



# SUSTAINABILITY REPORT 2019





## CONTENTS

- 01** About the Group
- 02** About this Report
- 03** Board Statement
- 04** Sustainability Governance
- 06** Sustainability Risks and Opportunities
- 08** Responsible and Ethical Operations
- 12** Protecting the Environment
- 13** GRI-SGX Content Index



# ABOUT THE GROUP

Sino Grandness Food Industry Group Limited 中华食品工业集团有限公司 (“Sino Grandness” or “the Company”, together with our subsidiaries (collectively referred to as the “Group”), has been listed on the Singapore Exchange Limited (Stock Code: T4B) since 2009. Headquartered in Shenzhen in the People’s Republic of China (“PRC”), Sino Grandness is an integrated manufacturer and distributor of various food products, including our house brand 鲜绿园 (“Garden Fresh”) juices, 振鹏达 (“Grandness”) canned fruits and 好田园 (“Hao Tian Yuan”) snack food products. The Group has become one of the leading brands for loquat fruit juice in the PRC and one of the top exporters of canned asparagus, long beans and mushrooms from the PRC since its establishment in 1997.

The Group serves the fast moving consumer goods sector, with our major customers being distributors. Our products are distributed to a range of supermarkets, discount stores and convenience stores in the PRC, Asia, Europe and North America. The Group sources our raw materials from local agricultural cooperatives and finished goods from our suppliers. Our major suppliers are located across Henan, Jiangsu, Hubei, Shanghai, Yunnan, Sichuan, Guangdong, Fujian and Beijing in the PRC. The Group conducts further processing in our production facilities in three provinces, namely Sichuan, Hubei and Anhui.

The Group’s principal activities are divided into three product segments: Beverages, Canned Products (Overseas) and Canned Products (Domestic). Details of the product segments and their economic performances are listed below:

Segment	Beverages	Canned Products (Overseas)	Canned Products (Domestic)
Operating Subsidiaries	“Garden Fresh Beverage” “Garden Fresh Group” “Garden Fresh (HK)” “Garden Fresh (Shenzhen)” “Garden Fresh (Hubei)” “Anhui Garden Fresh” “Garden Fresh (Sichuan)”	“Grandness (HK)” “Shanxi Yongji Huaxin” “Shenzhen Grandness” “Grandness (Anhui)” “Grandness (Sichuan)” “Dongpeng (Chengdu)” “Grandness (Shanxian)” “Grandness (Hubei)”	“Grandness (HK)” “Shanxi Yongji Huaxin” “Shenzhen Grandness” “Grandness (Anhui)” “Grandness (Sichuan)” “Dongpeng (Chengdu)” “Grandness (Shanxian)” “Grandness (Hubei)”
Quantity of products sold (tonnes)	510.9	23.5	30.6
Revenue (RMB)	2.33 billion	333 million	275.6 million
Proportion (%)	79.3	11.3	9.4

Operational boundary	Total number of employees
Quantity of products sold (tonnes)	204
The Group’s office in Shenzhen, the PRC	165
The Group’s manufacturing facility in Hubei, the PRC	39

For the year under review, the Group’s revenue decreased by 16.9% or RMB596.7 million to RMB2.93 billion from the RMB3.53 billion recorded for FY2018. Gross profit for the year under review was RMB1 billion, a decrease of 19.9% or RMB240.80 million versus RMB1.2 billion in FY2018. The Group’s net profit attributable to shareholders grew by 35.6% in the year to RMB208.5 million compared to RMB153.8 million recorded for FY2018. There was no significant change to the organisation and its supply chain in the reporting year.

