Noel Gifts International Ltd.

Sustainability Report FY2019

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About Us

The idea behind gifting is simple; it is a way to communicate our heartfelt appreciation for the people we care about. As a leading hampers, flowers and gifts company, Noel Gifts International Ltd ("Noel Gifts", "We") sought out to bringing people closer by offering premium quality gifts collection for all occasions. We create new gift designs and packages throughout the year to cater to the gifting needs of our increasingly discerning customers. With the headquarters in Singapore, Noel Gifts has, in 1991, ventured abroad through franchising and is the first local gifts company to have done so. In 2008, Noel Gifts was listed on the SGX Mainboard. [102-01] [102-05] [102-04] [102-02] [102-03]

Operating in the gifting industry, we understand the importance of integrating sustainability into all our operations. By doing so, we not only recognise our responsibility to the society, but also, ensure a social and environmentally responsible business model. [102-16] [102-6]

Last year, we took a more formal approach to show our commitment towards sustainability by publishing our inaugural sustainability report. We continue showcasing our commitment to sustainability in this report that outlines our sustainability data gathered over a 12-month period (the financial year from 01 July 2019 to 30 June 2019). Like last year, our sustainability data is only reported for our gifting businesses in Singapore. [102-50] [102-54] [102-52]

Reporting Methodology

The methodology used to gather and report sustainability data is in accordance with the Global Reporting Initiative (GRI) Standards: Core option. The report content is designed based on the principles outlined by GRI. Sustainability factors material to the company were identified last year by key stakeholders. These factors have been reviewed again based on current business strategy, market conditions and stakeholder concerns. The progress on these factors has been monitored and reported in this report. [102-46]

For this report, we have not sought for external assurance. However, we may seek to externally assure our future sustainability reports. We strive to be transparent and to provide regular opportunities for review of our report. For questions or to deliver feedback about this report, please contact sustainability@noel.com.sg. [102-56] [102-53]

Statement from the Group Managing Director

Sustainable growth is fundamental to Noel Gifts' business. This is a responsibility we carry towards our stakeholders to make a positive difference economically, socially, and environmentally. As a sustainable organisation, we place ourselves at a competitive advantage from other gifts company in Singapore and the region. Last year, we embarked on our inaugural sustainability report, where we identified and reported Environmental, Social and Governance (ESG) impacts of our organisation. We are pleased to share with you our second Sustainability report for the financial year ended 30 June 2019. Through this report, we share our progress in managing these ESG impacts, to substantiate our continued commitment towards sustainability.

One of our key priorities includes our responsibility towards our employees; safeguarding their interests, promoting equality, meeting their requirements, fostering their learning and development. Consequent to the growth of the company there was a 42% increase in the number of training hours in FY2019 as compared to FY2018. An average employee received 8.65 hours of trainings. Understanding the need for professional growth, we also provided performance appraisals and career reviews to more than 85% of all our employees in all job grades.

In FY2019, we introduced the Parent-care Leave (PCL) benefits to all our employees. We are proud to report that while these benefits have been introduced to support elderly parents, 100% of our employees have returned to work after their leave ended and have continued to be part of our organisation.

Customers are one of our key stakeholders and we consider it of utmost importance to safeguard their privacy and data. We did not receive any reports of substantial complaints on breaches in customer privacy and data loss in FY2019. We hope to ensure the continuation of our efforts in protecting our customers' privacy. Where our product offerings are concerned, we endeavour to continue the use of fair and responsible marketing practices and comply with regulations and/or voluntary codes concerning all forms of marketing communication.

Viewing sustainability as a continuous journey towards a more profitable business, we strive to drive our improvement work towards ambitions within our priority areas. We are committed to adding value to all our internal and external stakeholders by improving our business performance sustainably and reporting our year-on-year progress.

Alfred Wong Siu Hong (Managing Director) [102-14]

Sustainability at Noel Gifts

We live by our vision of Bringing People Closer, Making Everyday Better.

Noel Gifts is about building a business that recognises the needs of our customers and cares for our employees, the community, and the environment. For us, sustainability is about integrity. We want all our stakeholders to be confident in our brand, to know that we value our environment and our community while we are striving for excellence in our operations. [102-16]

Managing Sustainability-related Risks

Managing risks that arise in our operations through a precautionary approach is the first step towards embracing sustainable growth.

