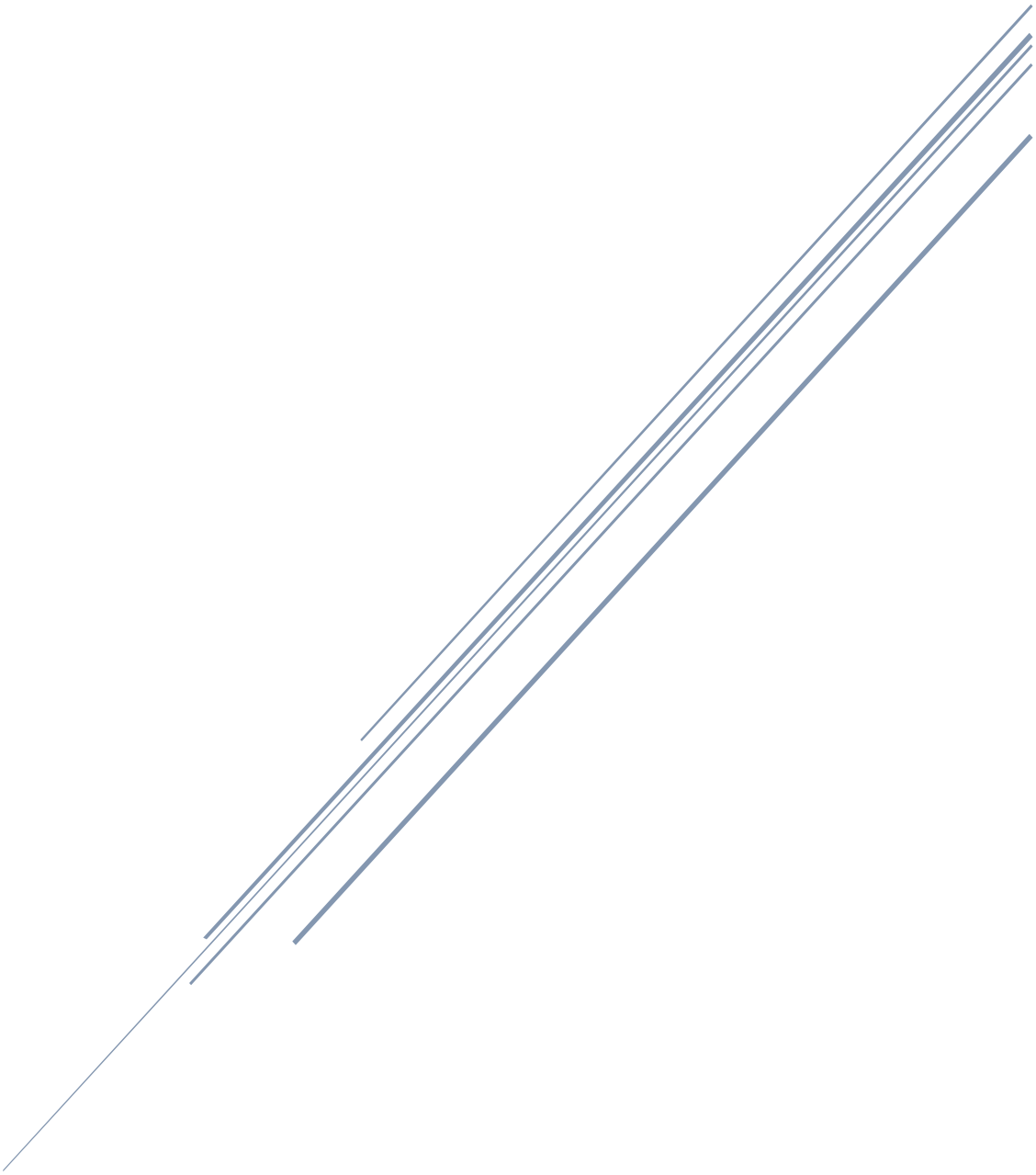
TYE SOON LIMITED

Sustainability Report 2017



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Board Statement

The Board of Directors at Tye Soon Limited (the Company) is pleased to publish the Group's first sustainability report for the financial year ended 31 December 2017 (FY2017).

Striving for sustainability in business has become more of a requirement than an option due to increased global concern about climate change. We believe that it is important for us to integrate environmental, social and governance (ESG) considerations into our long-term business strategy.

The Board oversaw a materiality assessment that was conducted to identify where to concentrate our sustainability efforts in high impact areas which support our business strategy. We are supported by the Sustainability Steering Committee (the SSC), comprising key executives across the Group, to develop sustainability strategies and manage its performance.

This report is aligned with Singapore Exchange Securities Trading Limited (SGX-ST) Listing Rules 711A and 711B – Sustainability Reporting Guide and has been prepared with reference to the internationally recognised Global Reporting Initiative (GRI) Standards (2016).

We invite you to learn more about our journey and the measures we have taken to make us more resilient in the future, so as to continue to create value for the Group and our stakeholders.