Sino Grandness aims to be transparent and ethical in all its dealings and makes positive contribution to the community in which it operates. Led by the Board of Directors, the Group is committed to corporate responsibility, upholding the following core values in all aspects of its work:

- Clear direction, strong leadership and open communication;
- Customer focus;
- Equality, fairness and transparency;
- Development of positive working relationships with others; and
- Respect for people

<sup>1</sup> The operating subsidiaries of Sino Grandness include: Grandness (HK) Industry Co., Limited (“Grandness (HK)”), Shanxi Yongji Huaxin Food Co., Ltd. (“Shanxi Yongji Huaxin”), Shenzhen Grandness Industry Groups Co., Ltd. (“Shenzhen Grandness”), Grandness Group Co., Limited (“Grandness Group”), Garden Fresh (HK) Fruit & Vegetable Beverage Co., Limited (“Garden Fresh (HK)”), Grandness (Anhui) Foods Co., Ltd. (“Grandness (Anhui)”), Garden Fresh Group Holding Co., Ltd (“Garden Fresh Group”), Garden Fresh Beverage Group Co., Limited (“Garden Fresh Beverage”), Grandness (Sichuan) Foods Co., Ltd. (“Grandness (Sichuan)”), Dongpeng (Chengdu) Agricultural Development Co., Ltd. (“Dongpeng (Chengdu)”), Grandness (Shanxian) Food Co., Ltd (“Grandness (Shanxian)”), Grandness (Hubei) Foods Co., Ltd (“Grandness (Hubei)”), Hao Tian Yuan Industry (Shenzhen) Co. Ltd. (“Hao Tian Yuan”), Garden Fresh (Shenzhen) Fruit & Vegetable Beverage Co. (“Garden Fresh (Shenzhen)”), Limited, Garden Fresh (Hubei) Food & Beverage Co., Limited (“Garden Fresh (Hubei)”), Anhui Garden Fresh Fruit & Vegetable Beverage Co., Limited (“Anhui Garden Fresh”), and Garden Fresh (Sichuan) Fruit & Vegetable Beverage Co., Limited (“Garden Fresh (Sichuan)”), as of 31 December 2018.

# ABOUT THIS REPORT

**THIS IS THE THIRD SUSTAINABILITY REPORT (THE “REPORT”) PUBLISHED BY SINO GRANDNESS. BY REPORTING THE POLICIES, PRACTICES, TARGETS AND PERFORMANCES OF THE GROUP IN TERMS OF ITS MATERIAL SUSTAINABILITY ISSUES, WE HOPE TO AID OUR STAKEHOLDERS’ UNDERSTANDING OF THE PROGRESS AND DEVELOPMENT DIRECTION OF THE GROUP. THE REPORT HAS BEEN UPLOADED TO THE WEBSITE OF THE SINGAPORE EXCHANGE LIMITED (“SGX”).**

## REPORTING BOUNDARY

The report focuses on the operation of Sino Grandness’ business segment of sale of fruit juices (the “Garden Fresh” segment) in the reporting year. The reporting boundary covers the operation of the Group’s offices and manufacturing facility in Shenzhen and Hubei province in the PRC. While the report does not cover all of the Group’s operations, we aim to consistently enhance the Group’s internal data collection procedures and gradually expand the scope of our disclosures.

## REPORTING STANDARD

This report is prepared in accordance with the ‘comply or explain’ provisions of SGX-ST Listing Rules 711A (“LR 711A”), as well as the guidance set out in the Practice Note 7.6: Sustainability Reporting Guide (“PN 7.6”) issued by the SGX. The five reporting components prescribed by the SGX-ST Listing Rules 711B (“LR 711B”) underpin the key structure of this report. It also takes reference from the sustainability reporting framework provided by Global Reporting Initiative (“GRI”), the GRI Standards (version 2016 and 2018). The disclosures in this report seek to achieve the GRI’s Reporting Principles for defining report quality: accuracy, balance, clarity, comparability, reliability, and timeliness.

To ensure quality and impartial reporting, Sino Grandness commissioned an external consulting company to engage our stakeholders and compile the report. In line with the material topics confirmed during the stakeholder engagement process, selected topic-specific disclosures are included for enhanced reporting. The GRI-SGX Content Index is available at the end of this report.

## CONFIRMATION AND APPROVAL

The information documented in the report has been sourced from the official documents, statistical data and management and operational information collected by Sino Grandness according to the policies of the Group. The report received the Board of Directors’ approval in December 2020.

## OPINION AND FEEDBACK

Sino Grandness values the opinion of our stakeholders. If you have any questions or suggestions regarding the content or format of the report, please contact the Group via the following channels:

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## BOARD STATEMENT



This year has been beset with challenges, with the ongoing trade war between the People's Republic of China and the United States of America as well as the outbreak of a global pandemic. In many ways, these challenges have emphasised the importance of viewing long-term business success through a more holistic lens. We are reminded of the importance of sustained risk management and early planning, as well as rapid but systematic responses to arising crises.

