



NEW TOYO
International Holdings Ltd

**UNCOVERING
SUSTAINABLE
VALUE**

SUSTAINABILITY REPORT 2017

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MESSAGE FROM BOARD OF DIRECTORS

Our business and our sustainability rest on the same foundation: Meticulous planning for maximum efficiency and dedication to quality ensures that we achieve the highest ratings in customer satisfaction while at the same time protecting the interests of all our stakeholders. We are proud to present to you our inaugural sustainability report, which marks a significant milestone after a 41-year journey of creating shared value with our stakeholders with quality packaging solutions and services.

Dear Stakeholders,

It is our firm belief that true prosperity is not centered solely on profit performance, but by protecting the earth, we leave the best legacy for our future generations that will be indelibly marked by our efforts today. At New Toyo, we view all sustainability concerns; from environmental, social to governance, with the highest regard as with our business activities. With that in mind, we strongly believe and advocate in being good stewards of the environment, being accountable to our employee welfares and complying with all applicable environmental laws and regulations.

Our commitment to sustainability begins at the initial stages of production and we are working to integrate it throughout our supply chain, from minimising environmental impact to improving the well-being of our employees globally.

We believe that environmental sustainability starts with planning efficiently to minimise waste and consumption of energy and raw materials. Our employees are the key to our success and their safety and development are of utmost importance. In addition, we advocate the importance of engaging and positively impacting our local communities through a two-pronged approach of corporate giving and empowerment. This is especially relevant given that we have low-cost based production centres located in ASEAN's fastest growing economies, namely in Indonesia and Vietnam.

As part of the report preparation process, we have undergone a robust materiality assessment process. We have established a Sustainability Reporting Committee ("SRC") and engaged our key stakeholder groups in determining our material environmental, social, and governance ("ESG") topics.

All in all, our sustainability report is testament to how we approach sustainability; from the integration of our policies into our business practices, to tracking the performance of our Key Performance Indicators ("KPI").

We approach sustainability in the same way we approach our business: professionally.

ABOUT NEW TOYO

With over 40 years of experience, New Toyo has established a reputation as a value-added provider of quality products and services. With numerous applications for packaging materials, we are constantly upgrading our technology and productivity to stay abreast of the latest changes.



Our Vision

To be the preferred supplier of consistently high quality packaging materials

Founded in 1975 and listed on the Mainboard of the Singapore Exchange on 4 April 1997, New Toyo International Holdings Ltd (“New Toyo”) is a leading regional provider and one of the largest producers of high quality specialty packaging materials to the tobacco, food & beverage, wine, liquor, and cosmetics industries in Asia Pacific. Headquartered in Singapore with 1,507 employees across all our entities, our operations are strategically located across the region to serve both multinational corporations and local customers. We have a strong manufacturing base with multiple facilities located strategically in Singapore, Malaysia, Vietnam, Dubai, and China to ensure effective support to our customers in those markets.

Our business is focused on improving and perfecting the quality of our products and meeting our customers’ needs.

New Toyo has two core business divisions:

- The **Specialty Papers** (“SP”) division focuses on the production of laminated and/or coated paper and paper boards in reel form or in sheets. These products are mainly used in the packing of cigarettes, food, beverages, wine and liquor, tissue boxes, cosmetics, labelling and gift wrapping.
- The **Printed Cartons and Labels** (“PCL”) division offers mainly gravure and lithography printing. Gravure printing is a specialised high-speed printing process used for the printing of high quality paper prints mainly for cigarette packaging. Lithography or offset printing is mainly used for the supply of folded cartons and labels for fast moving consumer goods.

In addition, the Group has a trading business that focuses on the sale of raw materials, paper products and equipments.

OUR SUSTAINABILITY ETHOS



To do our part in safeguarding our Environment,
bettering the lives of our People and the Communities
where we Work and Live.



At New Toyo, we have always adopted a forward looking approach in how we conduct our business. We understand that the way we operate our business, how we treat people and the impact our business activities have on our future generations will determine how others view New Toyo.

Our approach to sustainability covers the entire supply chain from raw materials, to conversion, to the eventual delivery to our customers. We continuously assess areas for improvements in the sustainability of each activity, with particular focus on effective planning. Through effective planning, we reduce the consumption of natural resources used to produce paper, paper board and aluminium foil.

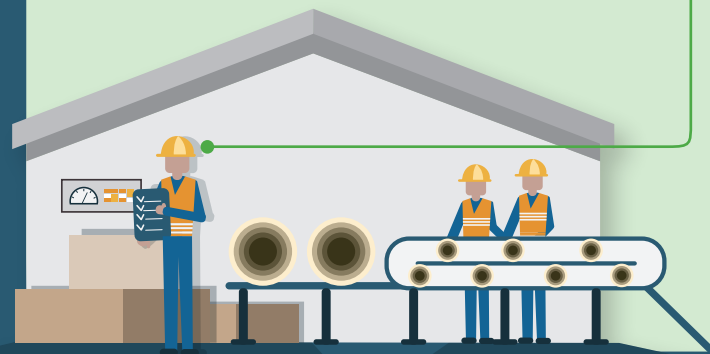
To acknowledge the importance of extending our sustainability principles to our supply chain, we have developed a **Supplier Code of Conduct** ("Supplier CoC") that encourages our suppliers to see sustainability beyond having a set of rules, to establishing and integrating the modus operandi in the way business

activities can be best conducted in the spirit of sustainability. The supply chain shall attend to other critical success factors such as ethics in business dealings, adherence to the applicable laws and regulations, and environmental stewardship.

We are further pleased to report that none of our products are banned in any of the markets we operate in.

In essence, we believe that doing the right things in the course of the business is to also having the right attitude and mind-set to maintain ethical and responsible behaviour. For further details on how we manage our raw materials and suppliers, please refer to our Materials and Responsible Sourcing sections.

Plan to Buy



Effective Planning of Raw Materials

Base Materials

By planning ahead, we are able to purchase our base materials that is of the closest dimensions to our final products' specifications. This means lesser wastage which translates to lesser consumption of natural resources.

Other Raw Materials

We always encourage our customers to go with water-based lacquer as it is more environmentally friendly.

Plan to Make

People

Job Scheduling

With proper job scheduling, we ensure that our staff are well-rested. This improves productivity and our employees' well-being, and reduce accidents and injuries to the minimum by instilling healthy work practices.

Personnel Planning

This supports operational effectiveness and efficiency.

Electricity

We perform regular machine maintenance to ensure that it runs smoothly. This in turn minimises the machine downtime, i.e. machinery breakdown. As the machinery consumes more electricity from offline to start-up as opposed to running at a constant rate, low machine downtime helps to reduce our carbon footprint.

Water

Fortunately, our manufacturing factories do not consume as much water compared to a typical manufacturing plant, therefore our conservation efforts are directed towards energy efficiency, where possible.