About This Report

This is the inaugural sustainability report for the Company and the Group. To be read in conjunction with its financial statements, this report addresses the Group's material environmental, social and governance (ESG) topics from 1 January to 31 December 2017.

Reporting Scope and Boundaries

In defining the reporting scope, we considered the percentage of contribution to the total revenue, the level of ownership by the Group as well as the significance of any resulting economic, environmental and social impacts. In our sustainability report, we have included 8 Group entities which are located at Singapore, Malaysia, Australia, and Korea.

All data is reported in good faith and to the best of our knowledge.

Reporting Guidelines

This report has been prepared in compliance with the requirements of SGX-ST Listing Rules 711A and 711B, and with reference to the Global Reporting Initiative (GRI) Standards (2016).

Stakeholder Engagement

We believe stakeholders play a vital role in the formulation of the Group's business operation and long-term strategy. Through effective communication, we understand the concerns of our stakeholders and take them into consideration when making business decisions. These stakeholders have been identified based on the extent to which they affect or are affected by our business activities. Our stakeholders with whom we connect on a periodic basis include shareholders, customers, employees, communities, government and regulators, as well as suppliers.

The Group actively engages stakeholders through regular meetings for timely updates of information, including organisation policies, financial results and announcements, business developments, media releases, and relevant disclosures on SGXNet and the company website. We strive to develop various channels of communication and continue meaningful dialogue with our key stakeholders. In addition, we actively participate in the activities of The Singapore Cycle & Motor Traders' Association[1] (SCMTA) and Victorian Automobile Chamber of Commerce (VACC)[2] whilst undertaking a leadership role in the SCMTA Board of Management Committee.

Materiality Assessment

In FY2017, a Materiality Assessment was initiated by the Group to identify, prioritise and validate ESG factors that are significant to our business operations and of interest to key stakeholders. The exercise took reference from the GRI Standards (2016) Materiality Principle and was facilitated by an independent sustainability consultant.

The participants engaged in the assessment workshop that required them to consider the following:

- Global and local emerging sustainability trends;
- Material topics and future challenges, as identified by peers;
- Options on sustainability reporting frameworks and relevant sector-specific guidance; and
- Insights gained from regular interactions with external stakeholders.

As a result of the workshop, the following 7 factors were identified to be material to the Group. These were validated by the Board and are the focus of this inaugural sustainability report.

[1] Singapore Cycle & Motor Traders' Association (SCMTA) represents about 80% of the bicycles, motor vehicle parts and accessories dealers in Singapore. Further information can be found by visiting SCMTA's official website: http://www.autoparts.com.sg

2 The Victorian Automobile Chamber of Commerce (VACC) is an automotive industry employer association. Further information can be found by visiting VACC's official website: https://www.vacc.com.au/

Sustainability Focus Areas	Material Factors	Mapped GRI Topics
Economic Impact	• Economic Performance	• Economic Performance
Environmental Protection	• Energy	• Energy
Social Responsibility	• Talent Retention	• Employment
	• Training and Education	• Training and Education
	• Occupational Health & Safety	• Occupational Health & Safety
	• Customer Satisfaction	• *Non-GRI Topic*
Governance	• Product Range and Excellence	• *Non-GRI Topic*

Economic Impact

Economic Performance

We carry out our operations responsibly so as to continuously create sustainable value for our customers and shareholders. The Group has therefore implemented an Enterprise Risk Management (ERM) framework to govern the process of financial risk management. The ERM framework enables the identification, prioritisation, assessment, management and monitoring of key risks to the Group's business. As part of the framework, risk management policies and systems are assessed by the ERM Committee regularly and reported to the Board of Directors twice a year. Management team is responsible for implementing the risk management policies as well as a Group-wide system for internal assurance. This ensures that the top management is in control of any potential financial risks.

Details of the Group's financial performance in FY2017 can be found in the 5-Year Financial Summary (page 3) and Financial Statement (pages 21 to 75) sections of the FY2017 Annual Report.

An online copy of the FY2017 Annual Report is available at http://www.tyesoon.com/investor-relations.

Environmental Protection

Energy

The Group acknowledges that climate change and global warming are included in the international and local sustainability agenda. As our business operations contribute to these phenomenon, we endeavour to minimise the negative environmental impact whilst reducing our operational cost.

Energy conservation has been a key operational focus. We work closely with property owners to achieve improvements in energy efficiency within our offices and warehouses. Several energy saving initiatives have been implemented, including:

- *Invest in energy efficient technologies*
  Lighting accounts for a significant part of electricity consumption in a building. As light-emitting diode ("LED") light fittings are recognised to be more energy efficient than traditional lighting, we have introduced LED retrofit projects in our offices and warehouses in a number of premises. In Australia, we participated in a local government incentive scheme wherein we replaced an air-conditioning system with another low energy consuming cooling system.
- *Conduct regular maintenance*
  We keep track of regular maintenance to ensure routine actions are undertaken on equipment in order to mitigate the consequences of failure. Staffs are also encouraged to provide feedback on malfunctioning equipment to allow timely repair. Moreover, the monthly consumption of utilities is monitored to identify potential opportunities to improve energy efficiency.
- *Raise environmental awareness*
  We believe in a corporate culture that values sustainability. Sustainability within the corporate culture results in operational cost savings and a marketable brand to our consumers as well as prospective employees. To increase environmental awareness, we support the promotion of energy saving and waste management initiatives by sending out effective messages to our employees.

