



# SUSTAINING OUR STRATEGIC FOCUS

SUSTAINABILITY REPORT 2018



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# 1. Highlights

## 1.1 Corporate profile

Yamada Green Resources Limited (山田绿色资源有限公司) ('**Yamada**' or the '**Company**'), together with its subsidiaries (the '**Group**'), is a major grower, manufacturer and supplier of fresh and processed agricultural products in Fujian Province, the People's Republic of China (**PRC**).

Currently, our major products are processed food products which include processed mushrooms, processed vegetables and water-boiled bamboo shoots. They are sold in major cities in PRC through our well-established network under our trademarked brands, such as “旺成食品”, “研食坊”, and “第七庄园”. They are also exported to overseas markets, mainly Japan, under our customers' brand names.

Yamada was listed on the Mainboard of the Singapore Exchange on 8 October 2010. Shares of Yamada Green Resources have been suspended from trading since September 2017.



## 1.2 Message to stakeholders

On behalf of our Board of Directors, it is my pleasure to present our Sustainability Report for the financial year ended 30 June 2018 (**FY2018**).

Corporate Social Responsibility (**CSR**) plays an essential role in the long-term success of our business. It is important that we align our interests with that of the communities in which we operate in order to gain the support of the local communities and government agencies. We believe that our initiatives and emphasis on returning to the communities and looking after the welfare of our staff have translated into goodwill for our Group, contributing to high employee retention rate and positive staff morale.

We share our customers' commitment to the protection of our environment and we believe in the importance of caring for our planet and encouraging others to play their part. Being one of the leading companies involving in agricultural business, we recognise our obligation and commitment to create a better living environment for our current and next generation.

Our Directors recognise the importance of being a responsible steward of the land we manage. With this objective, the Company has established a CSR policy which includes the review of the following areas of the Group's activities:

- (a) to review and recommend the Group's policy with regards to CSR issues;
- (b) to review the Group's environmental policies and practices;
- (c) to review the social impact of the Group's business practices in the communities that the Group operates in;
- (d) to review and recommend policies and practices with regard to key stakeholders (employees, business partners, customers, suppliers,); and
- (e) to review and recommend policies and practices with regard to regulators.

In our inaugural sustainability report, we will be reporting on the Group's sustainability efforts, comprising Regulatory Compliance, Food Safety, Environmental Sustainability, and Social Contribution.

In addition, we wish to confirm that the Board has considered sustainability issues as part of its strategic formulation, determined the material environmental, social and governance (**ESG**) factors and overseen the management and monitoring of the material ESG factors.

On behalf of the Board of Directors

**CHEN QIUHAI**

Executive Chairman and Chief Executive Officer

### 1.3 Scope of sustainability report

The scope of the report covers information on material sustainability aspects of Yamada and its subsidiaries, from 1 July 2017 to 30 June 2018 unless otherwise specified. This should sufficiently address stakeholders' concerns in relation to sustainability issues arising from the major business operations of the Group.

This report is prepared in accordance with the Global Reporting Initiative (**GRI**) Standards: Core Option as it provides a set of an extensive framework that is widely accepted as a global standard for sustainability reporting. It also considers the Sustainability Reporting Guide in Practice Note 7.6 of the Singapore Exchange Securities Trading Limited (**SGX-ST**) Listing Manual. In preparing our report, we applied the GRI's principles for defining report content and report quality by considering the Group's activities, impacts and substantive expectations and interests of its stakeholders.

The data and information provided within the report have not been verified by an independent third party. We have relied on internal data monitoring and verification to ensure accuracy.

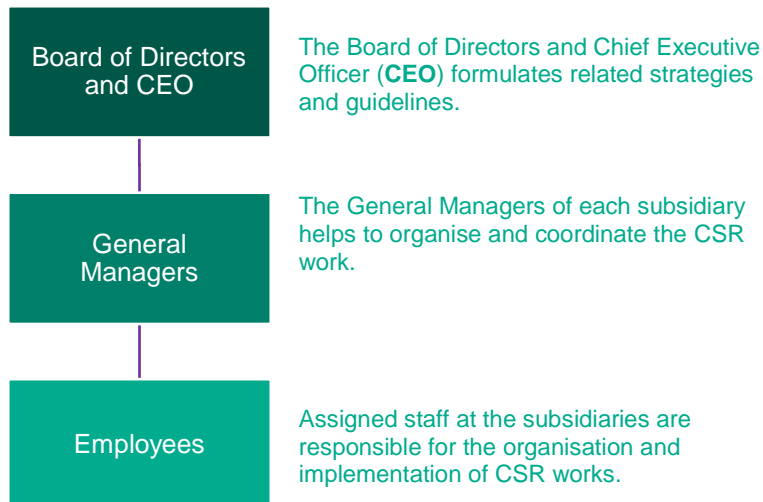
### 1.4 Sustainability contact

We welcome your views and feedback on our sustainability practices and reporting at [cy@ousei.com](mailto:cy@ousei.com).

## 2. Our approach to sustainability

### 2.1 Sustainability organisational structure

Sustainability is a vital part of our corporate strategy for achieving long-term growth. The values we create for our people, the environment and society at large very much determine our financial performance. We developed a sustainability organisational structure to move things forward:





## 2.2 Sustainability strategy

At the Group, our sustainability strategy aims to create integrated values.

Together with disciplined execution of our strategy and a commitment to doing business responsibly, we commit to deliver value to all our stakeholders through the following:



The sustainable strategy is underpinned by our comprehensive and extensive internal policies that covers the areas above such as regulatory compliance, performance monitoring, occupational safety and health, employee training, waste reduction and employee welfare.

The strategy is also guided by external sources, including ISO 9001:2008 Quality Management System, ISO 22000:2005 Food Safety Management System, and Sustainability Reporting Guide in Practice Note 7.6 of the Singapore Exchange Listing Rules.

## 2.3 Consulting our stakeholders

We recognise the need to continuously develop our responsible business approach in order to address growing stakeholder expectations around our impact on the economy, environment and society.

As such, we periodically consult with our stakeholders to determine the issues that are most relevant to them and the Group. An overview of our approach and rationale is set out below (with stakeholders listed in alphabetical order), together with the feedback we have received.