The Board of Directors (the "Board") is responsible for overseeing the processes for risk management. The Board, with assistance from the Management, ensures a sound system of internal controls, and determines the nature and extent of the significant risks. The Management is responsible to review the Company's business and operational activities to identify areas of significant business risks as well as identify appropriate measures to control and mitigate these risks within the Company's policies and strategies. [102-11]

Sustainability in Supply Chain

Our supply chain consists of multiple suppliers and vendors that supply the raw materials for our operations. Risks and opportunities arise in our supply chain around our supplier and vendor operations. We aim for our suppliers and vendors to enjoy good working conditions, benefits and opportunities that would resonate to provide a positive impact on the wider community. The General Manager of Supply Chain oversees the overall supply chain operations of the Group and ensures all these risks and opportunities are effectively managed. [102-9] [102-10]

Organisational Structure and Sustainability Governance

The Management team under the oversight of the Board, work together to manage sustainability matters in Noel Gifts. [102-18]

External Charters and Principles

Noel Gifts follows all relevant regulations under the Singapore Exchange ("SGX") and all other applicable regulations.

Where possible, the corporate governance practices at Noel Gifts are in line with the Code of Corporate Governance 2012 (the "2012 Code"). The Board and the Management ensure that Noel Gifts remain in compliance with other regulations, notices, circulars, and guidelines that may be released by regulators from time to time. [102-12] [102-13]

Stakeholder Engagement

At Noel Gifts, we value the diverse views provided by our various stakeholder groups - including our employees, shareholders, investors, customers and regulators – on areas where we can improve our operations. Over the years, we have built a strong relationship with our stakeholders who have helped us to understand ways to identify sustainability issues within the company. We have undertaken a strategic approach to improve our relationship with our stakeholders by enabling continuous and effective modes of dialogues with them.

The table below shows our relationship and interaction with stakeholders during the FY2019.

[102-40] [102-42] [102-43] [102-44]

Stakeholders	Mode of Engagement	Frequency of Engagement
Customers	• Online feedback channel • Newsletter • Social media • Bi-annual surveys	Frequently
Suppliers	• Supplier Performance Feedback	Frequently
Regulators	• Electronic Communications	Regularly
Management	• Board Meetings • Management Meetings	Regularly
Employees	• Email Communications • Employee engagement programmes • Town hall meetings • Departmental meetings	Regularly

Materiality Assessment: Managing Risks and Opportunities

In 2018, we conducted a stakeholder engagement and materiality assessment session to understand the concerns and expectations of our stakeholders. During this session, we mapped topics that are significant to our business and influence our operations, and we identified key topics prioritized for reporting. This year, we report our progress in managing these topics in our operations and the goals we have set for performance improvement. [102-47]

The six topics that impact our business are given in the table below. These topics also hold significance to our stakeholders.

Material Aspects and Indicators Identified

Category	Topic	Sub-topics we have reported	Impact of the Sub-topic
Economic	GRI 201: Economic Performance	Disclosure 201-1: Direct economic value generated and distributed	Within and outside the organisation
		Disclosure 201-2: Financial implications and other risks and opportunities due to climate change	Within and outside the organisation
		Disclosure 201-3: Defined benefit plan obligations and other retirement plans	Within the organisation
		Disclosure 201-4: Financial assistance received from government	Within the organisation
Social	GRI 404: Training and Education	Disclosure 404-1: Average hours of training per year per employee	Within the organisation
		Disclosure 404-2: Programs for upgrading employee skills and transition assistance programs	Within the organisation
		Disclosure 404-3: Percentage of employees receiving regular performance and career development reviews	Within the organisation
	GRI 401: Employment	Disclosure 401-1: New employee hires and employee turnover	Within the organisation
		Disclosure 401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees	Within the organisation
		Disclosure 401-3: Parental leave	Within and outside the organisation

Category	Topic	Sub-topics we have reported	Impact of the Sub-topic
	GRI 418: Customer Privacy	Disclosure 418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	Within and outside the organisation
	GRI 202: Market Presence	Disclosure 202-1: Ratios of standard entry level wage by gender compared to local minimum wage	Within and outside the organisation
		Disclosure 202-2: Proportion of senior management hired from the local community	Outside the organisation
	GRI 417: Marketing and Labelling	Disclosure 417-1: Requirements for product and service information and labeling	Outside the organisation
		Disclosure 417-2: Incidents of non-compliance concerning product and service information and labeling	Within and outside the organisation
		Disclosure 417-3: Incidents of non-compliance concerning marketing communications	Within and outside the organisation

Building Our Workforce

Management Approach

We are only as strong as our employees.

