

EGGRICULTURE FOODS LTD.

永續農業發展有限公司

(incorporated in the Cayman Islands with limited liability)

Stock code: 8609



2020 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



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Environmental, Social and Governance Report

ABOUT THIS REPORT

Eggriculture Foods Ltd. (the “Company”), together with its subsidiaries (the “Group”), is pleased to present the Environmental, Social and Governance Report (the “Report”) to provide an overview of the Group’s management on significant issues affecting the operation, and the performance of the Group in terms of environmental and social aspects. This Report is prepared by the Group with the professional assistance of APAC Compliance Consultancy and Internal Control Services Limited.

Preparation Basis and Scope

This Report is prepared in accordance with Appendix 20 to the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (“GEM Listing Rules”) – “Environmental, Social and Governance Reporting Guide” (“ESG Reporting Guide”) and has complied with “comply or explain” provision in the GEM Listing Rules.

This Report summarises the performance of the Group in respect of corporate social responsibility, covering its operating activities which are considered as material by the Group – production and sale of fresh eggs and processed egg products in Singapore. With the aim to optimise and improve the disclosure requirements in the Report, the Group has taken initiative to formulate policies, record relevant data, implement and monitor measures. This Report shall be published both in Chinese and English on the website of Stock Exchange. Should there be any discrepancy between the Chinese and the English versions, the English version shall prevail.

During the year, the Group confirmed that it has established appropriate and effective management policies and internal control systems for ESG issues and confirmed that the disclosed contents are in compliance with the requirements of the ESG Reporting Guide.

Reporting Period

This Report demonstrates our sustainability initiatives during the reporting period from 1 April 2019 to 31 March 2020.

Contact Information

The Group welcomes your feedback on this Report for our sustainability initiatives. Please contact us by sending us your recommendation to our office at Unit 1308, 13/F, Mirror Tower, 61 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong.

INTRODUCTION

Eggriculture Foods Ltd. is a fast-growing, specialized in the production and sale of fresh eggs and processed egg products company and headquartered in Singapore. The Group is currently one of the three hi-tech egg farms to produce fresh chicken eggs, and has been awarded an “A” grade excellent licence to operate a food establishment by the Singapore Food Agency for egg processing and shell egg pasteurisation. During the reporting period, we continued to focus on our core business of eggs production and distribution in Singapore. Moreover, we continued our strategy to expand our range of process eggs products.

Sustainable development is an integral part of the Group’s business strategy in order to achieve business excellence and enhance capabilities for long-term competitiveness. We are committed to operating in a manner that is economically, socially and environmentally sustainable while balancing the interests of our various stakeholders and fostering a positive impact on the society. Our sustainability strategy is based on the compliance with the applicable legal requirements, principle of sustainability and opinions from stakeholders. We have established and implemented various policies to manage and monitor the risks related to the environment, employment, operating practices and community. Details of the management approaches to sustainable development of different areas are illustrated in this ESG Report.



STAKEHOLDERS ENGAGEMENT AND MATERIALITY ASSESSMENT

The Group understands the success of the Group's business depends on the support from its key stakeholders, who (a) have invested or will invest in the Group; (b) have the ability to influence the outcomes within the Group; and (c) are interested in or affected by or have the potential to be affected by the impact of the Group's activities, products, services and relationships. It allows the Group to understand risks and opportunities. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

Stakeholders are prioritised from time to time in view of the Group's roles and duties, strategic plan and business initiatives. The Group engages with its stakeholders to develop mutually beneficial relationships and to seek their views on its business proposals and initiatives as well as to promote sustainability in the marketplace, workplace, community and environment.

The Group acknowledges the importance of intelligence gained from the stakeholders' insights, inquiries and continuous interest in the Group's business activities. The Group has identified key stakeholders that are important to our business and established various channels for communication. The following table provides an overview of the Group's key stakeholders, and various platforms and methods of communication are used to reach, listen and respond.

| Stakeholders | Expectations | Engagement channels | Measures |
|-----------------------------------|---|---|---|
| Government | <ul style="list-style-type: none"> – Comply with applicable laws and regulations – Proper tax payment – Promote regional economic development and employment | <ul style="list-style-type: none"> – On-site inspections and checks – Research and discussion through work conferences, work reports preparation and submission for approval – Annual and interim reports – Website | <ul style="list-style-type: none"> – Operated, managed and paid taxes according to laws and regulations, strengthened safety management; accepted the government's supervision, inspection and evaluation for example, accepted certain 1-2 on-site inspections throughout the year, and actively undertook social responsibilities |
| Shareholders and Investors | <ul style="list-style-type: none"> – Low risk – Return on investment – Information disclosure and transparency – Protection of interests and fair treatment of shareholders | <ul style="list-style-type: none"> – Annual general meeting and other shareholder meetings – Annual and interim report, announcements | <ul style="list-style-type: none"> – Issued notices of general meeting and proposed resolutions according to regulations, disclosed company's information by publishing announcements/circulars/annual and interim reports – Carried out different forms of investor activities with an aim to improve investors' recognition. Held results briefing upon necessary – Disclosed company contact details on website and in published reports and ensured all communication channels are available and effective |