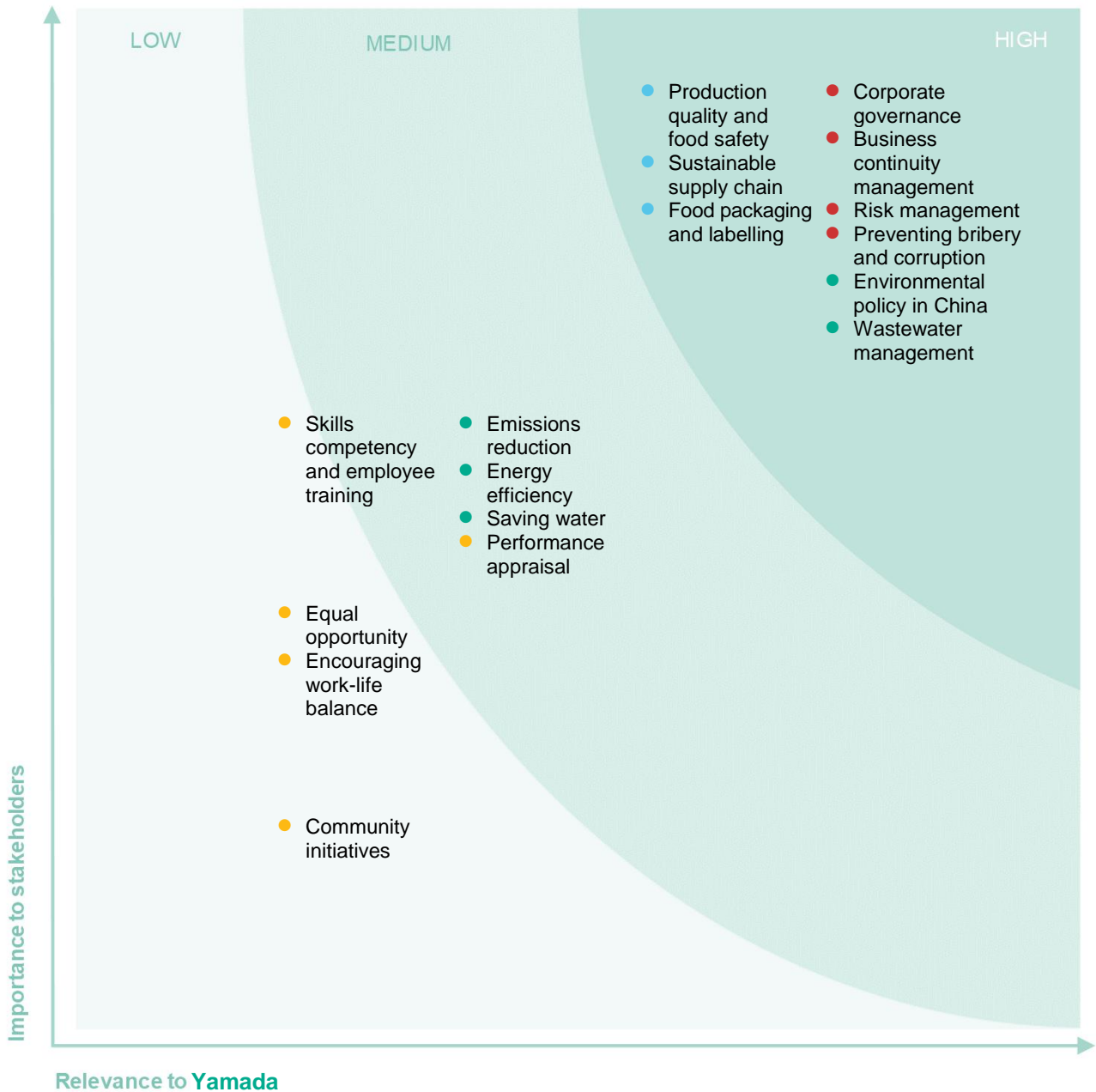
Stakeholders	How we listen	Why we do it	What you've told us
<b>Customers</b>	<ul style="list-style-type: none"> <li>Focus groups with consumers</li> <li>Market survey on consumer tastes</li> <li>Feedback from distributors</li> <li>Inspection of company production lines</li> </ul>	<ul style="list-style-type: none"> <li>Consistently improve product taste and innovation through market survey and R&amp;D</li> <li>Include nutritional information on product packaging, where applicable</li> <li>Obtain the necessary food safety certificates from relevant authorities</li> </ul>	<ul style="list-style-type: none"> <li>Quality food products that meets the expectations of the Japanese market</li> <li>Compliance with food safety and environmental laws and regulations</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Informal feedback</li> <li>WeChat platform</li> <li>Employee bonding session</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with regulations</li> <li>Provide healthy work environment to ensure the well-being of all our staff</li> </ul>	<ul style="list-style-type: none"> <li>Salary increment</li> <li>Improve employee welfare and benefits</li> </ul>
<b>Government and regulators</b>	<ul style="list-style-type: none"> <li>Understand relevant laws and regulations</li> <li>Interaction with government and industrial bodies</li> <li>Trainings and meetings</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with laws and regulations</li> <li>Uphold highest standards of corporate governance and ethical behavior</li> <li>Participation in government-related events</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with food safety and environmental laws and regulations</li> <li>Compliance with SGX regulations</li> </ul>
<b>Investors/ shareholders</b>	<ul style="list-style-type: none"> <li>Shareholders' meeting</li> <li>Board meeting</li> <li>Yamada website</li> <li>Regular updates and communication</li> </ul>	<ul style="list-style-type: none"> <li>Consistently improve company's management</li> <li>Operate, manage and compliant against regulations</li> <li>Committed to delivering economic value to our capital providers through a strong financial performance and our methods of engagement with them</li> </ul>	<ul style="list-style-type: none"> <li>Long-term profitability</li> <li>Achieve company targets</li> <li>Growing and development</li> <li>Compliance with laws and regulations</li> </ul>
<b>Suppliers/ business partners</b>	<ul style="list-style-type: none"> <li>Inspection of suppliers' production lines</li> <li>Interaction with supplier representatives</li> <li>Perform periodic supplier evaluation</li> </ul>	<ul style="list-style-type: none"> <li>Build up strategic business relationship</li> <li>Compliance with food safety regulations</li> </ul>	<ul style="list-style-type: none"> <li>Timely payment and adherence to agreement terms</li> <li>Compliance with food safety and environmental laws and regulations</li> </ul>



## 2.4 Sustainability materiality

Using a materiality index, we align our responsible business priorities with the Group’s principal business and operational risks, as illustrated in the diagram below.

