



Sustainability Report 2019

Sustainable and Transformational Growth



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1. CEO's Message

Dear Stakeholders,

On behalf of our Board of Directors, it is my pleasure to present the Sustainability Report of Oceanus Group Limited (hereafter referred to as "Oceanus" or "the Group") which covers our sustainability performance from 1 January 2019 to 31 December 2019 (the "reporting period").

Oceanus' commitment to sustainability and food security is driven by the Group's mission to produce and supply premium seafood and FMCG products. Most recently, the COVID-19 pandemic has cast the spotlight on food security and highlighted its fragile nature.

At Oceanus Group, our business is positioned to address the topic of food security at various angles across the food supply chain. Indeed, since Oceanus' successful restructuring in 2017, the Group has made significant progress in executing its growth strategy to expand beyond a "one product, one country" company. Through the Group's transformation phase, Oceanus has harnessed synergies from an ecosystem comprising diversified businesses across four growth pillars – Aquaculture, Distribution, Services and Innovation.

In aquaculture, Oceanus has in-depth experience and has maintained efficient farming methodologies through years of research and development. We have set out to propagate our aquaculture know-how by working closely with our farm plot lessees and contract-farming partners, guiding them on the best aquaculture practices. However, farming is merely the start of the supply chain and getting the produce from farm to table is an equally important aspect of food security. Further down the aquaculture value chain, the Group has established a new arm, Asia Fisheries Pte Ltd, to build a business that reaches further down the aquaculture value chain by bringing quality wild and farmed seafood from Indonesia and Thailand to Singapore, USA, UK, Australia and Japan.

In addition, with the aim of creating new revenue streams along the aquaculture and FMCG value chain, the Group has made significant and further progress in our core Distribution business through the establishment of subsidiary Season Global Trading Pte Ltd, with a goal of it becoming a leading distributor of FMCG products in China and Southeast Asia.

Our aquaculture-related technologies is further extended through the Group's Services segment which includes consultancy services relating to as well marketing and branding services under our integrated marketing company, AP Media Pte Ltd.



In Innovation, Oceanus remains committed towards our strategic partnerships with various educational institutions namely Temasek Polytechnic, Republic Polytechnic and James Cook University. At the same time, the Group will continue to engage with potential partners to further our research and development efforts in food security.

In closing, we are very pleased to have achieved our first 'clean' audit opinion in nine years, marking another significant milestone in our business transformation; and as part of our Sustainability focus, we wish to assure all stakeholders that we will continue to uphold good corporate governance.

I would like to extend our team's appreciation to all stakeholders, past and present, for your steadfast support and belief in Oceanus' roadmap. Guided by our belief – "Sustainability today for the security of tomorrow" – we will continue to forge ahead towards a sustainable future and growth.

Sincerely,

MR PETER KOH

Chief Executive Officer

2. Organisation Profile

Founded in 1988 and headquartered in Singapore, Oceanus Group Limited was listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”), and is a land-based aquaculture company that breeds abalone spawns and producing juvenile abalones. Oceanus innovates by forming strategic alliances with processing and packaging plants, as well as investing in research and development to breed abalone and other premium seafood products.

Oceanus’ key operating segments are as follows:

- **Aquaculture** – seafood farming assets in China, and export of wild-caught and farmed seafood to global customers;
- **Distribution** – growing network across countries such as China, Southeast Asia, USA, UK and Australia;
- **Services** –aquaculture consultancy, and marketing and media consultancy; and
- **Innovation** – R&D partners with both local and overseas institutions.



2.1 Aquaculture

Aquaculture has therefore been a cornerstone of Oceanus Group’s business since its inception, with a focus on addressing global food security. Strong emphasis is placed on sustainable practices and the use of cutting-edge aquaculture technologies.

2.1.1 Oceanus Group (China) Aquaculture (“OCA”)



OCA, a fully owned China subsidiary of the Group, operates the abalone hatchery farms in China. Located along the sea in Fo Tan town of Fujian, China, it has a total of 900 tanks spread across its 3.2 hectare land.

With 40 farm workers, it is capable of spawning over 100 million juvenile abalones each season with a production capacity of 80 million juveniles every year. Being a land-based aquaculture facility, the abalone juveniles’ breeding environment is carefully controlled to encourage their growth, survival and propagation so as to deliver consistent supply.



Oceanus Group has also entered into strategic contract farming arrangements with aquaculture farmers which allows full utilisation of all of its tanks and maximise profits.

2.1.2 Oceanus Feed / Asia Fisheries



Oceanus Feed is a trading subsidiary established in April 2019, engaged in the trading of fishmeal to customers in Korea, Taiwan, Japan and Thailand.

It is the sole and exclusive agent for a Sandakan Fishmeal Sdn Bhd, the only fish meal manufacturer in Malaysia that produces fishmeal that meets the quality standards of customers such as:

- Woo Sung Feed Co Ltd & Suhyup Feed Co Ltd – two of the largest animal feed consumers in Korea; and
- Grobest Holdings Ltd – largest Taiwanese aquaculture feed manufacturer.

In February 2020, the Group renamed Oceanus Feed Pte. Ltd. (“Oceanus Feed”) to Asia Fisheries Pte Ltd. (“Asia Fisheries”). The change in name is in line with the broadened business operations and reflects the expansion of the Group’s fish meal distribution business to include other quality seafood products. Currently, Asia Fisheries exports wild and farmed seafood from Indonesia and Thailand to Singapore, the United States, the United Kingdom, Australia and Japan.

2.2 Distribution

Oceanus oversees the distribution and trading of various products across Asia – from raw materials to consumer goods.

2.2.1 Oceanus Food Group (“OFG”)



OFG is a Singapore-based FMCG subsidiary focusing on the sale of canned and packed abalones which were recently launched in October 2018. The abalones are sourced from wild abalone suppliers from Australia, New Zealand and South Africa.

OFG also partners with various Chinese manufacturers, producing canned juvenile abalones sourced directly from Oceanus Group’s own farms – the first of its kind to be marketed in Singapore. OFG has also partnered with esteemed local chef and owner of Teochew Huat Kee Restaurant to develop key recipes for its abalone gift boxes targeted towards corporate customers.

Our products are sold on various platforms, including Qoo10, Redmart, Facebook, Caltex Star Marts and corporate road shows.

