more than 200 years of British heritage, Debden has more than 40 years of history in Australia and New Zealand while Jumble & Co. is the latest addition to the Group. We are proud of our heritage and always embrace sustainability as one of the priorities in our decision-making process for our business.

Collins, Debden and Jumble & Co. are names that are synonymous with high-quality stationery products across the world. We are passionate about everything we do and strive to make the Collins, Debden and Jumble & Co. brands the best that they can be based on our key principles:

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

For more information on Nippecraft, please visit our website at the following URL: <https://www.nippecraft.com.sg>.

1.2 Our Presence

Nippecraft Limited and its Subsidiaries:

- Nippecraft Limited (HQ in Singapore)
- Collins Debden Pty Limited (Australia, Sydney)
- Collins Debden Limited (United Kingdom, Glasgow)
- Collins Debden USA, Inc. (USA, San Francisco)
- Collins Office Products International Ltd (Mauritius, Port Louis) (in liquidation)



1.3 About this Report

We are pleased to present Nippecraft's Sustainability Report for FY2023. Our reporting cycle is annually from 1 January 2023 to 31 December 2023. The most recent previous report for FY2022 was issued on 5 April 2023. The Sustainability Report for FY2023 has been prepared with reference to Global Reporting Initiatives ("GRI") Standards 2021 as well as Catalyst Rules 711A and 711B and Practice Note 7F of the Catalyst Rules. We have chosen the GRI Standards as it is an internationally recognised reporting framework that covers a comprehensive range of sustainability disclosures and this allows for comparison with Nippecraft's peers. In addition, we have also adopted the Recommendations of the Task Force on Climate-related Financial Disclosure ("TCFD") in developing voluntary and consistent climate-related financial risk disclosures.

We conducted a formal material assessment with internal stakeholders before the commencement of sustainability reporting, which led to the identification of sustainability matters most material to our business. These Economic, Environmental, Social and Government ("EESG") matters have been reviewed and validated by our Management in FY2023.

The reporting scope covers our corporate office and stationery operations for Singapore, Australia, the United Kingdom and the United States of America for FY2023. Where applicable, past financial year's data have been included for comparison purposes. The pulp trading business is not discussed in this report as we are not directly involved in production but in matching the demand from our customers and our suppliers.

We have engaged our internal auditors to perform an internal review of our sustainability reporting process. We have not sought external assurance on this report but will consider doing so as our reporting matures over time.

In our effort to meet the expectations of our stakeholders, we have taken steps to ensure the transparency and accountability of our global operations by the scope of our report. There is no restatement of information made from the previous reporting period.

1.4 Organisation Profile

Name of organisation	Nippecraft Limited
HQ location	2 Venture Drive, #24-01 Vision Exchange, Singapore 608526
Geography	Offices in Singapore, Australia, the United Kingdom, the United States of America
Legal form	Publicly listed on the SGX-ST since 1994
Markets served	The United Kingdom, Australia, Singapore, Indonesia, the United Arab Emirates, Hong Kong, Continental Europe and the United States of America
Organisation scale	Number of employees : 51 Number of key business units : 4 Revenue : US\$ 111.5 million Total assets : US\$ 56.4 million Total liabilities : US\$ 24.5 million Total equity : US\$ 32.0 million Cash and cash equivalents : US\$ 19.3 million
Memberships and Associations	Chamber of Commerce (United Kingdom) Forest Stewardship Council ("FSC") Programme for the Endorsement of Forest Certification ("PEFC") GS1 Singapore, United Kingdom and Australia Singapore National Employer Federation Singapore Business Federation Supplier Ethical Data Exchange ("SEDEX") The BOSS Federation (United Kingdom)

1.5 Direct economic value generated and distributed

Table 1: Direct Economic value generated and distributed in USD'000 for FY2023 and FY2022.

Stationery Business	Group	
	FY2023 (US\$'000)	FY2022 (US\$'000)
Economic value generated		
Revenue, Interest income, rental income and management fees	15,391	16,010
Economic value distributed		
Operating costs		
Cost of materials, product components and other operating costs	12,169	13,111
Employee wages and benefits		
Salaries and benefits	3,072	2,983
Payment to providers of capital		
Dividend and interest paid	—	—
Payment to governments		
Net income taxes paid	—	—
Community investment		
Voluntary donations to charity	7	7
Economic value retained		
Direct economic value generated less Economic value distributed	143	(91)

1.6 Financial assistance received from government

We have received the following grants from the respective governments that we operate in:

	FY2023	FY2022
	US\$'000	US\$'000
Singapore	9	7
The United Kingdom	—	—
Australia	—	—
Total	9	7

2.0 Approach to Sustainability

2.1 Board's Statement

Please refer to the Chairman's message on Page 12 of this Annual Report.

2.2 Stakeholders' Engagement

The success that we enjoyed is built upon effective stakeholder engagement. We actively manage our relationship with stakeholders and always maintain close communication with them. Feedback received from stakeholders may greatly influence business performance. Our people engage with different stakeholder groups set out in Table 2 below. We will strive to keep up with their evolving needs and proactively respond to the opinions and requests of our stakeholders. Our key approach to stakeholder engagement is detailed in Table 2 below:

Table 2: Material Stakeholders' Engagement

Key Stakeholders	Interest and Concerns	Communication Channels	Frequency	Our Response
Customers	Stock availability	Sales team	Daily to annually	To sustain brand trust and loyalty through a unique brand experience to meet their needs and enjoyment
	Quality of products and services	Meeting and company visit		
	On time and in full delivery	Telecommunication and email		
	Convenience	Social media platform		To develop innovation and strive for high quality products at competitive pricing
	Customer data and privacy protection	Marketing and labelling of products		
		Survey, market research and focus group		
		Whistleblowing policy		
Local Communities	Environmental protection Community engagement Corporate governance	Sustainability report	Daily to annually	To contribute to the development of the communities we operate in
		Task Force of Climate-related Financial Disclosures		
		Participation in charitable activities organised by local communities		
		Social media platform		
		Whistleblowing policy		

Key Stakeholders	Interest and Concerns	Communication Channels	Frequency	Our Response
Employees and trade union	Career development	Performance evaluation	Monthly to annually	To strengthen the relationships with our staff through communication and participation in building our work environment
	Collective bargaining	Training and seminar		
	Company recreation events	Townhall and department meetings		
	Equal opportunities	Internet email		
	No discrimination	Whistleblowing policy		
	Remuneration and Benefits			
	Staff appraisal			
	Training and development			
	Working environment			
	Work safety			
	Hybrid work arrangement			
Shareholders	Corporate governance	Financial result announcement and annual report	As and when required	To improve profitability
	Business strategies	Circular		To develop new strategies and initiatives
	Financial performance	Announcement		To create long-term sustainable value
	Compliance to listing rules and the Companies Act 1967	General meeting		To create an atmosphere of trust via timely communication and provide relevant and reliable information
	Investment returns	Corporate website		To adhere to good corporate governance practices
		Whistleblowing policy		

Key Stakeholders	Interest and Concerns	Communication Channels	Frequency	Our Response
Government and Regulators	Compliance with local laws, regulations and listing rules	Announcement and Circular	As and when necessary to annually	To comply with the relevant statutes and regulations
	Business integrity and ethics	Financial report		To support government and regulators' relevant initiatives
	Contribute to economic and social development	Government agencies' portal		
	Corporate governance	Participate in webinar, training and discussion		
	Environmental protection			
Suppliers and Consultants	Cost of product and service	Email	Daily to annually	To collaborate, develop product and service quality
	Quality of product and services	Meeting		
	Fair selection processes	Telecommunication		To achieve a sustainable business relationship with our suppliers
	Long-term business relationship	Service performance review		
	Payment schedule	Site visit		
	Business integrity and ethics	Whistleblowing policy		