STAKEHOLDERS ENGAGEMENT AND MATERIALITY ASSESSMENT *(Continued)*

| Stakeholders | Expectations | Engagement channels | Measures |
|-------------------------------|---|--|--|
| Employees | – Safeguard the rights and interests of employees | – Trainings, seminars, briefing sessions | – Provided a healthy and safe working environment; developed a fair mechanism for promotion; established labor unions at all levels to provide communication platforms for employees; cared for employees by helping those in need and organized employee activities |
| | – Working environment | – Cultural and sport activities | |
| | – Career development opportunities | – Newsletters | |
| | – Self-actualization | – Intranet and emails | |
| | – Health and safety | | |
| Customers | – Safe and high-quality products | – Company website, brochures and annual reports | – Established committee to maintain good communication |
| | – Stable relationship | – Email | – Held regular online customer satisfaction survey to understand our customer's satisfaction levels with our products and services |
| | – Integrity | – Customer service hotline | |
| | – Business ethics | | |
| Suppliers/Partners | – Long-term partnership | – Business meetings, supplier conferences, phone calls, interviews | – Invited tenders publicly to select best suppliers and contractors, performed contracts according to agreements, enhanced daily communication, and established long-term cooperation with quality suppliers and contractors |
| | – Honest cooperation | | |
| | – Fair, open information resources sharing | – Regular meeting | |
| | – Risk reduction | – Review and assessment – Tendering process | |
| Financial institution | – Compliance with applicable laws and regulations | – Consulting | – Provided annual and interim reports |
| | – Information disclosure | – Information disclosure | |
| | | – Reports | |
| Public and Communities | – Social responsibility | – Community engagement | – Engaged in charity and volunteering |
| | – Open information | – Information disclosure | – Disclosed information timely |



STAKEHOLDERS ENGAGEMENT AND MATERIALITY ASSESSMENT *(Continued)*

Through general communication with stakeholders, the Group understands the expectations and concerns from stakeholders. The feedbacks obtained allow the Group to make more informed decisions, and to better assess and manage the resulting impact.

The Group has adopted the principle of materiality in the ESG reporting by understanding the key ESG issues that are important to the business of the Group. All the key ESG issues and key performance indicators (KPIs) are reported in the Report according to the recommendations of the ESG Reporting Guide (Appendix 20 of the GEM Listing Rules) and the GRI Guidelines.

The Group has evaluated the materiality and importance in ESG aspects through the following steps:

Step 1: Identification – Industry Benchmarking

- Relevant ESG areas were identified through the review of relevant ESG reports of the local and international industry peers.
- The materiality of each ESG area was determined based on the importance of each ESG area to the Group through internal discussion of the management and the recommendation of ESG Reporting Guide (Appendix 20 of the GEM Listing Rules).

Step 2: Prioritization – Stakeholder Engagement

- The Group discussed with key stakeholders on key ESG areas identified above to ensure that all the key aspects were covered.

Step 3: Validation – Determining Material Issues

- Based on the discussion with key stakeholders and internal discussion among the management, the Group's management ensured that all the key and material ESG areas, which were important to the business development, were reported and in compliance with ESG Reporting Guide.

As a result of this process carried out in 2020, those important ESG areas to the Group were discussed in this Report.

A. ENVIRONMENTAL ASPECTS

As a poultry farming and egg-related products manufacturing company in Singapore, the Group recognizes that it has an obligation to reduce the impact of our operations on the environment and is accountable for the resources and materials that are used in our daily operations. With increasing concerns among customers and other stakeholders for the environmental protection and healthy living environment, we are committed to improving our environmental performance by responsibly managing our operation, reducing our carbon footprint and using resources effectively, and become a leader in sustainability within the poultry farming industry.

During the year, the Group fully complied with all the relevant environmental laws and regulations and the Environmental Public Health Act in Singapore, such as the Environmental Protection and Management Act in Singapore. Besides, we were not aware of any material non-compliance with the relevant laws and regulations that had significant impact on the Group related to air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous waste during the year. As we continue to develop, we are committed to continuously improving the environmental sustainability of our business, ensuring that environmental considerations remain one of the top priorities in our daily business operations and we fulfil our obligations to both the environment and community.

