

International Press Softcom Limited

FY2017 Sustainability Report

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About Us

[GRI 102-2] **Activities, Brands, Products, Services**

International Press Softcom Limited ("IP Softcom") together with its subsidiaries (the "Group") is a technology-based provider of print and packaged products coupled with a host of value-chain services and solutions within the print and media space.

[GRI 102-4] **Location of Organisation**

Apart from our company headquarters in Singapore, our subsidiaries have facilities in the People's Republic of China ("PRC") (Shanghai, Shenzhen, Xiamen), India, Vietnam and Malaysia.

[GRI 102-6] **Markets Served**

Apart from our company headquarters in Singapore, our subsidiaries have facilities in the People's Republic of China ("PRC") (Shanghai, Shenzhen, Xiamen), India, Vietnam, Australia and Malaysia.

[GRI 102-9] **Supply Chain**

Paper is the main raw material used in our production. The major types of paper rolls we use for production are wood free paper, kraft paper, duplex paper and the aqua kote paper etc.

Apart from paper rolls, we utilise ink chemicals for our printing operations.

Other major services provided by us include returnable packaging, a packaging solution that allows a customer to use the packaging more than one time. Returnable packaging is often designed to promote durability, ease of use, ease of cleaning, ease of repair, and collapsibility or nestable design to provide inexpensive return when empty.

Returnable packaging can include primary consumer packages, such as beverage containers, as well as transport and industrial packaging. The focus of this piece is on transport and industrial applications. The materials used in returnable packaging can be in the form of wood, plastic and steel-based materials, amongst others.

[GRI 102-10] No significant changes to our supply chain took place in FY2017.

Board Message

[GRI 102-14] **Statement from senior decision-maker**

Dear Stakeholders,

Since our inception, IP Softcom has grown to become a technology-centric provider of print and packaged products. We have also gone on to provide a whole host of value-chain services and solutions within the print and media space. Raw materials such as paper, plastics and ink remain some of the main inputs that we use within our day-to-day business operations.

As a Microsoft Authorised Replicator since 1993, IP Softcom provides services such as Compact Disk replication and serves both Original Equipment Manufacturer and System Builder Channel customers. Due to the digital nature of these operations and the ease of leakage of both intellectual property as well as customers' private data, prevention of these data leaks becomes an important issue that we have to consider. Therefore, we have established a comprehensive management structure and various policies to mitigate and potentially eliminate any information security incidents.

Managing intellectual property and customer data

We believe that protection of intellectual property requires a collective effort by all stakeholders along the value-chain. To preserve the integrity of our digital business ecosystem, policies and processes exist within the firm to ensure private intellectual property as well as customer data is managed in a systematic and secured manner.

Proper management and disposal of raw materials and effluents

As part of our commitment to proper management and disposal of raw materials such as paper, ink, plastics and their by-products, we have invested extensively in recycling infrastructure which has enabled us to reuse, reduce and recycle to lower our environmental impact. For example, we practice the use of actual cut size sheets instead of a roll format to reduce residual paper waste resulting after paper sheets are cut. To ensure that we do not impose harmful pollutants onto our environment, relevant operating sites within the Group have obtained environmental certifications from industry standards and bodies and regulators.

We also harness an established system of handling and storing chemicals, to the disposal of their by-products. On top of basic policies and procedures, we have also established a

dedicated Emergency Response Team ("ERT") team comprising a group of our in-house employees who are first responders to any unfortunate events such as a chemical spillage at our production facilities or in public areas. These precautionary measures ensure that chemical spillages are mitigated and discharge of such chemicals to the public drainage system is prevented or minimised.

Anti-corruption

A whistle blowing policy has been made available to employees and external parties as well, so as to provide a channel to report in good faith without fear of reprisals, concerns about suspected fraud, corruption, dishonest practices and other similar matters.

Stakeholder Engagement

Our customer service is supported by annual surveys, as well as dedicated account teams engaging in frequent phone and email correspondence as well as making regular visits. We engage with suppliers on a day-to-day basis and also conduct site visits occasionally. Membership in trade associations such as the Singapore Business Federation, the Federation of Malaysian Manufacturers and the Fujian Provincial Printing Association keeps us up-to-date with ongoing business and macroeconomic trends.

Apart from our AGMs and announcements through SGXNet, we practice active engagement with our fellow shareholders where required through, email, phone interactions, and face-to-face meetings. Internally, our employees take part in annual performance appraisals and engage in seminars and training sessions, while new staff take part in orientation programs.