2.3 Materiality Assessment

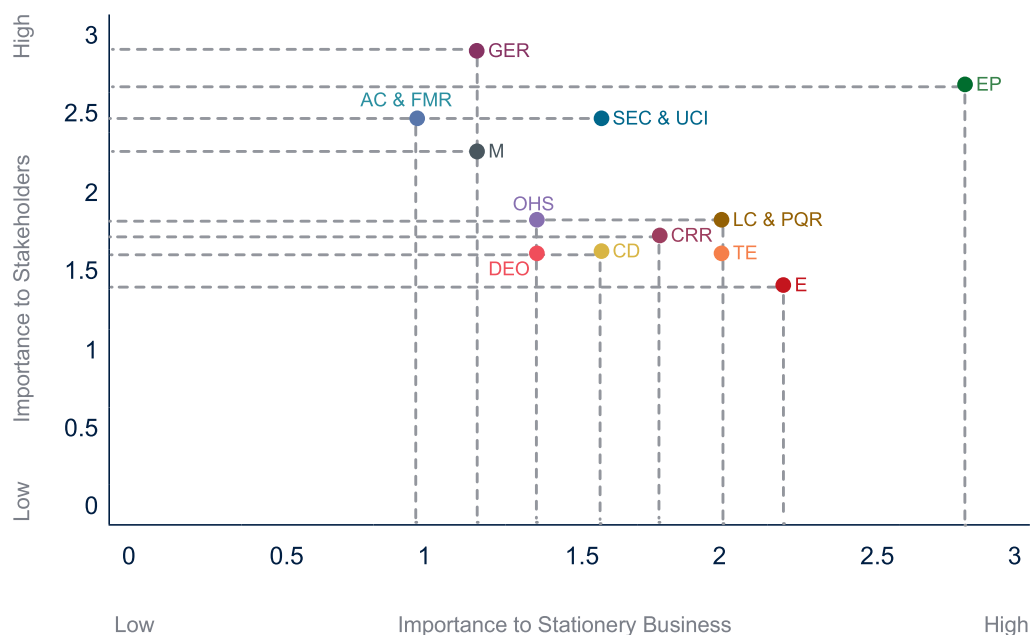
A materiality survey was conducted for FY2023 to reaffirm existing material EESG factors and at the same time, identified new material EESG factors and ranked them according to the significant impact on our business. Our management team met and discussed the material factors that may create a significant impact on our businesses. We review our material matters annually to ensure that they continue to be relevant for our future reporting periods.

Table 3: Four Steps Materiality Assessment Process

1 Identification	A list of EESG factors that are highly relevant to the Group business development strategy was consolidated through discussions with Key Management Personnel across various stationery divisions.
2 Prioritisation	The identified EESG matters were evaluated and prioritised by representatives from the various stationery divisions; taking into consideration both internal and external stakeholders' perspectives. These EESG matters were subsequently aligned at the Corporate level for consistency across the Group stationery divisions.
3 Validation	The final list of material factors for FY2023 Sustainability Report was presented to the Board of Directors for their validation and approval.
4 Review	Material matters selected for reporting in FY2022 were reassessed to ensure their continued relevance to our operations in FY2023. We will continue to review our material factors on an annual basis.

In FY2023, Nippecraft has established appropriate and effective management policies for EESG issues and internal control and the information disclosed complies with the requirements of the GRI Standard 2021. A materiality assessment exercise was conducted for FY2023 by the process described above. Incorporating inputs from our stakeholders, our material factors are ranked as follows:

Chart 1: Nippecraft's Materiality Matrix



Legend		
●	EP	Economic performance
●	GER	Governance and Enterprise Risks
●	SEC	Social-Economic Compliance
●	UCI	Undeclared Conflict of Interests
●	PQR	Product Quality Risk
●	LC	Local Communities
●	E	Employment
●	TE	Training and Education
●	CRR	Climate-Related Risks*
●	AC	Anti-corruption
●	M	Management*
●	FMR	Financial Misstatement Risks
●	OHS	Occupational Health and Safety#
●	DEO	Diversity and Equal Opportunities#
●	CD	Communicable Disease#

Note:

* This report has been updated to include Climate-related risks and Management as material factors.

No longer considered as material factors in year 2023.

Table 4: Material factors reported for FY2023 and the reasons for inclusion

Material factors reported for FY2023	Reason for inclusion
Economic Performance	Our financial performance and the positive contributions we make to the society and communities where we operate are anticipated by both internal and external stakeholders.
Governance and Enterprise Risks	Governance and Enterprise Risks play a crucial role in shaping the overall sustainability and success of our business. Effective governance will ensure sound decision-making, ethical practices, and compliance with regulations. Managing enterprise risks are essential for safeguarding our Group's reputation, protecting stakeholders' interests and maintaining long-term viability. Both governance and risk management contribute greatly by influencing strategic direction, financial performance and the ability to create sustainable value.
Social-Economic Compliance	Social-Economic compliance aligns with our stakeholders' expectations, mitigates risks, and enhances legal compliance and employees' engagement. In addition, may contribute positively to brand image and customer loyalty.
Undeclared Conflict of Interests	Incorporating undeclared conflict of interest will reflect a commitment to ethical business practices, risk mitigation, legal compliance and protect the company's reputation.
Product Quality Risks	We recognise the importance of managing product quality risks as they will have a significant impact on our customers' satisfaction, brand image, legal compliance, operational efficiency, competitive advantage and the financial performance.
Local Communities	By including the local community as one of our material factors, we acknowledge its importance in creating our social impact, reputation and overall sustainability. Having a positive relationship with the local community in the markets that we operate in aligns with responsible business practices and supports the sustainability of our operations in the long-term.
Employment	We acknowledge its significance in influencing workforce dynamics, talent acquisition, company's reputation, legal compliance, diversity, community impact and overall success of our Group. It will also align with responsible and sustainable business practices.
Training and Education	We recognise that training and education positively impact our employees' development, innovation, talent retention, compliance, operational efficiency, succession planning, Group's reputation and community engagement.
Climate-related risks (First time reporting)	Taking action on climate-related risks is a fundamental business necessity, requiring us to confront both our environmental footprint and the consequences of climate change on our operations.
Anti-corruption	It promotes legal compliance, ethical conduct, risk mitigation, integrity and responsibility in conducting our business.
Management (First time reporting)	Management plays a pivotal role in strategic decision-making, operational efficiency, talent management stakeholders' relationship, corporate governance, succession planning and financial performance. It will contribute to the overall success of the business.
Financial Misstatement Risks	We highlight the importance of maintaining the importance of financial reporting. Addressing these risks is important for sustaining investors' confidence, ensuring legal compliance, and supporting decision-making. It will enhance the overall reputation and success of our business.
Occupational Health and Safety Diversity and Equal Opportunities Communicable Disease	These factors are no longer considered as a material factor. Disclosure is for information only.

3.0 Economic

3.1 Economic Performance

The scope of this report covers our stationery business operations in Singapore, the United Kingdom (“**UK**”), Australia and the United States of America (“**USA**”), in which Nippecraft has an ownership interest of more than 50%. The pulp trading business is not discussed in this report as we are not directly involved in production but in matching the demand from our customers and our suppliers.

Our stationery business ended FY2023 with a 3% decrease in revenue to US\$14.8 million and a segment profit of US\$0.1 million (FY2022: segment loss of US\$0.3 million) due to a decrease in distribution and marketing expenses, gain on disposal of asset held-for-sale and foreign exchange gains that were offset by decreased margins, an increase in administrative expenses and a decrease in rental income earned from asset held-for-sale, during the year in review. Through proactive supply chain management, the Group was able to avoid material supply disruption during the year.

Nippecraft will continue to hold a holistic view in generating long-term profitability and shareholders’ returns with a consideration of the interests 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 will continue looking into improving our consumers’ experience by engaging them 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.

3.2 Financial Misstatement Risk

In today’s world, financial misstatements are increasing due to decentralisation, outsourcing to third party vendors, evolving financial reporting requirements and new regulatory disclosures. In addition, we may try to do more with fewer resources.

Financial reporting consists of three major structures:

- | | |
|-----------|---|
| People | - those responsible for input, extraction, aggregation and analysing the financial information; |
| Processes | - timeline that the financial information is obtained and reported; and |
| Systems | - which crunch the numbers into meaningful form. |

In order to mitigate the risk of financial misstatement, we ensure that following policies are in place for the three major structures:

People

- each role has a defined job description;
- close alignment of skills with responsibilities;
- focus on training in areas that may cause material financial misstatement;
- financial reporting function is adequately staffed;
- encourage two-way communications; and
- Biannually staff survey to determine morale.

Process

- standardisation of policies across the Group;
- policies are integrated and automated in the processes;
- centralisation of management reporting; and
- process documentation.

System

- identify errors in a timely manner;
- automation of manual processes;
- automated, customised, integrated; and
- accessible through a portal and/or an Application.

The reduction in financial misstatement risk is similar to other business processes within the Group. As such, we will continue to place emphasise on improving people, processes and systems to reduce financial misstatement risk and at the same time, improve the efficiency and effectiveness of the financial reporting process.