We have also developed metrics to help us measure our progress, as indicated in our sustainability scorecard in **Appendix A**. We will review and adjust the material issues and relevant metrics each year, as the external and business context changes.



## 3. Our performance

### 3.1 How we measure our performance

Our **sustainability strategy** is embedded into the appropriate parts of our business, with dedicated teams for each focus area, and coordination by our relevant departmental managers.

Progress will be tracked in two key ways: measuring performance against metrics, and evaluating how well the programs have advanced, through a series of 'commitments'.

#### **Metrics and targets**

We have established key performance indicators for each of the four focus areas outlined in our **sustainability strategy**. As this is our first year adopting sustainability reporting, we will be establishing quantitative targets within the next year to hold ourselves accountable and track how we are doing.

Periodically, we plan to introduce new metrics and update targets to ensure alignment with our strategy.

#### **Commitments**

To ensure we have a robust sustainability program in place, we will also publish the key initiatives we plan to implement in the next sustainability report.

## 3.2 Regulatory compliance

### Overview

To maintain a fair, ethical and efficient business and working environment, Yamada strictly adheres to the local laws and regulations relating to corporate governance, risk management, and code of conduct (including anti-money laundering, anti-corruption, fraud, and confidentiality).

### Corporate governance

Yamada's Board of Directors (the '**Board**') recognises the importance of sound corporate governance in protecting the interest of the shareholders as well as strengthening investors' confidence in the management and financial reporting of the Group. We are committed to ensuring and maintaining a high standard of corporate governance within the Group. Good corporate governance establishes and maintains a legal and ethical environment, which helps to safeguard the interests of the shareholders of the Group.

The Group, through its Company Secretary, has updated the Board on relevant new laws and regulations affecting the Company. From time to time, and through Board meetings and other meetings, both formal and informal, our CEO has been advising our Directors of the changing commercial and business risks faced by the Group.

The Directors are also updated regularly with changes to the SGX-ST Listing Rules, risk management, corporate governance, insider trading and the key changes in the relevant regulatory requirements and financial reporting standards and the relevant laws and regulations to facilitate effective discharge of their fiduciary duties as Board or Board Committees members. New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority (**ACRA**) which are relevant to the Directors are circulated to the Board by the Company Secretary.

The Directors are encouraged to attend seminars and receive training to improve themselves in the discharge of Directors' duties and responsibilities. Changes to regulations and accounting standards are monitored closely by the Management. To keep pace with such regulatory changes, the Company provides opportunities for ongoing education and training on Board processes and best practices as well as updates on changes in legislation and financial reporting standards, regulations and guidelines from the SGX-ST Listing Rules that affect the Company and/or the Directors in discharging their duties. Such training costs are borne by the Company.

As part of our strategy, we seek to be fully compliant with corporate governance rules and regulations, including relevant laws and regulations in the countries that we operate in, in relation to bribery, extortion, fraud and money laundering that have a significant impact on the Group.

# 0

Incidents of non-compliance with corporate governance rules and regulations

# 0

Incidents of bribery and corruption

## Business continuity management

As a responsible company, we believe that comprehensive emergency preparedness and response capabilities and business continuity plans demonstrate good governance, and are necessary for sustainability. Our plans help us protect personnel, facilities and neighboring communities in the event of natural disasters, security incidents, operational disruptions and other incidents.

Business continuity management is very important, especially in light of the two unfortunate incidents below, which happened to the Group in a span of less than a year:

- In August 2017, a large part of the historical financial records of all the subsidiaries of the Group were destroyed in a vehicle fire in the midst of transporting certain finance documents and IT/computer hardware from the Group's R&D Centre to the Group's office premises (the '**Fire Incident**'). Although management was subsequently able to substantially reconstruct the affected financial records, the FY2017 audit and results announcement were significantly delayed.

After the Fire Incident, we have further enhanced our controls to enforce daily offsite backup of all our financial records and other important information, and daily backup of our financial records to a cloud server. We have also communicated to relevant employees that transportation of physical documents and related computer equipment should be separately performed. This will ensure business continuity in the face of similar unfortunate incidents in the future.

- In August 2018, it has come to the Board's attention that two of our wholly-owned subsidiaries had disposed of all their leases to moso bamboo plantations (the '**Plantations**') in Jiangle County and Pucheng County, in Fujian Province, PRC (the '**Disposal Transactions**'). It was found that the disposal was not brought to the Board's attention previously and was made without the Board's approval. The Board, with the guidance of the Audit Committee, ordered an immediate investigation into the matter.

After a thorough investigation into the Disposal Transactions, it was found that the Plantations were disposed by the legal representatives of the two wholly-owned subsidiaries as the Plantations have been facing problems including rising labour cost, pest infestation, outstanding maintenance fees and poor market conditions in FY2016 and FY2017. These operations difficulties have been periodically reported to management in FY2016 and FY2017. However, it was established that an inadvertent communication breakdown between the legal representatives and our previous Executive Director, Mr. Lin Weibin, ultimately led to the Disposal Transactions in August 2017. For more details, please refer to our announcement on the SGX website on 28 January 2019.

Following the review of the investigation findings, the Board had spoken to our previous Executive Director, Mr Lin Weibin, and following the discussion, Mr Lin had tendered his resignation as a director of the Company. He has also stepped down as vice-chairman of the board of Fujian Wangsheng Industrial Co., Ltd. and legal representative of Nanping Yuanwang Foods Co., Ltd., both wholly-owned subsidiaries of the Company.

After the Disposal Transactions, we have further enhanced our controls by consolidating all Company seals in the China headquarters in Fuzhou, PRC for proper safekeeping in a fireproof safe. The Company seals can only be used in conjunction with proper management authorisation on the Seal Usage Approval Form. This will ensure that major contracts can only be effected with the explicit consent from the Executive Directors. In addition, the Company has adopted a formal management reporting system to ensure that all major incidents are timely reported. This will prevent the reoccurrence of similar incidents in the future.