2.2.2 Xiamen Import Export



Xiamen Import Export was established to set up a trading arm in China where Oceanus Group’s abalone farming operations are located. This is alongside the group’s strategy of expanding food trading presence both in and out of China. This trading arm is headed by our Chinese CEO who has about 30 years of experience in handling import and export of food in China.

2.2.3 Alps Group

Alps Group was acquired by Oceanus Group in December 2018. Its business is principally engaged in the sale of environmentally friendly disposable products, such as tissues, wet wipes, food packaging and disposable wares.

Its main established brand name “Cloversoft” utilises bamboo pulp to develop environmentally friendly products.

Alps Group has reached more than 350 retail shops and hospitals, and more than 100 restaurants use our products.

In March 2020, Oceanus Group successfully divested its entire investment in Alps Groups.

2.2.4 Season Global Trading



In partnership with a Chinese fast moving consumer goods (“FMCG”) conglomerate, the establishment of subsidiary Season Global Trading in January 2020 allows the Group to expand its overall offering to over 2,000 FMCG products, selling to a large customer network spanning across China, Middle East as well as Asia Pacific. Season Global Trading is also expanding its distribution capabilities through the creation of an e-commerce trading platform.

2.3 Services

2.3.1 AP Media



AP Media, a subsidiary of Oceanus Group, is an integrated marketing agency, specialising in multi-disciplinary interactive digital media, video and marketing consulting services.

Together with its two (2) subsidiaries, Capy Comm and AP360 Marketing, it provides a full-range of marketing, media and branding-related services to clients across Asia.

In 2019, AP Media received the Digital Award for the first company to produce live broadcast using multi-cameras, multi-streaming, and 360° virtual reality video in 2017's Singapore National Day Parade.



Other awards and accolades include:

- Top 10 360VR Company in Asia 2018; and
- Finalist for SG:D TechBlazer Awards 2018.

2.3.2 Oceanus Tech (“OT”)



OT was incorporated in April 2017, as part of our strategy to pursue high-tech aquaculture technologies and to provide 3rd party consultancy services. OT is headed by Mr Matthew Tan, who has over 30 years of experience in environmental engineering, waste water management and aquaculture.

Prior projects include the provision of consultancy service to Olam International in respect of its aquaculture feed manufacturing facility in South Africa.

2.4 Innovation

2.4.1 Oceanus Oceanic Institute (“OOI”)



Located at Oceanus’ farming site in China, OOI is responsible for the development and implementation of various risk management and protocols for all Oceanus Group’s farms, including adoption of new technologies.



Ongoing R&D and collaboration projects include:

- Incubation of promising technologies in Oceanus Innovation Centre @ Temasek Polytechnic;
- Development of sustained micro nutrient release in fish feed;
- Research on methods to improve growth rate and reduce mortality rates;
- Knowledge sharing programmes with internship programmes conducted in the China farms; and
- Development of enzymes for conversion of insect and soy-based protein to aquatic feed.

Oceanus Group has also entered into partnerships and Memorandum of Understandings (“MOU”) with various institutions both in Singapore and overseas. This allows for collaboration in aquaculture R&D relating to nutrition, disease detection, treatment and prevention, and broodstock growth, which can be applied towards enhancing yield and quality of Oceanus Group’s own biological assets.



3. Our Sustainability Story

3.1 Our Vision

To be a leader throughout the seafood value chain with an integrated supply chain that spans from upstream farming to downstream distribution and FMCG.

3.2 Our Mission

To produce and supply quality, nutritional and affordable seafood products and raw materials, by engaging in sustainable land- and sea-based farming practices created through innovation in Research and Development (“R&D”) as well as to preserve the environment so that our next generation can enjoy a bountiful supply of safe and sustainable seafood.

3.3 Our Sustainability Philosophy

By incorporating sustainability issues into our strategic formulation, we will grow our business and operate without harming the environment, keeping in mind our long-term goals of enhancing food security and ensuring food safety. We envision to shape the future of aquaculture through Sustainable R&D and research-based farming.

3.4 Our Sustainability Performance and Targets

Oceanus aims to enhance the aquaculture infrastructure in Singapore and abroad, by becoming highly scalable, portable and more energy efficient than land-based farms. Prioritising the health and safety of our customers, we target to maintain zero food safety incidents and continue practicing strict compliance with food safety regulations.

The Group endeavors to further reduce any adversity caused by climate change by improving our efficiency and innovative efforts. We also aim to increase labour efficiency using the Internet of Things (“IoT”) and Artificial Intelligence (“AI”) to improve our farming yields.

3.5 Our Noteworthy Milestones

The Group’s recent success has motivated us to continue providing customers with quality products and ensuring sustainable, profitable growth for the benefit of our stakeholders.

Our recent milestones and accolades reflect not only our drive towards business success but also our commitment towards good governance and transparency to our stakeholders. Our achievements are as follows:

- Expansion of Oceanus Group’s marketing and branding consultancy arm through the acquisition of AP Media Pte Ltd in March 2019;
- New equity investment in Australian business Pelamis 89, which represents the Group’s foray into the tuna fishing industry in Australian waters
- New partnership with FMCG conglomerate, which is cemented with the establishment of subsidiary Season Global Trading, increasing the Group’s overall offering to over 2,000 products

- Establishment of Asia Fisheries in February 2020 which allows the Group to expand its aquaculture business further down the value chain, bringing quality farmed and wild-caught seafood to global customers;
- Upgraded audited opinion in FY2019 from 'disclaimer' to 'qualified' opinion, followed by a 'clean' unqualified audited opinion in FY2020 – a first in nine years. This is due to Oceanus Group resolving all legacy issues, which include lacking internal controls and corporate governance framework, insufficient evidence on rights of ownership of assets and farms in China and significant doubts in the company continuing as a going concern.

4. Ethics and Integrity

4.1 Ethics and Compliance

Oceanus prioritizes ethics management and we set a strong tone at the top. Our ethics and compliance programme plays an integral role in the company's operations. We work diligently to ensure that our employees comply with applicable laws and policies and adhere to the highest standards of ethics and integrity.

4.2 Whistle-blowing Policy

The Group has implemented a whistle-blowing policy where wrongful acts or concerns can be raised without fear of reprisal. The whistleblowing policy is part of the Group's commitment to create an environment of integrity and transparency. Employees and external suppliers are strongly encouraged to report any concerns or wrongful act to the whistleblowing line. Any reported instance of unethical conduct will be thoroughly investigated and followed with appropriate disciplinary action.