People play a pivotal role in the success of our company. It is our privilege to encourage and reward employees who showcase unique skills and talents. We seek to foster talent in the organisation with the goal of sustaining and building a workforce that contributes to our business success. We also consider it essential to provide equal opportunity to all our employees. Through a dynamic workforce, we can build our market presence and enhance our organisation's human capital.

Nurturing employee talent and skills has always been our focus. We conduct regular training and career development of our employees to equip them with the right skills and increase their work efficiency. This keeps our staff motivated to achieve greater professional success.

In FY2019, Noel Gifts signed the Employers' Pledge of Fair Employment Practices under the Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP), to show our commitment towards building a workplace that respects and values our employees. The Tripartite Alliance between the Ministry of Manpower, the National Trades Union Congress and the Singapore National Employers Federation, shares a vision for Singapore to be one of the best places in the world to work.

As part of this Alliance, we endeavour to recruit and select employees on the basis of merit, treat employees fairly and with respect, provide employees with equal opportunity to be considered for training and development based on strengths and needs to help them achieve their full potential. We also endeavour to reward employees fairly based on their ability, performance, contributions and experience, abide by laws and adapt to the Tripartite Guidelines on Fair Employment Practices.

[103-1] [103-2] [103-3]

Employment

We source for talent that would accelerate our success. In FY2019, our hiring rate was 44%, where women hired were 178% more than the men. Our turnover rate was 56%, which is lower than the turnover rate recorded in FY2018.

We ensure that we provide our employees with competitive wages. Our operations in Singapore are where more than 80% of our employees are located. A significant proportion of employees are compensated based on wages subject to the minimum wage rule.

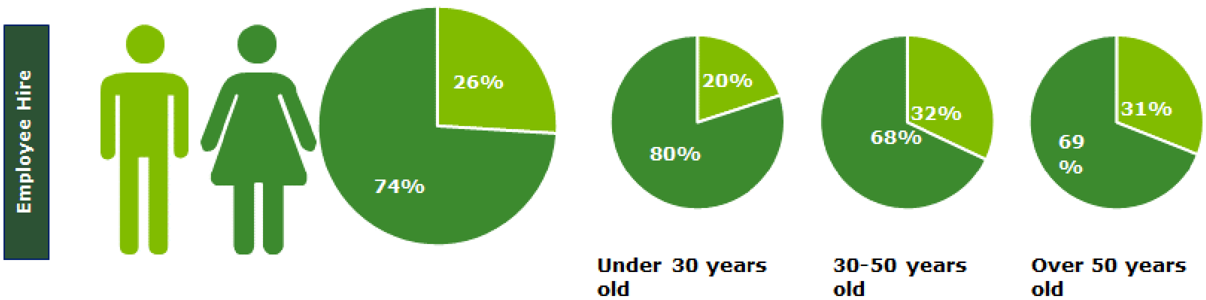
We invest in our employees to ensure they receive the benefits they deserve. Our full-time employees receive medical and healthcare benefits. They receive healthcare benefits and other care packages such as health screening and dental. They are also covered for Disability and Invalidity. In addition, to make our staff feel included and special, we provide them with gifts on special occasions. Our staff also receive discounts and credit for staff purchases.

