

**We value our  
resources**



**Tat Seng Packaging Group Ltd**

**SUSTAINABILITY REPORT FY2017**



Our mission for sustainable development integration is to provide corrugated paper packaging solutions through the adoption of international best practices that positively impact stakeholders in our supply chain.



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# STRATEGY AND ANALYSIS



102-14 | Statement from the most senior decision maker of the organisation

After the historic summit in September 2015 when 193 members of the United Nations (“UN”) made a commitment to adopt the 17 Goals and 169 targets in its 2030 Agenda for Sustainable Development, environmental, social, and governance (ESG) matters became increasingly important to multinational companies.

Our major customers are increasingly interested in the Group’s ESG impact. This directly affects our business in the form of widespread demand for packaging produced from paper certified by Forest Stewardship Council (FSC®), a platform of managing forests and harvesting wood in an ethical way for sustainable development. In response to this trend, we now procure a significant portion of our paper roll raw material from FSC® certified suppliers.

## Recycling Paper

Paper is the main raw material used at the Group’s production factories. The 12th UN Sustainable Development Goal advocating responsible consumption and production has among its targets the reduction of waste generation through prevention, reduction, recycling and reuse. We have invested

extensively in recycling infrastructure and that has enabled us to recycle close to 100% of our paper waste.

## Stakeholder Engagement

The Group’s vision is to be a leading manufacturer and supplier of corrugated paper packaging products. With the widespread attention on ESG integration, we now have a mission to adopt international best practices that positively impact stakeholders. Stakeholder engagement is a key part of achieving the triple bottom line (which includes social, environmental, financial measures). It is also a requirement of the Global Reporting Initiative, which we began adopting last year.

We conduct annual customer surveys to ensure high product satisfaction. Employee feedback is obtained by each department through on-going dialogue. Follow-up action and response is documented.

Last year, we strengthened our stakeholder engagement mechanism by reaching out to our employees, customers, suppliers, and independent directors for feedback on ESG matters.

## Workplace Safety & Health

We recognize the need to accept responsibility for the safety and health of all employees. In Singapore, we have a Workplace Safety & Health committee with members that include the relevant department supervisors. I am glad to report that historically, we have had no incidence of serious accidents.

## Governance on Anti-corruption

The Board takes a serious view on corruption as it impedes business growth, escalates costs and poses serious legal and reputation risks. Each member of our senior management is required to make annual disclosures of conflict of interest such as personal or family shareholdings in our competitor, supplier, or customer.

## Community Development

It is our policy to make charitable community development contributions each year. Last year, we financially sponsored the Rajan Menon Foundation Charity Golf event, the Singapore Cancer Society Run and one scholarship under the Republic Polytechnic Education Fund for a Diploma in Social Enterprise Management.

## Commitment

The Board is committed to integrating sustainable development into the Group's strategic formulation.

The Group has taken steps to ensure our practices comply with environmental regulations and will continue to do so on a proactive basis. Recently, we acquired and installed advanced equipment at our Singapore operations to enhance our waste water management practice and to comply with regulatory requirements. Our Singapore operations has also adopted cleaner energy sources, moving away from diesel to more environmentally friendly natural gas. These steps are part of our continuous effort to minimise the impact of our operations on the environment.

Last year, we formed a sustainable development committee to promote, monitor, and report our ESG practices. The committee reports to our Managing Director / CEO, Mr Loh See Moon, and our Executive Director, Madam Cheong Poh Hua. Our ESG integration process is ultimately endorsed by the Board of Directors.

**Dr Allan Yap**

Executive Chairman

# Goals

Cap operational waste at 4.3% of paper consumed in production.

Safe and healthy workplace.

Greater adoption of FSC® Chain of Custody.

Strengthen stakeholder engagement.

Greener use of energy.