## Risk management

As a responsible business, we view risk management as one of our most important responsibilities to our customers, suppliers, employees, and regulators. We are committed to developing the appropriate systems, policies, procedures, arrangements and controls to ensure effective risk management is exercised and promoted within our Group culture. We believe in appropriate training of our staff and communication with our clients as requisite to fulfilling our risk management goals.

Our risk management practices cover strategic, financial, operational, compliance and information technology risks associated with the Group.

We view our risk management policies and procedures as dynamic in response to the evolution of our business strategies, the development of our business and the innovation within our industry. We will strive to improve our risk management capabilities and processes to stay abreast of market best practices. We believe effective risk management is crucial to the long-term success of our business.

Our four cornerstones of effective risk management and sound internal controls are –

- The role of the Board in its oversight of risk management policies and their implementation;
- The role of Senior Management in ensuring that sound policies, effective procedures and robust systems are in place;
- The presence of sound risk management processes and operating procedures that integrate prudent risk limits with appropriate risk measurement, monitoring and reporting; and
- The presence of competent personnel in the firm's compliance, controls, risk management, and audit functions.

## Preventing bribery and corruption

The Group prohibits all forms of bribery and corruption. The Group requires all employees to strictly abide by professional ethics and eliminate any corruption and bribery. All employees are expected to discharge their duties with integrity, to act fairly and professionally, and to abstain from engaging in bribery activities or any activities, which might exploit their positions against the Group's interests.

Whistle-blowers can report verbally or in writing to the senior management of the Group for any suspected misconduct with full details and supporting evidence. The management will conduct investigations against any suspicious or illegal behaviour to protect the Group's interests. The Group advocates a confidentiality mechanism to protect the whistleblowers against unfair dismissal or victimisation. Where criminality is suspected, a report is made to the relevant regulators or law enforcement authorities when the management considers necessary.

### 3.3 Food safety

#### Overview

Food safety and quality are core to our commercial reputation and consumers' expectations. We are committed to responsible sourcing as it helps assure safety and quality of our end products.

#### Production quality and food safety

We are deeply committed to production quality and food safety. This is evidenced by the ISO 9001:2008 Quality Management System and ISO 22000:2005 Food Safety Management System certifications over our production facilities.

We are also expected to comply with relevant regulatory requirements under the Food Safety Law (食品安全法), Measures for the Administration of Export Food Hygiene (出口食品卫生管理办法), and Provisions on the Administration of Hygiene Registration and Filing of Export Food Producing Enterprises (出口食品生产企业卫生注册登记管理规定).

Our quality control teams are committed to hygienic and safe production. The teams undergo regular food safety management training to maintain awareness and management of food safety risks, and are responsible for ensuring quality control of our products.

Our operations are audited regularly to monitor management and performance relating to hygiene, sanitation and 'good housekeeping'. We recorded no incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products. High standards of manufacturing help minimise exposure to risks that may affect product quality.

When we manufacture our products, we ensure high quality using stringent process controls to ascertain product quality and prevent contaminants from entering the production process. All our products passed the tests required by the Chinese national food safety standards.

In FY2018, we have zero food safety incidents and non-compliance with laws and regulations on food safety. We seek to continue this track record in the coming year.

#### Food packaging and labelling

Our food products are packaged using approved food-grade materials. Packaging materials comply with the Chinese policy on producer responsibility.

Our marketing practices comply with Chinese regulations. Information on our food production permit number and the ingredients and nutritional values of each of our branded products sold domestically is provided on the food label printed on the packaging.

In FY2018, we have zero non-compliance with laws and regulations on product and service information and labelling, and marketing communications. We seek to continue this track record in the coming year.

# 100%

Production facilities that are ISO-certified

# 0

Incidents of non-compliance with laws and regulations on food safety

# 0

Incidents of non-compliance with laws and regulations on product and service information and labelling

# 0

Incidents of non-compliance with laws and regulations on marketing communications

# 100%

Purchases from local suppliers

## Sustainable supply chain

Close to 100% of our purchases are from reliable local suppliers in the PRC. We believe that a secure and stable supply chain is very important to ensure the smooth and uninterrupted operation of our production activities. To further ensure that our supply chain is primed for long-term food security, community resilience, and environmental sustainability, we actively work with our partners to achieve the following:



### *Securing long-term supply*

Since 2008, we have entered into the necessary leases to secure our shiitake mushroom cultivation bases to ensure the supply of self-cultivated shiitake mushrooms.

We also entered into agreements with the respective farm contractors to procure individual farmers to provide the following labour services for our shiitake mushroom cultivation bases:

- (i) farming (mainly daily maintenance, harvesting, sorting, transportation, etc.);
- (ii) construction of cultivation tentage outer structure; and
- (iii) installation of shading net.

Under the terms of the agreement, the farmers will be remunerated based on the volume of all the harvested shiitake mushrooms from their farmland.



### *Zero fertiliser*

As part of our environmental protection initiatives and for the purposes of ensuring the natural taste of our self-cultivated shiitake mushrooms, we do not use fertilisers in the cultivation of our shiitake mushrooms. As a testimony of our above efforts, we have received the certificate of “Organic Product” for fresh self-cultivated shiitake mushrooms.



### *Natural irrigation*

We select locations such as mildly sloping small valleys or similar geological structures surrounded by mountains to establish our shiitake mushroom cultivation bases which allow for natural irrigation. The irrigation system in our cultivation bases is built with furrows located between the rows in the field where the synthetic logs are placed. Irrigation water flows along the furrows down the slope throughout the field.

The irrigation system in our cultivation bases is customised to receive natural spring water for irrigation while minimising the environmental impact.



### *Developing win-win partnership*

In order to ensure the quality of our shiitake mushrooms, we have developed genetically improved mycelia by collaborating with Fujian Agricultural and Forestry University (Mycological Research Centre)(福建农林大学菌物研究中心). Mycelia will be inoculated into the synthetic logs, the substrate on which shiitake mushrooms grow. We will only procure synthetic logs that meets our quality requirements and specifications.

As part of our quality assurance policies, we will conduct pre-cultivation briefings to representatives of the individual farmers procured by the respective Villagers' Committees to familiarise them with, among others, key stages in the growing process of our shiitake mushrooms and necessary techniques involved throughout the whole process. Individual farmers are required to closely control and monitor conditions such as temperature, humidity, ventilation and lighting during the growing process of our shiitake mushrooms.