Quality

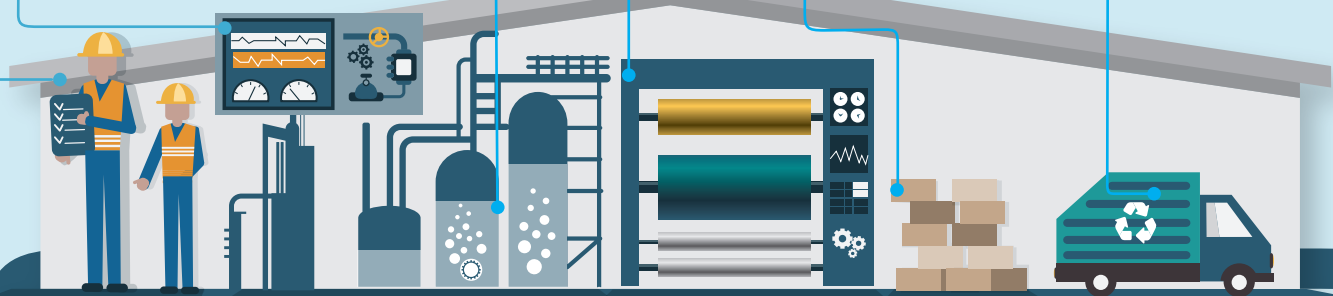
Our manufacturing plants adheres to ISO 9001 which ensures the quality of our products. Quality affects the consumption. With low internal and external rejects, we save on materials, energy, transport and labour involved in rework and replacements.

Packaging

Our products are properly packaged and sealed to ensure that its quality is not compromised from exposure to the elements during delivery. This ensures low customer rejects which minimises wastage, consumption of raw materials, energy, transport and labour for the replacement of the damaged goods.

Waste Management

Our waste disposal is currently well managed by licensed contractors, who are registered under the local authorities.



Plan to Distribute



On-Time-In-Full Delivery

By ensuring that our deliveries are on time and in full, we are able to avoid unnecessary urgent deliveries which reduces our carbon footprint.

Delivery Planning

By working closely with our customers, we optimise our deliveries by fulfilling maximum container capacity. This maximises our freight deliveries which in turn reduces our carbon footprint.

ABOUT THIS REPORT

We owe it to our stakeholders to ensure the future sustainability of our business by going beyond mere compliance with regulatory requirements. While new to this reporting, we are approaching sustainability in the same way that our customers have come to know us over the last four decades: with honesty, integrity, and a dedication to excellence.

Our inaugural report covers the period from 1 January to 31 December 2017 (“2017”) and future reports will be published annually going forward.

We have placed emphasis in determining the ESG topics which are viewed as important to our stakeholders in order to structure our sustainability report. Detailed information on our material ESG topics and how our operations are impacting society and the environment is disclosed in the following sections.

This sustainability report focuses on the SP division, which is representative of our material sustainability topics. Our PCL division is covered in a separate report by our subsidiary, Tien Wah Press Holdings, which is listed on Bursa Malaysia and subject to Bursa’s sustainability reporting requirements. Excluded from this report is our Trading division of which the business activity is generally limited to that of an intermediary in the buy and sell of materials, and on its own, has very minimal sustainability impact. Moving forward, we will continuously review the materiality of this trading division for inclusion into our sustainability reporting.

Our ESG topics were benchmarked against selected peers in the market. Our stakeholder engagement exercise which emphasises on stakeholder inclusiveness, completeness, and balanced reporting was designed to receive critical feedback on our material ESG topics from different stakeholders. For the list of material ESG topics, please refer to our Materiality section.

In line with best practices, we have chosen the Global Reporting Initiative (“GRI”) Standards framework for our sustainability reporting. It provides clear specifications to ensure the accuracy of our report and will allow for our performance to be benchmarked against peers. As such, the sustainability report is also prepared in accordance with the **GRI Standards: Core option**. For this year’s report we have not sought external assurance and will consider it when our sustainability reporting evolves and matures. In the meantime, we are working to embed sustainability into all parts of our organisation and continuously integrate the various sustainability-related metrics into our management systems.

To ensure a complete and transparent rendering of all aspects of our company’s performance across the environmental, social, and economic domains, this report should be read in conjunction with our latest annual report, which provides details of our financial performance and our approach to corporate governance and risk management.

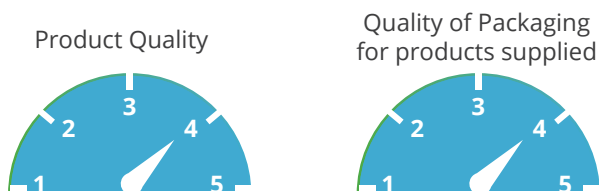
This report uses standard units of measurement. Conversion factors, where required and applicable, as well as the computational basis for certain metrics are explained in their respective sections.

For any questions regarding this report, please reach us at enquiry@newtoyo.com.

PERFORMANCE HIGHLIGHTS

Sustainability Key Highlights

Our Customers Our Customer's rating¹ in 2017



¹Rating scale of 1 (lowest) to 5 (highest)

Our People	By Gender		By Region		
	Male	Female	Singapore	Malaysia	Vietnam
Occupational disease rate	0	0	0	0	0
No. of work-related fatalities	0	0	0	0	0
No. of non-fatal work injuries	19	1	11	8	1
Absentee rate	1.0%	0.6%	2.0%	2.3%	0.2%
Total number of new employee hires (Total: 93)	78	15	- see below -		
New employee hires rate	16.3%	3.1%	- see below -		
Total number of employee turnover (Total: 116)	103	13	- see below -		
Employee turnover rate	21.5%	2.7%	- see below -		
Average hours of training per employee	9.3	9.2	- not applicable -		

	Age Group			By Region		
	< 30 years	30 to 50 years	> 50 years	Singapore	Malaysia	Vietnam
Total number of new employee hires	46	41	6	7	46	40
New employee hires rate	9.6%	8.6%	1.2%	1.5%	9.6%	8.3%
Employee turnover rate	15.5%	8.1%	0.6%	1.9%	6.0%	16.3%

Average hours of training per employee (by employee category)	2017
- Senior Management	22.0
- Management	34.6
- Senior	7.0
- Junior	5.8
- Non-clerical	8.1

Compliance (in 2017)



Environment	2017
Percentage of recycled input materials used to manufacture our primary products	13.3%
Scrap materials sent for recycling	3,220 tonnes
Energy intensity ratio (per dollar revenue)	484 kilojoules
Water withdrawn from municipal water supplies	23,131 cubic metres

Community	2017
Community investment	
- In Singapore	S\$0.5 million
- In Vietnam	VND150 million

Environment and Community are our voluntary disclosures.