4.3 Interested Person Transactions

The Group has adopted an internal policy in respect of any transactions with interested persons and established procedures for the review and approval of such transactions.

All interested person transactions will be properly documented and submitted to the AC for quarterly review to ensure that they are carried out on an arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the shareholders.

There were no interested person transactions in FY2019. The Company has not adopted any interested person transaction mandate which requires approvals from our shareholders.

4.4 Dealing in Securities

The Group has adopted and implemented policies in line with the SGX-ST's best practices in relation to the dealing of shares of the Company. The policies have been made known to directors, executive officers and any other persons as determined by Management who may possess unpublished material price-sensitive information of the Group.

The Group has advised Directors and all key executives not to deal in the Company's shares during the period commencing one month prior to the announcement of the Company's interim, half-yearly and full-year results and ending on the date of the announcement of the results.

The Group has reminded our Directors and officers that it is an offence under the Securities and Futures Act, Chapter 289, for a listed issuer or its officers to deal in the listed issuer's securities as well as securities of other listed issuers when the officers are in possession of unpublished material price-sensitive information in relation to those securities. Directors and executives are expected and reminded to observe insider-trading laws at all times even when dealing in securities within permitted trading periods. The Group has further reminded our Directors and officers not to deal in the Company's securities on short-term considerations.

4.5 Anti-corruption

GRI 205-1, 205-2, 205-3

Oceanus takes a strong stance against corruption and malpractice in the Group. All employees are educated on the Group's zero tolerance for corruption practices.

In the event of reported corruption incidents, independent investigations will be carried out in an appropriate and timely manner as and when required. Mitigating and preventive measures will be implemented to improve on the existing internal controls and policies to prevent recurrence.

There was no incident of corruption in FY2019.

5. Governance and Statement of the Board

At Oceanus, sustainability is prioritised at the board level. We have established a Sustainability Task Force (“STF”) which comprises heads of different departments and is chaired by the Group Chief Financial Officer. The STF reports to the Board on sustainability matters and executes decisions made by the Board.

The Board has considered sustainability issues as part of our strategic formulation, approved the material environmental, social and economic topics identified and overseen that the factors identified are managed and monitored.

Please refer to the Corporate Governance Report in our 2019 Annual Report for more information on corporate governance practices, precautionary measures and risk management structure.

6. Stakeholder Engagement

The Group understands sustainable growth is dependent upon meeting and exceeding the reasonable expectations of our key stakeholders. We determine the material topics based on the principle of materiality to stakeholders. We have engaged in meaningful and productive dialogues with them and participated in various industry and government forums to keep abreast of any material stakeholder issues.

We identify key stakeholders as groups that have material impact or have the potential to be impacted by our operations. The following table summarises our key stakeholders, engagement platforms and their key concerns.

Stakeholders	Engagement Platforms	Issues of Concerns	Section Reference
Employees	<ul style="list-style-type: none"> Performance appraisal system Health and Safety 	<ul style="list-style-type: none"> Remuneration Staff Benefits Occupational Health & Safety Compliance with local labour laws 	<ul style="list-style-type: none"> Our People, Our Assets
Suppliers	<ul style="list-style-type: none"> Supplier socioeconomic and environmental assessment 	<ul style="list-style-type: none"> Environmental compliance 	<ul style="list-style-type: none"> Managing Our Suppliers
Customers	<ul style="list-style-type: none"> Annual Reports Product quality feedback 	<ul style="list-style-type: none"> Quality and safety of products Food Safety Certifications Compliance with local health and safety regulations Marketing and Labelling 	<ul style="list-style-type: none"> Distributions
Governments and Regulators	<ul style="list-style-type: none"> Quarterly announcements on SGX Annual Reports Sustainability Reporting Ongoing dialogues 	<ul style="list-style-type: none"> Regulatory and Industrial requirements Environmental compliance with local regulations 	<ul style="list-style-type: none"> Farming Operations Distributions Our People, Our Assets
Community	<ul style="list-style-type: none"> Engagement in community services 	<ul style="list-style-type: none"> Environmental impact Social development 	<ul style="list-style-type: none"> Community Engagement
Shareholders and investors	<ul style="list-style-type: none"> Annual Reports Investor Relations Management Annual General Meetings 	<ul style="list-style-type: none"> Economic performance Anti-corruption 	<ul style="list-style-type: none"> Anti-corruption

7. Reporting Practice

This sustainability report covers our sustainability performance from 1 January 2019 to 31 December 2019.

The Report provides information about Oceanus' key sustainability topics, management policies and sustainability performance across all operations. The Group has chosen the Global Reporting Initiative ("GRI") Standards which represent the global best practices for reporting on economic, environmental and social topics.

The Report is prepared in accordance with the GRI Standards' "Core" option and incorporates the primary components of report content as set out by the SGX's "Comply or Explain" requirements on sustainability reporting under Listing Rule 711B.

This report supplements the Group's 2019 Annual Report, which is available online at: <https://oceanus.com.sg/>. Detailed section reference with GRI Standards is found at the GRI Standards Content Index section of this report.

The Group's material topics are identified based on its impacts on our internal and external stakeholders, as outlined in the Stakeholders Engagement section. Detailed section reference with GRI Standards is found at the GRI Standards Content Index section of this report.

GRI does not require external assurance and our Sustainability Task Force has assessed that external assurance is not required as the Group is laying the foundations for a sustainability reporting framework this year.