Meanwhile, our cultivation technicians will provide technical training and guidance to the individual farmers and conduct regular as well as random quality checks on our cultivation bases.

### 3.4 Environmental sustainability

#### Overview

Environmental protection is fast gaining traction in China amongst policy makers and the public. This move caused a significant ripple effect across most industries, including the food manufacturing industry. As one of the leading suppliers of fresh and processed agricultural products in China, we are committed to ensuring our full compliance with national environmental regulations.

Comprehensive policies are developed to ensure our commitment towards environmental protection, reducing carbon emissions, preventing pollution, and minimising waste can be achieved during our daily operations.

#### Environmental policy in China

Environmental policy in China is set by the National People's Congress and managed by the Ministry of Environmental Protection of the People's Republic of China. The central government issues strict regulations for which the actual monitoring and enforcement is largely undertaken by the local governments.

In January 2015, a new environmental law came into effect, covering land, water and air pollution. It contains strict penalties, including seizing of the property of illegal polluters, with company executives subject to prison sentences of 15 days. There is no upper limit on fines. More than 300 different groups will be able to sue on the behalf of people harmed by pollution.

Yamada is fully compliant with China's environmental policy. As part of our strategy, we seek to continue to be fully compliant with China's environmental policy with zero environmental incidents and zero fines on contravention of environmental regulations.

#### Emissions reduction

The corporate culture of protecting the environment is reflected in every operation undertaken by the Group.

We are committed to positive action on climate change and are dedicated to reducing the carbon emission in our daily operations. Employees are reminded to save electricity and fuel consumption through regular internal communications.

To determine the carbon footprint, we collect energy usage data from each our businesses and then calculate our total annual greenhouse gas emissions.

In FY2018, the Group generated a carbon footprint of 1,975.3 tonnes of carbon dioxide emission (**tCO<sub>2</sub>e**) with a carbon emission intensity of 42.7 kgCO<sub>2</sub>e per square metre of factory floor area. The emission mainly arises from purchased electricity used in the production process, which accounted for close to 95% of the total carbon emission of the Group.

# 0

Environmental incidents

# ¥0

Fines on contravention of environmental regulations

# 42.7 kgCO<sub>2</sub>e

Carbon emission intensity per square metre of factory floor area

# 5.7 m<sup>3</sup>

Water consumption intensity per square metre of factory floor area

# 4.8 m<sup>3</sup>

Wastewater discharge intensity per square metre of factory floor area

# 100%

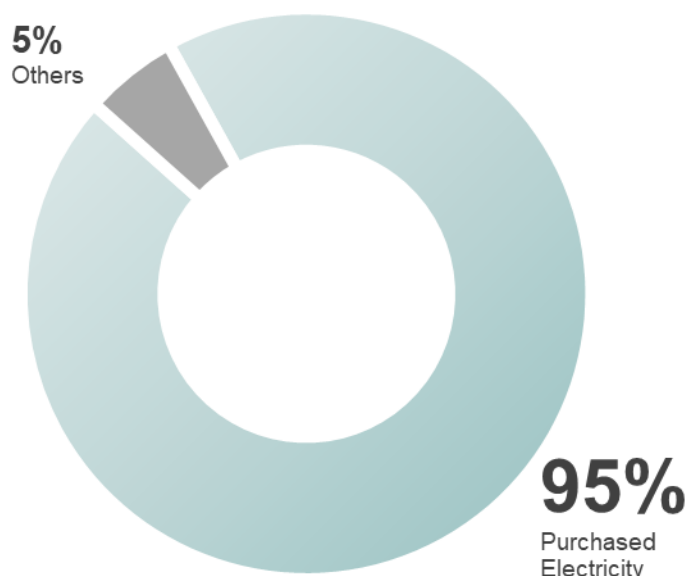
Wastewater discharge that meets local emission standards



We follow the Greenhouse Gas Protocol established by the World Resources Institute and the World Business Council for Sustainable Development, the standard manual for measuring corporate greenhouse gas emissions. Using the “control method”, we include 100% of the emissions associated with businesses which we directly control. Our carbon footprint includes:

- All fuels used directly by our companies (Scope 1 emissions)
- All purchased electricity used in our facilities (Scope 2 emissions)
- Impact of business air travel (optional Scope 3 emissions)

We will continue to monitor the performance on carbon emission reduction. Progress and performance on the reduction of carbon emission will be reported in the following year.



### Energy efficiency

Buildings and factories are energy-intensive structures and electricity often constitutes a significant proportion of operating expenses. By investing in energy efficiency, we not only help protect the environment but can also lower our financial costs.

The Group utilised electricity-saving light bulbs at its factory and office, as well as educated its employees about energy conservation and emission reductions. To ensure the effective use of electricity, the Group conducted the following practices:

- Turn off lights, computers and air conditioning system before clocking out
- Place energy saving reminder labels next to switches
- Clean office equipment (such as refrigerator, air-conditioner) regularly to maintain high efficiency
- Use energy saving equipment
- Set temperature of air conditioners to 25°C

### Wastewater management

Wastewater is passed through an in-house wastewater treatment facility fitted with biological treatment tanks. In addition, the municipal environmental protection bureau obtains wastewater samples from the facility at least four times a year to ensure that discharge standards are met. As a result, the treated wastewater discharge will be able to meet the requirements of the water emission standard of the Fujian Province.

In FY2018, the Group had a wastewater discharge intensity of 4.8m<sup>3</sup> per square metre of factory floor area. As part of our strategy, we seek to continue to ensure that 100% of our wastewater discharge meet the local emission standards.

### Saving water

Water scarcity is a growing concern around the world and a serious global challenge that we must work together to address. This is even a greater concern to us, given that water is also an essential input in the food industry, from cleaning and sanitation to manufacturing.

In FY2018, the Group had a water consumption intensity of 5.7 m<sup>3</sup> per square metre of factory floor area. Where possible, the Group already has procedures in place to reduce water usage in our production lines. Our employees are also reminded of the importance to save water in their daily activities.

We will continue to monitor the performance on the water consumption reduction. Progress and performance on the reduction on water consumption will be reported in the following year.