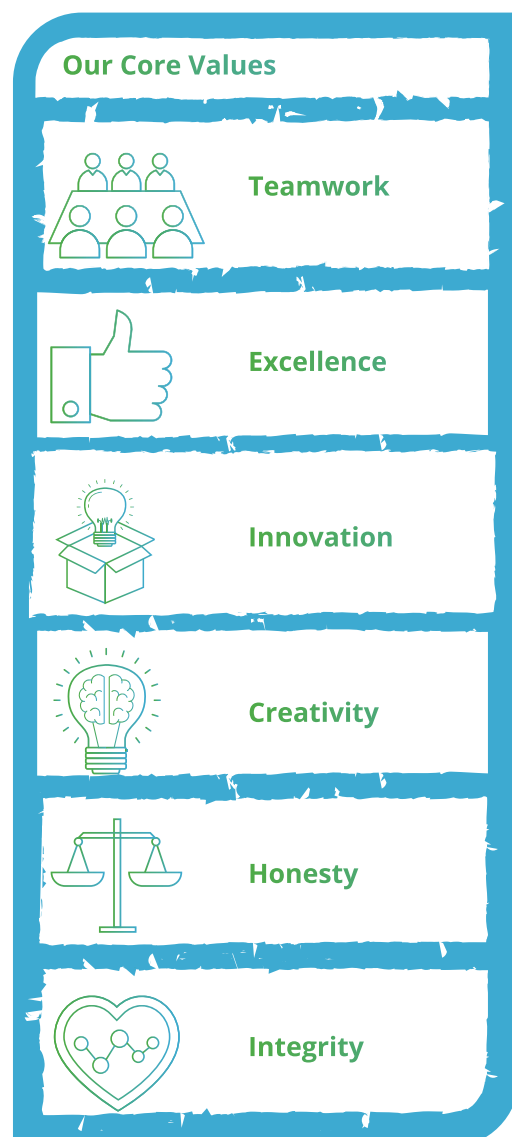
OUR APPROACH

In 2016, we celebrated 40 successful years of proactively creating growth opportunities through our focus on sound business strategy. We manage sustainability throughout our business by applying effective planning to all stages, from buying our raw materials, to producing our products and delivery to our clients. We believe that our awareness of sustainability topics will be an important contributor to enhancing our attractiveness in the eyes of our customers, which include global MNCs.

For our inaugural sustainability report, it was of paramount importance to us that we establish a solid framework for determining our material topics and to start engaging our stakeholders on these topics. New Toyo is a diverse group of companies with operations in many different legal jurisdictions across South East Asia, China and the Middle East. We are also looking at developing targets for our material topics ranked as **High Priority** and to implement the necessary control mechanisms to measure, over time, our performance against those targets set. The formulation of sustainability targets for material topics requires time and coordination, and we hope to share more about them in our subsequent reports.

Governance

Recognising the growing importance of sustainability for any responsible corporation, we established our Sustainability Reporting Committee ("SRC"), which comprise of key management personnel in early 2017. The SRC is responsible for directing and monitoring the development of New Toyo's sustainability policies and practices. The SRC reports regularly to the Board through the Group Chief Executive Officer and the Chief Financial Officer on all sustainability matters. This enables the Board to satisfy itself on the structure of the sustainability governance and that sustainability is echoed through the various levels of organisation and assume the overall responsibility for New Toyo's sustainability reporting. In addition, the identified material ESG topics are taken into consideration by the Board in New Toyo's strategic formulation.



OUR APPROACH

Sustainability Governance Structure



Our approach to sustainability is the extension of our solid governance structures and robust approach to risk management. For details on our corporate governance as well as the structure of our Board and its committees, please refer to our 2017 Annual Report.

Risk Management

Our Enterprise Risk Management ("ERM") framework allows us to maximise potential opportunities, manage and minimise the adverse effects of strategic, financial, operational and compliance risks. Sustainability topics are consequently detected whenever these types of risk arise. As each unit has different operating environments, the conformity to ERM in spirit and substance, rather than in form, is emphasised, while addressing the special needs or unique situations that each unit might face.

Business Continuity Management

At New Toyo, we view sustainability as not just an initiative but an ongoing movement. A movement to effectively integrate crisis management with community, environmental and business sustainability to minimise the impact disasters has on our people, the local community and ensuring minimal disruption in our supply to our customers.

OUR APPROACH

Our business continuity management addresses the measures undertaken to:

- Ensuring our employees' safety and well-being takes priority
- Containment actions to limit further damage to factory, its surrounding areas and personnel
- Minimise damage to our production equipment in the event of catastrophe such as fire
- Minimise disruption of our factory's resources and operations
- Re-channel our deliveries to other production facilities in the event that our customer encounters loss of site
- Manage real-time information sharing with regards to emergency response and safety

The robustness of this plan is tested throughout the year to ensure its continued viability and effectiveness.

Ethical Standards

To ensure that our employees exemplify our ethical standards at all times, we require every employee to acknowledge that they have read, understood and abide by our Code of Conduct ("Code"). The Code is included as part of all new employees' orientation training. The Code covers important aspects of compliance with applicable laws, rules and regulations such as insider trading, fraud, and our anti-counterfeiting policy. To reinforce our stance on anti-corruption, a policy on this is emphasised in the Code.

Supplementary to the Code, our whistle-blowing policy provides a mechanism for employees to raise concerns over possible improprieties in financial reporting or other matters. This policy is made familiar to all employees upon onboarding.

We encourage all our employees to report in good faith any concerns they may have to New Toyo's designated receiving officer, who is also the chairman of the Audit Committee. Through this open channel of communication where anonymity is respected, it further illustrates our commitment in creating a workplace where employees feel comfortable to express their concerns or report potential violations of unlawful activities without fear of retaliation.



Our Employee Handbook further sets out guidelines for the proper conduct of all New Toyo employees, such as our policies and procedures for the protection of data and confidentiality. The handbook has to be explicitly acknowledged by each new hire upon joining the company.

We are pleased to report that during 2017, there were zero incidents of non-compliance with laws and regulations in the social and economic area, no complaints concerning breaches of customer privacy and losses of customer data, and no legal actions were brought against New Toyo with regards to anti-competitive behaviour, anti-trust, and monopoly practices. It is our goal to maintain this perfect record in years to come. Ensuring compliance helps to reduce financial risks of internal stakeholders arising from fines and/or impacts on our reputation.

Creating stable, long-term value for our stakeholders has always been our highest priority. With the development of sustainability governance across our operating environments, we aim to better integrate economic, environmental and social performance, driven by our core values and as exemplified in the culture set by our top management.

OUR APPROACH

Stakeholder Engagement

How we engage our Key Stakeholders

Stakeholder Group	Engagement Methods and Frequency	Purpose and Goals	How NTIH has responded
Customers	<ul style="list-style-type: none"> Annual Customer Satisfaction Survey 	Ensure consistent product and service quality	See: Customer Satisfaction, p. 12
Suppliers	<ul style="list-style-type: none"> Regular business meetings, emails, and ad-hoc telephone calls 	Provide safe working conditions and compliance with laws and regulations in the countries they operate in	See: Responsible Sourcing, p. 21
Investors	<ul style="list-style-type: none"> Annual general meetings Quarterly results announcements Regular stock exchange releases online 	Provide timely and regular updates on financial performance, business strategy and other shareholder related issues	See: Governance, Risk Management, p. 7-8 About This Report, p. 5
Board of Directors	<ul style="list-style-type: none"> Regular Board and Board committee meetings (See: Corporate Governance Statement in our Annual Report) 	Ensure business operations comply with laws and regulations	See: Ethical Standards, p. 9 Environment, p. 18
Employees	<ul style="list-style-type: none"> Annual/Ongoing Performance evaluation for all Employees 	Enhance and increase employee commitment and loyalty	See: Our People, p. 13

Engaging our stakeholders on topics important to them as well as to the future of our company is second nature to us and we always do so through a variety of channels, such as regular customer surveys (see “Customer Satisfaction” section), shareholder meetings, and analyst calls. For our inaugural sustainability report, however, stakeholder engagement assumed a special importance, as we wanted to ensure that our stakeholders’ considerations were taken into account regarding which topics are most material to us.