In order to achieve these objectives, the Group promotes environmental stewardship throughout its business ecosystem by introducing a number of measures to enhance the environmental protection awareness among its employees, encouraging them to develop environment-friendly working habits and to take action in protecting the precious environment.

A1. Emissions

With the increasing concerns among stakeholders and society for the environment, the Group recognizes that it has ethical duties to reduce its emissions. To demonstrate our commitment to sustainable development, we have established relevant emission reduction and energy saving initiatives such as consumption of solar power to manage the emission and maintain green operations.

In the meantime, the Group fully complies with all the relevant environmental laws and regulations in the regions where it operates. These include the Environmental Protection and Management (Air Impurities) Regulations and the Environmental Protection and Management (Off-Road Diesel Engine Emissions) Regulations 2012 in Singapore as well as other relevant regulations. Besides, no concluded case regarding emissions was brought against us or our employees during the year.

Air Pollutant Emission

The Group understands that air pollutant emission control is vital to both environmental protection and the health of employees. Our air pollutant emission comes from two sources – stationary and mobile. The stationary source, which is our major source of air pollutant emissions, includes diesel and biogas consumption for the machines and tools use such as poultry feed mill machinery. For mobile source, the air pollutant emission mainly comes from vehicles and trucks used for goods delivery. The increase in the air pollutant emission in 2020 was mainly attributable to the increase in the sale of fresh eggs and processed egg products during the year. The air pollutant emission of the Group during the year was as follows:

| Type of Air Pollutant | Unit | 2020 | 2019 |
|------------------------------------|------|-----------------|-----------------------|
| Nitrogen oxides (NO _x) | kg | 8,331.02 | 7,252.78 ¹ |
| Sulfur dioxide (SO ₂) | kg | 256.97 | 229.88 ¹ |
| Particulate matter (PM) | kg | 245.58 | 233.72 ¹ |

¹ The data of year 2019 has been restated for comparative purpose.



A. ENVIRONMENTAL ASPECTS *(Continued)*

A1. Emissions *(Continued)*

Greenhouse Gas (“GHG”) Emission

GHG is considered as one of the major contributors to the climate change and global warming. The Group recognizes that climate change is gradually concerned by the community as it affects our daily life and poses a risk to its business. Hence, we are committed to mitigating the effects of climate change and protecting the health of employees.

Giving the majority of the GHG emissions of the Group come from energy consumption, the Group tackles the carbon footprint by lowering the energy consumption in our business operations. Policies and procedures as described in the section “Use of Resources” to encourage energy saving have been incorporated throughout the operations in order to reduce the carbon footprint. Regarding GHG emission of the Group, scope 1 emissions consist of combustion of fuels in stationary sources and mobile sources. Scope 2 emissions mainly come from purchased electricity. The increase in the GHG emission in 2020 was mainly due to the increase in the sale of fresh eggs and processed egg products during the year. The GHG emission of the Group during the year was as follows:

| GHG Emission ¹ | Unit | 2020 | 2019 |
|---------------------------|---|-----------------|-----------------------|
| Scope 1 ² | tonnes of CO ₂ -e | 1,473.64 | 1,218.35 ⁴ |
| Scope 2 ³ | tonnes of CO ₂ -e | 2,198.45 | 1,889.24 ⁴ |
| Total GHG emission | tonnes of CO ₂ -e | 3,672.09 | 3,107.59 ⁴ |
| GHG emission intensity | tonnes of CO ₂ -e/ revenue in S\$'000 | 0.079 | 0.067 ⁴ |

Hazardous and Non-hazardous Wastes

The Group recognizes that an increasing amount of waste generated is a significant global issue. We understand the importance of wastes reduction and recycling. Hence, we take initiative to introduce and implement waste management measures to minimize the amount of waste generated and the impact on the environment. In order to improve waste management, we have a classification system for different types of wastes. Each type of wastes has specific storage location and collection procedures.

Regarding waste generation, no hazardous waste was generated during the year. The non-hazardous wastes generated from our production and operation mainly include dead chicken, chicken manure and eggshells. To minimise waste disposal, the Group has engaged qualified recycling companies to collect and convert those organic waste into useful materials such as fertilizer in accordance to the applicable law and regulation in Singapore. Moreover, we have installed biogas generation facilities, such as anaerobic digesters, to convert chicken manure into biogas which can provide energy use for the farm’s operation including the boiler system, dryer house and biogas power plant. During the year, 90% of the chicken manure was used for biogas generation and the remaining 10% was reused as fertilizer by a nearby third-party vegetable farm. The increase in the amount of non-hazardous waste in 2020 was mainly attributable to the increase in the sale of fresh eggs and processed egg products during the year.