Our Commitment

The Board has considered sustainability issues as part of its strategic formulation, determined the material environmental, social and governance ("ESG") factors to be:

- Anti-Corruption
- Intellectual Property Protection
- Raw Materials
- Management of Effluents
- Client Data Privacy
- Workplace Health & Safety

It has overseen the management and monitoring of the above material ESG factors. Over the coming years, we plan to allocate significant efforts to activities that will contribute

further toward lowering our environmental footprint while managing the well-being of our people. I hope you will find information from our maiden Sustainability Report for FY2017 interesting and informative, and we look forward to your feedback.

Low Song Take

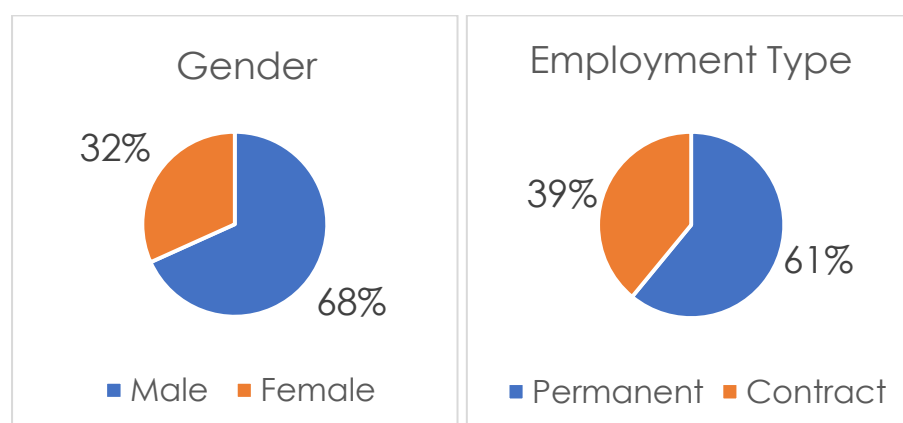
Founder and Executive Director

Organisation Scale

[GRI 102-7] Organisation Scale

No. of Key Operating Entities	9
Revenue	SGD32.1 million (for FY2017)
Total Assets	SGD58.1 million (as at 31 December 2017)
Total Liabilities	SGD13.5 million (as at 31 December 2017)
Total Equity	SGD44.6 million (as at 31 December 2017)

[GRI 102-8] Workforce



	Male	Female	Sub-Total
Singapore	30 (51.7%)	28 (48.3%)	58
Malaysia	21 (41.2%)	30 (58.8%)	51
PRC	27 (32.9%)	55 (67.1%)	82
India	382 (89.3%)	46 (10.7%)	428
Vietnam	54 (40.3%)	80 (59.7%)	134
Total Employees	514 (68.3%)	239 (31.7%)	753
	Male	Female	Sub-Total
Singapore			
Permanent Employees	27 (56.3%)	21 (43.8%)	48
Contract Employees	3 (30.0%)	7 (70.0%)	10
Singapore Employees	30 (51.7%)	28 (48.3%)	58
	Male	Female	Sub-Total
Malaysia			
Permanent Employees	21 (41.2%)	30 (58.8%)	51
Contract Employees	-	-	-