4.0 Environment

In Nippecraft, we are conscious of our environmental footprint and have been working with our suppliers to reduce them. With the growing concern of climate change, it is imperative for us to focus on our effort to use sustainably sourced and recyclable materials in our products so that we can contribute to the global force to shift the tide of climate change. In the year 2023, “Whatever we do, Nature will always win” remained as our guiding principle in conducting our businesses. To date, we have not been identified by any authorities for non-compliance with environmental laws and/or regulations.

4.1 Sustainable Raw Materials Sourcing

We have suppliers located globally. These suppliers supplied the bulk of our finished goods. We often update them about our consumers and governmental requirements so that they are prepared for the changing needs. Since 2019, we explored with our suppliers to further reduce the use of plastics for packaging. However, plastic packaging is still the most suitable for our premium product ranges such as Cosmopolitan and Legacy ranges, as there is currently no alternative in the marketplace that performs as effectively. The plastic packaging for these two ranges of products doubled up as display material to protect the products whilst they are on display on shelves in stores. However, where possible, we have used plastic packaging which contains a minimum 30% of recycled material which is better for the environment. We will continue to use paper packaging whenever we can and have adopted this for a majority of our products, which include the Associate, Rural Management, Student, Elite and Classic ranges. Moving forward, we will consciously attempt to minimise the use of plastic on our new products.

Pulp and paper are the key raw materials in our finished products. As we continue to embrace sustainable sourcing, we are committed to responsible forestry management. Nippecraft is both FSC and PEFC certified, we are committed to increasing the proportion of materials that are certified under the Chain-of-Custody programmes. In addition, most of our cover materials are either sourced from FSC or Registration, Evaluation, Authorisation and Restriction of Chemicals (“**REACH**”) accredited suppliers. We have also proactively introduced more products into our ranges which use 100% recycled paper.

In addition to sustainable sourcing, we also adhere to high social and ethical standards along with our supply chain. Nippecraft is a member of SEDEX, a global organisation that helps companies manage an ethical supply chain. The SEDEX Members Ethical Trade Audit is one of the most widely used audit procedures in the world. It provides a globally-recognised way to assess responsible supply chain activities, including labour rights, health and safety, the environment and business ethics. Furthermore, we have been instrumental in our key vendors adopting the SEDEX standards. Together with our key vendors, who are also SEDEX members, we are continuously committed to ethical sourcing & management of our supply chain.

Our materials have passed 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. Commodity codes are used to classify goods for import and export within the European Union (“**EU**”) or outside the EU. The classification aims to pay the right tax and duty and follow the respective regulations. We also continued to perform quality checks on our materials to ensure that there were no hazardous elements. For example, we ensure that our materials are non-hazardous through the use of materials that are REACH certified in particular, the materials used for our book covers. We practice ethical sourcing by using materials only from well-established suppliers who are compliant with environmental legislation and procedures.

The target tonnage set for FY2023 was based on different product mixes and volume ordered. Certain orders were secured on price using Non FSC paper which was sustainably sourced but is not formally certified and therefore counted as non-renewable or non-certified material.

During the year, 1,504 (FY2022: 1,487) metric tonnes of materials were used to produce and pack our books sold.

Performance and Targets

Material Aspect	Target for FY2023	Performance for FY2023	Short-term Target FY2024	Mid-term Target FY2030	Long-term Target FY2050 and beyond
Material from sustainable sources (Raw materials that are FSC and PEFC certified)	80%	80%	80%	90%	100% [#]
Renewable material (Tonnage)	1,072	1,203	1,083	1,633	4,814
Non-renewable material (Tonnage)	268	301	271	181	0

Note:

[#] We expect material from non-sustainable sources will either be depleted and or join the ranks of sustainable through intervention by the respective governments.

4.2 Supplier Environmental Assessment

Our Quality Control team performs regular site visits to our suppliers and checks 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:

- 4.2.1 ISO9001 Quality Management;
- 4.2.2 ISO14001 Environmental Management Certification;
- 4.2.3 FSC or PEFC;
- 4.2.4 SEDEX; and
- 4.2.5 Social Accountability (SA8000) or Occupational Health and Safety Assessment Series (OHSAS 18001).

Any existing or potential vendors who are unwilling or unable to provide the abovementioned reports will not be re-appointed or appointed as our vendor.

We conducted on-site product quality inspections and audits. Customers may also request for the SEDEX audit reports which we will promptly provide to them for them to understand how our supply chains are performing.

If the vendor does not perform to our requirements, the vendor will need to take the necessary corrective action to meet our requirements. We will verify that the correction actions are taken before we continue to place orders vendor with the vendor.

4.3 Greener Products

During the year, we have developed five product ranges that use recycled materials that will be launched in FY2024. The five product ranges include the Essentials, Dream planners, Scandi, Veridian and Maximalism. For more details of the product range, please visit our online store.

Performance and Targets

Material Aspect	Target for FY2023	Performance for FY2023	Short-term Target FY2024	Mid-term Target FY2030	Long-term Target FY2050 and beyond
Product ranges using recycled materials	5	5	10	80% of product ranges	100% of product ranges

Material Aspect	Target for FY2023	Performance for FY2023	Short-term Target FY2024	Mid-term Target FY2030	Long-term Target FY2050 and beyond
Percentage of recycled materials used in the finished products	70%	95%	95%	95%	95%

4.4 Climate-related Risks

Please refer to section 7 of this report on page 70.

5.0 Social

In FY2023, we saw a 6% decrease in headcount to 51 employees. This was mainly due to the decrease of 15 full-time employees due to resignation and restructuring offset by the employment of 12 full-time employees. Short-term casual and contract workers were not included in our reporting as they were employed to cover duties only when our employees were on parental or personal leave. The employee turnover rate has decreased from 32% to 29% (refer to Table 8).

Table 5: Total employees
As at 31 December

	Male		Female		Total	
	2023	2022	2023	2022	2023	2022
Full-Time	18	20	32	33	50	53
Part-Time	–	–	1	1	1	1
Total	18	20	33	34	51	54

Table 6: Total employees by region
As at 31 December

	Australia	Singapore	United Kingdom	2023	2022
Full-Time	12	25	13	50	53
Part-Time	–	–	1	1	1
Total	12	25	14	51	54

Note: Operations in the USA are supported by employees in United Kingdom.

While our headcount decreased from 54 in FY2022 to 51 in FY2023, there were 12 new hires in FY2023 replacing those who have resigned within the Group, as illustrated below:

Table 7: New employees by Countries
As at 31 December

By Countries	By Gender		2023	2022
	Male	Female	Total	Total
Australia	–	2	2	7
Singapore	–	2	2	2
United Kingdom	4	4	8	3
Total	4 (33%)	8 (67%)	12	12

Table 8: Employee Turnover
As at 31 December

By Countries	By Gender		2023	2022
	Male	Female	Total	Total
Australia	3	5	8	10
Singapore	–	2	2	2
Singapore (Restructuring)	1	1	2	–
United Kingdom	1	2	3	6
Total	5 (33%)	10 (67%)	15	18
Employee Turnover rate			29%	32%
Employee Turnover rate (Excludes employee affected by Restructuring)			25%	32%

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

Nippecraft continues to commit to fair employment, elimination of discrimination and encouraging diversity amongst our workforce.

Table 9: Age profiles of new hires

FY2023 Age Profile of new hires	<30	30 to 50	>50
Number	4	7	1
In percentage	33%	59%	8%

FY2022 Age Profile of new hires	<30	30 to 50	>50
Number	4	7	1
In percentage	33%	59%	8%

We continue to believe that Group's operations require a strong talent pool to make a positive impact. In FY2023, we believed that we had recruited the right candidates in catering to the needs of the Company.

Performance and Targets

Material Aspect	Target for FY2023	Performance for FY2023	Target for FY2024	Mid-term to Long-term Target FY2030 to FY2050 and beyond
Recruiting and matching the right candidates for the job (successfully completed probation)	100%	100%	90%	94%

5.1 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 employees ranges from the 20s to the 60s. Our employees consist of people 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 union and non-unionised members. In Singapore, a collective bargaining agreement between the Company and the Building Construction and Timber Industries Employees' Union ("BATU") covers all our locally engaged employees other than employees holding managerial and confidential positions. Our employees in the UK and Australia are not unionised.