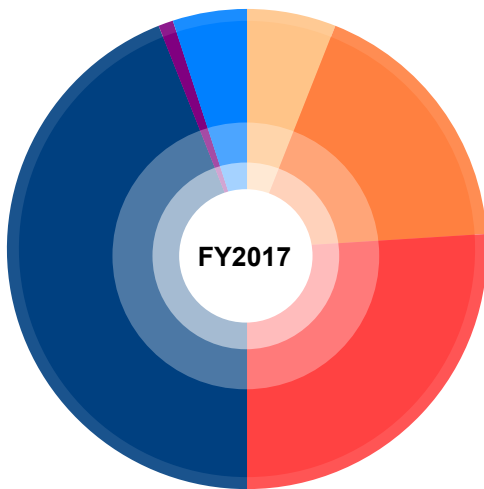
Encourage employee training & development.

More rigorous adoption of anti-corruption practices.



Management of environmental impact has become very important to the paper packaging industry.

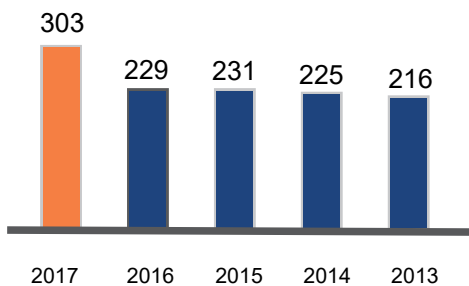
**Dr Allan Yap**  
Executive Chairman



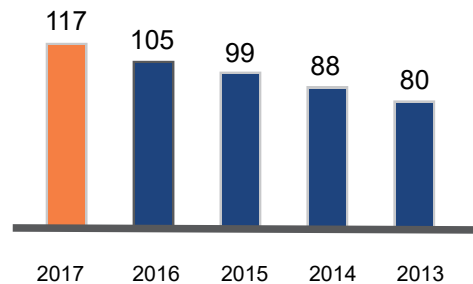
**Sales Analysis by Customer Segment**

■ Printing, Publishers & Converters	44 %
■ Medical, Pharmaceutical & Chemical	26 %
■ Electronics & Electrical	18 %
■ Others	6 %
■ Food & Beverage	5 %
■ Plastic & Metal Stamping	1 %

**Turnover (S\$m)**  
+8.9% CAGR\*



**Shareholders Equity (S\$m)**  
+9.9% CAGR\*



\*CAGR: compounded annual growth rate

# ORGANIZATION PROFILE

102-2   Activities, Brands Products, and Services	Tat Seng Packaging Group Ltd and its subsidiaries (the “Group”) manufactures corrugated paper boards, corrugated paper cartons, die-cut boxes, assembly cartons and heavy duty corrugated paper products.
102-3   Location of Headquarters	28 Senoko Drive, Singapore 758214
102-4   Location of Organization	We have manufacturing facilities in Singapore and China (Suzhou, Nantong, Hefei and Tianjin).
102-5   Ownership and Legal Form	Incorporated in Singapore and publicly listed on the Main Board of Singapore Exchange since 2001.
102-6   Markets Served	Our customers are mainly located in Singapore and China (Suzhou, Nantong, Hefei and Tianjin). They are mainly multi-national corporations and local manufacturers in food & beverage industry, electronics & electrical industry, pharmaceutical & chemical industry, printers & converters as well as other export related industries.