In particular, the Covid-19 pandemic has shown how the performance of the Group is intrinsically linked to social issues, with the health of the Group predicated on the health and safety of our employees, local communities and other key stakeholders. It is in this vein that Sino Grandness reinforces our commitment to a people-centric approach to our business decisions and operations.

Even as Sino Grandness pays close attention to the pandemic and concomitant economic impacts, we have not lost sight of the need to address the ongoing climate crisis. The impacts of climate change are already visible, with more intense and frequent extreme weather events observed across the world, and it is expected to have manifold direct and indirect impacts on food supply chains.

Climate risks are business risks, and we intend to gradually strengthen our response to climate change in the coming years. This is in line with the heightened ambition exhibited by Chinese government, who enhanced its climate targets this year to set a goal of reaching net zero emissions by 2060. The Group will continue to pay close attention to the government's sustainable development and low-carbon strategy and ensure our compliance with evolving laws and regulations, in order to support its overarching vision of a carbon neutral economy.

### HUANG YUPENG

*Chairman and Chief Executive Officer  
Sino Grandness Food Industry Group Limited*

## SUSTAINABILITY GOVERNANCE

Sino Grandness' Board of Directors takes sustainability issues in consideration as part of its strategic formulation and reviews management performance. To assist the Board of Directors in carrying out its principal functions, the Board of Directors is supported by the Audit Committee, the Nominating Committee and Remuneration Committee.

The Group's Corporate Social Responsibility (CSR) policy continues to guide the review of the Group's policies, standards and impacts with regard to environmental and social issues, as well as key stakeholders such as regulators, suppliers, customers and employees.

The Group's subsidiary, Garden Fresh Group, is a member of Shenzhen Agriculture Industrialization Association. Sino Grandness' canned products are compliant with international standards, including the Hazard Analysis and Critical Control Point ("HACCP") food safety system, British Retail Consortium ("BRC"), International Food Standard ("IFS") and International Organization for Standardization ("ISO") certifications. With these qualifications, the Group's canned products can be exported to overseas customers including the European Union, which has strict environmental and food safety import requirements for food products.

## STAKEHOLDER ENGAGEMENT

As a key in the management of Sino Grandness, stakeholder participation helps the Group review potential risks and business opportunities. Communicating with our stakeholders and understanding their views allow the Group to better fulfil their needs and manage their expectations through our business practices.

The Group constantly communicates with our key internal and external stakeholders through various channels. This ensures that our stakeholders have the opportunity to learn about the Group's progress and operational direction. It also offers the Group the chance to listen to their views in order to identify material issues and respond accordingly.

The table below outlines the various communication channels that the Group uses to engage with different groups of stakeholders. In light of the pandemic, all face-to-face meetings and related activities observed the Group's Covid-19 health and safety protocols, or were conducted on digital platforms.

Boundary	Stakeholder Group	Communication Channels
Internal	Board of Directors	Direct mail, regular meetings
	Management	Direct mail, regular meetings, internal memo via WeChat/ QQ
	General employees	Direct mail, internal memo via WeChat/ QQ
External	Shareholders	Direct mail, regular meetings, Annual General Meetings
	Investors	Phone calls, regular meetings
	Customers	Visits/ study trips, communication Apps such as WeChat/ QQ
	Suppliers	Visits/ study trips, communication Apps such as WeChat/ QQ
	Local community groups	Visits, phone calls, local activities
	Regulatory agencies	Visits, phone calls






<sup>2</sup> Stakeholders refer to groups or individuals who materially influence or are affected by the Group's business.



# SUSTAINABILITY GOVERNANCE

The material topics identified for this year's sustainability report follows the five that were identified in the previous reporting year, which were informed by stakeholder engagement activities conducted by an independent consultancy. In the future, the Group plans to formulate a more systematic stakeholder engagement plan and integrate it with the Group's operational plan and goals, as well as to establish an evaluation mechanism to support the formulation of the Group's overarching sustainability strategy.