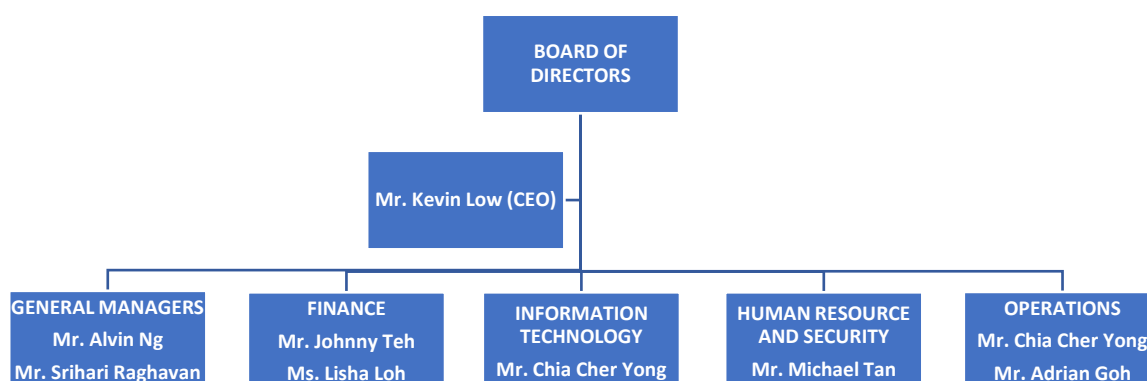
Malaysia	Male	Female	Sub-Total
Malaysia Employees	21 (41.2%)	30 (58.8%)	51
PRC	Male	Female	Sub-Total
Permanent Employees	14 (35.0%)	26 (65.0%)	40
Contract Employees	13 (31.0%)	29 (69.0%)	42
PRC Employees	27 (32.9%)	55 (67.1%)	82
India	Male	Female	Sub-Total
Permanent Employees	165 (88.7%)	21 (11.3%)	186
Contract Employees	217 (89.7%)	25 (10.3%)	242
India Employees	382 (89.3%)	46 (10.7%)	428
Vietnam	Male	Female	Sub-Total
Permanent Employees	54 (40.3%)	80 (59.7%)	134
Contract Employees	-	-	-
Vietnam Employees	54 (40.3%)	80 (59.7%)	134

Governance, Ethics, Integrity

[GRI 102-16] Core Values

Our Group's operations are driven by international standards such as the ISO 9001 Quality Management System and ISO14001 Environment Management System.

[GRI 102-18] Governance Structure



[GRI 102-11] Precautionary Principle

The Group's policy is to continually ensure that all our supplies are purchased from sustainable sources. We suspend procurement from suppliers which are reported to have engaged in errant practices until there is reasonable assurance that the offending practice has been rectified.

Quality and Environmental Management

[GRI 102-12] External Initiatives

The Group has attained the International Organization for Standardization standards ISO 9001 and ISO 14001 relating to quality and environmental risk management for its selected production processes.

The Group renews the ISO certifications every three years by complying with the stringent risk management standards and is required to complete a satisfactory audit of *inter alia*, its process controls and records. ISO reports with the list of audit findings at the entity level are readily available for review. Our China, Vietnam, Malaysia and India operations are all ISO 9001 and ISO 14001 certified by SGS¹ and accredited by the UK Accreditation Service.

[GRI 102-13] Membership of Associations

Singapore	Malaysia	China
<ul style="list-style-type: none">• Singapore Business Federation• Singapore Chinese Chamber of Commerce and Industry• Singapore Institute of Directors• Print and Media Association	<ul style="list-style-type: none">• Federation of Malaysian Manufacturers• Penang Chinese Chamber of Commerce	<ul style="list-style-type: none">• Singapore Club in Xiamen• Fujian Provincial Printing Association• Shanghai Additive Manufacturing Association

Stakeholder Engagement

[GRI 102-42] Stakeholder Selection

The stakeholders that we engage with for ESG assessment are the various parties along the Group's value chain(s) that have significant impact on regulatory requirements relevant to us

¹ Formerly known as Société Générale de Surveillance, SGS is a multinational company headquartered in Geneva, Switzerland which provides inspection, verification, testing and certification services

as well as business impact. Priority is given to stakeholders that are willing to create opportunities for dialogue, and are transparent and responsive when the Group communicates its sustainability topics in the context of economic objectives.

[GRI 102-47] List of Material Topics

Economic	Environmental	Social
<ul style="list-style-type: none"> • Anti-Corruption • Intellectual Property Protection 	<ul style="list-style-type: none"> • Raw Materials • Management of Effluents 	<ul style="list-style-type: none"> • Client Data Privacy • Workplace Health & Safety

[GRI 102-46] Defining report content and topic boundaries

The sustainability topics material to the Group were determined as above by the management. The scope of discussion of this report is based on the impact of the material topics to business risk and how extensively the Group has managed such risks.

We refer to the Global Reporting Initiative (2016) as a framework for disclosure inclusion. As the Group's raw materials significantly comprise paper, plastics, ink and plates, the management has identified that responsible management of raw materials and the proper disposal of effluents should be considered. These key material aspects have been determined as significant for the sustainable development of the Group.

Furthermore, intellectual property protection as well as protection of client data are also crucial items to consider as these risks generally exist when providing services for the compact disk replication of customer software and in dealing with online collection of customer data.

[GRI 102-43] **Stakeholder Engagement**

On an annual basis, we engage and collaborate with our various stakeholders to promote the adoption of sustainable practices along our value chain of a wide range of print, packaging and supply chain management services and solutions.