# ORGANIZATION PROFILE

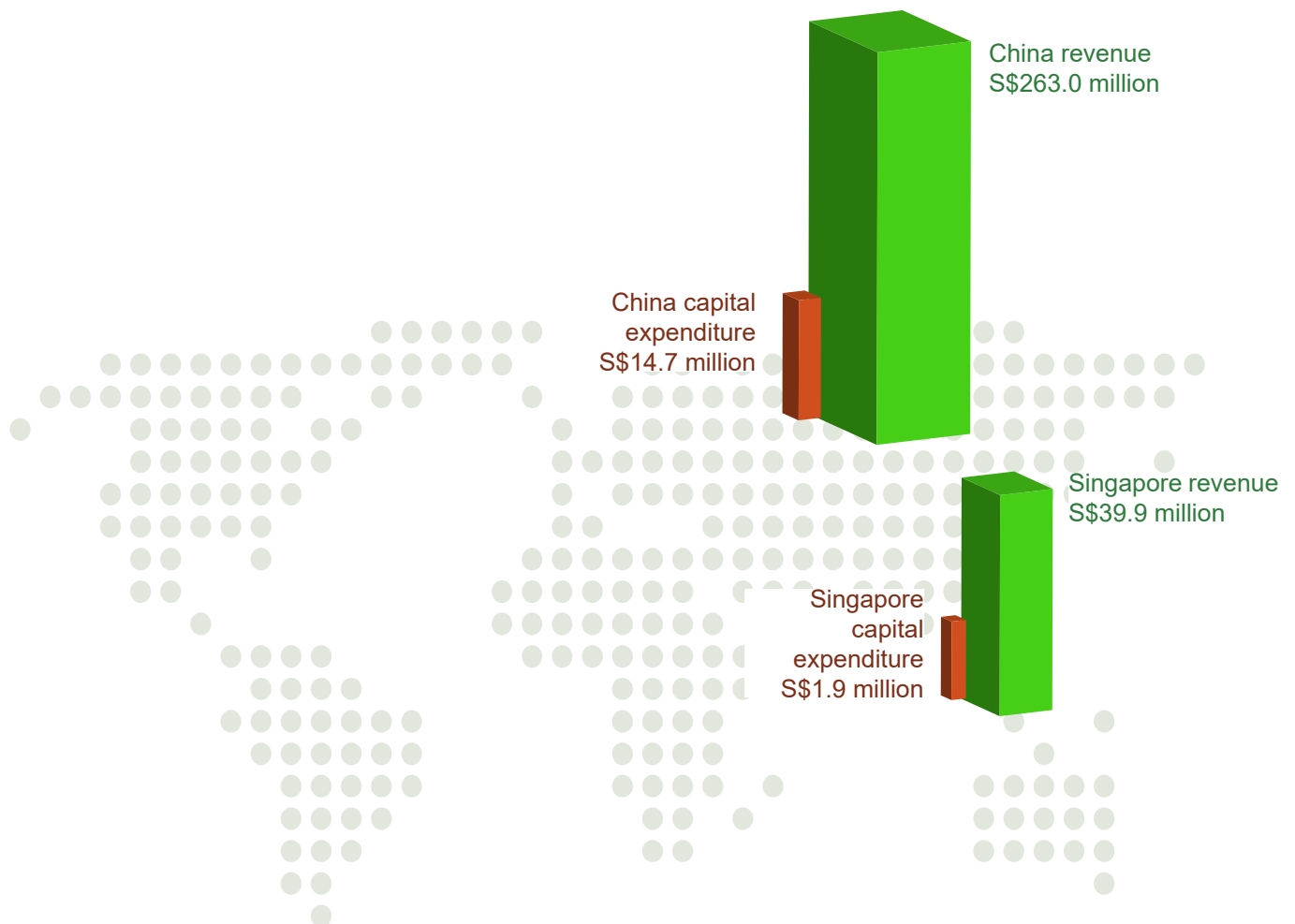
## 102-7 | Organization Scale

Total no. of employees	1,291
No. of operating entities	7
Revenue	S\$303m
Total assets	S\$269m
Total liabilities	S\$143m
Total equity	S\$126m

## 102-7 | Beneficial Ownership

Hanwell Holdings Limited holds 63.95% in the Group. The Group's CEO, Mr Loh See Moon, holds 15%.

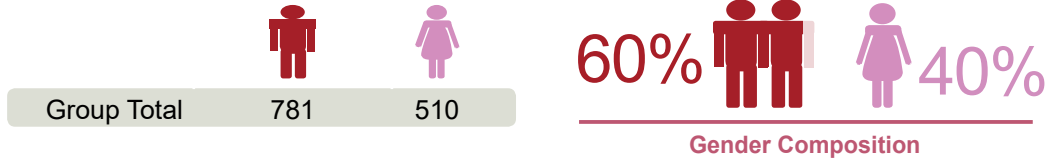
Refer to page 105 of the Group's FY2017 annual report for the list of top 20 shareholders as at 13 March 2018.