Electricity consumption serves as a main source of energy usage in our buildings and warehouses. In FY2017, electricity intensity accounted for 11.58 KWh/m^2 of our total occupied area. Moving forward, we target to maintain the current energy intensity in the forthcoming year.

Social Responsibility

Talent Retention

Our people play a crucial role in the growth of our business. The retention of a diligent workforce creates a positive work environment, and strengthens employees' commitment to the organisation. We believe stability and continuity in leadership and technical expertise will result in increased trust and confidence among our stakeholders.

In line with our commitment towards creating a positive work environment, we reward our employees based on their abilities and performance. Employees' performance is linked directly to competitive remuneration and is an important basis for decisions such as yearly salary reviews and job promotion.

The Group strives to enhance employees' overall effectiveness as well as their contribution and growth. We also believe that open and continuous dialogues with employees can help to reduce turnover while

improving working conditions. Employee engagement sessions are conducted to allow employees to address their concerns and provide their feedback if necessary.

We have maintained a diligent workforce by implementing the above practices. In FY2017, our employee turnover was 13%. We target to maintain the current employee turnover next year.

Training and Education

In a dynamic business environment, we recognise the need to continuously upgrade our employees' skills in order to equip them with the tools necessary for growth. Employees' training and development remain our key priorities. We believe that ongoing career development will lead to improved business performance and contribute to employee satisfaction.

To help our employees achieve their full potential, the Group encourages them to upgrade their knowledge and skillset. We provide training opportunities for the employees to work and learn in the current work environment.

In Australia and South Korea, we have an employee induction programme to provide all new recruits with essential information, such as job profile, mock trainings, introduction to business operations, policies and procedures of the organisation. We believe the induction programme is an effective and efficient way to bring new team members up to speed on a whole range of company policies that apply to the role.

In FY2017, each employee received an average of 18 training hours. In the forthcoming year, we target to maintain the same average training hours as in FY2017.

Occupational Health and Safety

As a responsible employer, we believe in having a safe working environment in our operations. We believe it is very important to minimise the risks of work-related injury and illness. We are committed to adhering to local safety laws and regulations in each of our geographic markets.

Employees are required to abide by the relevant health and safety measures, and undertake reasonably practicable steps to ensure workplace safety. Regular reviews are conducted to improve our existing safety standards and practices. We conduct regular safety inspection at our facilities to identify potential health and safety risks and take preventive measures wherever necessary.

We record all work-related injury, regardless of its severity and conduct a follow up for implementation of corrective action plan. Employees are required to follow the emergency procedure by informing the manager and/or supervisor in charge to take necessary actions.

In FY2017, the accident frequency rate[3] was 13.01 accidents per million manhours worked. We continue to encourage employees to work towards the goal of zero injuries. Moving forward, we target to maintain zero work-related fatalities.

[3] Accident frequency rate: Number of lost time injuries resulted due to accidents per million man hours worked

Customer Satisfaction

We view customer satisfaction as a critical part for business success. We regularly review the roles and skillsets of the people who are customer facing to improve our level of customer service. Our employees are equipped with good product knowledge, skills and competencies required to fulfil customer requirements.

We strive to retain as many existing customers as possible whilst acquiring new customers. Therefore, we plan to broaden our communication channels with our customers to get customer feedback from our website and customer events. This will enable us to hear the voice of our customers and respond to it efficiently. In this way, we will be able to understand whether our products and services are able to meet customer expectations.

Moving forward, we plan to improve on the modes of engagement with our customers to obtain their feedback on our products and services.

Governance

Product Range and Excellence

We believe that good governance and product excellence go hand-in-hand. Good governance practices reduce exposure of the company to unnecessary risks and leads to opportunities for growth and improved performance. Through good governance we embrace a competitive business strategy by offering a wide range of products and services with excellence to meet our customers' increasingly diverse demand. Product range and excellence are considered a cornerstone for our business as it contributes to revenue and profitability. We strive to ensure that our customers are fully satisfied with our products and services and retain their relationship with us.

Our management plays an active role in implementing the initiatives set out below that expand product range and enhance excellence.

Conduct product quality assessment	Understand customer demand	Reinforce brand strategy
Develop product portfolio	Improve customer satisfaction	Ensure quick and reliable response
Act on customer feedback	Boost time efficiency	Distribute safe and top notch quality products

We have met customer needs by offering a wide range of products and services under different brands. Moving forward, we target to maintain our current brands for our products and services.