For this first ever stakeholder engagement exercise on sustainability, we decided to focus on five important groups, based on their influence on and interest in our company:

- Customers
- Suppliers
- Investors
- Board of Directors
- Employees (represented by management personnel from our SP division units)

We have solicited feedbacks from our stakeholders through an online survey that was solely managed by the independent sustainability consultant. By facilitating this survey through a third party, we provide assurance to our stakeholders on the impartiality of the survey results.

The objective of the survey was to gauge our stakeholders’ perception of the importance of the ESG topics that New Toyo should place emphasis on. We asked them to:

- Rate the importance of the ESG topics which they think New Toyo should place high emphasis on,
- rate how well they think we are currently managing the respective ESG topics, and to
- provide additional comments, if any.

The overall participation rate in the survey was 71.4%. Stakeholders broadly agreed with New Toyo’s selection of material topics in the survey and expressed their satisfaction that New Toyo is managing these topics well. This encouraging result provided a welcome affirmation that the procedures for determining our material topics are sound and reflective of our stakeholders’ concerns.

OUR APPROACH

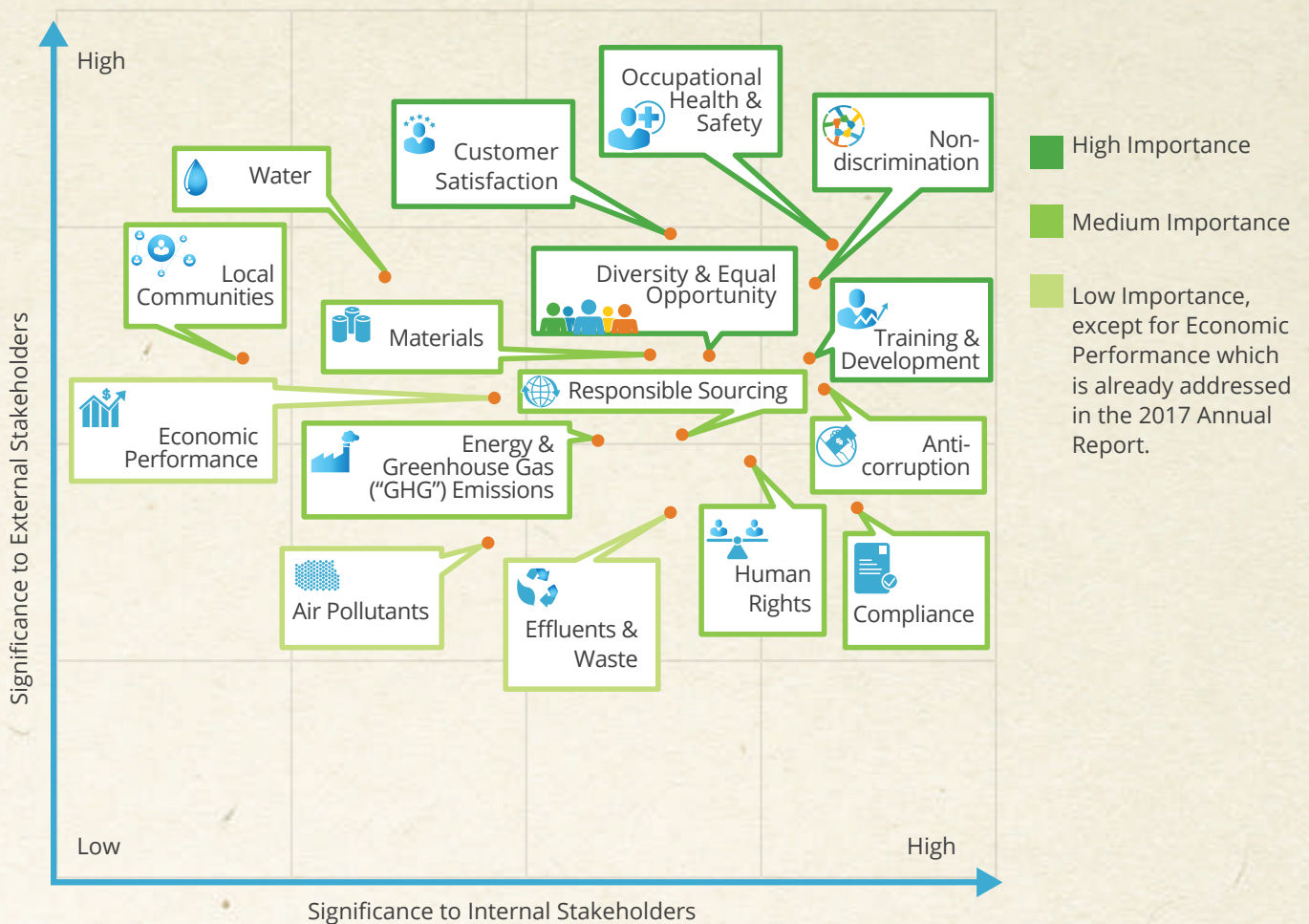
Materiality

Our goal was to ensure that we communicate *material* information to our stakeholders, beyond traditional financial reporting. A topic is deemed to be material if it could influence stakeholders' decisions about our company or affect our long term financial performance. The Group's materiality assessment is guided by the GRI Principles.

In preparation of our Materiality Assessment Workshop, potential ESG topics were first identified. The identification of topics was benchmarked against selected peers in the market and thereafter, approved by our Sustainability Reporting Committee for our stakeholder engagement survey.

The results of the stakeholder engagement survey were integrated into a preliminary materiality matrix and discussed during our Materiality Assessment Workshop. The Materiality Assessment Workshop was attended by our Board, Senior Management and facilitated by an independent sustainability consultant. Based on the survey results, our Board and Senior Management deliberated and validated the list of material ESG topics that will form the basis of our sustainability reporting as depicted in the final materiality matrix below.

Moving forward, we will review our performance on material ESG topics and address it in our next sustainability report for FY2018. The ESG topics will be reviewed regularly to ensure their continued relevance to current environments.



CUSTOMER SATISFACTION

One of the best forms of marketing is through positive word of mouth as it is testament to the actual experience. Being a global brand, we have always pride ourselves in delivering excellent customer experience. By keeping our customers highly satisfied and engaged, we distinguish ourselves away from our competitors and put us in the forefront of new opportunities. We host customer visits and audits of our facilities, thus allowing the customers to have a better understanding of our people and our production activities.