² The calculation of the greenhouse gas emission is based on the “Corporate Accounting and Reporting Standard” from Greenhouse Gas Protocol.

³ Scope 1: Direct emission from sources that are owned or controlled by the Group.

⁴ The data of year 2019 has been restated for comparative purpose.

⁵ Scope 2: Indirect emissions from purchased electricity consumed by the Group.

A. ENVIRONMENTAL ASPECTS (Continued)**A1. Emissions** (Continued)**Hazardous and Non-hazardous Wastes** (Continued)

The non-hazardous waste generated and recycled by the Group during the year was as follows:

| Non-hazardous waste generated and recycled | Unit | 2020 | 2019 |
|--|------------------------------|------------------|------------------------|
| Non-hazardous waste generated | | | |
| Domestic waste | tonnes | 96.15 | 5.77 |
| Poultry waste – eggshells | tonnes | 990.40 | N/A ⁶ |
| Poultry waste – dead chicken | tonnes | 72.88 | 124.93 ⁷ |
| Poultry waste – chicken manure | tonnes | 18,513.87 | 16,547.96 ⁷ |
| Total waste generated | tonnes | 19,673.30 | 16,678.66 ⁷ |
| Waste generated intensity | tonnes/revenue in S\$'000 | 0.4253 | 0.5009 ⁷ |
| Non-hazardous waste recycled | | | |
| Poultry waste – dead chicken | tonnes | 72.88 | 124.93 ⁷ |
| Poultry waste – chicken manure | tonnes | 18,513.87 | 16,547.96 ⁷ |
| Total waste recycled | tonnes | 18,586.75 | 16,672.89 ⁷ |
| Waste recycled intensity | tonnes/revenue in S\$'000 | 0.4019 | 0.5008 ⁷ |

A2. Use of Resources

The Group considers environmental protection as an essential component of a sustainable and responsible business. We have an in-depth understanding of the importance of safeguarding sustainable development of the environment. Besides, we are aware of the importance of efficient resources utilization by introducing various measures in daily business operations. We understand that staff participation is the key to achieve such goals. We have adopted energy, water and packaging material efficiency initiatives policies to motivate our employees to participate in resource conservation activities.

Energy

The Group considers environmental protection as an essential component of a sustainable and responsible business. We recognize the importance of controlling and reducing energy consumption in our operations to reduce environmental impact. With the aims of resource saving and implementation of energy saving measures, we actively promote the concept of energy saving and emission reduction into the entire process of our business development and operations.

The Group's energy mainly comes from purchased electricity. For energy conservation, we have implemented green energy strategy for a sustainable development. Besides, we proactively use renewable energy such as biogas to reduce the carbon footprint. Biomass, such as animal manure, can be converted to biogas in the anaerobic digester.

As the gas is primarily methane, the combustion with oxygen could release energy, which acts as a fuel and generate electricity. It is one of the renewable sources of energy with abundant supply that helps to reduce our impact of business operations on environment.

Besides, the Group has implemented different measures to minimise energy consumption. For example, smart use of lighting is encouraged by using natural light in day time to reduce the usage of lighting. Regular maintenance on all electrical appliances is carried out to reduce energy consumption. The increase in the energy consumption in 2020 was mainly due to increase in the sale of fresh eggs and processed egg products during the year.

⁶ The data for year 2019 eggshells waste has not been recorded by the company.

⁷ The data of year 2019 has been restated for comparative purpose.



A. ENVIRONMENTAL ASPECTS (Continued)**A2. Use of Resources** (Continued)**Energy** (Continued)

The energy consumption of the Group during the year was summarised as follows:

| Energy | Unit | 2020 | 2019 |
|------------------------------|------------------------|------------------|-----------------------|
| Purchased electricity | MWh | 5,244.40 | 4,506.77 |
| Diesel | MWh | 3,622.21 | 2,867.31 ⁸ |
| Biogas | MWh | 2,790.24 | 2,502.93 ⁸ |
| Total energy consumption | MWh | 11,656.85 | 9,877.01 ⁸ |
| Energy consumption intensity | MWh/revenue in S\$'000 | 0.25 | 0.30 ⁸ |

Water

Water is another important resource used for our production and operation. In order to save water, water taps should be turned off right after using. Running, dripping and long-flowing water are avoided. We also reuse water to reduce the water usage and closely check the water recycling system to prevent leakage and wastewater discharged to the environment. The decrease in the water consumption in 2020 was mainly due to the installation of auto self-closing water saving tap basin which could delay push button and led to less water wastage. The water consumption of the Group during the year was as follow:

| Water | Unit | 2020 | 2019 |
|-----------------------------|------------------------------------|------------------|-----------|
| Water consumption | m ³ | 11,811.90 | 14,856.25 |
| Water consumption intensity | m ³ /revenue in S\$'000 | 0.26 | 0.45 |