## 3.5 Social contribution

### Overview

Employees are the integral part of our competitive advantage and our sustainability agenda. We strive to invest in training and create an enjoyable working environment to our employees. Our human resources team develops, evolves and champions our human 'capital' through training, evaluation, remuneration, and engagement.

Through our people, we are also committed in making positive contributions to our community by giving back to the society and helping the less privileged.

### Skills competency and employee training

To ensure that our employee excel, we emphasise on continuous learning in the workplace. Every employee has equal opportunities to upgrade and sharpen their skill sets through formal and on-the-job internal training programs.

The Company also emphasises on internal leadership development, and places great importance on developing a network of new-generation leaders who would play an important role in driving the business in the future.

In FY2018, the Group invested an average of 11.3 hours of training on each employee. We seek to continue this practice in the coming year.

### Performance appraisal

To ensure the Company achieves its goals, we have various performance appraisal methods in place to determine the performance of the Company as well as each individual employee.

The employee performance appraisal comprises mainly quantifiable evaluation criteria. In addition, we actively collect performance information for each employee each month through inputs from direct supervisors and feedbacks, as well as periodical employee communication sessions.

These collected information allow us to understand the performance and skills development needs of each team and individual employee from multiple aspects. This is crucial for the Company to develop annual training programs for employees that are designed to enhance their skills and improve overall productivity.

In FY2018, all of our employees are at least subject to an annual performance appraisal by their superiors. We seek to continue this practice in the coming year.

### Equal opportunity

We have always been an equal opportunity employer to provide a fair workplace for employees, following the principles of equality and non-discrimination. Recruitment, remuneration, promotion, and benefits are required to be handled based on objective assessment, equal opportunity and non-discrimination regardless of gender, race, marital status, pregnancy, disability, age or family status.

We attract talent through fair, and flexible recruitment strategy that includes recruitment application, job description, job applications, interview, selection, approval, and job offer. Promotion is based on performance and suitability.

# 11.3

Training hours per staff

# 100%

Employees subject to regular performance appraisal

# 51%

Female representation in workforce

# 13%

Female representation in management

We offer competitive remuneration to attract and retain talented staff members. Remuneration packages (which includes the necessary social benefits) are reviewed periodically to ensure consistency with employment market. Dismissal also complies with employment laws and regulations relating to non-discrimination.

In FY2018, female employees comprise 51% of our entire workforce, with female representation in management at 13%.

### **Encouraging work-life balance**

To enhance employee teamwork and cohesion, improve employee health and improve employee work-life balance, the Group has been organising periodic employee gatherings during major festivals and sports competitions. This helps the employees relax their mind and body, develop teamwork, explore their talent, so as to develop a positive attitude in both work and life.

## Appendix A: Sustainability scorecard

### Regulatory compliance

Performance indicators	Units	FY2018
Incidents of non-compliance with corporate governance rules and regulations	Number	0
Incidents of bribery and corruption	Number	0

### Food safety

Performance indicators	Units	FY2018
ISO 9001:2008 Quality Management System certified facilities	Percentage	100
ISO 22000:2005 Food Safety Management System certified facilities	Percentage	100
Incidents of non-compliance with laws and regulations on food safety	Number	0
Incidents of non-compliance with laws and regulations on product and service information and labelling	Number	0
Purchases from local suppliers	Percentage	100

### Environmental sustainability

Performance indicators	Units	FY2018
Environmental incidents	Number	0
Fines on contravention of environmental regulations	¥'000	0
Carbon emission intensity	kgCO <sub>2</sub> e/m <sup>2</sup>	42.7
Water consumption intensity	m <sup>3</sup> /m <sup>2</sup>	5.7
Wastewater discharge intensity	m <sup>3</sup> /m <sup>2</sup>	4.8
Wastewater discharge that meets local emission standards	Percentage	100

### Social contribution

Performance indicators	Units	FY2018
Training hours per staff	Hours	11.3
Employees subject to regular performance appraisal	Percentage	100
Female representation in workforce	Percentage	51
Female representation in management	Percentage	13



## Appendix B: GRI content index

### GRI Standards Content Index

The GRI Content Index references the Yamada Green Resources Limited Sustainability Report 2018 (SR), and the Annual Report 2018 (AR).

Disclosure number	Disclosure title	Page reference and remarks	
<b>GRI 102: General disclosures</b>			
<b>Organisational profile</b>	102-1	Name of organisation	<ul style="list-style-type: none"> <li>AR: Corporate Profile (Page 1)</li> </ul>
	102-2	Activities, brands, products, and services	<ul style="list-style-type: none"> <li>AR: Corporate Profile (Page 1)</li> </ul>
	102-3	Location of headquarters	<ul style="list-style-type: none"> <li>AR: Corporate Profile (Page 1)</li> </ul>
	102-4	Location of operations	<ul style="list-style-type: none"> <li>AR: Corporate Profile (Page 1)</li> <li>AR: Investments in Subsidiaries – Note 9 to the Financial Statements (Pages 82-83)</li> <li>AR: Investments in Associates – Note 10 to the Financial Statements (Page 84)</li> </ul>
	102-5	Ownership and legal form	<ul style="list-style-type: none"> <li>AR: General Information – Note 1 to the Financial Statements (Page 51)</li> </ul>
	102-6	Markets served	<ul style="list-style-type: none"> <li>AR: Operations Review (Pages 9-11)</li> <li>AR: Statement of Operations by Segments – Note 31 to the Financial Statements (Pages 103-108)</li> </ul>
	102-7	Scale of organisation	<ul style="list-style-type: none"> <li>AR: Corporate Profile (Page 1)</li> <li>AR: Statement of Operations by Segments – Note 31 to the Financial Statements (Pages 103-108)</li> </ul>
	102-8	Information on employees and other workers	<ul style="list-style-type: none"> <li>SR: Social Contribution (Pages 16-17)</li> </ul>
	102-9	Supply chain	<ul style="list-style-type: none"> <li>SR: Food Safety (Pages 12-13)</li> </ul>
	102-10	Significant changes to the organisation and its supply chain	<ul style="list-style-type: none"> <li>AR: Corporate Profile (Page 1)</li> <li>AR: Our Products (Pages 2-3)</li> </ul>
	102-11	Precautionary Principle or approach	<ul style="list-style-type: none"> <li>AR: Statement of Corporate Governance (Pages 19-35)</li> </ul>
	102-12	External initiatives	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>
	102-13	Membership of associations	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>
<b>Strategy</b>	102-14	Statement from senior decision-maker	<ul style="list-style-type: none"> <li>AR: Chairman's Statement (Pages 4-7)</li> </ul>
	102-15	Key impacts, risks, and opportunities	<ul style="list-style-type: none"> <li>AR: Operations Review (Pages 9-11)</li> <li>AR: Independent Auditor's Report (Pages 42-45)</li> </ul>
<b>Ethics and integrity</b>	102-16	Values, principles, standards, and norms of behavior	<ul style="list-style-type: none"> <li>SR: Sustainability Strategy (Page 5)</li> </ul>
	102-17	Mechanisms for advice and concerns about ethics	<ul style="list-style-type: none"> <li>AR: Statement of Corporate Governance (Pages 19-35)</li> </ul>
<b>Governance</b>	102-18	Governance structure	<ul style="list-style-type: none"> <li>AR: Statement of Corporate Governance (Pages 19-35)</li> <li>SR: Regulatory compliance (Pages 9-11)</li> </ul>
	102-19	Delegating authority	<ul style="list-style-type: none"> <li>AR: Statement of Corporate Governance (Pages 19-35)</li> <li>SR: Regulatory compliance (Pages 9-11)</li> </ul>
	102-20	Executive-level responsibility for economic, environmental, and social topics	<ul style="list-style-type: none"> <li>SR: Sustainability Organisational Structure (Page 4)</li> <li>SR: Regulatory compliance (Pages 9-11)</li> </ul>