[GRI 102-40] **Stakeholder Groups**

[GRI 102-44] **Key Concerns**

Stakeholders	Mode of Engagement	Key Concerns
Customers	<ul style="list-style-type: none"> • Regular visits • Dedicated account teams • Email and phone interactions • Surveys • Social media 	<p>Intellectual Property Protection & Anti-piracy Solutions to ensure intellectual property is guarded against piracy and theft.</p> <p>Protection of Client Data For supply chain and e-commerce services to customers of the Group</p>
Regulatory Bodies	<ul style="list-style-type: none"> • Social media • Email and phone interactions • Seminars 	<p>Proper Disposal of Effluent Ink bottles and plates are disposed by licensed handler.</p>
Employees	<ul style="list-style-type: none"> • Frequent employee communications • Ethics hotline (whistle-blower policy) • Seminars and training sessions, including program for new staff • Email messages from management • Safety briefings for on-site employees • Annual performance appraisal 	<p>Workplace Health & Safety Process safety management procedures for the Group's operations</p>
Suppliers	<ul style="list-style-type: none"> • Day-to-day interactions • Plant Tours 	
Industry Associations	<ul style="list-style-type: none"> • Trade associations • Chamber of commerce • Seminars 	<p>Responsible Management of Raw Materials Paper volumes consumed, supplier certification, management of wastepaper & packaging materials, recycling effort and provision of returnable packaging services</p>
Shareholders & Investors	<ul style="list-style-type: none"> • AGM/EGM • Face-to-face meetings • Email and phone interactions • SGXNet announcements • Corporate Website 	<p>Anti-Corruption Corporate communication policies</p>

Economic

Anti-Corruption

The Audit Committee ("AC") has incorporated a whistle blowing policy into the Company's internal control procedures to provide a channel for staff and external parties to report in good faith and in confidence, without fear of reprisals, concerns about suspected fraud, corruption, dishonest practices or other similar matters. The objective of the policy is to ensure an independent investigation of such matters and for appropriate follow-up actions.

Details of the whistle-blowing policies and arrangements have been made available to employees via emails, who are provided access to different levels of channels in the Company for them to raise their concerns in confidence to the Managing Director/CEO, Chairman or the Chairman of the AC.

The AC reports to the Board on such matters at the Board meetings. Should the AC receive reports relating to serious offences and/or criminal activities in the Group, the AC and the Board have access to the appropriate external advice where necessary. Where appropriate or required, a report shall be made to the relevant government authorities for further investigation or action.

There were no whistle-blowing reports received in FY2017.

Intellectual Property Protection

Intellectual property rights are conceived as a tool to reward innovators and creators for their contributions to society, for a statutory period of time. They are intended to provide the necessary incentives for the generation and dissemination of knowledge as well as to encourage the transfer of technology.

As a Microsoft Authorised Replicator, the Group provides services such as Compact Disk replication and serves both Original Equipment Manufacturer and System Builder Channel customers. Due to the digital nature of these operations and the ease of leakage of both intellectual property ("IP"), we have procedures to prevent IP theft. Digital IP machines are used to house all customers' digital IP, which includes product keys, artwork, engineering specification, bill of materials and product images.

Environment

Raw Materials

[GRI 301] **Materials**

Offering a wide range of print and packaged products including software license kits, software and hardware retail packages amongst others, paper makes up a substantial portion of our inputs and remains the main raw material used throughout our business operations.

Why it is important to manage the utilisation of paper

The paper that we use in production is mainly harvested from wood and is therefore a renewable resource. With this in mind, proper management of paper use and disposal remains important to the Group as we strive to promote the sustainable usage of paper for commercial purposes, so as to ultimately reduce our environmental footprint.

How we manage the use and disposal of paper

Over the years, we have continued to make improvements to our production processes in efforts to reduce the volume of paper wastage. On the ground, our operations team engages in several reviews of systems and processes each year to enhance the operational efficiency of our plants and machinery so as to reduce the amount of paper used as well as paper waste generated. For example, we purchase actual cut size sheets from manufacturers instead of roll format to reduce residual paper waste resulting after paper sheets are cut. For low volume jobs, multiple layouts are measured out and printed together to avoid such wastages with the benefit of time savings as well.