Material Topics	Report Sections and Indicators	Boundaries
ECONOMIC		
Economic Performance	Dealing with Climate Change (<i>GRI 201-2, 203-2</i>)	Farming Operations
Market Presence	Employment Targets and Compliance (<i>GRI 202-1</i>) Workforce Diversity (<i>GRI 202-2</i>)	Group-wide
Indirect Economic Impacts	Indirect Economy Impacts (<i>GRI 203-2</i>)	
Anti-corruption	Anti-Corruption (<i>GRI 205-1, 205-2, 205-3</i>)	
ENVIRONMENTAL		
Energy	Energy and Emissions Management (<i>GRI 302-1, 302-3, 302-4</i>)	Group-wide
Water	Water and Effluents Management (<i>GRI 303-1</i>)	
Emissions	Energy and Emissions Management (<i>GRI 305-2, 305-4, 305-5</i>)	
Effluents and Waste	Water and Effluents Management (<i>GRI 306-1</i>)	

Environmental Compliance	Environmental Targets and Compliance (GRI 307-1)	Farming Operations
Supplier Environment Assessment	Managing Our Suppliers (GRI 308-1)	Group-wide including Farming Operations and Distribution
SOCIAL		
Employment	Workforce Diversity (GRI 401-1) Employee Benefits and Development (GRI 401-2, 401-3)	Group-wide
Occupational Health and Safety	Occupational Health and Safety (GRI 403-2, 403-3)	
Training and Education	Employee Benefits and Development (GRI 404-3)	
Diversity and Equal Opportunity	Workforce Diversity (GRI 405-1, 405-2)	
Non-discrimination	Employment Targets and Compliance (GRI 401-1, 406-1, 408-1, 409-1)	
Local Communities	Giving Back to Society (GRI 203-2, 413-1)	
Customer Health and Safety	Product Safety (GRI 414-1, 416-1) Product Safety Targets and Compliance (GRI 416-2)	
Marketing and Labelling	Marketing and Labelling (GRI 417-1, 417-2, 417-3) Product Safety Targets and Compliance (GRI 417-2, 417-3)	
Socioeconomic compliance	Socioeconomic Compliance (GRI 419-1) Product Safety Targets and Compliance (GRI 419-1)	

8. Farming Operations

The Group has adequate measures and policies in place to ensure that our abalone farming operations are carried out in a sustainable manner. In addition, our new hatchery business model and technology adoption greatly reduce mortality rates of our abalones, which help to maximise yield and reduce the impact of our operations on biodiversity.

8.1 Indirect Economy Impacts

GRI 203-2

Over the past few years, we have transitioned from full-sized abalone farming to a hatchery business model where we focus on spawning and producing juvenile abalones.

As a result of this transition, we have increased productivity in the industry by mitigating our exposure to mortality risks and yield inefficiencies associated with full-sized abalone farming which will take a further two to five years.

Not only does this establish Oceanus as a premium juvenile abalone supplier to local farming businesses, it also creates a synergistic working relationship within the growing aquaculture industry in China. Since local sea farmers in China procure our juvenile abalones and breed them to market-size abalones for sale, the change in our operations provides them with a bigger market share which as a result stimulate the local supply chain and economy.

Oceanus re-enters the value chain by buying the adult abalones back from local farms for further processing before distributing them into the market. This inevitably provides local farmers with more business opportunities as well.

8.2 Continuing Innovation

GRI 203-2

In order to further support our transition, our subsidiary Oceanus Tech is focusing on pursuing cutting-edge aquaculture technologies. Oceanus has partnered with educational bodies such as Temasek Polytechnic, James Cook University, Jimei University on R&D on aquaculture and biomedical sciences. Some of our collaborations are as follows:

- Joint biomarker study on abalone laggards and selective genetics breeding with Temasek Polytechnic;
- Development of aquatic feed that comprises alternative soy-based protein with Republic Polytechnic;
- R&D on methods to improve growth rate and reduce mortality rates;
- Internship programmes conducted in the China farms to share knowledge; and
- Development of enzymes to convert insects and soy-based protein into aquatic feed.

Oceanus Oceanic Institute was also established in 2018 to lead our in-house R&D and assess various risks associated with all Oceanus farms, including its technology and systems as well as adoption of latest technologies.

8.3 Dealing with Climate Change

GRI 201-2, 203-2

The Group is well aware that climate change poses a significant risk to our abalone farming yields and operations. As such, we have implemented various innovations and measures to ensure that business risks due to climate change are mitigated.

Due to the extreme sensitivity of abalones to change in environmental factors, a mere deviation of $\geq 5^{\circ}$ Celsius from the optimal water temperature level would result in a significant increase in mortality rates. Small amounts of pesticides, bacteria or harmful chemicals can also severely impact the growth of abalones. In these aspects, climate change poses a significant risk to our operations. This was particularly evident in 2011 when our farms suffered major stock losses and infrastructural damages due to Typhoon Usagi.

In order to effectively mitigate the risk and impact of climate change, our hatcheries are equipped with nettings and structures to provide shade against excessive sunlight and to keep the water temperature cool. These structures are also made to be collapsible in the event of strong winds or typhoons.

In addition, our abalone farms are equipped with a flow-through system whereby seawater is pumped into the tanks. In the event of sea pollution or unsuitable seawater conditions, these flow-through pipes can be shut down within short notice to isolate the tanks and minimize impact of ocean change. Other mitigating measures include daily cleaning and maintenance of all tanks and frequent farm inspections to ensure that farming conditions and water quality are kept at optimal levels.

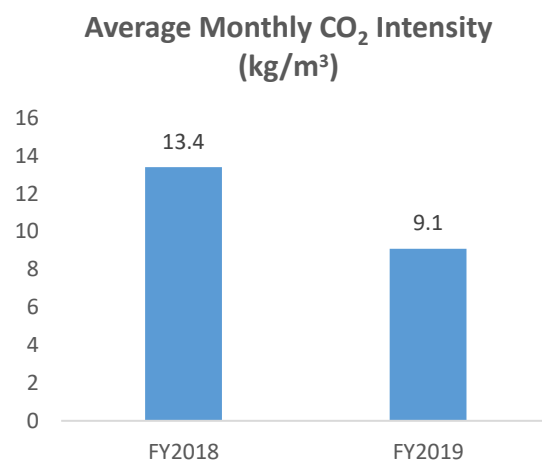
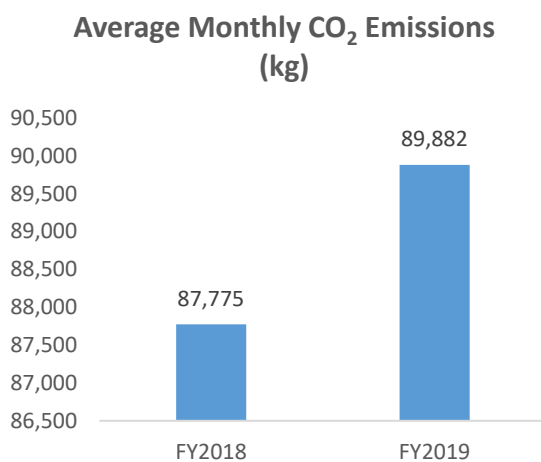
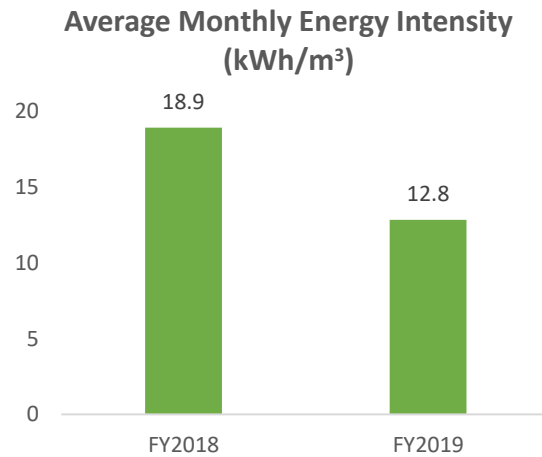
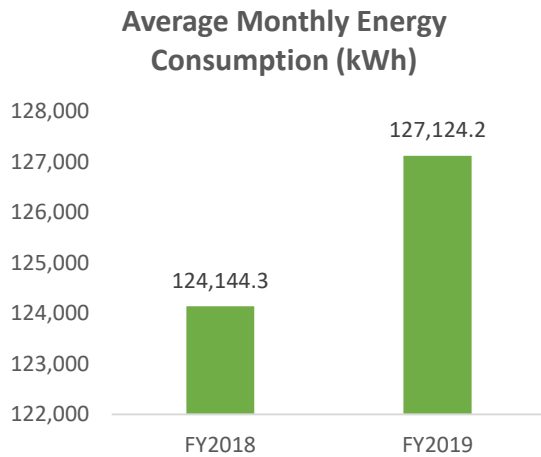
8.4 Energy and Emissions Management