Packaging Materials

The Group considers eco-friendly packaging materials is one of the top issues for a sustainable business development. When designing egg trays, we proactively source recyclable materials for packaging in order to reduce the environmental impact. Hence, our business mainly involves the use of paper and plastic carton as the packaging materials for egg-related products. Some of the plastic trays are reusable, which is more environmentally-friendly. The data for the amount of package materials consumed was not recorded during the year. We will develop better data collection approach in the next reporting period for the disclosure of packaging material used.

A3. The Environment and Natural Resources

The Group understands that poultry farming can cause significant impact on the environment and natural resources. As a responsible business, we attach great importance to green farming. To reduce the impact of electricity consumption from fossil fuel on the environment, we believe that the development and use of renewable energy is one of sustainable and effective ways to reduce environmental impact such as GHG emissions. Hence, we have invested in biogas generator for poultry waste treatment. The biogas generated is used to dry the feed, pasteurize the eggs and generate electricity.

The Group will continue to seek opportunities to further reduce emission and resources consumption with the aim to lower the negative environmental impacts on our business operation and to use minimal natural resources.

We will review our environmental policy from time to time and consider implementing further eco-friendly measures and practices in order to enhance our environmental sustainability in future. During the year, we were not aware of any material non-compliance of environmental laws and regulations that had a significant impact on us in relation to air pollutants and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

⁸ The data of year 2019 has been restated for comparative purpose.

B. SOCIAL ASPECTS

The Group recognizes that maintenance of strong, healthy and friendly business relations with employees, supply chains, and a business is connected or expected to have a connection, whether internal or external, is the foundation for the Group's success and development. We highly consider employees as important assets and are committed to earning respect from employees, maintaining work-life balance, and enabling them to grow together with us. With supporting business sustainable development, we work closely with suppliers to manage social risks. Also, with a goal of understand the needs and interests of communities where the issuer operates, we take our own initiatives to actively contribute to the society in various ways.

EMPLOYMENT AND LABOUR PRACTICES

B1. Employment

The Group values staff and the contribution that they make. We have a set of human resources management policies and procedures in place with the aim to provide a better working environment to employees where they can have a safe and healthy workplace to engage and perform to the satisfaction of us. These policies and procedures not only ensure us to comply with the relevant labour laws and regulations in places where we operate, but also set out our standard of staff recruitment, promotion guidelines, remuneration scale, working hours, rest breaks, holidays as well as termination of employment and compensation matters. Labour contracts or employment agreements, which are entered between us and the employees, clearly state the relevant details in order to safeguard mutual interest and benefits. Besides, we have established various communication channels with our employees, including staff induction courses and continuing educational seminars, regular staff and departmental meetings, internal publications and bulletin board, intranet communication, etc., with the aim to understand their needs. Specific form of communication can also be made subject to the communication content and characteristics of participants.

The Group respects the employees' rights. All employees are treated equally. Their employment, remuneration and promotion are not affected by their social identities such as ethnicity, race, nationality, gender, religion, age, sexual orientation, political faction and marital status. We formulate and regularly review the human resources plan in accordance with our development plan and strategic goals. Apart from making external recruitment plan for continuous injection of fresh blood to us, we organize internal staff training, devise talents reservation plan, and establish all-level position selection and evaluation system to optimise human resources allocation and internal promotion. This aims to nurture prospective employees to become future leaders in their respective expertise areas.

The Group formulates competitive remuneration packages to retain and motivate employees in achieving key goals of our Group. We provide remuneration to employees according to their qualifications, experience, performance, job duties, service years and market benchmark. We perform salary review on an annual basis to ensure our remuneration practices are competitive and aligned with market rate.

In addition to salary, we provide central provident fund, overtime pay, social security benefits, medical insurance, and variable incentive-based remuneration such as discretionary bonus to employees. Employees are also entitled to various types of leaves including annual leave, sick leave, maternity leave, paternity leave, shared parental leave, childcare leave, extended childcare leave and compassionate leave.

The Group strictly complies with the national laws and the Group's internal system. We restrain ourselves from violating business ethics. During the year, we were not aware of any non-compliance with the relevant laws and regulations such as the Employment Act in Singapore that had significant impacts on us relating to compensation and dismissal, recruitment and promotion, working hours, equal opportunity, diversity, anti-discrimination and other benefits and welfare. Any changes of employment terms will be notified to staff and agreed in writing to protect the lawful rights and interests of all employees.