Our investments into recycling infrastructure also reduces the consumption and net amount of waste produced by our facilities. At our facilities in India, paper wastages are processed by a balling machine that crushes and forms the waste into a tight bale. An authorised scrap dealer subsequently picks up the scrapped material on a daily basis and transports the processed paper waste to the paper mills for recycling.

To ensure that the waste we produce does not impose harmful pollutants onto our environment, we have obtained the Restriction of Hazardous Substances ("RoHS") certification which originated in the European Union and certifies that certain restricted and hazardous substances are not used in the raw materials supplied to us.

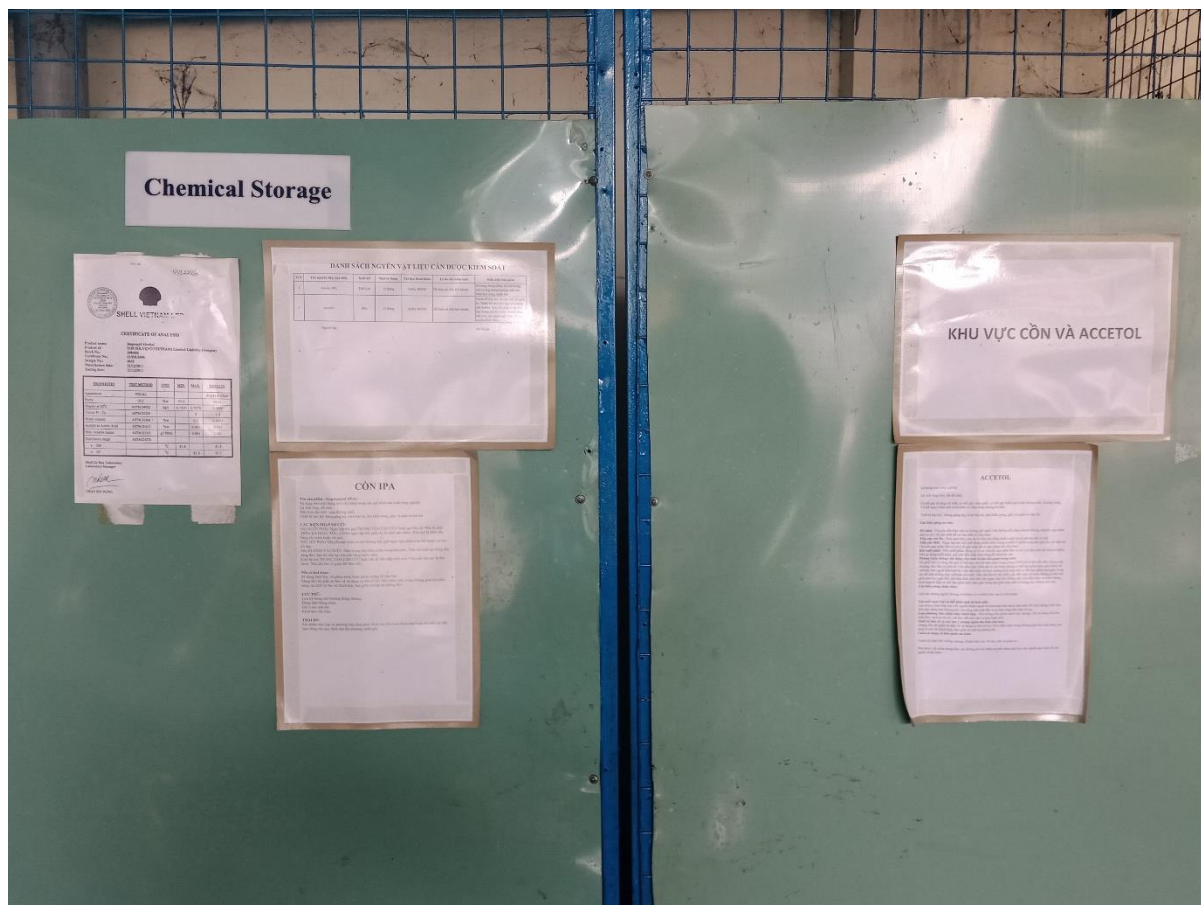
Disposal of Effluents

[GRI 306] Effluents and Waste

As an organisation with a keen focus on print operations, the Group procures and utilises a wide range of ink chemicals to fulfil its pre-press, press and post-press printing capabilities. IP Softcom's printing facilities are located mainly in China, India and Vietnam.