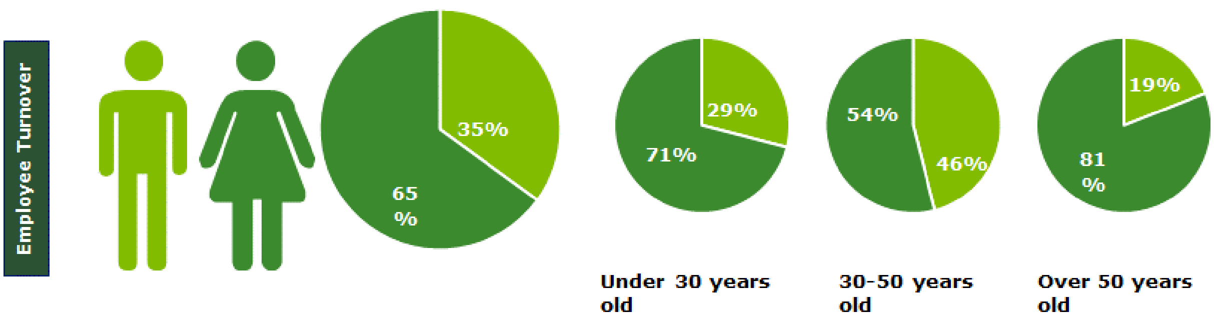
Our employees are entitled to 'Shared Parental Leave' and 'Paternity Leave' as per the requirements of the Ministry of Manpower in Singapore. In FY2019, no employee took 'Shared Parental Leave' or 'Paternity Leave'. However, in FY2019, we introduced Parent-care Leave (PCL) as additional benefits given to all our employees. This was in line with our commitment to support our employees to attend to their aged parents who have medical conditions. The PCL benefits supplement the existing leave entitlements. We had 31 employees who took PCL in FY2019. We are happy to announce that we noted a 100% return to work from all these employees after the leave ended. These employees have continued to be employed at Noel Gifts 12 months after their return to work. [401-1] [401-2] [401-3] [202-1] [202-2]

Information on Employees

	Permanent[*] (Male)	Permanent[*] (Female)	Temporary[†] (Male)	Temporary[†] (Female)
Employment Contract	41	98	3	5

	Full-time[*] (Male)	Full-time[*] (Female)	Part-time[‡] (Male)	Part-time[‡] (Female)
Employment Type	41	98	2	8





Parent-care Leave			
Return from Parent-care Leave Rates	Number of Employees	Male	Female
Total number of employees entitled to Parent-care leave	139	29%	71%
Total number of employees who took Parent-care leave	31	6%	94%
Total number of employees returned to work	31	6%	94%
Total number of employees still with Noel Gifts 12 months after their return to work (after Parent-care leave)	31	6%	94%

[*] Full-time employees are also Permanent employees that work 44 hours per week
[†] Temporary are either adhoc or transient employees temporary replacing resigned staff on a short-term employment (less than 3 months)
[‡] Part-time employees worked less than 35 hours per week

Training and Career Development

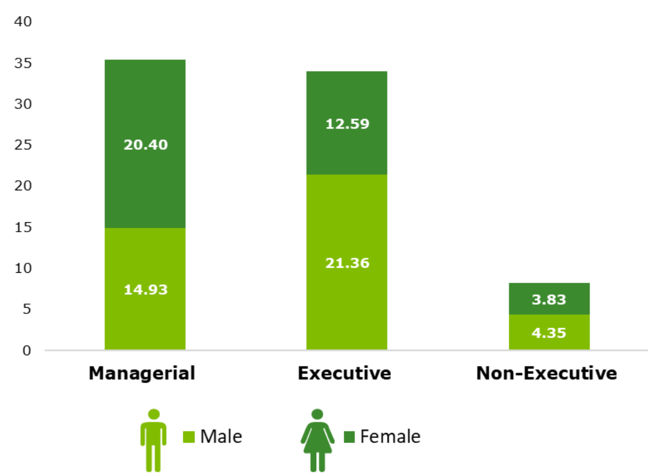
In FY2019, we delivered a total of 1,203 hours of training for all our employees. This is about 42% higher than the total hours of training delivered to our employees in FY2018. All employees received an average of 8.65 hours of trainings. Training programmes designed for employees were primarily to upgrade their skills and included internal training courses such as sales training, floral arrangements, product training, etc.

We support the employment and re-employment of employees beyond their official retirement age. We endeavour to deploy such employees into suitable positions and provide retraining or re-skilling if necessary under the transition assistance programs that aims to support employees who are retiring or who have been terminated. [404-1] [404-2]

Our employees and management receive regular performance and career development reviews. In FY2019, 91% of our management and 85% of our non-management staff received performance appraisal, which includes 87% of all employees at Noel Gifts.