102-8 | Workforce

**102-8a.**  
Total no. of employees by employment contract, by gender



**102-8b.**  
Total no. of employees by employment contract



**102-8c.**  
Total no. of employees by employment category, by gender

	Male	Female
Board of Directors	71%	29%
Management	63%	37%
Non-management	60%	40%

**Employee by Age**

	<20yrs	≥21-30yrs	≥31-40yrs	≥41-50yrs	≥51-60yrs	>60yrs
Group	1%	31%	25%	28%	12%	3%

**Employee by Length of Service**

	<5yrs	≥5-10yrs	≥11-20yrs	≥21-30yrs	≥31-40yrs
Group	59%	26%	11%	3%	1%

102-8d. No significant work is performed by non-employees.

102-8e. There is no significant seasonality in our workforce numbers.

102-8f. This workforce data is compiled from the employee records of each operating entity of the Group.

# ORGANIZATION PROFILE

## 102-9 | Supply Chain

Paper roll is the main raw material in our production. The major types of paper roll we use for the production of our products are kraftliner, kraft top liner, medium and white-top liner.

In Singapore, we mainly procure paper roll from paper suppliers who represent their principals located in Thailand, Malaysia, Australia, Indonesia and Taiwan. Our paper suppliers in China mainly come from the paper mills in China.

## 102-10 | Significant Changes

No significant changes to our supply chain took place in FY2017.

## 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.

## 102-12 | External Initiatives

ISO 9001 Quality Management System

ISO 14001 Environment Management System

Forest Stewardship Council

Paper roll is our main raw material, which is sustainably sourced from FSC® certified paper mills.



## 102-13 | Membership of Associations

International Safe Transit Association (ISTA)	Tat Seng Packaging (Suzhou) Co., Ltd. is an industry member of ISTA. ISTA is a non-profit organization focused on the specific concerns of transport packaging. ISTA is the leading industry developer of testing protocols and design standards that define how packages should perform to ensure protection of their contents during the ever changing risks of the global distribution environment.
Corrugated Box Manufacturer Association (CBMA)	CBMA organizes corrugated box business related events, and business visits to other countries.
Singapore Business Federation (SBF)	SBF organizes training courses, business visits to other country, business survey, productivity related seminar.
Singapore-Chinese Business Association (SCBA)	SCBA organizes expos, site visits, economic symposiums, business investment and planning dialogues, as well as cultural activities.
Singapore Chinese Chamber of Commerce & Industry (SCCCI)	SCCCI organizes talks for business development panels, Singapore SMEs business outlook, and certification courses in Mandarin.
Singapore Manufacturing Federation (SMF)	SMF organizes business forums and seminars, workshops on the Employment Act, business and market information updates, and provides management, soft skills, and finance-related courses.
Singapore Productivity Association (SPA)	SPA organizes productivity seminars and business networking conferences.

## ETHICS AND INTEGRITY

## 102-16 | Values and Code of Ethics

### Driven by International Standards

Our Group manufacturing operations are driven by international standards such as ISO 9001 Quality Management System and ISO 14001 Environment Management System.

### Workforce Training

The Group's management supports staff requests for the upgrading of relevant professional skills.