Why it is important to manage the handling and storage of chemicals

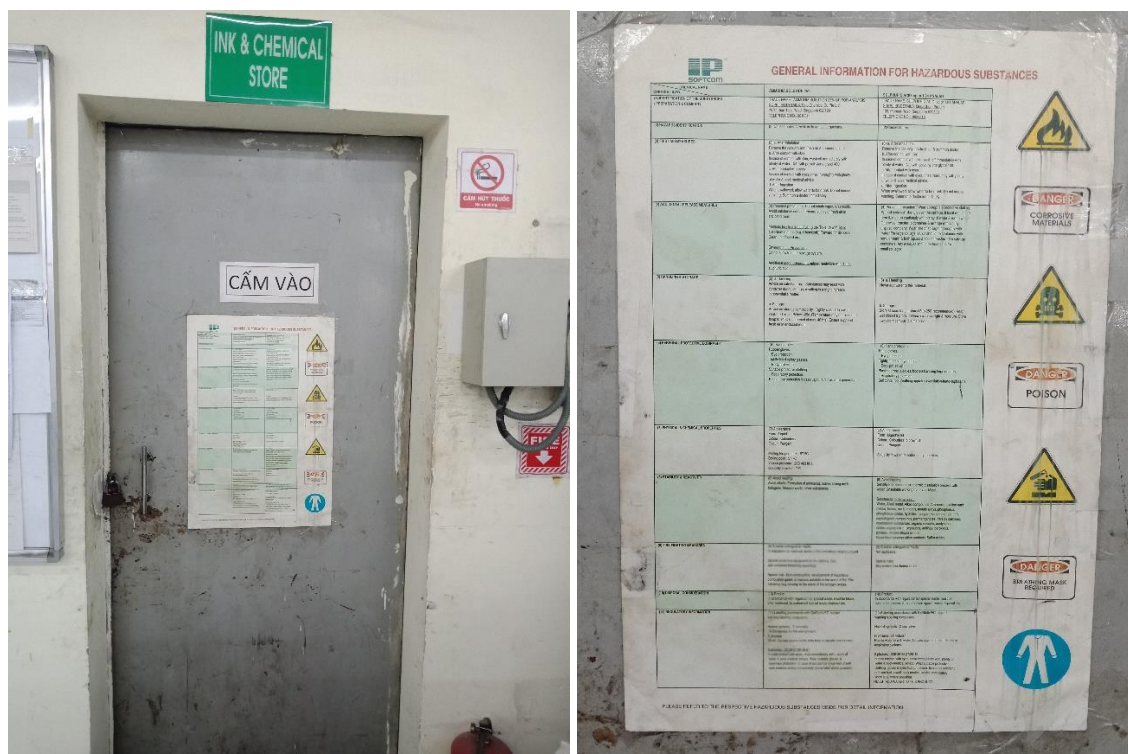
The manufacturing process for our print products requires large amounts of ink chemicals. As countries such as India are suffering from chronic water shortages, proper handling and waste management is therefore of great importance as we strive to utilise and dispose of waste chemicals responsibly so as to minimise the degradation of our shared environment.



How we manage the handling and storage of chemicals

The Group's various production sites have been appropriately controlling chemical substances based on an established system of handling and storing chemicals, to the

disposal of their by-products. As a safety precaution, all chemicals handled by the Group are approached as hazardous, and all containers are labelled with their respective chemical names, concentration and a hazard warning sign. In addition, warning signs are also clearly displayed at all areas storing these chemicals.



During disposal, chemicals of different categories are strictly separated (and not mixed) to prevent any unforeseen and undesirable chemical reactions. Furthermore, waste bottles and containers containing these waste chemicals are properly stored before a licensed collector is arranged for proper disposal. Waste water generated from our operations is also consolidated into a waste water interceptor before final discharge is collected and processed by an approved waste water disposal unit.

Emergency Response

On top of the above basic measures, the Group has also developed an emergency containment procedure which illustrates a systematic workflow in the event of a chemical spillage incident

A pre-designated Emergency Response Team ("ERT") consisting of a group of employees identified by the Company, led by an ERT Leader will first determine if there are any casualties before checking a Material Safety Data Sheet ("MSDS") to identify the chemical

name and/or composition of the spilled chemical. The ERT will then be able to identify the counteracting agent required to neutralise the spilled chemical. The ERT will also be tasked with cordoning off the area of the spill and determining the threshold limit values of the chemical in the air. Absorbent materials will be placed along the perimeter of the spill to prevent its spread. In line with ISO 14001 requirements, these systems and processes will potentially allow for the expeditious clean-up of spilled chemicals. Further spillage to other work zones and public areas outside the boundaries of work premises will be mitigated, while discharge of spilled chemicals to the public drainage system is prevented or minimised.