GRI 302-1, 302-3, 302-4, 305-2, 305-4, 305-5

The Group strongly encourages energy-saving practices among employees to effectively reduce our carbon footprint. We have implemented numerous initiatives in line with our environmental policy to reduce energy consumption and increase energy efficiency in our daily operations.

This includes an optimal activation of seawater pumps and strict implementation of environmental policies amongst all staff and workers, such as shutting down equipment and appliances when not in use.

We believe that increasing energy efficiency at all stages of our farming operations will effectively reduce energy usage. As previously mentioned, we shade our tanks with black nettings to allow for water temperatures to remain cool during the summer without having to use water cooling equipment thus saving our energy consumption. Our farms are also located closer to the shoreline to reduce energy needed to pump seawater. These measures effectively reduce our carbon footprint in our daily operations.



In FY2019, the average monthly energy consumption at our hatcheries increased by 2.4% due to an increase in hatcheries volume. As a result, our average monthly CO₂ emission increased as well. Nonetheless, our energy intensity decreased from 18.94 kWh/m³ in FY2018 to 12.84 kWh/m³ in FY2019. Similarly, our average monthly emissions intensity decreased from 13.4 kg/m³ in FY2018 to 9.1 kg/m³ in FY2019. This is testimonial of the effectiveness of our energy conservation measures. We endeavour to continuously improve our energy conservation efforts in the future.

8.5 Water and Effluents Management

GRI 303-1, 306-1

Seawater needs to be pumped through the tank to regulate the water temperature in the tank and to allow abalones to absorb micronutrients present in the seawater that are essential for their growth.

As such, our tanks are built with a flow-through system which draws seawater into the tank and lets seawater flow back into the sea. In order to mitigate the risk of water pollution in our operations, we ensure that all feeds added into the tanks are all-natural and free from harmful chemicals and pollutants, such as being largely comprised of vegetable materials like seaweed.

WASHING TANKS

Our tanks are professionally cleaned every day, with scheduled, regular maintenance to ensure cleanliness standards all year round.

INSPECTION

Our farmers inspect the tanks to make sure that the temperature and salinity level of the water are optimal, and all our abalones are growing well and healthily.



PUMPING SEA WATER

The perfect seawater for our abalones is drawn from 20-30m out at sea, 7m deep, at 21-22 degrees Celsius.

OXYGEN

Concentration of dissolved oxygen is maintained at the optimal level in every tank, making it the perfect environment for our abalones.

FEED

We use natural, organic, and high-quality feed for our abalones, complying with the highest production standards.

8.6 Managing Our Suppliers

GRI 308-1

Our feed suppliers are thoroughly assessed for both quality and safety to ensure that our juvenile abalones are well-fed. With a diversified pool of feed suppliers, we are able to adapt quickly in the event that a certain source of feed is deemed unsuitable for use at our farms. Our suppliers are also spread across a wide region in China to ensure geographical diversification which mitigates supplier risk in our supply chain.

Additionally, Oceanus only sources from suppliers with proper reputations and certifications for sustainable farming.

8.7 Environmental Targets and Compliance

GRI 304-2, 307-1, 308-2

Oceanus takes extra precaution in ensuring strict compliance with local environmental regulations including biosecurity protocols and codes during daily operations. Our abalones are fed local kelp and algae, so no foreign nutrients are added to the ecosystem. We ensure that our operations have no adverse impact on local habitats and diversity.

There was no incident of non-compliance with environmental laws and regulations, and no negative environmental impact in the supply chain in FY2019.

Environmental Performance for FY2019	
FY2019 Target	Performance Update
Analyse and monitor energy and water usage	Energy consumption increased by 2.4% and energy intensity decreased by 32.3%
Environmental compliance	Zero incidents in respect of environmental non-compliance.
Environmental Targets for FY2020	
FY2020 Target	Action Plan
Analyse and monitor energy and water usage	Implement water and energy monitoring procedures at the farms in China, including data analysis to ensure efficient usage.
Environmental compliance	Continuous education of all relevant staff on proper procedures to ensure that full environmental compliance.

9. Distributions

Oceanus is committed to deliver quality and safe products to our customers, to be in line with our core values and for long term business sustainability.

9.1 Product Safety

GRI 414-1, 416-1

For products that we distribute, we evaluate our suppliers to ensure that they meet regulatory standards in product manufacturing, safety and labelling.

9.1.1 Abalone Products

The Group endeavours to become a global seafood producer that distributes seafood of premium quality and taste, and food safety is unequivocally our topmost priority. We aim to eliminate any health risks of food products for our consumers by carefully evaluating the processing factories that we engage for the manufacturing and distribution of food products.