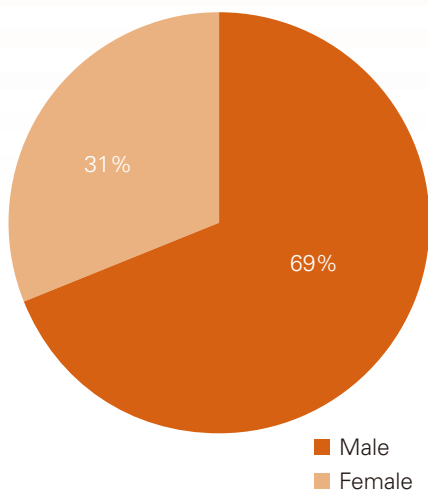
B. SOCIAL ASPECTS *(Continued)*

EMPLOYMENT AND LABOUR PRACTICES *(Continued)*

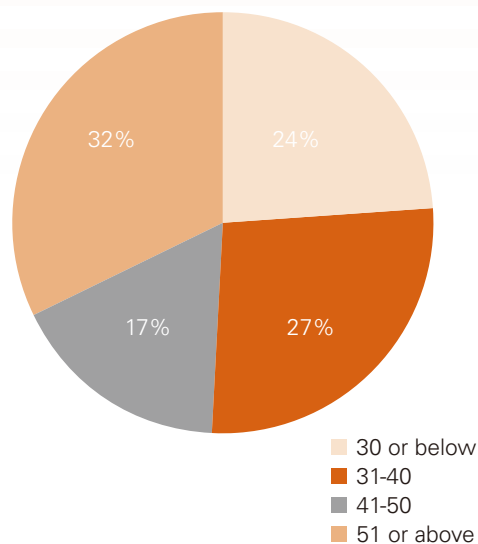
B1. Employment *(Continued)*

At the end of the year, the Group had 229 employees. Below is the employee breakdown by gender and geographical region.

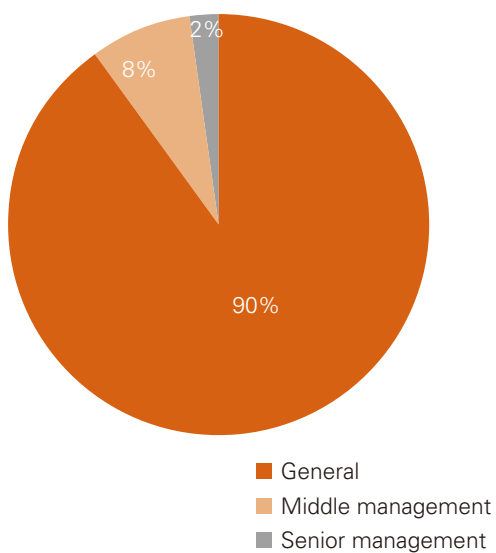
BY GENDER



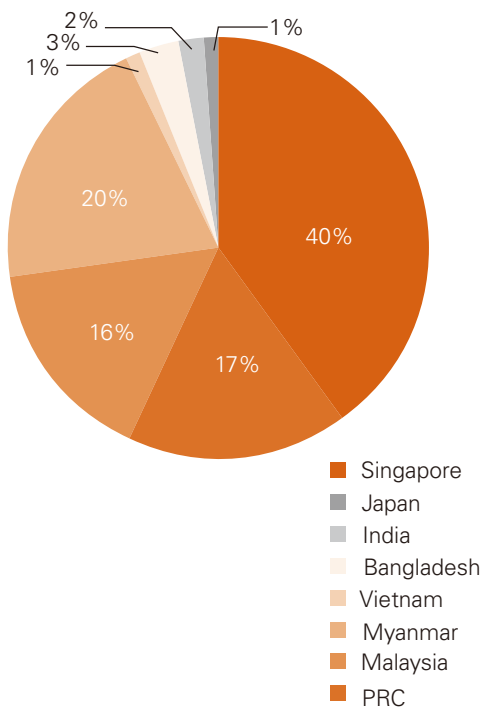
BY AGE GROUP



BY EMPLOYMENT TYPE



BY GEOGRAPHICAL REGION



B. SOCIAL ASPECTS *(Continued)***EMPLOYMENT AND LABOUR PRACTICES** *(Continued)***B1. Employment** *(Continued)*

The employee turnover rates by gender, age group and geographical region during the year was as follows:

| Employment | Employee turnover rate |
|-------------------------------|------------------------|
| By gender | |
| – Male | 2% |
| – Female | 6% |
| By age group | |
| – Age 30 or below | 6% |
| – Age 31-40 | – |
| – Age 41-50 | 3% |
| – Age 51 or above | 4% |
| By geographical region | |
| – Singapore | 4% |
| – PRC | – |
| – Malaysia | 3% |
| – Myanmar | 6% |
| – Vietnam | – |
| – Bangladesh | – |
| – India | – |
| – Japan | – |
| Overall | 3% |