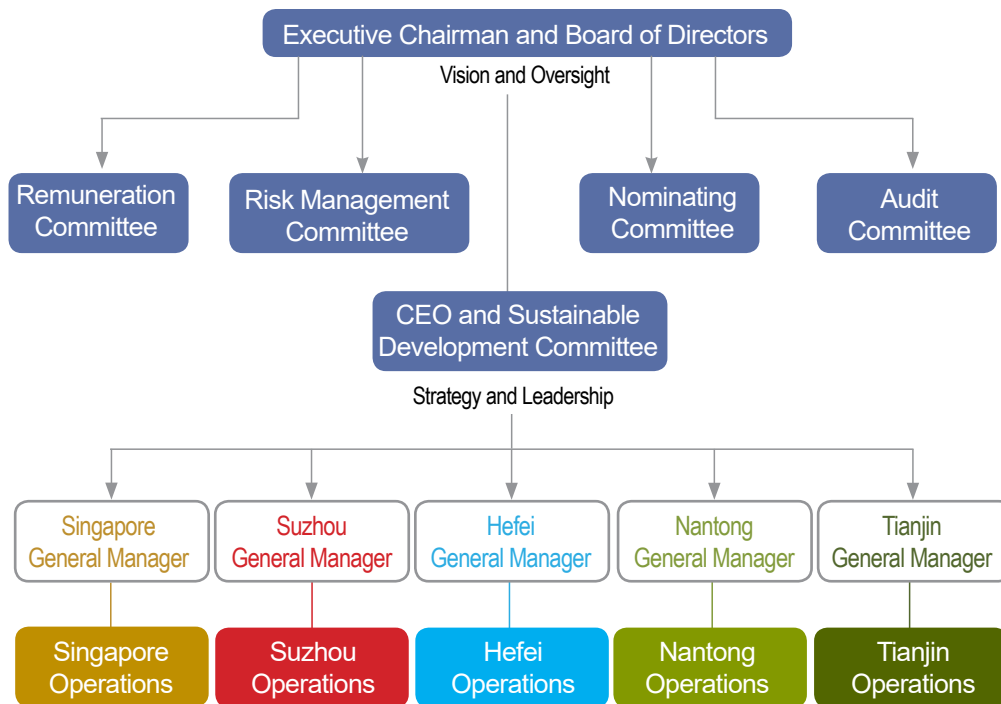
### Forestry Sustainability Council Chain of Custody

The management ensures that it is not involved in the following practices:

- Direct or indirect involvement in illegal logging or trading in illegal wood or forest products.
- Violation of traditional and human rights in forestry operations.
- Destruction of high conservation values in forestry operations.
- Significant conversion of forests to plantations or non-forest use.
- Introduction of genetically modified organisms in forestry operations.
- Violation of International Labor Organization (ILO) Core Conventions as defined in the ILO Declaration on Fundamental Principles and Rights at Work, 1998.

# GOVERNANCE

102-18 | Governance Structure



## Sustainable Development Committee

In 2017, the Group formed a committee to promote, monitor, and report on sustainability business practices. The committee reports to the Group's Board of Directors represented by our Managing Director / CEO, Mr Loh See Moon, and our Executive Director, Madam Cheong Poh Hua. Full profiles of our directors are available on pages 8 to 11 of our Annual Report 2017.

The sustainability report is ultimately endorsed by the Board of Directors.

## Whistle-Blowing Policy

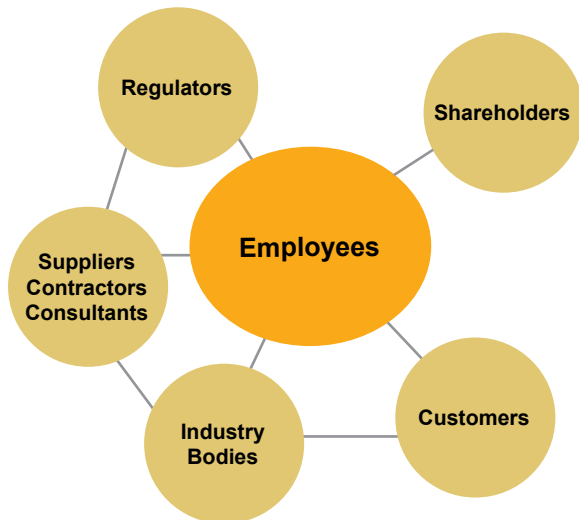
In our commitment to uphold good corporate governance practices, we established a whistle-blowing policy in December 2006. This policy outlines the objectives, scope, procedures and the channel to report in confidence, any suspected unethical or illegal acts.