From the procurement of abalones to the packing and distribution of our products, we exercise extreme caution in evaluating the quality of our suppliers' products to ensure food safety along our value chain. The Group also works closely with suppliers to ensure smooth delivery of products.

Prior to commencing production, we would perform site inspections at the processing factories, and we only engage with factories with relevant Government certifications for food processing and food safety. This ensures that our factories strictly comply with safety regulations, and our products adhere to our highest food safety standards. We also play an active role in sourcing for suppliers to ensure that they offer quality products and services with competitive pricing.

Existing suppliers are assessed by periodically based on specified criteria and feedback is also provided by the operation teams to suppliers to ensure standards of products or services delivered by suppliers.

Oceanus only works with factories that are Hazard Analysis and Critical Control Point ("HACCP) and Health Sanitary certified to ensure food safety. Each batch of canned abalone is required to go through health audits and issued with the Country's Health Certificate and Country of Origin labels.

9.1.2 Consumable Products

Oceanus' subsidiary, Alps Group, ensures that its products are kept to the safest product safety standards by ensuring that its raw materials and end products are safe for septic use and fragrance free. Key products, such as unbleached bamboo tissues, have natural antibacterial function, to keep its products safe from bacterial habitation. In addition, steps have been taken to ensure that its manufacturing partners adhere the company's policy of zero paraben, phenoxyethanol, alcohol, fragrance, petrochemicals and chlorine.

9.1.3 Seafood Farming Raw Material Products

Before each order of fish meal product is exported to customers via subsidiary company Oceanus Feed, laboratory tests are conducted to analyse key chemical components, such as Total Volatile Base Nitrogen (“TVBN”) levels, which acts as an indicator of the freshness of the fish meal. Microbiological tests are also conducted for traces of harmful microbes such as E. Coli, Salmonella and Shigella. Such tests are conducted to not only ensure that the product specifications required by each customer is met, but also prevent selling products may pose a threat to the livestock of customers.

9.2 Marketing and Labelling

GRI 417-1, 417-2, 417-3

We comply with local regulations regarding marketing and labelling for all our products, as we strongly believe in being truthful towards our consumers to establish us as a reputable premium seafood supplier.

Where our products are intended for Halal consumption, they will be labelled with appropriate Halal certifications. All ingredients are clearly labelled on our products.

The Group has a sustainable marketing strategy that maintains and develops our brand visibility which ensures our business sustainability. Currently, our abalone products are advertised and listed in online platforms such as Redmart, Qoo10 and Amazon with factual product descriptions on the website page. Our products are currently on the shelves on Haomart and Caltex. In the future, the Group plans to have its products on the shelves of major supermarkets such as NTUC Fairprice and Cold Storage.

There was no incident of non-compliance with marketing and labelling regulations in FY2019.

9.3 Product Safety Targets and Compliance

GRI 308-2, 414-2, 416-2, 417-2, 417-3, 419-1

There was no incident of non-compliance concerning the health and safety impacts as well as marketing and labelling of our products in FY2019. In addition, our suppliers did not have any reported incident of environmental non-compliance.

In order to maintain strict compliance with product safety regulations and achieve our product safety targets in FY2020, we have reviewed our performance in FY2019 and developed an action plan for FY2020.

Product Safety Performance for FY2019	
FY2019 Target	Performance Update
Zero product safety incident	There were zero incidents in respect of product safety.
Zero customer complaints related to product safety	There were zero customer complaints related to product safety.

Zero non-compliance with product safety regulations	There were zero incidents in respect of product safety regulation compliance.
Product Safety Targets for FY2020	
FY2020 Target	Action Plan
Zero product safety incident	To conduct continuous quality checks on our product and supplier standards.
Zero customer complaints related to product safety	To closely monitor product feedback and ensure customer satisfaction by conducting customer surveys.
Zero non-compliance with product safety regulations	To maintain periodic site visits to our suppliers and ensure full-compliance to production standards and product safety requirements.

10. Alps Group

Alps Group was acquired by Oceanus Group in December 2018. Its business is principally engaged in the sale of environmentally friendly disposable products, such as tissues, wet wipes, food packaging and disposable wares. Its main established brand name “Cloversoft” utilises bamboo pulp to develop environmentally friendly products.

10.1 Sustainable Consumable Products

GRI 304-2, 416-1

Every year, the haze situation in Singapore impacts a large part of the population in South East Asia and has created a number of controversy and conflicts. Use of trees in the production of consumable products such as paper and tissues causes environmental degradation as the conventional slash-and-burn method of farming trees was a major cause of the haze phenomena. In addition, as trees typically take decades to grow, it is neither readily available nor sustainable as a material.

Instead of conventional methods, Cloversoft harvests bamboo as the main ingredient for its tissues and wipes. Bamboo harvesting does not involve slash-and-burn, which makes it an eco-friendly source of material. It also grows within months, which is faster than any other woody plant in the world. Furthermore, bamboo self-regenerates from its own roots and does not require replanting after harvest. As such, it is a fast-growing and sustainable source of material.

In addition, Cloversoft does not involve ‘bleaching’ during its manufacturing of tissues and other paper products where harmful gases are emitted to the atmosphere and chemicals are released to the rivers, making the process truly eco-friendly. Other than contributing to environmental protection, these unbleached products are free from harmful chemicals and toxins which makes them gentle on the skin, safe and suitable to use on adults and babies alike.

Other products such as food packaging and disposable cutleries are made from natural materials such as wheat husks, bamboo, and corn. They are Biobased Certified, which means that our products are composed significantly or entirely of biological products or renewable domestic agricultural materials that are more easily decomposed compared to plastic-based products.

Cloversoft has attained ISO 14001 (Environmental Management System) and ISO 9001 (Quality Management System) certifications which shows Cloversoft’s commitment towards providing sustainable products that are safe to use.



Biobased Certified



ISO 9001



ISO 14001

10.2 Managing Our Suppliers

GRI 308-1

The Group is committed to develop a sustainable supply chain that distributes eco-friendly products sourced and manufactured in a sustainable manner.

10.2.1 Abalone Products

We verify that our wild abalone suppliers source only from Australia, New Zealand, and South Africa, which are countries with strict laws and quotas on abalone fishing. On top of that, we periodically assess the competency of our suppliers based on their environmental compliance.

10.2.2 Consumable Products

Alps Group is Forestry Stewardship Council (“FSC”) certified, meaning that FSC-certified material is handled and tracked correctly throughout the entire supply chain. This includes maintaining up-to-date information about all suppliers and the materials sourced.