B2. Health and Safety

As an employer, the Group recognizes that providing a safe and health workplace and working environment for employees is our responsibility. We always place the highest priority on protecting the health and safety of our employees. We have occupational health and safety management policies and system in place to provide better safety working environment for all staff. Our system strictly complies with the rules and guidelines stipulated in the Workplace Safety and Health Act in Singapore and other applicable laws and regulations. The system can prevent, control and eliminate hazards and reduce the risk of injury to our employees and the risk of damage to our property.

In order to ensure occupational safety and health of employees in the workplace, the Group has adopted the following key measures:

- Plant, equipment and systems of work that are safe and without risks to health
- Safe arrangements for the use, handling storage and transport of articles and substances
- Sufficient information, instruction, training and supervision to ensure all employees are aware of the hazards at their workplace, together with the necessary measures to be taken to protect against these hazards
- Adequate employee welfare facilities and arrangements.



B. SOCIAL ASPECTS *(Continued)*

EMPLOYMENT AND LABOUR PRACTICES *(Continued)*

B2. Health and Safety *(Continued)*

In addition, the Group has set up an internal committee which is responsible for the safety and health matters in the workplace. The committee regularly monitors and reviews our system, provides recommendations for improvements and a forum for the discussion of safety and health matters. Moreover, if any serious accident/incident-related health and safety is detected, an analysis is carried out promptly and remedy measures are formulated to prevent similar incident from happening in future. During the year, we were not aware of any non-compliance with the relevant laws and regulations that had significant impact on us in providing a safe and healthy working environment.

B3. Development and Training

The Group believes that the knowledge, skills and capabilities of employees are vital to our continued business growth and success. In view of this, we always encourage our staff to participate in the continuous learning activities to enhance their personal accomplishment, strengthen their working skills and reinforce team performance.

In order to enable staff to keep abreast of the poultry farming industry and maintain a high-quality organisation structure, the Group establishes a comprehensive training system and mechanism to ensure employees are trained. Moreover, this can enable employees to have knowledge in keeping personal hygiene, health status to prevent food contamination, and necessary skills in carrying out their work for food safety purposes. We offer internal and external professional training programs to employees according to their job positions, and earmarks funds for staff training based on operation needs and annual training plan each year.

Continuous assessment is conducted to keep track on the performance of employees. Based on the analysis of the development needs, the management of the Group keeps ongoing selection of outstanding candidates for priority training through various methods such as internal aptitude tests, on-the-job trainings, examinations and seniors' recommendations. During the year, we provided 21 training modules such as Good Manufacturing Practice, Hazard Analysis and Critical Control Point, and health/sick birds recognition to our employees.

B4. Labour Standards

The Group pursues fair and equitable principle, promote equal opportunity in recruiting and promotion for employees. We solely consider the knowledge, character, ability and experience of candidates to meet the appropriate conditions of service, regardless of his/her gender, race and family status, etc. We are strictly in compliance with the relevant laws and regulations where we operate. Prior to confirmation of employment, job applicants are required to provide a valid identity documents for age verification in order to ensure the applicants are lawfully employable. Forced labour is strictly prohibited. All works should not be performed under threat of penalty or coercion and all employees may resign upon reasonable notice.

The Group respects the human rights of employees, and is strongly against the employment of child labour and forced labour. We strictly comply with the Employment Act in Singapore. According to the law, children below the age of 13 are not legally allowed to work, while those who are 16 or above can be hired as a regular adult worker. For those between the ages of 13 to under 16, their employment is contingent on employers fulfilling additional conditions. During the year, we were in full compliance with all the applicable labour laws and regulations. Besides, we did not have any cases related to child labour or forced labour.

B. SOCIAL ASPECTS *(Continued)* **OPERATING PRACTICES**

B5. Supply Chain Management

The Group recognizes suppliers as valuable stakeholders within the supply chain as their responsible business behaviours are important in contributing to quality excellence, operational efficiency and good reputation of the Group. We strive to cooperate with local suppliers whenever possible to promote local economy and strengthen the control of environmental risks related to supply chain management. We rely on suppliers to supply different production materials such as feeds for our growers and layers, eggs, packaging materials, etc.