Concerns about the Group's practices can be addressed to:

Chairman of the Audit Committee  
 c/o. Co Secretary of Tat Seng Packaging Group Ltd  
 RHT Corporate Advisory Pte. Ltd.  
 Six Battery Road #10-01  
 Singapore 049909

# STAKEHOLDER ENGAGEMENT

## 102-40 | Stakeholder Groups



## 102-42 | Basis of Identification and Selection of Stakeholders to Engage

We study international best practices to determine areas of sustainable development that may be relevant to the Group over the long term. We have the following goals in our stakeholder engagement activities:

- Understand stakeholder priorities and values in sustainable development.
- Align our goals and values with that of the stakeholder group.
- Improve on environmental, social and governance matters that our activities have impact on.

## 102-43 | Approach to Stakeholder Engagement

- The Group's adoption of ISO 9001 Quality Management System strengthens the confidence of its stakeholders, especially with employees, customers, and other business associates. Adoption of these industry-wide standards reduces our risk of liability, keeps us ahead of legislation and regulatory developments, and reduces the environmental burden of our business activities.
- We conduct first article inspection, in-process inspection, and last article inspection checks at our production line for every batch of order.

## 102-44 | Key Topics and Concerns

Waste reduction	Our factories are equipped with fully automated wastepaper recycling infrastructure. Refer to pages 14 and 15.
Workplace safety	Extensive occupational safety & health (OSH) measures are implemented at all our factories. Refer to pages 17 and 18 for details of the impact of our OSH committee in Singapore.
Operational efficiency	Our ISO target in Singapore is to manage operational waste at below 4.3%.
Customer satisfaction	In Singapore, we conduct annual customer surveys to solicit feedback on product quality, on-time delivery, after-sales service, and our product pricing.

# MATERIAL ASPECTS AND BOUNDARIES

102-45 | Entities included in consolidated financial statements.  
 102-46 | Defining Report Content and Topic Boundaries

## Reporting Approach and Framework

We refer to the Global Reporting Initiative (2016) as a framework for disclosure inclusion. As the Group’s raw materials significantly comprise of paper, our management has identified that paper waste management and supplier assessment for environmental impact are key material aspects for the Group’s sustainable development.

Workplace safety and occupational health is also a priority as occupational hazards generally exist in a manufacturing environment. The Group’s policy is to have clear communication about workplace safety to eliminate hazardous incidents that may arise.

## Topic Boundaries

Disclosures in this report revolve around our Singapore manufacturing facility. We are monitoring business sustainability activities adopted by our operations in China and will look into extending our reporting to include overseas subsidiaries. Metrics applicable to GRI core disclosures are reported only if they are a good representation of the impact of our value chains. (Please refer to page 70 of our Annual Report 2017 for a list of our China subsidiaries.)

The chart below represents external stakeholders’ sentiment on the importance of sustainability issues material to the Group relative to internal stakeholders. Proper waste disposal ranks high in the value system of both internal and external stakeholders. The Group’s factories are equipped with advanced infrastructure for automatic recycling of wastepaper.

*The results are based on a survey conducted in August 2017.*

**Stakeholder Materiality Analysis**





We use forklifts to handle and transport large loads of packed corrugated boards easily and quickly.

102-47 | List of Material Topics

## Economic

Anti-corruption

## Environmental

- Materials
- Biodiversity
- Effluents and Waste
- Supplier Environmental Assessment

## Social

### Labor Practices and Decent Work

- Occupational Safety and Health

### Product Responsibility

- Product and Service Labeling
- Marketing Communications

# ENVIRONMENTAL IMPACT

## 301-1 | Materials

Our raw materials for production mainly comprise of paper harvested from wood. Wood is a renewable resource. Paper can be recycled several times. These raw materials are sourced from external suppliers.

## 301 103-1 | Why it is important to manage wastepaper

Our manufacturing process requires a large amount of paper rolls. In FY2017, our factories in China and Singapore consumed about 250,000 tons of paper rolls. During production, paper rolls are trimmed to produce boards and carton boxes. One of the main causes of paper waste is the trimming of paper.

Paper waste management is very important to the Group and we strive to reduce and dispose of paper waste responsibly.



**Paper waste is automatically collected and conveyed to compacting machines.**



Paper waste is compacted into bales at our factory premise.