Employee Profile of the Group as at 31 December 2023 and 31 December 2022 are as follows:

Table 10: Age profile of all employees

FY2023 Age Profile of all employees	<30	30 to 50	>50
Number	6	25	20
In percentage	12%	49%	39%
FY2022 Age Profile of all employees			
Number	5	31	18
In percentage	9%	58%	33%

Table 11: Academic profile of all employees

FY2023 Academic Profile of all employees	Below diploma	Diploma	Degree and above
Number	12	10	29
In percentage	23%	20%	57%
FY2022 Academic Profile of all employees			
Number	12	12	30
In percentage	22%	22%	56%

Table 12: Nationality profile of all employees

FY2023 Nationality Profile	Australia	British	Chinese	Malaysian	Singaporean	Others
Number	8	17*	3	5	16	2
In percentage	16%	33%	6%	10%	31%	4%
FY2022 Nationality Profile						
Number	8	18**	3	7	16	2
In percentage	15%	33%	5%	13%	30%	4%

Note:

* Includes 1 part-time employees

** Includes 5 part-time employees

All eligible male and female employees were entitled to parental leave in 2023. One female employee took parental leave and returned to work in the same year. This represents a return-to-work rate of 100%. The female employee who took parental leave returned to work in November 2023 and remained employed as of the date of this report. The retention rate for FY2023 was 100%.

Diversity and equal opportunity are no longer considered as a material factor in FY2023. The above disclosures are for information only.

5.2 Management

While the Board sets the general direction towards sustainability practices, it delegates the day-to-day task of managing the impact of sustainability practices to the Management. Management plays a pivotal role in strategic decision-making, operational efficiency, talent management stakeholders' relationship, corporate governance, succession planning and financial performance. With due consideration on being sustainable, Management will contribute to the overall success of the business.

In FY2023, there were 6 senior management team members of which 2 were females. All senior management team members are more than 50 years of age. Among the six members, there were 3 British and Singapore citizens each.

The Board continues to believe that with existing gender equality in the senior management team, the Group can continue to expect diversity of ideas and innovative breakthroughs. Nippecraft will continue to ensure that gender equality is always our consideration on the boards of all our subsidiaries as well as the senior management team.

The gender profile of the Management is as follows:

Table 13: Gender Profile of Management

FY2023 Management team	Senior Manager	Manager	Total
Female	2	11	13
Male	4	10	14
Total	6	21	27

5.3 Code of Conduct

The Group sets out the expected code of conduct in its employee handbook. During the year, the Group has circulated the business ethics guidelines that are required to be adhered to in dealings with both customers and vendors. 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 to promoting equality and diversity and to ensure that individuals are treated fairly and valued as member of a team. The Company recognises that it has clear obligations toward all employees to ensure they are treated fairly. There are channels to report any non-compliance about discrimination through our whistleblowing 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 the issue cannot be resolved at the operational level, it will be escalated to the next level of the organisational hierarchy. Code of conduct is not identified as a material factor in our materiality exercise, as it is considered a norm in all the geographical regions that we operate in.

In both years 2023 and 2022, there was no known instance of discrimination or reported discrimination received.

Performance and Targets

Material Aspect	Target for FY2023	Performance for FY2023	Target for FY2024	Mid-term to Long-term Target FY2030 to FY2050 and beyond
Instance of discrimination	Zero tolerance of discrimination	Zero tolerance of discrimination	Zero tolerance of discrimination	Zero tolerance of discrimination

5.4 Training and Education

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

Nippecraft understands that employee training and development pave the way for the Group to progress into the future. One of our initiatives is to re-deploy our employees to assume new roles while leveraging on their expertise amidst the evolving business model that we operate in. Employees are encouraged to go for courses and seminars to upgrade themselves and improve their skills. We set off into FY2023 with a training target of no less than 150 hours. At the end of FY2023, 260 (FY2022: 181 hours) training hours were provided to our employees across all functions.

Performance and Targets

Material Aspect	Target for FY2023	Performance for FY2023	Target for FY2024	Mid-term Target FY2030	Long-term Target FY2050 and beyond
Training and Education	150 hours	260 hours	150 hours	357 hours	1,020 hours
Average training and education per employee	2.8 hours	5.1 hours	2.9 hours*	7 hours*	20 hours*

* Assume the number of employees is 51.

Table 14: Employees training hours

FY2023 Employee Type	Number of Employees	Total Training Hours	Average Training Hours per Employee
Female	33	142.5	4.3
Male	18	117.5	6.5
Manager	27	172.5	6.4
Non-Manager	24	87.5	3.6

5.5 Occupational Health and Safety

The well-being and safety of our employees are paramount to us. We are committed to safeguarding our employees' health and safety against any potential occupational hazards. All employees are encouraged to feedback immediately to the responsible departments should they come across or identify any potential occupational hazards.

In the year 2023, there were 3 fire drills conducted in our Singapore corporate office and warehouses. Two employees who are members of our Company Emergency Response Team have undergone training and achieved proficiency in Cardiopulmonary resuscitation (“CPR”) and the use of an Automated External Defibrillator (“AED”).

With the support of BATU, we have an engagement session in March 2023 to gather feedback from our union employees on various matters. Moving forward, we will work together with BATU to have more frequent engagement with our employees.

In addition to occupational health and safety initiatives, we encouraged our employees to seek medical advice as early as possible to seek treatment before the condition worsens. All our employees have access to non-occupational medical and healthcare services, such as outpatient, specialist and hospitalisation services. In Singapore, all our employees are covered under the Company's health insurance for hospitalisation and medical reimbursement for outpatient services. In the United Kingdom and Australia, all employees are covered under the National Health Services and Medicare systems respectively.

Performance and Targets

Material Aspect	Target for FY2023	Performance for FY2023	Short-term Target FY2024	Mid-term to Long-term Target FY2030 to FY2050 and beyond
Work-related injuries	Zero reported incident	Zero reported incident	Zero reported incident	Zero reported incident
Work-related ill health	Zero reported incident	Zero reported incident	Zero reported incident	Zero reported incident

Occupational health and safety are not considered as material factor in FY2023. The disclosure is for information only.

5.6 Employee Engagement

The Company recognised that employee engagement is the key to driving performance. When the employees are engaged, they will be passionately committed to achieving the best results or even outperforming expectations. The Board and Management engaged our employees on an ad-hoc basis to demonstrate our appreciation for their performance. Feedback on work processes, regardless of whether constructive or not constructive is welcome. This provides a starting point for management to review the existing processes so that we can further improve our work processes to achieve higher productivity and better work-life balance. Over the years, we have recognised the contribution of our employees who have dedicated a major part of their work lives to our Group.

All employees other than contract employees received periodic performance and career development reviews. Key performance indicators are set so that performance can be benchmarked against the targets set at the end of the financial year. However, should there be any indication of underperformance, the immediate supervisor will conduct an informal review with the employee to take remedial action to improve his or her performance. Employee engagement is not identified as a material factor in our EESG material factors identification exercise. We are providing this disclosure for general information only.

Table 15: Employees (other than contract employees) whom have received periodic performance and career development reviews

FY2023 By Employee Category	By Gender	
	Male	Female
Manager	100%	100%
Non-manager	100%	100%

Performance and Targets

Material Aspect	Target for FY2023	Performance for FY2023	Short-term Target FY2024	Mid-term to Long-term Target FY2030 to FY2050 and beyond
Percentage of total employee who received a regular performance and career development review	100%	100%	100%	100%

5.7 Local Communities

The UK office continued to make yearly donations to the British Heart Foundation to support research in heart diseases. In addition, our UK office has also donated to the local schools. In FY2023, the Group has achieved its target set out in the Sustainability Report for FY2022.

Performance and Targets

Material Aspect	Target for FY2023	Performance for FY2023	Short-term Target FY2024	Mid-term to Long-term Target FY2030 to FY2050 and beyond
Supporting local community charities and not-for-profit activities	Supports at least two charities and/or not-for-profit events	Supports at least two charities and/or not-for-profit events	Supports at least two charities and/or not-for-profit events	Supports at least six charities and/or not-for-profit events

5.8 Socio-Economic Compliance

We pride ourselves in having good corporate governance and observing compliance with applicable laws and regulations. The Group is committed to conducting business with integrity and safeguarding the interest of all our stakeholders, both internal and external.

Similar to FY2022, we have achieved zero incidents of non-compliance in FY2023.

Performance and Targets

Material Aspect	Target for FY2023	Performance for FY2023	Short-term Target FY2024	Mid-term to Long-term Target FY2030 to FY2050 and beyond
Socio-economic Compliance	Zero tolerance of non-compliance	Zero tolerance of non-compliance	Zero tolerance of non-compliance	Zero tolerance of non-compliance

5.9 Communicable Diseases

While we continue to focus on sustaining our businesses during this challenging period, our employees' health and safety remain our top priorities. Since April 2020, we have adopted the necessary measures in response to COVID-19 for all our global operations.