Disclosure number	Disclosure title	Page reference and remarks	
102-21	Consulting stakeholders on economic, environmental, and social topics	<ul style="list-style-type: none"> <li>SR: Consulting Our Stakeholders (Page 6)</li> </ul>	
102-22	Composition of the highest governance body and its committees	<ul style="list-style-type: none"> <li>AR: Statement of Corporate Governance (Pages 19-35)</li> </ul>	
102-23	Chair of the highest governance body	<ul style="list-style-type: none"> <li>AR: Statement of Corporate Governance (Pages 19-35)</li> </ul>	
102-24	Nominating and selecting the highest governance body	<ul style="list-style-type: none"> <li>AR: Statement of Corporate Governance (Pages 19-35)</li> </ul>	
102-25	Conflicts of interest	<ul style="list-style-type: none"> <li>AR: Statement of Corporate Governance (Pages 19-35)</li> <li>AR: Directors' Statement (Pages 41-44)</li> <li>SR: Sustainability Strategy (Page 5)</li> </ul>	
102-26	Role of highest governance body in setting purpose, values, and strategy	<ul style="list-style-type: none"> <li>AR: Statement of Corporate Governance (Pages 19-35)</li> </ul>	
102-27	Collective knowledge of highest governance body	<ul style="list-style-type: none"> <li>AR: Statement of Corporate Governance (Pages 19-35)</li> </ul>	
102-28	Evaluating the highest governance body's performance	<ul style="list-style-type: none"> <li>AR: Statement of Corporate Governance (Pages 19-35)</li> </ul>	
102-29	Identifying and managing economic, environmental, and social impacts	<ul style="list-style-type: none"> <li>SR: Sustainability Materiality (Page 7)</li> </ul>	
102-30	Effectiveness of risk management processes	<ul style="list-style-type: none"> <li>AR: Statement of Corporate Governance (Pages 19-35)</li> <li>SR: Regulatory compliance (Pages 9-11)</li> </ul>	
102-31	Review of economic, environmental, and social topics	<ul style="list-style-type: none"> <li>SR: Sustainability Report (Pages 1-22)</li> </ul>	
102-32	Highest governance body's role in sustainability reporting	<ul style="list-style-type: none"> <li>AR: Corporate Social Responsibility (Page 36)</li> <li>SR: Sustainability Organisational Structure (Page 4)</li> </ul>	
102-33	Communicating critical concerns	<ul style="list-style-type: none"> <li>SR: Sustainability Materiality (Page 7)</li> </ul>	
102-34	Nature and total number of critical concerns	<ul style="list-style-type: none"> <li>SR: Sustainability Materiality (Page 7)</li> </ul>	
102-35	Remuneration policies	<ul style="list-style-type: none"> <li>AR: Statement of Corporate Governance (Pages 19-35)</li> </ul>	
102-36	Process for determining remuneration	<ul style="list-style-type: none"> <li>AR: Statement of Corporate Governance (Pages 19-35)</li> </ul>	
102-37	Stakeholders' involvement in remuneration	<ul style="list-style-type: none"> <li>AR: Statement of Corporate Governance (Pages 19-35)</li> </ul>	
102-38	Annual total compensation ratio	<ul style="list-style-type: none"> <li>AR: Statement of Corporate Governance (Pages 19-35)</li> </ul>	
102-39	Percentage increase in annual total compensation ratio	<ul style="list-style-type: none"> <li>AR: Statement of Corporate Governance (Pages 19-35)</li> </ul>	
<b>Stakeholder engagement</b>	102-40	List of stakeholder groups	<ul style="list-style-type: none"> <li>SR: Consulting Our Stakeholders (Page 6)</li> </ul>
	102-41	Collective bargaining agreements	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>
	102-42	Identifying and selecting stakeholders	<ul style="list-style-type: none"> <li>SR: Consulting Our Stakeholders (Page 6)</li> </ul>