Social

Workplace Health & Safety

[403] **Occupational Health & Safety**

Our ERT team follows a cleaning procedure to prevent chemical spillage from posing any hazard to our personnel or to the public. This includes taking action after checking on the following:

- If there have been casualties from exposure to the fumes or vapour of the chemicals and immediate medical treatment
- Material Safety Data Sheet for the name and chemical composition of the spilled chemical
- Chemical hazards associated with the spillage (poison, flammable, corrosive, explosive)
- Personal protective equipment needed
- If actual levels of chemicals in the air exceed threshold limit values

Customer Data Privacy

[418]

IP Softcom considers all Personally Identifiable Information ("PII") received from customers as part of its own confidential business information. PII is any data that could potentially be used to identify a particular person. Examples include a full name, NRIC number, driver's license number, bank account number, passport number, and email address.

The IP Softcom Privacy Policy describes how and to what extent the PII collected from customers may be accessed for various reasons. The policy details that the PII collected will not be revealed without prior consent and only provided where required by law. Occasionally, it may also be necessary for business units to disclose certain PII to carefully selected business partners who provide support services. These business partners are accordingly bounded by strict contractual requirements to keep such information confidential. Alongside other reasonable measures such as network security with firewall protection, unauthorised access or disclosure of sensitive PII would be sufficiently mitigated.

In order to securely terminate any sensitive data from storage devices before recycling them for use, the Company has in place a Secure Data Destroy or Termination Procedure to prevent users from recovering data from devices illegally. With the help of the data destruction software, the IT team executes the data termination process on various devices by overwriting it several times with carefully selected patterns.

Apart from data destroy or termination, an Encryption Policy is also in place to cover all computers, electronic devices and media capable of storing the company's sensitive data, as well as the circumstances under which encryption is to be used when data is being transferred across various mediums. For example, any transfer of unencrypted data must take place via an encrypted channel. A varied list of approved encryption methods such as Transport Layer Security ("TLS"), Secured FTP ("SFTP") and the use of the company's Virtual Private Network ("VPN") is employed to cover the transfer of data.

Lastly, the Company's Data Breach Policy details a process to report suspected thefts involving data, data breaches or exposures (including unauthorised access, use or disclosure) to appropriate individuals. Staff suspecting potential theft or breach are required to report to the IT department which will investigate and confirm if an incident has indeed occurred. The removal of compromised data is executed as soon as possible. Detailed in the Data Breach Policy, the IT department head chairs a response team dedicated to handling such breaches or exposure (see table below). During an incident, human resource will handle all communications relating to the breach or exposure, while the IT department work with various appropriate parties to remediate the root cause of the issue at hand.

1	VP – Singapore Operations
2	HRSS Manager
3	VP – Information Technology
4	Security Officer
5	Facilities Officer

[GRI 102-55] **GRI Content Index**

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GRI 102-4	Location of organization	Page 2
GRI 102-5	Ownership and legal structure	Incorporated in Singapore and publicly listed on the Catalist Board (formerly SGX Sesdaq) of the Singapore Exchange since 30 August 1999.
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GRI 102-40	Stakeholder groups	Page 9
GRI 102-41	Collective bargaining agreements	Not applicable. No such agreements.
GRI 102-42	Stakeholder selection	Page 7-8
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About this Report		
GRI 102-46	Defining report content and topic boundaries	Page 8
GRI 102-47	List of material topics	Page 8
GRI 102-48	Restatements of Information	Not applicable. First report.
GRI 102-49	Changes in reporting	Not applicable. First report.
GRI 102-50	Reporting period	FY2017
GRI 102-51	Date of most recent report	Not applicable. First report.
GRI 102-52	Reporting Cycle	Annually from 1 January to 31 December
GRI 102-53	Contact point for questions regarding the report	Jonathan Wee – ipsoftcom@financialpr.com.sg
GRI 102-54	Claims of reporting in accordance to the GRI Standards	This report contains Standard Disclosures from the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (2016).
GRI 102-55	GRI content index	Page 16-17
GRI 102-56	External assurance	The disclosures in this report are not externally assured.
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