All key geographical regions that we operate in have declared COVID-19 safe. However, we will continue to be vigilant in preventing the spread of any communicable diseases by adopting the necessary measures when required. In FY2023, communicable diseases are no longer considered as a material factor. Our disclosures are for information only.

6.0 Governance

Our ability to integrate sustainable initiatives and processes remained the critical factor for our business continuity. Our Board is overall responsible for the sustainability and integration of EESG factors in the formulation of our business strategy. Management will then set the sustainability direction for our business operations. This includes the target setting and execution of initiatives. Management will report the sustainability performance to the Board on an annual basis.

6.1 Minority Representation

As of the date of this report, our Board consists of six members of which four are independent directors. This will ensure that the interests of the minority shareholders are protected and that their voices will be heard.

6.2 Policies and Practices

Strong corporate governance and good business ethics provide foundation support for many successful organisations in the world. Nippecraft aligns itself with the industry's best practices and strives to meet stakeholders' expectations. As part of our corporate governance framework, a set of policies, such as the Code of Conduct (refer to 5.3 Code of Conduct) and Whistleblowing Policy, has been formulated to direct us on the right way to conduct business responsibly.

We strive to maintain the highest standard of accountability, fairness and integrity. Our employees are informed of their expected conduct during onboarding. We also encouraged them to raise any complaints or feedback regarding questionable accounting, audit matters, internal controls or any matter that breaches the Group policy, corruption and employee misconduct by our Whistleblowing Policy. Please refer to the Corporate Governance section for further information.

6.3 Enterprise Risk Management

Our Board recognised its responsibilities over the governance of risks and has set in place management procedures for ensuring a sound system of risk management and internal controls. These procedures include a structured Enterprise Risk Management ("ERM") programme to Nippecraft and its subsidiaries, management reviews of key transactions, and the assistance of independent consultants such as external and internal auditors to review financial statements and internal controls covering key risk areas.

By identifying and managing risks through the ERM programme, we should be able to make more informed and collective decisions and benefit from a better balance between risk and reward. As part of the programme, Management will also have more structured review processes as new risks emerge to be aware of the potential impact of such new risks and to undertake meaningful measures to address them.

More information on our Corporate Governance can be found in the Corporate Governance Statement section.

Performance and Targets

Material Aspect	Target for FY2023	Performance for FY2023	Short-term Target FY2024	Mid-term to Long-term Target FY2030 to FY2050 and beyond
Perform risk assessment, compliance with Catalyst Rules, Code of Corporate Governance and the governing Statutes of the countries that we operated in.	Zero tolerance of non-compliance	Zero tolerance of non-compliance	Zero tolerance of non-compliance	Zero tolerance of non-compliance

Performance and Targets

Material Aspect	Target for FY2023	Performance for FY2023	Short-term Target FY2024	Mid-term to Long-term Target FY2030 to FY2050 and beyond
Compliance of Code of Conduct	Maintain a high standard of ethical conduct and adopts a zero-tolerance approach to fraud and zero incident of corruption or similar misconduct	No known ethical misconduct, fraud, or corruption or money laundering or anti-competitive practices or similar misconduct reported	Maintain a high standard of ethical conduct and adopts a zero-tolerance approach to fraud and zero incident of corruption or money laundering or anti-competitive practices or similar misconduct	Maintain a high standard of ethical conduct and adopts a zero-tolerance approach to fraud and zero incident of corruption or money laundering or anti-competitive practices or similar misconduct

6.4 Undeclared conflict of interest

In Nippecraft, we acknowledged that everyone has financial and personal relationships outside of their employment. Conflict of interest arises when one personal interest and employment duty overlap which result in an actual or perceived lack of independence in dealing with the stakeholder that involved the Group's assets.

To mitigate the risk of undeclared conflict of interest, we have the following policies in place:

- All directors and employees were informed during induction that the person should not place himself or herself in positions where their interests could conflict with those of the Company or any of the Company's customers. If a conflict-of-interest situation exists, whether in fact or in apparent, the person concerned should disclose it to their immediate superior and escalate to the higher management for clarification; and
- The Group Chief Financial Officer (or equivalent person) will obtain signed letters of confirmation from Key Management Personnel, Controlling Shareholders and the Directors periodically (of not more than half a year) concerning to their interest in any transactions with the Group.

When a declared conflict of interest situation arises, it may be managed as follows:

- Engage an independent employee to oversee the relevant activity;
- Cease the involvement of the employee, who maybe in a conflict of interest position, in the matter;
- Surrender private interest that created the conflict of interest to the Company; or
- The person shall resign or transfer from the position if there is no solution to the conflict.

The existence of a conflict of interest may not necessarily imply that the employee or the group of employees have acted or implied wrong-doing. Conflict of interest itself is not a criminal act. However, if the conflict of interest relationship remains unchecked and not properly managed it may lead to other acts as other premeditated acts such concealment of relationships, financial gains, and falsification of documents, which may be criminal. Therefore, we need to adopt the best practices to avoid and manage them to reduce the consequences of not managing them properly.

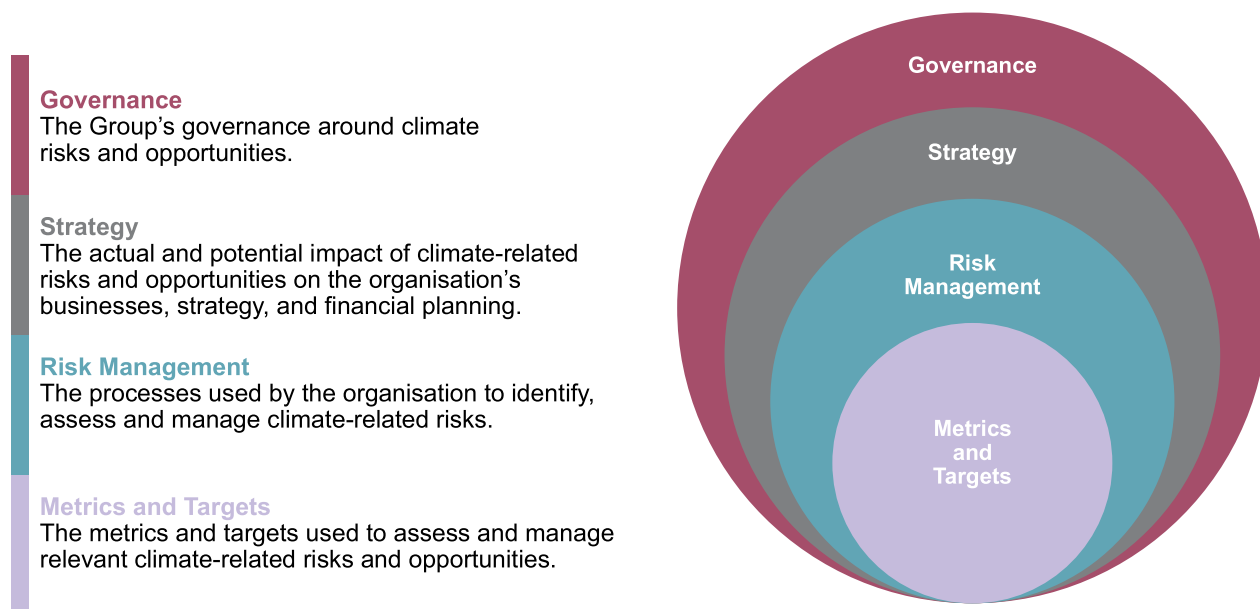
7.0 Task-force on Climate-related Financial Disclosures

On 15 December 2021, the Singapore Exchange Regulation (the “**SGX RegCo**”) announced that all issuers must provide climate reporting on a “comply or explain” basis in their sustainability reports from FY2022 onwards. For the agriculture, food and forest products sector, climate reporting based on the recommendations of the Task Force on Climate-related Financial Disclosures (“**TCFD**”) framework will become mandatory from FY2023 onwards.

To address the international concerns on climate change, we have adopted the Recommendations of the TCFD. The Recommendations of the TCFD aimed to develop consistent climate-related financial risk disclosures.

This report follows the TCFD structure which is presented in the following diagram:

Chart 2: Core Elements of Recommended Climate-Related Financial Disclosures



Source: Final Report on the Recommendations of the Task Force on Climate-related Financial Disclosures.