Excellent customer experience starts from the initial contact, to understanding their needs, delivering on time in full top quality products and, well-acclaimed after sales support.

While we aim to provide uninterrupted product supply to our customers, we can identify scenarios where extenuating circumstances impacts not only our operations, but also our customers' site which prevents us from delivering to their intended destination. From force majeure events eg. floods and earthquakes, to local conditions such as riots, these are situations which may cause a short term impairment to a supply chain. By working closely with our customers, we put in safety measures to eliminate or reduce the risks associated with such situations. The business continuity management system is regularly tested to ensure its continued relevance the efficiency of which contingent sites can be activated as back up within the Group or for our customers' supply chain; alternative sourcing of raw materials and the redistribution of goods to continue the supply.

Upon receiving customer's feedback, quality control department will take lead and coordinate with relevant departments to conduct a joint investigation to identify the root causes, suggest appropriate corrective and preventive actions to avoid recurrence.

We constantly strive to stay engaged, aligned and be responsive to our customers. Coincidentally, this is also a material ESG topic ranked by our stakeholders. One of the mediums in which we engage customers is through our annual customer satisfaction survey. In 2017, we received an average rating of 4 out of 5 for our SP division on both product quality and quality of packaging for products supplied.

Our business units are certified according to the ISO9001 Standard to ensure that our products meet the needs of our customers as well as statutory and regulatory requirements:

- New Toyo Aluminium Paper Product Co (Pte) Ltd: ISO9001 (2015)
- Paper Base Converting Sdn Bhd: ISO9001 (2015)
- New Toyo (Vietnam) Aluminium Paper Packaging Co., Ltd: ISO9001 (2015)



Product Quality

How happy are our customers?



😊 Excellent	33%
🙂 Good	67%
😐 Average (none)	0%
😞 Poor (none)	0%
😡 Very Poor (none)	0%

Packaging Quality

How happy are our customers with the packaging quality of our delivered products?



😊 Excellent	33%
🙂 Good	67%
😐 Average (none)	0%
😞 Poor (none)	0%
😡 Very Poor (none)	0%

This is based on feedback from almost 80% of our customers (100% of our surveyed Customers rated Good & above)










At New Toyo, we believe that the success of our organisation depends on our people performing at their best. In order to continue spurring motivation within our employees, we continuously work to inculcate a culture of inclusiveness, ongoing training and development and advocate greatly on building strong and positive relationships with them.

Our Employees

As of 2017, we have a total team of 479 employees within our SP division. The demographic profile of our workforce saw a larger proportion of male (384 employees) versus female (95 employees). Majority of the personnel are based in the production factory to manage physical work activities, the job applicants are not evenly distributed and this is understandable and prevalent in the manufacturing industry (see Figure 1.1).

Other than one female part-timer, all our staffs are full-time employees. 30.3% of the total workforce is hired on the fixed-term or temporary contract basis of one to three years. 34.9% of our Malaysia operation and 100% of our Vietnam operation are covered by collective bargaining agreements. We are aware of our responsibility to safeguard workers' rights and we adopted the SA8000 standards for our Vietnam operations. This standard encourages organisations to develop, maintain, and apply socially acceptable practices in the workplace.

Total Employees by Employment Contract and Gender in 2017 (Figure 1.1)

	Number of Employees by Employment Contract, by Gender		Number of Employees by Employment Contract, by Region	
Permanent	251	83	 75	
			Singapore	
	Male	Female	 90	
			Malaysia	
			 169	
			Vietnam	
Fixed term/ Temporary	133	12	 39	
			Malaysia	
	Male	Female	 106	
			Vietnam	

OUR PEOPLE

Diversity and Inclusion

We actively inculcate an environment that includes and respects every individual, regardless of age, gender, ethnicity, nationality or sexual orientation. Evaluations regarding employees and applicants are always based on merit, qualifications and job-related performance. Furthermore, we place great value in the input of each individual regardless of rank and emphasise strongly in fostering an environment that enables us to attract, retain and fully engage diverse talents.

At New Toyo, it is our core belief that our business resilience is stronger when we are able to better understand the changing needs of the supply chain. This is where diversity comes into play – where innovation is fuelled by our diverse team who are encouraged to share their insights in a safe, comfortable and flexible environment. By embracing diversity and inclusion in the way we conduct our business, we also improve our abilities to better engage and understand our customers' representatives which helm from different social, ethnic and geographical backgrounds.



Employee Attrition and New Hire Rates

We strive to retain our talents by offering good career progression and competitive salary and benefit packages to our employees. In 2017, our employee turnover and new hire rates stood at 24.2% and 19.4% respectively – a 4.8% decrease in employees partially the result of our continuous efforts towards productivity and efficiency.

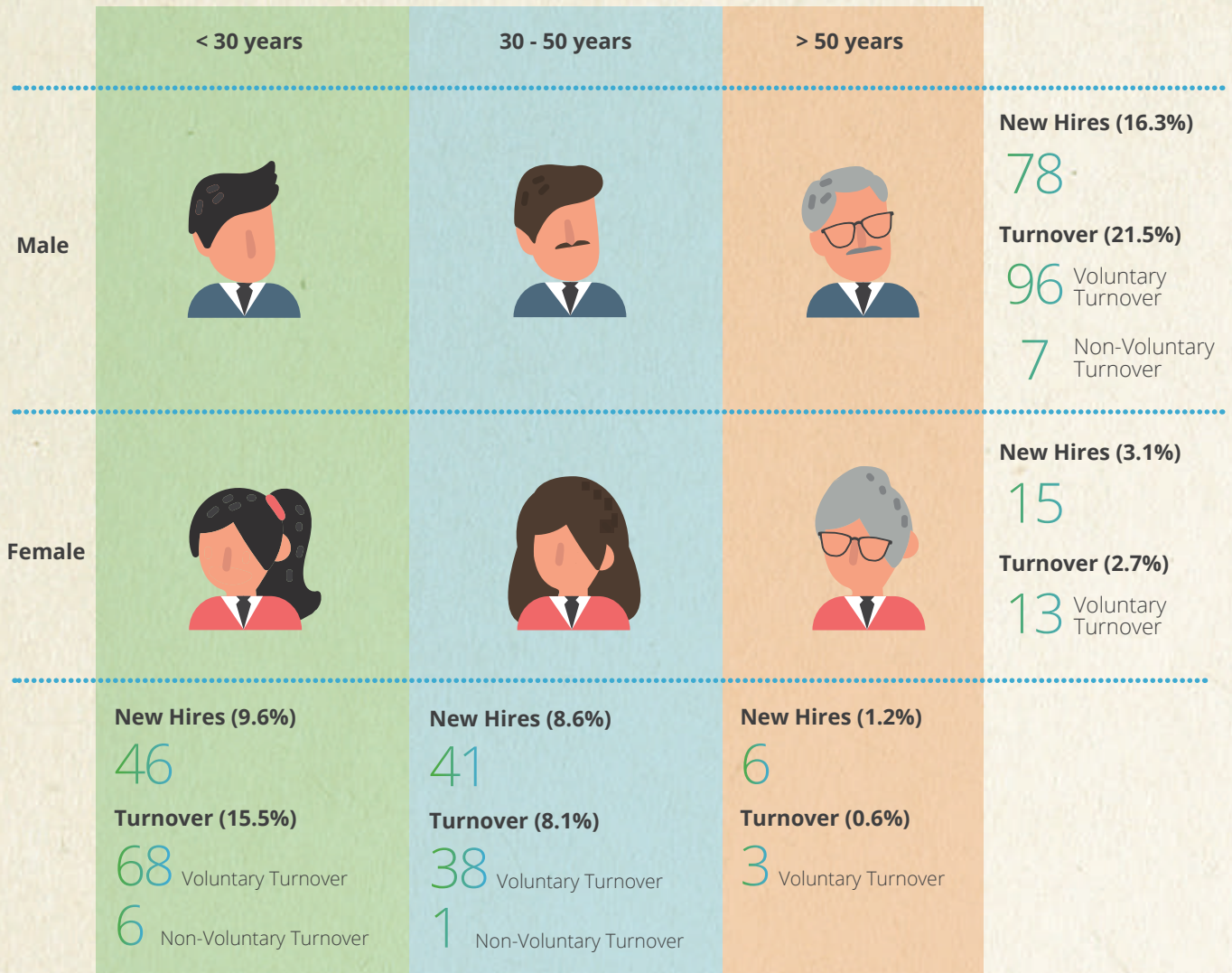
16.3% of the employee turnover rate of 24.2% came from our Vietnam operations (see Figure 1.3). With Vietnam being a developing country with new investments and fast economic growth, the labour workforce undergoes through new opportunities year on year. This translates to more competition for skilled and experienced personnel. This is further exacerbated by changes in Vietnam's employment trend, with increasing job market demands for more machinery assemblers and operators and higher technical professions. 78 employees left our Vietnam operations, of which 61.5% were aged below 30. A report by International Labour Organisation ("ILO") on Vietnam's labour force observed the matching between qualifications and jobs held is increasingly becoming important to young graduates of university or higher levels¹. However, according to ILO's analysis on distribution of employment by occupation, only 13.4% of Vietnam's employment trend demands for PMETs², with a significant percentage (47.1%) skewed towards manual workers and machinery assemblers/operators.