The table below summarises the five material topics and identifies whether they occur within<sup>3</sup> or outside<sup>4</sup> the Group.

Material Topic	Boundaries		Relevant Section
	Within the Group	Outside the Group	
Occupational Health and Safety 	Employees of Sino Grandness	Regulatory agencies	Responsible and Ethical Operations
Water and Effluents 	Sino Grandness	Suppliers, regulatory agencies	Responsible and Ethical Operations
Employment 	Employees of Sino Grandness	Regulatory agencies	Responsible and Ethical Operations
Forced or Compulsory Labour 	Employees of Sino Grandness	Regulatory agencies	Responsible and Ethical Operations
Customer Privacy 	Sino Grandness	Distributors, customers	Responsible and Ethical Operations

<sup>3</sup> The boundary for impacts within the Group aligns with the reporting boundary.

<sup>4</sup> The boundary for impacts outside the Group takes reference from the key external stakeholders identified for the reporting year.

# SUSTAINABILITY RISKS AND OPPORTUNITIES

The Group has identified the following risks and opportunities based on the material topics identified for the reporting year.

RISKS	RESPONSES/ OPPORTUNITIES
<p><b>OCCUPATIONAL HEALTH AND SAFETY RISKS</b></p> <p>Without proper management, workers at production facilities may be exposed to occupational hazards ranging from operation of machines to use of chemicals, compromising employee wellbeing and productivity. In addition, highly-transmissible infectious diseases such as Covid-19 pose major health risks to our employees.</p>	<p><b>HEALTH AND SAFETY PROTOCOLS</b></p> <p>The Group's Safety and Environmental Department oversees the identification of safety hazards and implementation of safety inspection, accident investigation and mitigation measures. Safety guidelines and training are also provided to employees.</p>
<p><b>BREACHES OF CUSTOMER PRIVACY</b></p> <p>Customer privacy and data management has become an increasing priority among companies worldwide. Data breaches can result in erosion of customer trust and brand reputation.</p>	<p><b>DATA PROTECTION MEASURES</b></p> <p>The Group continues to enhance data our governance to safeguard our customer data it collects from customers and suppliers in our business activities.</p>
<p><b>PRODUCT SAFETY RISKS</b></p> <p>The Group is subject to laws and regulations concerning product safety across the markets we serve. Non-compliance with regulatory standards may result in lengthy litigation, monetary and non-monetary sanctions, and threaten our business reputation.</p>	<p><b>PRODUCT QUALITY CONTROL</b></p> <p>The Group's Procurement Department and Quality Control Department, among others, are responsible for monitoring product quality according to our policies and procedures. For instance, the "Quality and Safety Management Manual" was introduced to educate employees on proper hygiene compliance according to prevailing regulations, and to guide them in identifying and mitigating food safety risks. In addition, the Group has in a place an "Unsafe Food Recall Management System" which involves reporting any cases of food safety risks to local regulatory agencies and recalling the products.</p>
<p><b>DIFFICULTIES IN TALENT ATTRACTION AND RETENTION</b></p> <p>Recruiting and retaining qualified and highly-skilled employees remains an ongoing challenge in the manufacturing industry.</p>	<p><b>TALENT ATTRACTION AND DEVELOPMENT</b></p> <p>A fair employment system which promotes learning and development opportunities are key to building and maintaining an engaged and skilled workforce. In line with the Group's policies on employee training and development, our management team identifies training needs, formulates training plans and evaluates training effectiveness on an annual basis. We also encourage our employees to participate in external training courses for career development.</p>