Disclosure number	Disclosure title	Page reference and remarks
	102-43 Approach to stakeholder engagement	<ul style="list-style-type: none"> <li>SR: Sustainability Strategy (Page 5)</li> </ul>
	102-44 Key topics and concerns raised	<ul style="list-style-type: none"> <li>SR: Consulting Our Stakeholders (Page 6)</li> </ul>
<b>Reporting practice</b>	102-45 Entities included in the consolidated financial statements	<ul style="list-style-type: none"> <li>AR: Investments in Subsidiaries – Note 9 to the Financial Statements (Pages 82-83)</li> <li>AR: Investments in Associates – Note 10 to the Financial Statements (Page 84)</li> </ul>
	102-46 Defining report content and topic Boundaries	<ul style="list-style-type: none"> <li>SR: Sustainability Materiality (Page 7)</li> </ul>
	102-47 List of material topics	<ul style="list-style-type: none"> <li>SR: Sustainability Materiality (Page 7)</li> </ul>
	102-48 Restatements of information	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>
	102-49 Changes in reporting	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>
	102-50 Reporting period	<ul style="list-style-type: none"> <li>SR: Scope of Sustainability Report (Page 3)</li> </ul>
	102-51 Date of most recent report	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>
	102-52 Reporting cycle	<ul style="list-style-type: none"> <li>Annual</li> </ul>
	102-53 Contact point for questions regarding the report	<ul style="list-style-type: none"> <li>SR: Sustainability Contact (Page 3)</li> </ul>
	102-54 Claims of reporting in accordance with the GRI Standards	<ul style="list-style-type: none"> <li>SR: Scope of Sustainability Report (Page 3)</li> </ul>
	102-55 GRI content index	<ul style="list-style-type: none"> <li>SR: GRI Content Index (Pages 19-22)</li> </ul>
	102-56 External assurance	<ul style="list-style-type: none"> <li>No external assurance</li> </ul>
<b>GRI 200: Economic disclosures</b> (applicable sections only)		
<b>Economic performance</b>	201-1 Direct economic value generated and distributed	<ul style="list-style-type: none"> <li>AR: Financial Highlights (Page 8)</li> </ul>
<b>Procurement practices</b>	204-1 Proportion of spending on local suppliers	<ul style="list-style-type: none"> <li>SR: Food Safety (Pages 12-13)</li> </ul>
<b>Anti-corruption</b>	205-3 Confirmed incidents of corruption and actions taken	<ul style="list-style-type: none"> <li>SR: Regulatory compliance (Pages 9-11)</li> </ul>
<b>Anti-competitive behavior</b>	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	<ul style="list-style-type: none"> <li>There is no legal actions for anti-competition.</li> </ul>
<b>GRI 300: Environment disclosures</b> (applicable sections only)		
<b>Energy</b>	302-1 Energy consumption within the organisation	<ul style="list-style-type: none"> <li>SR: Environmental Sustainability (Pages 12-13)</li> </ul>
<b>Water</b>	303-1 Water withdrawal by source	<ul style="list-style-type: none"> <li>SR: Environmental Sustainability (Pages 12-13)</li> </ul>
<b>Emissions</b>	305-1 Direct (Scope 1) GHG emissions	<ul style="list-style-type: none"> <li>SR: Environmental Sustainability (Pages 12-13)</li> </ul>
	305-2 Energy indirect (Scope 2) GHG emissions	<ul style="list-style-type: none"> <li>SR: Environmental Sustainability (Pages 12-13)</li> </ul>
	305-3 Other indirect (Scope 3) GHG emissions	<ul style="list-style-type: none"> <li>SR: Environmental Sustainability (Pages 12-13)</li> </ul>
	305-4 GHG emissions intensity	<ul style="list-style-type: none"> <li>SR: Environmental Sustainability (Pages 12-13)</li> <li>SR: Sustainability Scorecard (Page 18)</li> </ul>
<b>Effluents and waste</b>	306-1 Water discharge by quality and destination	<ul style="list-style-type: none"> <li>SR: Environmental Sustainability (Pages 12-13)</li> </ul>
	306-2 Waste by type and disposal method	<ul style="list-style-type: none"> <li>SR: Environmental Sustainability (Pages 12-13)</li> </ul>
<b>Laws and regulations</b>	307-1 Non-compliance with environmental laws and regulations	<ul style="list-style-type: none"> <li>SR: Environmental Sustainability (Pages 12-13)</li> </ul>

Disclosure number	Disclosure title	Page reference and remarks	
<b>GRI 400: Social disclosures</b> (applicable sections only)			
<b>Training and education</b>	404-1	Average hours of training per year per employee	<ul style="list-style-type: none"> <li>• SR: Social Contribution (Pages 16-17)</li> <li>• SR: Sustainability Scorecard (Page 18)</li> </ul>
	404-2	Programs for upgrading employee skills and transition assistance programs	<ul style="list-style-type: none"> <li>• SR: Social Contribution (Pages 16-17)</li> </ul>
	404-3	Percentage of employees receiving regular performance and career development reviews	<ul style="list-style-type: none"> <li>• SR: Social Contribution (Pages 16-17)</li> </ul>
<b>Diversity and equal opportunity</b>	405-1	Diversity of governance bodies and employees	<ul style="list-style-type: none"> <li>• SR: Social Contribution (Pages 16-17)</li> </ul>
<b>Non-discrimination</b>	406-1	Incidents of discrimination and corrective actions taken	<ul style="list-style-type: none"> <li>• There is no incidents of discrimination.</li> </ul>
<b>Child labor</b>	408-1	Operations and suppliers at significant risk for incidents of child labor	<ul style="list-style-type: none"> <li>• Child labour is strictly prohibited.</li> </ul>
<b>Forced or compulsory labor</b>	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	<ul style="list-style-type: none"> <li>• Forced and compulsory labour is strictly prohibited.</li> </ul>
<b>Local communities</b>	413-1	Operations with local community engagement, impact assessments, and development programs	<ul style="list-style-type: none"> <li>• SR: Social Contribution (Pages 16-17)</li> </ul>
<b>Customer health and safety</b>	416-1	Assessment of the health and safety impacts of product and service categories	<ul style="list-style-type: none"> <li>• SR: Food Safety (Pages 12-13)</li> </ul>
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	<ul style="list-style-type: none"> <li>• SR: Food Safety (Pages 12-13)</li> </ul>
<b>Marketing and labelling</b>	417-1	Requirements for product and service information and labeling	<ul style="list-style-type: none"> <li>• SR: Food Safety (Pages 12-13)</li> </ul>
	417-2	Incidents of non-compliance concerning product and service information and labeling	<ul style="list-style-type: none"> <li>• SR: Food Safety (Pages 12-13)</li> </ul>
	417-3	Incidents of non-compliance concerning marketing communications	<ul style="list-style-type: none"> <li>• SR: Food Safety (Pages 12-13)</li> </ul>
<b>Socioeconomic compliance</b>	419-1	Non-compliance with laws and regulations in the social and economic area	<ul style="list-style-type: none"> <li>• There is no non-compliance with socioeconomic laws and regulations.</li> </ul>