In order to prevent any changes that might affect the availability and authenticity of supplied products, Alps Group periodically verifies the validity and product group’s scope of the certificates of their suppliers through the FSC certificate database (info.fsc.org). Other procedures are also in place to check the supplier’s sale and/or delivery documentation to confirm that:

- The supplied material type and quantities conform with the supplied documentation;
- The FSC claim is specified; and
- The supplier’s certification code is quoted for materials supplied with FSC claims.

Adherence to these standards are ensured via audit on the entire value chain, including the sourcing and manufacturing by suppliers.

10.2.3 Seafood Farming Raw Material Products

Oceanus Feed ensures that the following procedures are implemented for every batch of products shipped from its suppliers:

- Products originate from suppliers that are registered and supervised by competent authorities, such as Department of Fisheries Malaysia;
- Products are tested to certify that they are free from ruminant ingredients;
- The supplier’s processing plant is dedicated only to fish meal production where no other material of animal origin other than fish is being used; and
- End products are packaged with new, clean, sealed, impermeable, moisture-resistant and durable materials.

Relevant authorities will verify the procedures to further ensure the quality and safety of our products.

10.3 Socioeconomic Compliance

GRI 419-1

Oceanus ensures that all operations comply with local socioeconomic laws and regulations where we operate in.

There was no incident of non-compliance with social and economic laws and regulations in FY2019.

11. Our People, Our Assets

At Oceanus, we commit to the sustainable development of the community and our staff. We value and compensate the contributions of all our staff, and we treat everyone equally and with respect. We implement measures to ensure workplace safety and we strive for zero fatal accidents at all worksites.

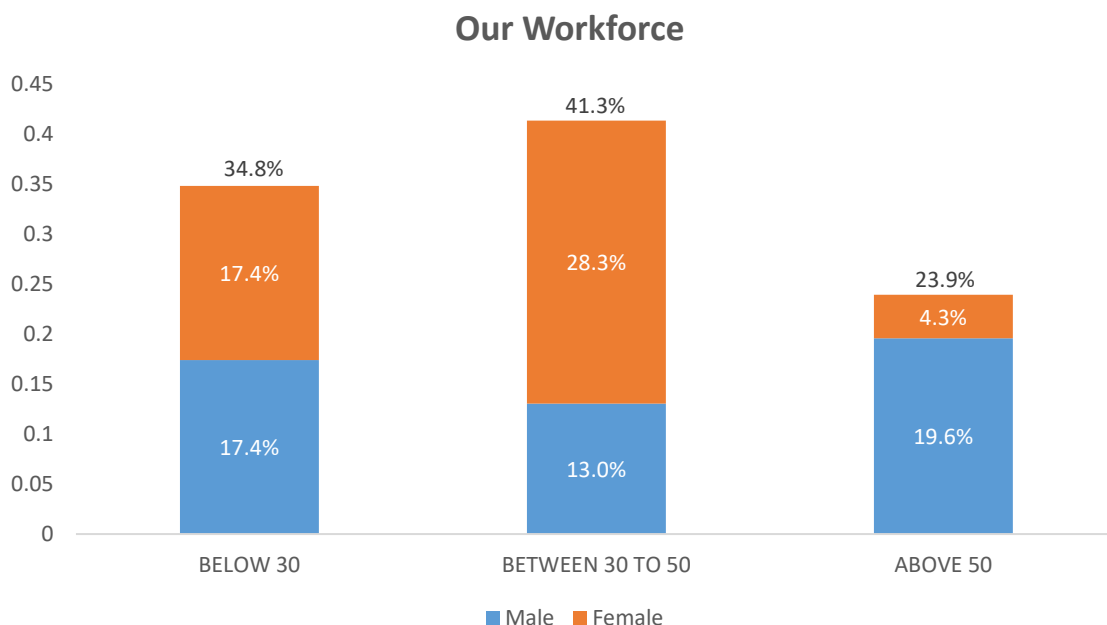
We aim to provide a work environment for our staff that fosters fairness, equity and respect for social and cultural diversity, regardless of their gender and age.

11.1 Workforce Diversity

GRI 202-2, 401-1, 405-1, 405-2

The Group believes that workforce diversity promotes creativity and integration of different perspectives. We embrace workforce diversity and do not discriminate against gender or age in staff employment. All employees are fairly remunerated regardless of age or gender.

As at the end of FY2019, we had a total strength of 46 full-time employees.



We endeavour to provide employment opportunities for the local communities we operate in. For our regional operations outside of Singapore, majority of the blue-collar

workers and 66% of the management are locals. In FY2019, approximately 71% of the management of our farming operations in China was hired from the local community.

11.2 Employee Benefits and Development

GRI 401-2, 401-3, 404-3

The Group believes in promoting staff well-being and productivity for the growth of our business, and we ensure that all employees are entitled to competitive benefits in line with industrial standards, including healthcare, insurance and parental leave.

In addition, all employees are given opportunities to develop their fullest potential. We invest in our employees to keep them up-to-date with the latest technical knowledge to improve productivity. On top of that, we conduct annual performance appraisals to compensate employees fairly based on their experience, contributions and performance.

Oceanus makes an effort to ensure that all staff remain engaged and motivated on the job. Some staff retention strategies include regular team bonding activities, renovations of the pantry area to promote staff relaxation, as well as attractive wage reviews in China. As at the end of FY2019, our new hire rate was 26.2% and turnover rate was 17.4%.

11.3 Occupational Health and Safety

GRI 403-2, 403-3

A safe working environment allows our staff to work safely without fear of getting injured. This helps to build loyalty amongst our staff and support the sustainability of the Group. As such, Oceanus prioritises the health and safety of all employees in our daily operations. We provide all staff and workers with adequate health and safety trainings, especially workers who are directly involved in farming operations. As such, there are minimal risks associated with farming operations.

11.4 Employment Targets and Compliance

GRI 202-1, 401-1, 406-1, 408-1, 409-1

Oceanus strictly complies with local labour laws and regulations where we operate, and we strive to treat all employees fairly and with dignity and respect. As we expand our operations, we actively hire locals to take up various job positions that come with the opening of new farms. We implement remuneration measures to ensure that the wages of our employees in China are above the legislated minimum wage level.