Key pillars of TCFD and our progress

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organisation’s governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation’s businesses, strategy, financial planning where such information is material.	Disclose how the organization identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Recommended Disclosures

Governance	Strategy	Risk Management	Metrics and Targets
Describe Nippecraft Group Board's oversight of climate-related risks and opportunities	Describe the climate-related risks and opportunities Nippecraft Group has identified over the short, medium and long term	Describe the Nippecraft Group's processes for identifying and assessing climate-related risks	Disclose the metrics used by Nippecraft Group to assess climate-related risks and opportunities in line with its strategy and risk management process
Status: In compliance	Status: In compliance	Status: In compliance	Status: In compliance
Describe Nippecraft Group Management's oversight of climate-related risks and opportunities	Describe the impact of climate-related risks and opportunities on Nippecraft Group's businesses, strategy and financial planning	Describe Nippecraft Group's processes for managing climate-related risks	Disclose Scope 1, Scope 2 and if appropriate Scope 3 greenhouse gas ("GHG") emissions and the related risks
Status: In compliance	Status: In compliance	Status: In compliance	Status: In compliance
	Describe the resilience of Nippecraft Group's strategy taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into Nippecraft Group's overall risk management	Describe the targets used by Nippecraft Group to manage climate-related risks and opportunities and performance against targets
	Status: In compliance	Status: In compliance	Status: In compliance

7.1 TCFD Pillar: Governance

7.1.1 Board's oversight of climate-related risks and opportunities

With effect from the financial year 2022, the Board set the general direction of the Group's sustainability and climate-related strategy, and the decision-making process. It meets at least once a year to discuss sustainability and climate-related issues that affect the Group's operations, review the progress and performance of the Group's climate commitments and strategy and approve the disclosures in the Annual Report, Sustainability and Climate-related disclosures and metrics. The Board is supported by the audit Committee ("AC") which is tasked to ensure compliance with the sustainability and climate-related aspects and government laws and regulations. The Eco Project Committee (the "EPC") comprises the Executive Directors and Key management personnel, including representatives from our overseas subsidiaries was set up in the year 2022. The EPC reports to the AC. The Group recognise the importance of setting short-term, medium-term and long-term targets for sustainability and climate-related targets. When sustainability and climate-related goals are set, EPC will ensure that all business activities and processes are aligned with the sustainability goals. The EPC is tasked to identify, assess, monitor, and report on climate-related issues and strategies to the AC.

Currently, climate-linked objectives form part of the key performance indicators of the Executive Directors. However, Executive remuneration is not linked to climate-linked objectives.

The Board members, *inter alia*, are selected from a variety range of industries, geographies and expertise and skills. This criterion discounted the risk of "Groupthink" and ensured that we have a rounded view of issues such as climate-related risks and opportunities which is crucial to our business.

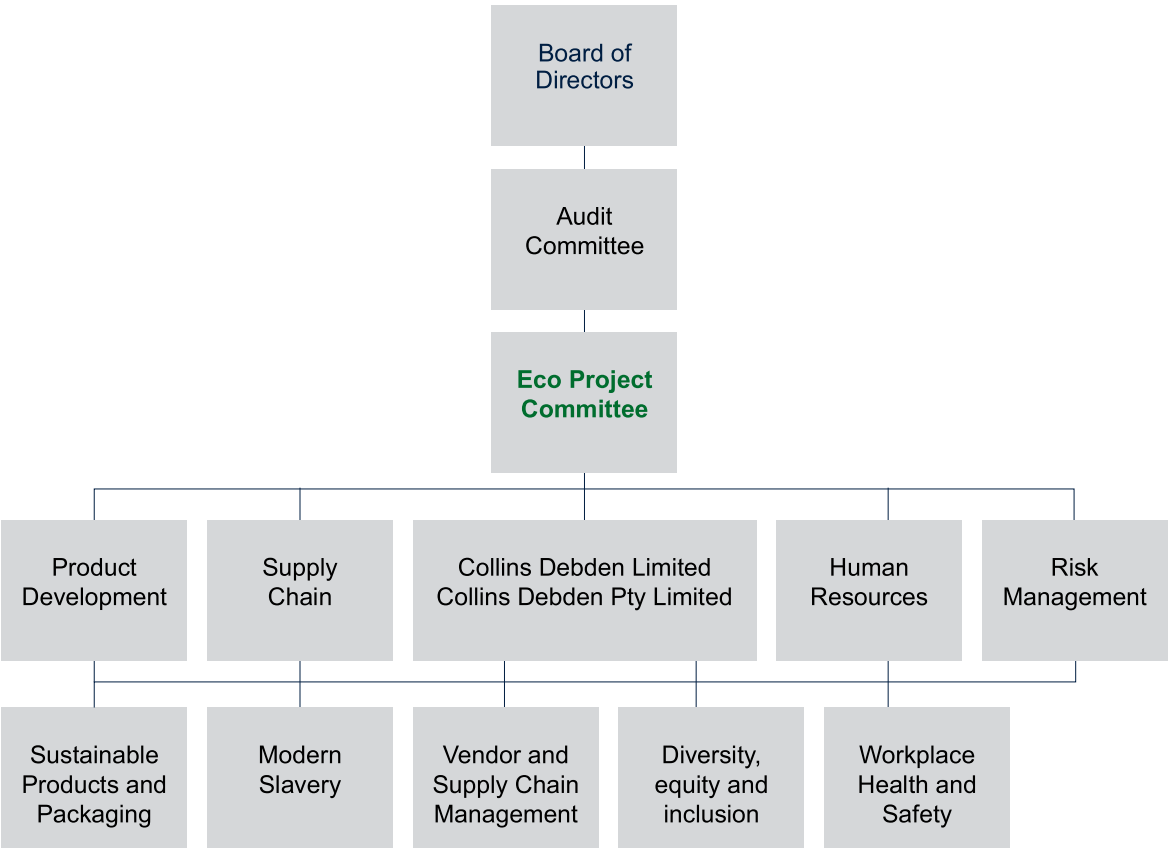
All Board members have attended formal training in sustainability organised by accredited parties by the Singapore Exchange. The composition and experience of the Board can be found on pages 14 to 16 of this report.

7.1.2 Management’s role in assessing and managing climate-related risks and opportunities

The EPC comprises all C-level executives and functional heads, who plan, review and approve Nippecraft’s Sustainability and Climate-related strategy and other EESG decisions across Singapore, Australia and United Kingdom operations. All C-level executives and functional heads (who are also members of EPC) have attended the same formal training in sustainability attended by our Board members.

The EPC reviews key climate risks that include emerging risks, mitigation plans and progress against targets and makes recommendations to the Board through the AC. The EPC also reviews the Group’s progress to ensure that it is aligned with the TCFD framework and disclosures.

Chart 3: Eco Project Committee



A summary of sustainability and climate-related governance is detailed in Table 16 which described the roles, responsibilities and meeting frequency for each governance and management structure.

Table 16: Sustainability and climate-related governance

Governance/ Management Structure	Climate-related roles and responsibilities	Meeting and reporting frequency
Board of Directors	Set the general direction of the Group's sustainability and climate-related strategy, and the decision-making process.	Once to twice a year
Audit Committee	Review key climate risks, mitigation plans and progress against targets and recommendation from EPC.	Participate in meetings with AC, Board and EPC.
Chief Executive Officer	CEO, a Board member, and Chairperson of the Eco Project Committee, is responsible for making climate-specific recommendations to the Board, related to disclosures, performance, risks and strategy.	Participate in meetings with AC, Board and EPC.
Eco Project Committee	<p>EPC, comprises of C-level executives and Functional Heads.</p> <p>Its roles and responsibilities include:</p> <ul style="list-style-type: none"> • Formulate the visions, strategies and policies on sustainability; • Addressing EESG issues of the Group; • Identify, assess, monitor and report on climate-related issues; • Prepare Sustainability Report, including alignment with the TCFD framework; • Review effectiveness of policies and measures by monitoring targets set; • Report to the Board through AC at least once a year on latest issues within its scope and power. 	Monthly to quarterly or when required

7.2 TCFD Pillar: Strategy

Nippecraft aims to create long-term sustainable value for all our stakeholders. Our key objectives are to attract, develop and retain our employees. We want to connect, enrich and satisfy our customers and the local community that we serve through innovative sustainable products that creates a positive impact on our Earth.

7.2.1 Climate-related risks and opportunities the organisation has identified over the short, medium, and long-term

Climate change is a medium to long-term risk for which it is difficult to quantify the impact on Nippecraft's activities. We understand the important role that we act upon in minimising the environmental footprint of our operations and sustainable production through the efficient use of resources. As one of the oldest heritage brands, Collins, together with Nippecraft, aims to create sustainable value for all our stakeholders. Our objective is to attract, develop, and keep our people. In addition, through innovation, connect and improve the lives of our customers and community. Ultimately, creating a positive impact on our environment.