# SUSTAINABILITY RISKS AND OPPORTUNITIES

RISKS	RESPONSES/ OPPORTUNITIES
<p><b>EMPLOYMENT MALPRACTICE</b></p> <p>Employment malpractice, such as discrimination, harassment, child labour and forced labour, and accompanying negative publicity can undermine employee morale, customer trust and business reputation. Non-compliance with the relevant laws and regulations may cause businesses to suffer from lengthy litigations, monetary sanctions and reputational losses.</p>	<p><b>COMPLIANCE AND ETHICAL PRACTICES</b></p> <p>The Group is aware of our obligation to comply with applicable regulatory requirements. We are considering setting up an active monitoring system to observe changing social norms, legal requirements, and administrative regulations in different areas of operations. Our Board of Directors will continue to take sustainability issues into consideration as part of their strategic formulation, so as to provide timely responses to changing needs of the stakeholders and local communities, and to ensure that the Group conducts activities in a socially responsible manner.</p>
<p><b>ENVIRONMENTAL CONTAMINATION</b></p> <p>The Group is subject to laws and regulations concerning water and effluents. Taking into account its business nature, the Group operates with a latent risk of contaminating our surrounding environment and communities. Environmental non-compliance may result in monetary and non-monetary sanctions, as well as reputational losses. Tightening regulatory controls also entail investments in cleaner production process and effective treatment of effluent and waste.</p>	<p><b>POLLUTION CONTROL SYSTEM</b></p> <p>The Group has been proactively managing the environmental impacts of our production. We ensure the quality of our effluents is in compliance with prevailing regulatory requirements through on-going monitoring and third-party testing. In addition to articulating an emergency response plan, the Group maintains an open line of communication with the communities in which we operate.</p>
<p><b>CLIMATE CHANGE</b></p> <p>Greenhouse gas (“GHG”) emissions from manufacturing facilities constitute a significant source of physical and transition risk to current and future operations. Shifting weather patterns and extreme weather events could lead to decreased productivity and higher cost of raw materials. Tightening regulatory standards on GHG emissions or the introduction of carbon tax may pose regulatory risks to the Group, especially given the heightened climate ambitions exhibited by governments around the world.</p>	<p><b>EMISSIONS MANAGEMENT</b></p> <p>Given that energy use is the primary source of the Group’s GHG emissions, we aim to gradually enhance energy efficiency to reduce our operating costs and GHG emissions. The Group will also consider the adoption of new energy sources for our operations, and tap on policy incentives for energy efficiency and renewable energy.</p>

# RESPONSIBLE AND ETHICAL OPERATIONS

## Occupational Health and Safety

Sino Grandness strives to provide a safe workplace for employees. To this end, the Group has established the Occupational Health and Safety Responsibilities Regime. The regime defines the roles and responsibilities of different employment functions and levels of management across the Group. To promote a safe work environment, the Group has also set up in-house safety rules. We aim to gradually improve our occupational health and safety system such that it covers all potential occupational health and safety hazards through the incorporation of relevant control measures.

The Group's Safety and Environmental Department is responsible for communicating national safety regulations, guidelines, codes of conduct, among others, to the relevant departments across the Group. The department is also responsible for identifying sources of safety hazards, formulating safety rules, conducting regular safety inspections and training, performing accident investigations and proposing mitigation measures, and overseeing the delivery of personal protective equipment.

In the reporting year, Sino Grandness did not hire workers who are not employees but whose work and/or workplace is controlled by Sino Grandness. The total number of hours of work recorded at the Shenzhen and Hubei facilities were 396,000 and 91,650 respectively.

Information on work-related injuries and ill-health is summarised below.

Indicators	Shenzhen		Hubei	
	Number	Rate (%)	Number	Rate (%)
Fatalities by work-related injury	0	0	0	0
High-consequence work-related injuries (excluding fatalities)	0	0	0	0
Recordable work-related injuries	0	0	0	0
Fatalities by work-related ill health	0	0	0	0
Recordable work-related ill health	0	0	0	0

In the reporting year, the Group did not identify any violation of regulations and complied with the Production Safety Law of the People's Republic of China (中華人民共和國安全生產法). Our progress on our 2019 target for this material topic is as follows:

Targets for 2019	Status	Progress
Develop a list of occupational health and safety risks identified in the Hubei facility	Achieved	-
Establish the corresponding control measures including developing additional in-house safety rules	Achieved	-

## EMPLOYMENT

Sino Grandness has in place a recruitment system to hire suitable talents. The Employee Handbook issued by the Garden Fresh (Shenzhen) Fruit & Vegetable Beverage Co., Ltd. stipulates the recruitment procedures of both Shenzhen and Hubei operations. The Employee Handbook also lays out arrangements pertaining to working hours, holidays, training, performance reviews, remuneration, promotions and termination.