The Group also implements a non-discrimination policy to ensure ethical labour practices on a group level. Any employee who feels that he/she is unfairly discriminated will have ample avenues to inform our Human Resource Department, and all correspondences will be kept in strict confidence. There was no incident of discrimination in FY2019.

The Group strives to be socially responsible in employment practices. There was no incident of child labour or forced labour during the Group's operations and there was no workplace health and safety incident in FY2019.

Workforce Performance for FY2019	
FY2019 Target	Performance Update
Zero incident of workplace health and safety	There were zero incidents in respect of workplace health and safety.
Workforce Targets for FY2020	
FY2020 Target	Action Plan
Zero incident of workplace health and safety	<ol style="list-style-type: none"> 1. Implement workplace checks to ensure a safe working environment; and 2. Educate all staff on workplace safety and preventive measures.

12. Community Engagement

As a company that focuses on social well-being, we do our best in giving back to the community and enhancing their people’s quality of life through various means other than supplying quality products.

12.1 Giving Back to Society

GRI 203-2, 413-1

12.1.1 Charitable Acts under Oceanus

Oceanus aspires to bring about positive social and environmental impacts to the local community. In FY2019, our charitable acts included the Oceans Smile Charity Project. This project was in collaboration with Willing Hearts Kitchen, where Oceanus Group donated and prepared 6,500 hot abalone meals to families in need.



13. SGX Five Primary Components Index

S/N	Primary Component	Section Reference
1	Material Topics	<ul style="list-style-type: none">▪ Reporting Practice▪ Stakeholder Engagement
2	Policies, Practices and Performance	<ul style="list-style-type: none">▪ CEO's Message▪ Our Sustainability Story
3	Board Statement	Governance and Statement of the Board
4	Targets	Our Sustainability Story
5	Framework	Reporting Practice

14. GRI Standards Content Index

GRI Standards	Disclosure Content	Section Reference
102-1	Name of the organisation	Organisation Profile
102-2	Activities, brands, products, and services	Organisation Profile
102-3	Location of headquarters	Organisation Profile
102-4	Location of operations	Organisation Profile
102-5	Ownership and legal form	Organisation Profile
102-6	Markets served	Organisation Profile
102-7	Scale of the organisation	Organisation Profile
102-8	Information on employees and other workers	Organisation Profile
102-9	Supply chain	Organisation Profile
102-10	Significant changes to the organisation and its supply chain	Organisation Profile
102-11	Precautionary Principle or approach	Organisation Profile
102-12	External initiatives	Organisation Profile
102-13	Membership of associations	Organisation Profile
102-14	Statement from senior decision-maker	CEO's Message
102-15	Key impacts, risks, and opportunities	CEO's Message, Our Sustainability Story
102-16	Values, principles, standards, and norms of behaviour	Ethics and Integrity
102-17	Mechanisms for advice and concerns about ethics	Ethics and Integrity
102-18	Governance structure	Governance and Statement of the Board
102-40	List of stakeholder groups	Stakeholder Engagement
102-42	Identifying and selecting stakeholders	Stakeholder Engagement
102-43	Approach to stakeholder engagement	Stakeholder Engagement
102-44	Key topics and concerns raised	Stakeholder Engagement
102-46	Defining report content and topic Boundaries	Reporting Practice

GRI Standards	Disclosure Content	Section Reference
201-1	Direct economic value generated and distributed	Annual Report 2019
201-2	Financial implications and other risks and opportunities due to climate change	Dealing with Climate Change
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Employment Targets and Compliance
202-2	Proportion of senior management hired from the local community	Workforce Diversity
203-2	Significant indirect economic impacts	Dealing with Climate Change, Indirect Economy Impacts, Giving Back to Society
205-1	Operations assessed for risks related to corruption	Anti-corruption
205-2	Communication and training about anti-corruption policies and procedures	Anti-corruption
205-3	Confirmed incidents of corruption and actions taken	Anti-corruption
302-1	Energy consumption within the organization	Energy and Emissions Management
302-3	Energy intensity	Energy and Emissions Management
302-4	Reduction of energy consumption	Energy and Emissions Management
303-1	Water withdrawal by source	Water and Effluents Management
304-2	Significant impacts of activities, products, and services on biodiversity	Environmental Targets and Compliance, Sustainable Consumable Products
305-2	Energy indirect (Scope 2) GHG emissions	Energy and Emissions Management

GRI Standards	Disclosure Content	Section Reference
305-4	GHG emissions intensity	Energy and Emissions Management
305-5	Reductions in GHG Emissions	Energy and Emissions Management
306-1	Total water discharged by quality and destination	Water and Effluents Management
307-1	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Environmental Targets and Compliance
308-1	New suppliers that were screened using environmental criteria	Managing Our Suppliers
308-2	Negative environmental impacts in the supply chain and actions taken	Environmental Targets and Compliance
401-1	New employee hires and employee turnover	Workforce Diversity, Employment Targets and Compliance
401-2	Benefits provided to full time employees that are not provided to temporary or part-time employees	Employee Benefits and Development
401-3	Parental Leave	Employee Benefits and Development
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Occupational Health and Safety
403-3	Workers with high incidence or high risk of diseases related to her occupation	Occupational Health and Safety
404-3	Regular Performance and Career Development Review	Employee Benefits and Development
405-1	Diversity of governance bodies and employees	Workforce Diversity
405-2	Ratio of basic salary and remuneration of women to men	Workforce Diversity
406-1	Incidents of discrimination and corrective actions taken	Employment Targets and Compliance

GRI Standards	Disclosure Content	Section Reference
408-1	Operations and suppliers at significant risk for incidents of child labor	Employment Targets and Compliance
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Employment Targets and Compliance
413-1	Operations with local community engagement, impact assessments, and development programmes	Giving Back to Society
414-1	New suppliers that were screened using social criteria	Product Safety
416-1	Assessment of the health and safety impacts of product and service categories	Product Safety, Sustainable Consumable Products
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Product Safety Targets and Compliance
417-1	Requirements for product and service information and labelling	Marketing and Labelling
417-2	Incidents of non-compliance concerning product and service information and labelling	Marketing and Labelling, Product Safety Targets and Compliance
417-3	Incidents of non-compliance concerning marketing communications	Marketing and Labelling, Product Safety Targets and Compliance
419-1	Non-compliance with laws and regulations in the social and economic area	Product Safety Targets and Compliance, Socioeconomic Compliance