We recognised the impact of these conditions and to stay wage competitive, salary increment was applied in line with the government's guidelines, by the Vietnam operation in 2017.

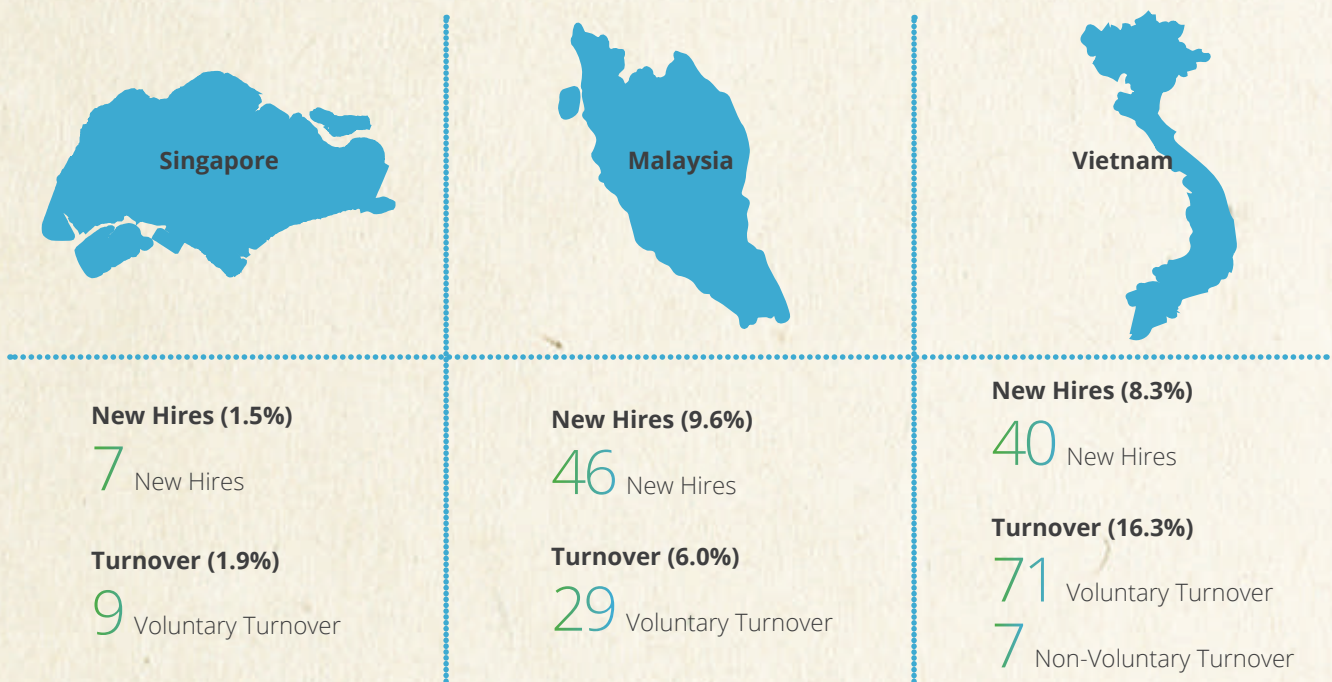
¹ International Labour Organisation's report on Labour and Social Trends in Viet Nam 2012-2017

² Professional, Managers, Executives and Technicians

Total Employee Hires and Employee Turnover in 2017 (by Age Group and Gender)³ (Figure 1.2)



Rate of New Hires and Employee Turnover in 2017 (by Region)³ (Figure 1.3)



³ New hire and turnover rates by gender and region are both based on total new hire and turnover figures of the SP division

OUR PEOPLE



We will intensify our focus on human capital development as this is key to the success of all our strategies. 

Ms. Angela Heng, Group Chief Executive Officer,
New Toyo Annual Report 2016



Anti-Discrimination and Harassment-Free Environment

New Toyo has always maintained an unwavering ethical stance in promoting a hostile-free atmosphere that respects all individuals. We do not tolerate any form of discrimination or harassment and all allegations are taken seriously with the strict disciplinary actions. Discrimination includes, but not limited to age, ancestry, colour, marital status, national origin, race, religion, gender and veteran status. Harassment includes, but not limited to abusive, insulting or offensive actions, including unwelcome requests for sexual favours, sexual advances, and conversation containing sexual comments.

Grievance Mechanism

Employees who are subject to any form of discrimination or harassment, or witness a colleague being subjected to such treatment are encouraged to contact our Group legal department immediately. Their identity will be kept strictly confidential. We explicitly hold our managers responsible for promptly advising the company's senior management or our Human Resources department of any possible harassment cases that come to their attention. These policies are also reflected in our Employee Handbook and our Recruitment Policy and Guidelines on Selection and Hiring. Human Resources actively monitor our recruitment processes to ensure they are not discriminatory and provide statistical data reporting to the Group Assistant HR & Admin Manager on a quarterly basis. There were no reported incidents of discrimination during 2017.