Acting on behalf of the Group, the Human Resources and Administration Department considers the suitability of each applicant according to their educational level, relevant experiences and physical fitness. Applicants are required to present their identity cards and fill in the application form during the process.



## RESPONSIBLE AND ETHICAL OPERATIONS

In the reporting year, the Shenzhen and Hubei operations hired a total of 72 and 14 employees respectively. All full-time employees were covered by the basic pension scheme, medical insurance, unemployment insurance, work injury insurance and maternity insurance according to the Labour Law of the People's Republic of China (中华人民共和国劳动法), the Social Insurance Law of the People's Republic of China (中华人民共和国社会保险法), the Regulations on the National Social Security Fund (全国社会保障基金条例), the Regulations on Unemployment Insurance (失業保險條例) and the Trial Measures on Childbirth Insurance of Employees (企业职工生育保险试行办法).

The tables below summarise the Group's employment data for the reporting year.

Indicators for Current Employees	Shenzhen		Hubei		Total
	Male	Female	Male	Female	
Under 30 years old	52	29	20	5	106
30-50 years old	48	30	10	3	91
Over 50 years old	5	1	1	0	7
Total by location	165		39		204
Total by gender	Male	136	Female	68	

Indicators for New Hires	Shenzhen		Hubei		Total
	Male	Female	Male	Female	
Under 30 years old	7	12	5	3	27
30-50 years old	40	12	2	4	58
Over 50 years old	1	0	0	0	1
Total by location	72		14		86
Total by gender	Male	55	Female	31	
Rate of new hires	Shenzhen		Hubei		
By location	44%		36%		
	Shenzhen		Hubei		
By gender	40%		46%		

Indicators for Employee Turnover	Shenzhen		Hubei		Total
	Male	Female	Male	Female	
Under 30 years old	16	22	5	3	46
30-50 years old	68	6	2	4	80
Over 50 years old	24	3	0	0	27
Total by location	139		14		153
Total by gender	Male	115	Female	38	
Rate of new hires	Shenzhen		Hubei		
By location	84%		36%		
	Shenzhen		Hubei		
By gender	85%		56%		

## RESPONSIBLE AND ETHICAL OPERATIONS

Indicators for Parental Leave	Male		Female	
	Shenzhen	Hubei	Shenzhen	Hubei
Total number of employees that were entitled to parental leave	0	0	1	0
Total number of employees that took parental leave	0	0	1	0
Total number of employees that returned to work in the reporting year after parental leave ended	0	0	1	0
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender.	0	0	0	0
Return to work rate <sup>5</sup>	N/A		100%	
Retention rate <sup>6</sup>	N/A		0%	

In the reporting year, the Group did not identify any violation of regulations and complied with the Production Safety Law of the People's Republic of China (中華人民共和國安全生產法). Our progress on our 2019 target for this material topic is as follows:

Targets for 2019	Status	Progress
Develop a list of occupational health and safety risks identified in the Hubei facility	Achieved	-
Establish the corresponding control measures including developing additional in-house safety rules	Achieved	-

### FORCED OR COMPULSORY LABOUR

Sino Grandness adopts a fair hiring process under which employees offer their services voluntarily. The Group stipulates that employees should work no more than 8 hours per day, no more than 44 hours per week and no more than 36 overtime work hours a month according to the Labour Law of the People's Republic of China (中華人民共和國勞動法).

The Group's Employee Handbook defines arrangements relating to working hours and holiday arrangements. As stipulated in the Employee Handbook, any overtime arrangement requires prior mutual agreement between employees and their supervisors, and employees will be compensated according to their basic salary. In addition, the Group's Human Resources and Administration Department evaluates the working hours of our employees on monthly basis to ensure compliance with statutory requirements pertaining to overtime work.

The Group has set the following employment-related targets for 2020:

Material Topic	Targets for 2020
Occupational Health and Safety	<ul style="list-style-type: none"> <li>Achieve minimum of 10 hours of training per operational staff in Hubei facility.</li> </ul>
Employment	<ul style="list-style-type: none"> <li>Improve the female representation in workforce in Hubei facility.</li> </ul>
Forced or Compulsory Labour	<ul style="list-style-type: none"> <li>The Group will prohibit non-voluntary or forced overtime work by our employees.</li> </ul>

<sup>5</sup> Return to work rate = total number of employees that returned to work after parental leave/ total number of employees due to return to work after taking parental leave.