Career development reviews were received by 93% of our management and 85% of all our non-management staff. This includes 88% of all employees at Noel Gifts receiving regular career development reviews. The management and non-management staff not included in the performance appraisal or career development reviews in FY2019 would be reviewed upon their confirmation of their employment, during the confirmation assessment. [404-3]

Average Training Hours per Employee Category



Percentage of Employees Receiving Regular Performance Appraisals and Career Development Reviews

	Performance Appraisal	Male	Female	Career Development Reviews	Male	Female
Management	**91%**	86%	94%	**93%**	90%	94%
Employee	**85%**	85%	84%	**85%**	85%	84%

Maintaining our Quality of Service

Management Approach

Our service quality reflects our commitment to our customers. We consider our duty to uphold the highest standard of customer data privacy protection. We conduct our business in compliance with all applicable data protection laws that govern the collection, use, disclosure and care of personal data. Where our product offerings are concerned, we use fair and responsible marketing practices to keep our customers well informed regarding the product before they make their purchase. Every year, we review our operations to improve our performance and identify areas of improvement, to provide the best of services to our customers. [103-1] [103-2] [103-3]

Customer Privacy and Marketing and Labelling

We are happy to report that in FY2019, there were no cases of substantiated complaints concerning breaches of customer privacy and loss of customer data reported. We also saw no incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labelling, in the reporting period. We are not charged with any case of non-compliance to regulations and/or voluntary codes concerning marketing communication, including advertising, promotion and sponsorship either. [418-1] [417-2] [417-3]

Our Corporate Responsibility Activities

NOEL GIFTS GIVES BACK BY SUPPORTING TRAFFICKING SURVIVORS IN SINGAPORE

Dedicated to our Vision of Bringing People Closer, Making Every Day Better, Noel Gifts has always cared for the community, especially the underprivileged. Since the beginning of September 2018, we have been working closely with Hagar to engage the services of trafficking survivors in Singapore to help with the assembly of ornaments and accessories used in Noel Gifts' daily floral arrangements. With this initiative in place, Noel Gifts hopes to empower the survivors and create opportunities within our means to help bring light to broken lives.

Moving forward, Noel Gifts will continue to work with Hagar to bring forth similar meaningful projects for upcoming events such as Christmas. We encourage our stakeholders to join us in showing their support.

ABOUT HAGAR

Human trafficking affects every country in the world, including Singapore. A registered charity in Singapore and part of a global organisation in 9 countries, Hagar works closely with the government to provide restorative care and empowerment support to women and girls who have been trafficked to Singapore for sexual or labour exploitation. This support includes providing them with safe accommodation, trauma recovery, legal support, education, vocational skills training and a chance to reintegrate into their families or communities. More information about Hagar can be found on their official web site: www.hagar.org.sg.

$832,000 RAISED FOR NOEL GIFTS – SLEC GALA DINNER

Kind hearts converged at the Noel Gifts – St Luke's ElderCare (SLEC) Gala Dinner with $832,000 raised and donated as of 22nd October 2018. The meaningful event which was graced by Her Excellency, Madam President Halimah Yacob, took place on 19 October 2018 at Marina Mandarin Singapore, and hosted more than 400 guests which included companies, individuals, and partners from various agencies and ministries.

In line with our Vision of Bringing People Closer, Making Every Day Better, Noel Gifts has also made a donation of $100,000 to help support the cause. The donation cheque was received by Mr Timothy Teo, Chairman of St Luke's ElderCare. St Luke's ElderCare (SLEC) is a Christian healthcare provider that currently operates 22 eldercare centres. Through this contribution, Noel Gifts hopes to support SLEC in creating a community of care, in line with SLEC's Vision for 2030 – "Forge a Community of Care". Such initiatives could inspire more individuals and companies to step up and do their part for the society. The funds that were raised through this event will be used to support SLEC's operational expenses, upscale innovation and technology, and sustain their efforts in caring for the seniors in the community.

The dinner was the first-ever partnership gala event for both SLEC and Noel Gifts aimed at raising awareness about ageing issues alongside fundraising efforts.

More information on Noel Gifts and St Luke's ElderCare can be found on their respective websites at www.noelgifts.com and www.slec.org.sg.

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	102-42 Identifying and selecting stakeholders	6	
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GENERAL DISCLOSURES			
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	102-46 Defining report content and topic boundaries	3	
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	102-52 Reporting cycle	Annual	
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	103-2 The management approach and its components		
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	201-3 Defined benefit plan obligations and other retirement plans		
	201-4 Financial assistance received from government		
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General Standard	**GRI Disclosure**	**Page number(s) and/or Remark(s)**	**Omissions**
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	202-2 Proportion of senior management hired from the local community	9	
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	103-3 Evaluation of the management approach		
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