Training and Development

Professional fulfilment and continuous learning are the cornerstones of our workplace philosophy. At New Toyo, we strive to provide a platform where individuals can thrive professionally. That said, we are even more

so committed to providing opportunities for skills upgrading and training. Training programmes for our colleagues' career development are organised externally or in-house throughout the year, to help them excel in their jobs and reach their fullest potential within our organisation. To further demonstrate this pledge, we provide financial assistance and/or subsidise external courses for colleagues who are keen to enhance their existing skillsets or learn new skills.

Where possible, we encourage internal promotions of employees who have demonstrated potential and relevant skills to fill vacant positions instead of recruiting externally. This is exemplified by ongoing identification of talents for future leadership roles through the appraisal and profiling process. At New Toyo, we place a significant focus on human capital development as we recognise that it is crucial to the charting and implementing of our growth strategies.

Open Communication

Our performance evaluation system opens a channel for two-way feedback between our employees and their reporting officers. This performance evaluation system provides opportunities to recognise and reward contributions, motivate employees toward improved performance, and manage career development.

Occupational Health & Safety

As most of the workforce is based in factory settings, we place top priority on health and safety. Operations involve a degree of risk and we have policies in place which objectively assess and reduce risks to a minimum before operations can commence. We comply with all industry regulations and have a systematic approach both to prevent safety breaches and to promote a culture of safety awareness. This involves treating health and safety like any other critical business activity with regular reporting, appraisals and improvements.

OUR PEOPLE

Employees are obliged to carry out their work in a safe manner, without causing harm to themselves or others, and to report any potentially unsafe or unhealthy situations immediately. They must observe and follow all safety and environmental regulations laid down in the operation instructions, including putting on the necessary safety equipment, where applicable.

Our core imperative is to provide an accident-free and safe work environment for our employees. While a diligent amount of care is taken, it is impossible to fully eliminate all workplace risks such as cuts, bruises and sprained backs. To mitigate this, refresher trainings to iterate our safety protocols are conducted to remind our employees the importance of adhering to safety procedures at all times for their safety and well-being.

On a positive note, our efforts in engaging and developing our employees are reflected in our low absentee rates.

System of rules applied in recording and reporting accident statistics:

(Additional information: We do not have other workers besides employees.)

1. Accident statistics are recorded and reported according to the Ministry of Manpower, the Occupational Safety and Health Malaysia, and the Hazard Analysis and Critical Control Points for Singapore, Malaysia and Vietnam respectively. As such, aggregation is not meaningful.

2. Minor injuries are excluded in 'non-fatal workplace injuries' for all regions except Malaysia. Lost days are based on medical leave days for all regions except Vietnam. Medical leave days are based on scheduled workdays for all regions except Malaysia, which is based on calendar days. 'Lost days' count begins on the day of the incident for all countries except Singapore which begins on the day after the incident.

Workplace Safety Statistics in 2017 (Figure 1.5)

Workplace Safety Statistics		No. of non-fatal workplace injuries	No. of lost days
Singapore	Male	11	36
	Female	0	0
Malaysia	Male	7	232
	Female	1	0
Vietnam	Male	1	25
	Female	0	0

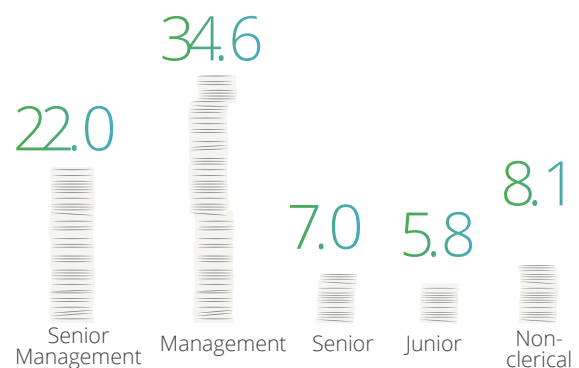
In 2017

- 0** fatalities
- 0** occupational diseases
- 20** non-fatal workplace injuries*

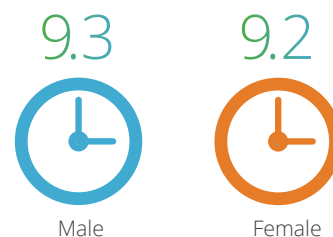
*Or 4.2% injuries over total workforce in SP division

Average hours of Training by Gender and Employee Category in 2017 (Figure 1.4)

Average hours of Training per Employee, by Employee Category

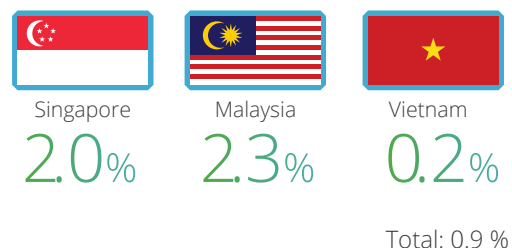


Average hours of Training per Employee, by Gender

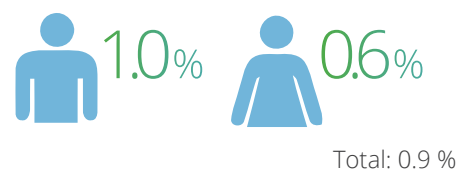


Absentee Rates in 2017 (Figure 1.6)

Absentee Rates, by Region



Absentee Rates, by Gender



ENVIRONMENT



We recognise that every organisation has a responsibility towards environmental stewardship. We appraise environmental topics with high regard and comply with local environmental laws. We believe that long-term sustainable development and investment requires us to take into account all relevant feedback and to minimise the environmental impact of our operations.

In 2017, there were zero incidents of non-compliance with environmental laws and regulations, including regulations on air pollutants, effluents, and waste. We intend to maintain this flawless record as we continue to grow our business.

Our machineries often utilise higher electrical consumption from an offline to running mode. We actively plan our manufacturing cycles to reduce unnecessary starts and stops. By performing regular machine maintenance, it would help reduce machine downtime and cut down our carbon footprint. Further, we encourage our customers to use water-based inks as it is a more environmentally friendly option.

In essence, we regularly review our internal processes to evaluate the effectiveness of our environmental policies and programmes.

To ensure that our efficient planning has measurable results, KPIs are set for all relevant business units, covering materials usage, job scheduling, machine maintenance, and staffing to support effective and efficient operations at all times.

For our annual Sustainability Report, we have opted with the eco-friendly option of e-distribution. A copy of this report and our future Sustainability Reports will be available for download from our website at:

www.newtoyo.com.

Materials

Although all our products are manufactured from pre-processed raw materials and we do not process pulp at our factories, we are mindful of the fact that the environmental impact of raw materials used for the production of paper can be significant to local communities where raw materials are extracted and we are committed to contributing to resource conservation.