<sup>6</sup> Retention rate = total number of employees retained 12 months after returning to work following a period of parental leave/ total number of employees returning from parental leave in the prior reporting period.



# RESPONSIBLE AND ETHICAL OPERATIONS

## CUSTOMER PRIVACY

Sino Grandness acknowledges the importance of protecting the data privacy of its customers, including the distributors of the Group's beverage, canned fruit and canned vegetable products. Sino Grandness has established relevant procedures in the Employee Handbook to emphasise the operational practices pertaining to the use and handling of confidential information. Employees are required to abide by standard practices of non-disclosure at work and refrain from disclosing confidential information in personal interactions or public events.

Some of our customer privacy protection measures have been highlighted below:

- Upgrading the Group's computer and internet security systems to reduce the risks of data leakage;
- Assigning designated employees to establish, distribute, use, copy, extract, store and dispose confidential information with the Chairperson's oversight. Designated employees must store confidential information in secured mediums when distributing or transporting the data within or outside the Group;
- Conducting training programs to enhance employees' awareness in protecting customer information; and
- Setting up a penalty regime for potential or actual data leakages depending on the nature of data and the economic impact on the Group.

In case of suspected data leakage, employees are expected to take mitigation measures and report the suspected leakage to the Human Resources and Administration Department. In cases where the Group does not experience significant impact or economic loss and mitigation measures are effectively implemented, the Group will issue a warning to the violator or impose a financial penalty.

In cases where the Group experiences significant impact or economic loss due to the data leakage, such as incidents of data theft or abuses of authority which violate confidentiality, possible actions include dismissal, request of compensation comparable to the losses of the Group, or filing a report to the relevant authorities.

There were no substantiated complaints pertaining to breaches of customer privacy in the reporting year.

		Shenzhen	Hubei
Number of substantiated complaints received concerning breaches of customer privacy	Complaints received from outside parties and substantiated by the organisation	0	0
	Complaints from regulatory bodies	0	0
Total number of identified leaks, thefts, or losses of customer data		0	0

Our progress on our 2019 target for this material topic is as follows:

Targets for 2019	Status	Progress
Develop an internal communication channel for employees to report potential or suspected customer data leakage	Achieved	-

The Group has set the following targets for 2020:

Material Topic	Targets for 2020
Customer Privacy	<ul style="list-style-type: none"> <li>• Establish procedures to ensure all customer data are permanently disposed as soon as the Group no longer necessary for transaction verification.</li> </ul>

# PROTECTING THE ENVIRONMENT

## WATER AND EFFLUENTS

As a responsible corporation, Sino Grandness strives to minimise our impact on the environment. The Group's Environmental Management Regime defines the environmental rules for pollution control of operations, construction of new, expanded and reconstruction projects, management of environmental facilities and management of environmental incidents. Within the regime, the Group has set up the Safety and Environmental Department (安全环保部) to control our environmental impact.

Roles and responsibilities of the Safety and Environmental Department are as follows:

- Monitor and supervise the observance of the Group's environmental management regime by various departments;
- Plan and compile environmental annual objectives and targets, and monitor the implementation progress of the objectives and targets;
- Establish environmental rules and define emission standards of pollutants;
- Monitor the environmental quality of the emission sources;
- Monitor, analyse and report the environmental performance of the Group;
- Participate in the environmental impact assessment for large-scale engineering projects relating to new construction, expansion and reconstruction;
- Investigate environmental incidents and propose mitigation measures;
- Promote the employment of advanced environmental management technologies and monitoring methods;
- Assess the pollutant level according to the pollutant emission factors;
- Conduct environmental training and communication; and
- Promote environmental education.

The Group's only office operation is located at Sino Grandness' headquarters in Shenzhen while our operational unit at Hubei has a manufacturing facility. Water consumption at Shenzhen is for sanitary usage only, whereas water consumed at Hubei is for sanitary usage, drinking and consumption. Water is used in the production line for ingredients cleaning, routine cleaning and the production of drink products.