The Group is aware of the potential environmental and social risks associated with our supply chain and committed to minimising such risks in the cooperation with our suppliers. In order to manage and mitigate those risks in the supply chain, we have adopted a procurement policy and a stringent supplier selection procedure for assigning purchasing responsibilities. Moreover, we ensure a consistent approach for selecting suppliers who will provide the best terms, conditions and products to meet our standards and requirements. When suppliers are found to be non-compliance with our policy or contractual requirements, business relationship will be terminated to uphold our stringent standards. Moreover, we mainly had 5 suppliers during the year.

B6. Product Responsibility

The Group regards product quality as one of the key competitive advantages of our businesses and makes every effort to improve the qualities of products sold. We maintain and implement stringent quality control and safety assurance procedures to ensure that our egg production system operates in line with international standards.

Quality Assurance

Through our initiatives, The Pasteurized Egg Company Pte Ltd obtained "ISO 22000 Food Safety Management System Certification" which was recognized by SGS United Kingdom Limited in 2017. Besides, the quality of product is regularly assessed by our management. Moreover, we launch our whistle-blowers policy to encourage persons who work in the manufacturing, transportation, processing, packing, holding, or selling of food items to report any food safety violations and problems with products that we processed. In the event of receiving complaint, we will take prompt actions to investigate the issue and carry out remedial action plans.

In addition, the Group has formed a product recalling team and established "Recall Program" to protect the interest of the customers in order to reduce the risk associated with product quality and safety. The top management and food safety team leader will inform the team that a recall or withdrawal may be necessary. Top management and the food safety team leader will decide if the recall/withdrawal is necessary, and notifying relevant interested parties (e.g. statutory and regulatory authorities, customers and/or consumers, certification body) within 72 hours that a recall has been initiated. The top management and food safety team leader should initiate the recall/withdrawal. Team members will collect information, control product in their area and notify appropriate personnel in their area according to their assigned tasks.

Recalled or withdrawn products are held under supervision until they are destroyed or other disposition is determined, following by evaluation and determination of the recall. Corrective action would be initiated when the recall is complete, and the effectiveness of the recall would be evaluated.

During the year, we complied with all the applicable laws and regulations regarding product responsibility issues. Besides, none of the products sold were subject to recall for safety and health reasons.



B. SOCIAL ASPECTS *(Continued)*
OPERATING PRACTICES *(Continued)*
B6. Product Responsibility *(Continued)*

Complaint Handling

In the Group, all marketing and sales personnel are responsible to take down customer feedback upon customer contacting. In case of customer feedback with reasonable urgency or of negative importance, the feedback is submitted directly to food safety team leader for immediate action. The rest of the feedback is collected by the customer service officer, if the feedback is of serious complaint nature regarding product quality and food safety, the food safety team leader shall raise corrective action report to those personnel who are required to implement corrective action. The respective personnel shall implement the corrective action. Verification of the corrective action shall be carried out in accordance with nonconformity and corrective action, immediate action to be taken depends on the complaint nature. Product recall program shall be activated if needed, decided by customer and food safety team leader.

For the food safety complaint, action plan must be provided within 24 hours and reply within 2 working days. General complaints shall be replied within 3 working days, sales personnel shall gather and push all the feedbacks for analysis on a monthly basis. A management review meeting may be conducted when food safety team leader determines that there are too many customer complaints of similar nature.

Customer Data Protection and Privacy

The Group recognizes the importance of personal data protection. We are in strict compliance with the Personal Data Protection Act in Singapore. The personal information of clients is treated as confidential and maintained with due care. It shall only be accessed by authorised personnel and used for authorised business purposes. During the year, there was no receipt of complaint due to disclosure of personal information.

B7. Anti-Corruption

The Group considers business ethics and integrity as utmost importance in corporate sustainable development and long-term success. Hence, we strictly adhere to all the applicable laws and regulations, including the Prevention of Corruption Act in Singapore, and have no tolerance in any form of corruption, extortion, bribery, fraud, money laundering and embezzlement. Our requirements towards anti-corruption and business ethics, incorporated in staff handbook and code of conduct, are communicated and reinforced to all employees. Once misconduct case is discovered and confirmed, the employee will be subject to disciplinary actions. Besides, the case will be reported to the related regulatory body and law enforcement authority when necessary. The whistleblowing policy is also implemented for employees to report on any observed and suspected misconduct, malpractice or irregularity. During the year, no legal case regarding corrupt practices was brought against us or our employees.

COMMUNITY

B8. Community Investment

The Group is committed to contributing to the society and making its own efforts in the community development. Contribution to and maintaining harmonious relationship with the community in the region of operation are crucial for the sustainable development. We also encourage our employees to dedicate their time and skills to participate in different voluntary activities and be aware of community needs.

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