We are committed to minimise our carbon footprint in our business operations to meet our carbon reduction targets. Our products mainly consist of Pulp and Paper. Pulp and Paper are renewable and recyclable and are the most recycled materials globally. On the packaging of our stationery products, plastic remains the preferred material. Nevertheless, we will continue exploring opportunities to reduce the use of plastic.

Climate-related risks identified include material transition risks including new laws and regulations, market adaption and technology adoption. Physical risks (chronic) include increasing temperature and rising sea levels. We have also identified an increase in the frequency of extreme weather events on the surface across years in 2024 (short term), 2030 (medium term) and 2050 and beyond (long term).

On the other hand, it presented us opportunities, such as sustained improvements, to reconsider the need to use plastic as a preferred material to package our stationery products or that we can do away with packaging altogether; drive towards eco-friendly stationery items; offer ranges of seasonal products to harness solar power as a solution for our electricity needs for our Singapore warehouses; and a resilient stationery and pulp trader during extreme weather events.

7.2.2 Impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning

We reviewed the possible impact over the short term (year 2024), medium term (year 2030) and long-term (year 2050 and beyond) horizons. The outcome of the scenario mapping has been summarised as climate-related risks and opportunities.

The wide swing in temperature will also gear towards an increase in energy consumption and other related costs associated with our business which inevitably drive up our business costs. Over the years, the Group has mitigated higher energy consumption and adopted energy-saving measures such as downsizing our corporate and overseas offices and outsourcing our overseas warehousing and transportation/delivery needs to third party logistic service providers to reap economies of scale. In Singapore, we have also used LED lights, which consume less energy, in our warehouse. This strategy has enabled the Group to reduce our carbon footprint over the years.

On the opportunity front, we realised that there is a shift in our customer bases in gearing toward buying stationery products that are produced using recycled materials. In the year 2023, we continue to produce 5 product ranges that are made up of recycled materials to meet the demand of this group of customers (Please refer to section 4.3 Greener Products). The Group will continue to incorporate sustainable elements into our business when the opportunities arise. In addition, in the geographical regions that we operate in, the local governments have pledged to be carbon neutral before year 2050. We anticipate that sustainability-related stationery products are growing and are expected to grow at a faster pace than in the last ten years.

Material risks and opportunities

Nippecraft Group has a comprehensive and proactive manner road map to anticipate and manage climate change impacts on our business, which includes building climate resilience into the core of our corporate strategy and business operations. We make use of climate risk assessments, which include scenario modeling, to identify events that can be a business opportunity or may potentially affect our business operations. The following are our climate-related risk view, the impacts, and our response and opportunities to those risks identified:

Table 17: Identified Climate-related Risks and Opportunities

Risk Type	Description of Potential Impacts	Impacts	Our Response and Opportunities
Transition	Policy and regulation	<p>Regulators in various jurisdictions where we operate may enforce additional requirements related to utilities and stricter environmental policies. The oversight of emissions and adoption of carbon pricing measures may raise operating expenses.</p> <p>Non-compliance may expose us to potential litigation risks.</p>	<p>Resource Optimisation</p> <p>Sustained improvements and innovation design, along with alternative more environmentally friendly raw materials, aim to enhance resource efficiency, achieve a reduced carbon footprint, and cut long-term operating expenses.</p>
	Market	<p>Adapting to changing customer preferences for sustainable products (such as more environmentally friendly plastic) might pose a challenge if we cannot fulfill their demands.</p>	
	Technology	<p>Moving toward a low-carbon economy may necessitate the adoption of new technologies to improve resource efficiency across our global operations. Falling behind in technology adoption may result in a loss of competitiveness. In addition, there may be a need to phase out older equipment to remain relevant.</p>	

Risk Type	Description of Potential Impacts	Impacts	Our Response and Opportunities
Physical (Chronic)	Increase in temperature	<p>Increase in temperature might contribute to drought conditions, affecting the health of the forests and quality of pulpwood. It may influence the overall eco-system, potentially impacting the availability of pulpwood resources.</p> <p>Potential challenges may include disruption in raw material (primarily paper), increased production costs, and the need for sustainable practices to address environmental concerns.</p>	<p>Diversification of supply-chain</p> <p>We will diversify our supply chain by sourcing and producing across different suppliers across different countries and regions. This will mitigate risks that may cause disruptions, such as geopolitical tensions and natural disasters. With diversification, it will enhance our resilience toward unforeseen challenges and ensuring a more reliable supply-chain. The opportunities include fostering greater innovation as suppliers explore for greater diversity marketplace and technologies; and may lead to higher cost efficiency and improve responsiveness, which will lead to longer term sustainability and competitiveness of our supply chain.</p> <p>Innovation in Product Design</p> <p>The need for climate-adapted and sustainable products may drive innovation in the design and production of eco-friendly stationery items that align with environmentally conscious consumer preferences.</p> <p>Seasonal Products</p> <p>With changing temperature patterns, there may be opportunities to diversify product lines, offering seasonal products or weather-specific stationery items that cater to different consumer needs throughout the year. For example, umbrellas and water bottles.</p>
	Rising sea levels	<p>Raw materials that are sourced from coastal areas, rising sea levels may disrupt the supply chain, affecting the cost of paper and other materials.</p> <p>Mitigating the effects of rising sea levels may disrupt the supply chain, leading to increased operational costs.</p> <p>Changing climate patterns may influence consumer preferences and behaviours which may impact the demand for certain types of paper stationery products. For example, increased awareness of environmental issues may drive a demand for eco-friendly and sustainable products.</p>	

Risk Type	Description of Potential Impacts	Impacts	Our Response and Opportunities
Physical (Acute)	Increase in the frequency in extreme weather events	<p>More frequent and intense extreme weather events, such as storms with strong winds, that have the potential to damage our warehouses and inventory.</p> <p>This may require increased capital expenditure for repairs or the installation of climate-resilient roofing on our warehouses. In addition, damaged inventory may adversely affect our import, domestic and export business operations.</p>	<p>Resilience measures</p> <p>To complement our ongoing research and development of innovative product design, we have proactively assessed and addressed the potential impacts by incorporating sustainable practices into our business strategies, such as harnessing solar energy for our energy needs and at the same time offsetting our GHG emissions.</p>

7.2.3 Resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including 2° Celsius or lower scenario

We believe that scenario analysis is important and useful for creating a strategic plan to reduce climate-related risk. The following is a list of climate-related scenarios and our strategy in neutralising the impact on our business:

Climate-related Scenarios	Our strategy/counter measures
Damage to assets	Sufficient insurance coverage on our assets.
Increase in temperature & rise in sea levels	Warehouse and offices are not located near forested and/or costal area to avoid bushfire and flooding.
Increase in environmental regulations	Comply with all environmental regulations and ensure supplies are purchased from sustainable sources, wherever possible.
Increase in carbon taxes	Use more energy efficient equipment and lighting to reduce GHG emissions and carbon taxes.

7.3 TCFD Pillar: Risk Management

7.3.1 Describe the organisation's process for identifying and assessing climate-related risks

7.3.2 Describe the organisation's processes for managing climate-related risks

We systematically recognise, evaluate and control risks to minimise uncertainties linked to implementing our business strategies, thereby lessening potential adverse effects on our operations. At the enterprise level, we have implemented a thorough risk management framework outlining our governance structure, risk appetite, tolerance levels, management approach, and key risk factors. Through stakeholder engagement and material assessments, we scrutinise EESG risks across our value chain, addressing them through corporate sustainability initiatives. Additionally, we conduct climate scenario analyses to identify and manage climate-related risks.

7.3.3 Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management

We have incorporated climate-related risks into our risk register. Along with other global companies, we will face various strategic and operational challenges due to climate change, encompassing financial risks from both transitional and physical (Chronic and acute) risks, which will impact the sustainability of our businesses. Our strategy involves each strategic business unit (“SBU”) in identifying, assessing and managing risks within its enterprise, integrating these actions into the annual business planning and budgeting process.