301  
103-2

How we  
manage wastepaper

Improvements in our production processes reduce paper wastage and represent improved operational efficiency. Our operation team regularly reviews the practices at our production facilities and equipment in order to optimize our production results, maximize the effectiveness of our paper roll consumption, and ultimately improve our management of operation waste.

Our extensive capital investment in recycling infrastructure reduces the consumption of forestry resources. Our paper shreds are automatically collected using conveyor belts under grooves on our factory floor. The waste paper is then compacted into bales for disposal via a licensed wastepaper collection agent.

The external recycling company may then send the compacted bales of recovered paper shreds back to paper mills for production of pulp used in recycled paper.

## 308 | Supplier Environmental Assessment

308  
103-1 | Why **sustainable paper procurement** is important**Responsibility**

Most of our raw material is paper roll, and that is produced from wood. Deforestation, the clearance of forests for conversion of land to a non-forest use, accounts for almost the same carbon emissions as the entire world's transport sector and is a major driver of biodiversity loss.

Many of our customers now require our paper packaging solutions to be certified by the Forest Stewardship Council (FSC®).

308  
103-2 | How we manage **sustainable paper procurement****Policy**

We procure paper roll mainly from FSC® certified suppliers. The certification system allows us to identify, purchase and use wood, paper and other forest products produced from well-managed forests and/or recycled materials. Adoption of the FSC® Chain of Custody means that the paper we use as raw material is unlikely to have been harvested illegally in violation of traditional or civil rights, or in a way that threatens high conservation value areas.



Paper rolls handled by forklift at our warehouse.

# WORKPLACE SAFETY & HEALTH

403  
103-1

Why workplace safety and health is important

Workplace safety and health is important to the Group as occupational hazards generally exist in a manufacturing environment like ours that requires manual operation of machinery and forklifts.

When workers are overly fatigued or in poor health, there is higher risk of a vicious cycle of poor workplace safety and health conditions caused by negligence.

## Benefits of a safe workplace



**Happier and healthier employees**



**More productive workforce**



**Lower healthcare costs**

Our operators are required to wear personal protection equipment such as earplugs / ear muffs.



403  
103-2

How we manage  
workplace safety and health

**Responsibility**

We recognize the need to accept responsibility for the safety and health of all employees.

In Singapore, we have a Workplace Safety & Health committee that include various department supervisors who monitor, manage, and implement workplace safety practices.

The committee meets regularly to develop, plan, organize, manage and improve on our workplace safety programs. The meeting is chaired by the committee chairman who is also our Production Manager. The committee secretary is a registered Workplace Safety & Health officer.

**Policy**

- Control risks at workplace
- Maintain a safe work environment
- Make sure that safety is maintained in the handling of all equipment used
- Provide easily accessible resources for dealing with emergencies and for keeping the workplace safe.