True to our principles stated under Our Approach and to Our Sustainability Ethos as a responsible manufacturer, we actively aim to minimise our impact through effective planning and dedication to excellence. We consider product quality to be among our biggest contributors to a responsible use of the raw materials processed in our factories: by keeping the amount of rejects as low as possible (both internally and from our customers), we save on materials, energy, transport, and labour that would otherwise have to be expended in reproducing and replacing these products. This approach also allows us to minimise wastage and achieve maximum operational efficiency – to the benefit of our customers, shareholders, and the environment.

In line with our approach to efficient manufacturing and waste minimisation we aim to use recycled paper cores for the packaging of our materials to the maximum extent possible. In 2017, 13.3% of input materials were paper cores which are made from recycled materials. We generate materials which are recyclable. 3,220 tonnes of scrap materials were sent for recycling during 2017.

Energy and greenhouse gas emissions

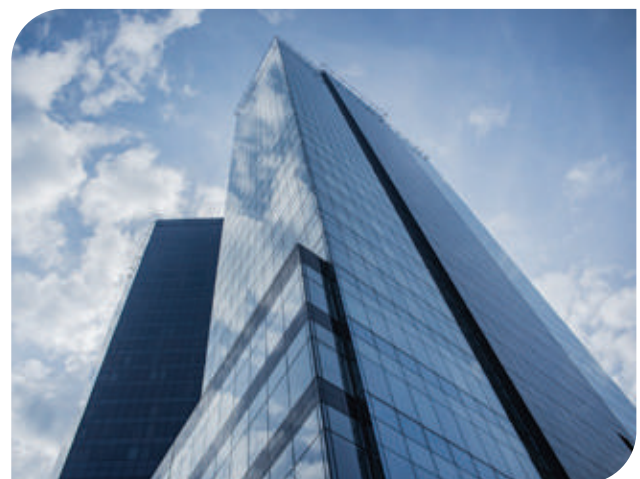
Lowering our energy consumption and resulting greenhouse gas emissions is part and parcel of our ongoing commitment to operational excellence and efficiency. By being energy efficient and using renewable fuel sources, we contribute to global and national efforts to mitigate climate change.

Since 2011, we have published an internal Energy Conservation Policy and Procedure, which is mandatory for all employees in our New Toyo head office. The policy provides guidelines to assist our colleagues in the conservation of energy, such as by setting the temperature of air conditioning systems to 24°C, and reducing energy consumption whenever possible such as by keeping doors closed, turning off lights and enabling the power management features of personal computers. This policy helps to ensure that all our employees support us in our endeavours to improve our energy and emissions profile.

We are also constantly optimising our manufacturing and distribution processes and are actively reducing our carbon footprint, for example by ensuring containers are loaded to their full safe capacity, whenever feasible. We appreciate the opportunity to present our headline figures here and will be publishing trend data in our subsequent sustainability reports, as we continue to improve this important aspect of our environmental footprint. Our energy intensity for 2017 was 484 kilojoules per dollar revenue. We will continue our work to further improve this measure of our operational efficiency.

Our energy intensity calculations include fuel⁴ and electricity consumed within the organisation, with electricity consumption being derived from our electricity bills. Fuel sources include diesel and the biomass system (using wood compressed tablets) which is considered an environmentally friendly source of energy.

We encourage the acquisition of energy efficient products whenever possible.



Water

Water scarcity is a growing concern around the world and even in tropical environments like the ones we operate in, such as Malaysia and Singapore. We are fortunate in that the operations of our manufacturing plants are not as water intensive as some heavy industries. As environmental considerations are a key consideration for us, we are nevertheless paying attention to our water use and aim to reduce it wherever possible.

Total volume of water withdrawn from municipal water supplies across our operations was 23,131 cubic metres for 2017. Apart from that, we do not withdraw water from other sources.

⁴ Fuel properties are sourced from Greenhouse Gas (GHG) Protocol's Emission Factors from Cross Sector Tools (March 2017 version).

COMMUNITY

Charitable Donations and Sponsorship

As a successful organisation we have the responsibility to support non-profit organisations that enhance the quality of life in the local communities where we operate. Our Sponsorship and Corporate Donation Policy sets out our guidelines and priorities for participation in sponsorship or corporate donations. Support will be given to charities or non-profit organisations whose objectives relate to education, community development, environment, humanitarian and social projects, and economic development.

To qualify, a non-profit organisation has to meet the following requirements:

- Be a recognised charity or non-profit organisation and has a charter to that effect;
- be tax exempt;
- have administrative fees of less than 20% of their overall expenses;
- ensure that our support will improve the quality of life in our community.

We will not consider the provision of funding for the following types of requests:

- Organisations without a non-profit status
- Political organisations, candidates or campaigns
- Lobbying groups
- Sponsorships/donations for the purpose of an individual
- Solicitations that discriminate on the basis of age, race, gender, sexual orientation, or national origin

Our Community Engagement

In 2017, in celebration of our 20th anniversary as a public listed conglomerate, we pledged a S\$1 million cash donation to the National Heart Centre Singapore (“NHCS”) over a period of two years. This donation will be used for medical research funding advancements in cardiovascular medicine, enhanced patient care, education and clinical research that will continue to benefit the community.

While Vietnam is progressively becoming a developed nation, poverty related issues still persist in the society. As we deepen our presence in Vietnam, we aim to help combat this by providing housing for the poor in the local provinces of Ben Tre, Can Tho and Long An. To that end, we contributed VND150 million in the form of cash donation to Vietnam Red Cross Society. We believe that by providing proper housing and better living conditions, it will enable our beneficiaries to focus on seeking employment so as to improve their lives and their families.

On the home front, the theme of our 2016 Singapore team-building event was centered on giving back to the elderly community who has contributed much during Singapore’s nation building years. We partnered with Committee of Care Community Services Society of Singapore (“CCSS”), a non-profit organisation that provides assistance, counseling, therapy to the needy and also runs a family programme centre amongst other philanthropic activities. We organised a series of activities such as interactive games, karaoke and bingo-lottery, and encouraged beneficiaries’ participation to inculcate a sense of belonging to the greater community.



RESPONSIBLE SOURCING

Many of our key customers are themselves considered to be leaders in sustainability. As this is an area of growing importance for them, we aim to reflect their high standards for responsible procurement from the social and environmental perspective and are currently formalising these ethical commitments in our Supplier CoC. This Supplier CoC will be applicable to our suppliers and includes the following.

Ethics in Business Dealings

We believe that being ethical in business dealings is the right and only way to do our business. Our suppliers should have mechanisms in place to prevent conflict of interests, excessive gifts and entertainment, bribery and corruption.

Environment

At New Toyo, environmental matters are appraised with the same regard as any other business factors. All suppliers are expected to be good stewards of the environment and comply with all applicable environmental laws and regulations. We encourage our suppliers to continuously seek ways to minimise consumption of natural resources, reduce greenhouse gas emissions and improve waste management.

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	102-47	List of material topics	Materiality, p. 11
	102-48	Restatements of information	Not applicable. This is our first sustainability report.
	102-49	Changes in reporting	Not applicable. This is our first sustainability report.

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	102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option.
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