In the reporting year, our Hubei facility consumed 284.3ML of freshwater, which was sourced from local public utilities. Effluents produced by the Shenzhen office were directly discharged into the communal sewerage system, while effluents of all types produced by our Hubei operations were treated in the onsite wastewater treatment plant before their discharge into the communal sewerage system.

None of the water sourced by the Group for the reporting boundary was from water-stressed areas.

In the reporting year, the Group did not identify any cases of non-compliance with laws and regulations with regard to water and effluents. Our activities complied with the "National Environmental Protection Law (国家环境保护法)".

The Group has set the following targets for 2020:

Material Topic	Targets for 2020
Water and Effluents	<ul style="list-style-type: none"><li>• Monitor our performance on effluents in Hubei facility to reduce the effluents by 5%.</li></ul>

Disclosure	Description	SGX	Page	Remarks
<b>GRI 102: General Disclosures 2016</b>				
<b>Organisational Profile</b>				
102-1	Name of the organization	-	1	
102-2	Activities, brands, products, and services	-	1	
102-3	Location of headquarters	-	1	
102-4	Location of operations	-	1	
102-5	Ownership and legal form	-	1	
102-6	Markets served	-	1	
102-7	Scale of the organization	-	1	
102-8	Information on employees and other workers	-	1, 9-10	
102-9	Supply chain	-	1	
102-10	Significant changes to the organization and its supply chain	-	1	
102-11	Precautionary Principle or approach	-	6-7	
102-12	External initiatives	-	4	
102-13	Membership of associations	-	4	
<b>Strategy</b>				
102-14	Statement from senior decision-maker	LR711B-1e	3	
102-15	Key impacts, risks, and opportunities	PN7.6-3.3	6-7	
<b>Ethics and Integrity</b>				
102-16	Values, principles, standards, and norms of behaviour	-	1	
<b>Governance</b>				
102-18	Governance structure	PN7.6-3.1	4	
102-21	Consulting stakeholders on economic, environmental, and social topics	PN7.6-3.7	4	
102-29	Identifying and managing economic, environmental, and social impacts	PN7.6-3.3	5	
<b>Stakeholder Engagement</b>				
102-40	List of stakeholder groups	-	4	
102-41	Collective bargaining agreements	-	-	There were no employees covered by collective bargaining agreements in the reporting year.
102-42	Identifying and selecting stakeholders	-	4	
102-43	Approach to stakeholder engagement	-	4	
102-44	Key topics and concerns raised	-	5	



# GRI-SGX

## CONTEXT INDEX

Reporting Practices				
102-45	Entities included in the consolidated financial statements	-	1	
102-46	Defining report content and topic boundaries	-	2	
102-47	List of material topics	-	5	
102-50	Reporting period	-	2	
102-51	Date of most recent report	-	-	23 July 2019
102-52	Reporting cycle	-	2	
102-53	Contact point for questions regarding the report	-	2	
102-54	Claims of reporting in accordance with the GRI Standards	LR711B-1d	2	This report was prepared with reference to the GRI Standards.
102-55	GRI content index	-	13-14	
102-56	External assurance	PN7.6-3.8	-	The group did not seek external assurance in the reporting year.
GRI 303: Water and Effluents 2018				
103	Management approach disclosure	LR711B-1 b&c	12	
303-1	Interactions with water as a shared resource	-	12	
303-2	Management of water discharge-related impacts	-	12	
303-3	Water withdrawal	-	12	
GRI 401: Employment 2016				
103	Management approach disclosure	LR711B-1 b&c	8	
401-1	New employee hires and employee turnover	-	9	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	-	9	
401-3	Parental leave	-	10	
GRI 403: Occupational Health and Safety 2018				
103	Management approach disclosure	LR711B-1 b&c	8	
403-9	Work-related injuries	-	8	
403-10	Work-related ill health	-	8	
GRI 409: Forced or Compulsory Labour 2016				
103	Management approach disclosure	LR711B-1 b&c	10	
GRI 418: Customer Privacy 2016				
103	Management approach disclosure	LR711B-1 b&c	11	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	11	





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