**Commitment**

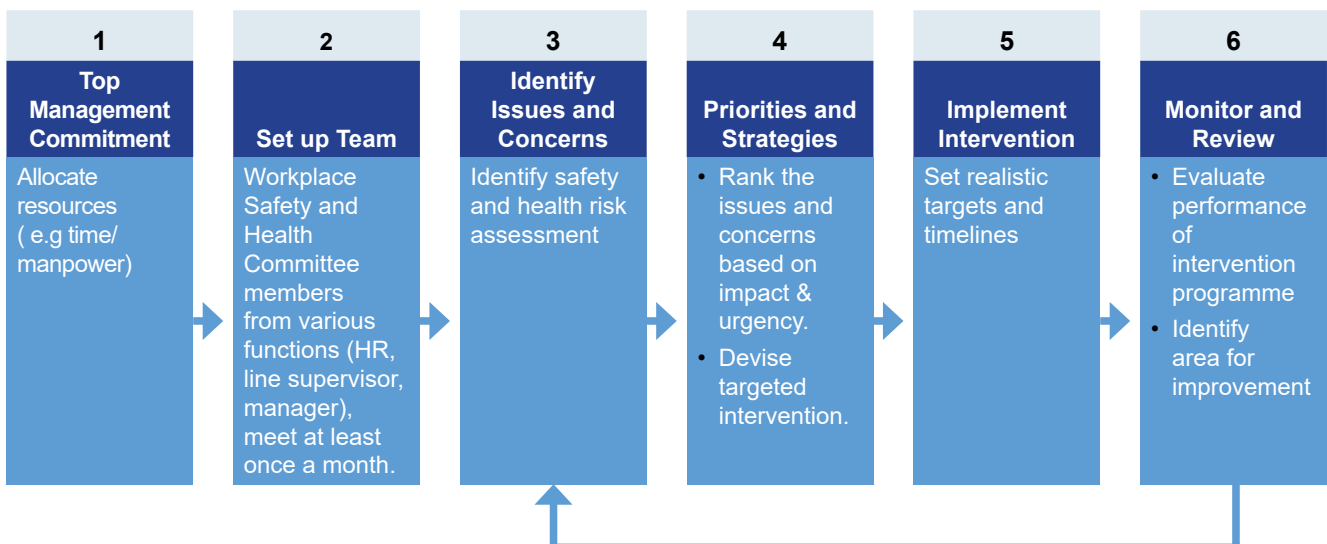
Total Workplace Safety and Health (Total WSH) is an integrated approach to managing safety, health and well-being in the workplace. This approach views a safe and healthy workplace as one that has workers and managers collaborating in a continual improvement process to protect and promote the health, safety, and well-being of all workers and the sustainability of the workplace.

Each employee is expected to observe all rules and regulations governing safety practices, use the safety equipment provided and practice safety at all times.

**Protective Resources**

- We provide the proper work tools and personal protection equipment such as safety shoes, respirators, and eyes google to employees where necessary.
- We provide employees with ear plugs / ear muffs to mask noise pollution arising from our machines. To avoid noise-induced deafness, employees are required to wear ear plugs / ear muffs during working hours at all times.
- We engage a healthcare services provider to provide a hearing test service at our factory premises annually. The hearing test determines the hearing ability of all our employees who are exposed to excessive noise. All of our 110 employees in Singapore that are exposed to long term noise hazards arising from operation of corrugator machines go through this test that we fully sponsor.

**Implementing Total WSH Process**



## GENERAL STANDARDS DISCLOSURES

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## SPECIFIC STANDARDS DISCLOSURES

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308 Supplier Environmental Assessment	Environmental impact in the supply chain	16
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## REGULATORY NON-COMPLIANCE

In January 2018, Tat Seng Packaging Group Ltd (the “Company”) was fined S\$12,000 for an incident of non-compliance with PUB requirements in the discharge of industrial waste water that occurred in 2016. Our Singapore operations was previously relying on widely adopted waste water treatment procedures that unfortunately did not meet the standards required.

The Company views the matter seriously and has looked into ways to minimize the impact of the used industrial water discharged into the environment. Working closely with waste water treatment equipment vendors, the Company has also recently acquired and installed advanced equipment to enhance our waste water management practices and to comply with regulatory requirements.

The Company is committed to responsible operations and continues to work together with the relevant authorities and our vendors to ensure compliance with environmental regulations.

To the best of our knowledge, the Group has not identified any incidence of non-compliance in its activities related to the following aspects during the period under review.

Standards Disclosure		
Customer Health and Safety	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services
Marketing and Labeling	417-2	Incidents of non-compliance concerning product and service information and labeling
Customer Privacy	418-2	Substantiated complaints concerning breaches of customer privacy and losses of customer data
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area

ACRA UEN	197702806M
Company Name   GRI 102-1	Tat Seng Packaging Group Ltd
Reporting Period   GRI 102-50	FY2017
Date of most recent previous report   GRI 102-51	N.A.
Reporting cycle   GRI 102-52	Annually from 1st January to 31st December
Contact   GRI 102-53	El Lee, <a href="mailto:staff@financialpr.com.sg">staff@financialpr.com.sg</a>
GRI applicaton   GRI 102-54	This report contains Standard Disclosures from the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (2016).
External assurance policy   GRI 102-56	The disclosures in this report are not externally assured.



[www.tspg.sg](http://www.tspg.sg)

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