Stages of the risk management process	Status	The approach to manage climate risks
Establishing the environment Describe the SBU commercial landscape which undertakes the risk assessment operations, providing the environment for the assessment and the criteria against the risks that will be assessed later in the process.	Completed	Refer to 7.2.3
Identification of Risk By getting inputs from key management personnel and internal information sources	Completed	The various risk owners and stakeholders are involved in the risk assessment process within the Group.
Assessment of risk To comprehend the root cause of the risk and the likelihood of the risk may occur and cause impact on financial and non-financial impact for the SBU.	Completed	The Group has assessed risks and has also implemented its risk mitigating strategy.
Mitigation of Risk Determine the risk mitigating strategy that can be identified to mitigate risks that have been identified.	Carried out	
Mitigation of Risk Monitor those identified risks and ensure that they remain within acceptable levels.	Carried out	The Group incorporated climate risks into the current risk surveillance system.
Response to the Risk Evaluate the effectiveness of the mitigating strategy to the identified risks and update the mitigating strategy, if necessary.	Carried out	The Group evaluated the effectiveness of the mitigating strategy to the realised risks and updated the response when necessary.
Communicate, Collaborate, Review and update Consolidate key information and share with the appropriate management level and/or to the Board	On-going	Periodic update on the progress of the above steps and update the risk management plan to keep the plan up to date and effective.

7.4 TCFD Pillar: Metrics & Targets

7.4.1 Metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risks management process. Globally and locally, more businesses are pivoting towards sustainable practices as greater demand grows from customers, investors and other

stakeholders. In September 2022, Singapore announced new ambitions to reach net-zero emissions by 2050, and during Budget 2022, to raise the carbon tax from \$5 per tonne of emissions to between \$50 and \$80 by 2030.

7.4.2 Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (“GHG”) emissions, and related risks

7.4.3 Targets used by the organisation to manage climate-related risks and opportunities and performance against targets

Nippecraft has started measuring GHG emissions (scope 1, 2 and 3) in accordance with GHG Protocol. The GHG emissions summary for the last three years are as follows:

Performance and Targets

Environmental - GHG emissions	Unit	2021 Actual	2022 Actual	2023 Actual	2024 Target
Direct GHG emissions (Scope 1) - Petrol consumption ¹	tCO ₂ e	17	10	8	8
Energy indirect GHG emissions (Scope 2) - Electricity consumption ²	tCO ₂ e	41	41	9 ⁴	4 ⁴
Other indirect GHG emissions (Scope 3) - Business trips ³	tCO ₂ e	9	24	72	72
Total	tCO₂e	67	75	89	84
GHG emission intensity	tCO ₂ e/ Revenue (US\$'000)	0.004	0.005	0.006	

Note:

¹ Petrol consumption refers to petrol consumed for business purposes which are paid or reimbursed by the Group.

² Electricity consumption refers to electricity consumed by the Group only. It excludes electricity consumption by tenants, vendors and third-party warehouses.

³ Business trips refers to business trips taken by the Group employees and vendors that are reimbursed by the Group.

⁴ Due to the disposal of factory cum warehouse on 8 March 2023.

A target of 56% reduction in Scope 2 of the GHG emissions by the financial year ended 31 December 2024, compared to 31 December 2023 is set. As for Scope 1 and Scope 3, we have targets but are mindful to communicate using telecommunication channels with our stakeholders, where possible rather than visiting them by road, by rail or by air to their offices for meetings.

8. Contact Us

Your input will contribute to the ongoing enhancement of our EESG efforts and overall performance. Should you have any inquiries or suggestions about this sustainability report or our EESG initiatives, kindly reach out to us via email at sustainability@nippecraft.com.sg.

Universal Standard Disclosure		Reference / Page
GRI 3: Material Topics 2021		
1.	The organization and its reporting practices	
2-1	Organisational details	1.1 - 1.4 / 50
2-2	Entities included in the organisation's sustainability reporting	1.3 / 51
2-3	Reporting period, frequency and contact point	1.3 / 51
2-4	Restatements of information	None
2-5	External assurance	No external assurance obtained
2.	Activities and workers	
2-6	Activities, value chain and other business relationships	5.0 / 61
2-7	Employees	5.0 / 61
2-8	Workers who are not employees	5.0 / 61
3.	Governance	
2-9	Governance and Structure and composition	CG framework & 7.1 / 18 & 71
2-10	Nomination and selection of the highest governance body	CG framework / 18
2-11	Chair of the highest governance body	CG framework / 18
2-12	Role of the highest governance body in overseeing the management impacts	CG framework / 18
2-13	Delegation of responsibility for managing impact	7.1.2 & 5.2/ 72 & 64
2-14	Role of the highest governance body in sustainability reporting	7.1.2 / 72
2-15	Conflicts of interest	6.4 / 69
2-16	Communication of critical concerns	Whistleblowing Channels / 38 Managing Stakeholders Relationships / 41
2-17	Collective knowledge of the highest governance body	Directors' duties, induction, training and development / 20
2-18	Evaluation of the performance of the highest governance body	Board Performance / 29
2-19	Remuneration policies	Procedures for developing for developing remuneration policies / 29
2-20	Process to determine remuneration	RC to consider and ensure all aspects of remuneration are fair / 30
2-21	Annual total compensation ratio	5:1 (CEO total compensation to median annual total compensation for Nippecraft Group, excluding CEO)
4.	Strategy, policies and practices	
2-22	Statement on sustainability development strategy	Chairman's message / 12
2-23	Policy commitments	1.1 / 50
2-24	Embedding policy commitments	4.0, 5.0, 6.0 & 7.0 / 59, 61, 68 & 70

Universal Standard Disclosure		Reference / Page
2-25	Processes to remediate negative impacts	Engagement with shareholders / 40 Whistleblowing Channels / 38
2-26	Mechanisms for seeking advice and raising concerns	Engagement with shareholders / 40
2-27	Compliance with laws and regulations	6.0 / 68
2-28	Membership associations	1.4 / 51
5. Stakeholder Engagement		
2-29	Approach to stakeholder engagement	2.2 / 53
2-30	Collective bargaining agreements	5.1 / 63
GRI 3: Material Topics 2021		
3-1	Process to determine material topics	2.3 / 55
3-2	List of material topics	2.3 / 55
3-3	Management of material topics	2.3, 3.0 - 7.0 / 55, 58 - 70
GRI 201: Economic Performance		
201-1	Direct economic value generated and distributed	1.5 / 52
201-3	Defined benefit plan obligations and other retirement plans	1.5 / 52
201-4	Financial assistance received from government	1.6 / 52
Category: Environmental		
GRI 301: Materials		
301-1	Material used by weight or volume	4.1 / 59
301-2	Recycled input materials used	4.1 / 59
GRI 302: Energy		
302-1	Energy consumption within the organization	7.4.2 / 79
302-4	Reduction of energy consumption	7.4.3 / 79
GRI 308: Supplier Environmental Assessment		
308-1	New suppliers that were screened using environmental criteria	4.2 / 60
308-2	Negative environmental impacts in the supply chain and actions taken	4.2 / 60
GRI 401: Employment		
401-1	New employee hires and employee turnover	5.0 / 61
401-3	Parental leave	5.1 / 63
GRI 403: Occupational Health and Safety		
403-6	Promotion of worker health	5.5 / 66
403-9	Work-related injuries	5.5 / 66
403-10	Work-related ill health	5.5 / 66

Universal Standard Disclosure		Reference / Page
GRI 404: Training and Education		
404-1	Average hours of training per year per employee	5.4 / 65
404-2	Programs for upgrading employee skills and transition assistance programs	5.4 / 65
404-3	Percentage of employees receiving regular performance and career Development reviews	5.6 / 66
GRI 413: Local Communities		
414-1	Operations with local community engagement, impact assessments, and development programs	5.7 / 67
GRI 419: Socio-Economic Compliance		
419-1	Non-compliance with laws and regulations in the social and economic area	5.8 / 67
MATERIAL TOPICS		
GRI 205: Anti-corruption 2016		
205-1	Operations assessed for risks related to corruption	6.3 & Whistle-blowing channels / 68 & 38
205-2	Communication and training about anti-corruption policies and procedures	5.4 / 65
205-3	Confirmed incident of corruption and actions taken	6.3 / 68
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	5.1 / 63

The TCFD recommendations on Climate-related Financial Disclosures

Recommended disclosures				Reference / page
Governance	Disclose the organisation's governance around climate-related risks and opportunities	(a)	Describe the board's oversight of climate-related risks and opportunities.	7.0 / 70
		(b)	Describe the board's oversight of climate-related risks and opportunities.	7.1 / 71
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	(a)	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	7.2.1 / 74
		(b)	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	7.2.2 / 74
Risk Management	Disclose how the organization identifies, assesses, and manage climate-related risks.	(a)	Describe the organisational's processes for identifying and assessing climate-related risks.	7.3.1 / 77
		(b)	Describe the organisational's processes for managing climate-related risks.	7.3.2 / 77
		(c)	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	7.3.3 / 78
Metrics and Targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	(a)	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	7.4.1 / 78
		(b)	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	7.4.2 / 79
		(c)	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	7.4.3 / 79