

YUUZOO NETWORKS GROUP CORPORATION
(formerly known as YuuZoo Corporation Limited)
(BVI Company No: 9885765)
(Incorporated by way of continuation in the British Virgin Islands)
(“YuuZoo” or the “Company”)

Sustainability Report for FY2017

1. About the Company

YuuZoo is the first Singapore-based social media company to be listed on the SGX-ST mainboard on September 2014. YuuZoo uniquely combines interest-based social networking, demand-driven commerce, community-based television networks, gamification and payments in a mobile-optimised, fully localized virtual platform.

2. Board’s Statements

YuuZoo is pleased to present its Sustainability Report, which has been prepared in accordance with the Global Reporting Initiative (“GRI”) Standards – “Core” reporting requirements due to its international recognition and wide adoption, for the first time.

For the Sustainability Report, we provide insights into the way we do business, while highlighting out environmental, social, governance (“ESG”) and economic performance. We believe in working closely with our stakeholders, we will able to enhance and integrate sustainability into our business model.

Under the direct guidance of our Board of Directors, the management identifies, assesses and determines material ESG factors. The Board of Directors had approved the material ESG factors and have overseen the management and monitoring of the material ESG factors.

3. Reporting Period

This is the first year we have produced the report which is applicable for our financial year from 1 January 2017 to 31 December 2017 (“FY2017”).

The report will be published annually in accordance with the Sustainability Reporting Guide.

4. Feedback

We welcome feedback from all stakeholders. You may send related questions, comments, suggestions or feedback relating to this report to legal@yuuuzoo.com.

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5. Stakeholder Engagement

Our approach on sustainability is to build strong, lasting relationships and focused on creating sustainable value for all our stakeholders.

Key stakeholders comprising community, customers, employees, regulators, shareholders and suppliers which were identified based on the extent of which they can influence the implementation of our strategies or are affected by our strategic decisions.

We maintain a culture of engagement and channel of open communication with our stakeholders through the following channels:

S/N	Key Stakeholders	Engagement channel
1	Community	We are promoting green efforts and various initiatives in our office to promote environmental sustainability by encouraging energy conservation, recycling and waste management.
2	Customers	We gather customers’ feedback on Company’s performance, product and services through email. Feedback obtained is reviewed and relevant follow-up actions are taken to improve customer satisfaction.
3	Employees	Senior management team believes retaining knowledgeable, capable staff and promoting clan culture in our office is one of the key factors to drive business success. With the current financial condition of the Group, staffing is being kept lean for cost saving and efficiency. Hence, we implement internal and external training to ensure continuous improvement and innovation and enhance our employees’ capability to carrying out their roles. Regular communication sessions for employees’ feedback and opinion across all levels of workforce. Channels used include emails and regular staff evaluation sessions where employees can pose their feedback and questions.

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S/N	Key Stakeholders	Engagement channel
4	Regulators	<p>Local government regulations in areas such as competition, consumer protection, environmental stewardship, health & safety and taxation.</p> <p>We seek to comply with regulatory bodies such as Singapore Stock Exchange (“SGX”), Monetary Authority of Singapore, Inland Revenue Authority of Singapore and all other regulators which may impact the company’s business and operation in their various legislations.</p> <p>We are working with the SGX and other relevant parties on the issues raised in the Notices of Compliance issued by the SGX and seek to lift the trading suspension of the Company’s shares on the SGX in the near future and implement better controls to avoid a recurrence of such incidents.</p>
5	Shareholders	<p>We provide timely, full and credible information such as result announcement, result presentation, press release on the Company’s website (www.yuucorp.com) and SGXnet.</p>
6	Suppliers	<p>The Group reported a net current liabilities and going concern disclaimer in FY2017 Annual Report.</p> <p>During the 9 months period ended 30 September 2018, the Group had entered into 3 platform sales agreements for a cash consideration of US\$ 4.8 million.</p> <p>The cash generated through the platform sales will be used to settle the daily administrative and operating expenses including the outstanding brought forwards from the past. Payment to suppliers is being managed and monitor closely as best as we can through the renegotiate the payment term and schedule.</p> <p>Direct phone call communication and email is commonly used to ensure both parties satisfaction and smooth delivery of products and services.</p>

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6. Policy, Practice and Performance Reporting

6.1 Reporting Structure

The Group’s Sustainability Committee includes Head of Legal Department, representative from Finance Department, 2 CEO from subsidiaries company and is led by the Group’s Chief Executive Officer. The sustainability strategy developed by the Sustainability Committee, in consultation with the Board of Directors.

The Sustainability Committee meets regularly to review the strategy, progression, material impacts and to ensure the program is carrying out smoothly.

6.2 Sustainability Reporting Processes

YuuZoo’s sustainability matters were prioritised and assessed based on ESG impact of our operation. Under our Sustainability Reporting Policy, process of defining report boundaries and content begins with the identification of relevant factors, evaluation and prioritization, validation and review.

Identify

Identification of the material factors that are relevant to our activities and data points for performance reporting based on feedback from our stakeholders and internal reviews.



Evaluation & Prioritisation

Prioritisation of the material factors to be reported. The material aspect are evaluated against 2 criteria:

- i. Importance to stakeholders and;
- ii. Importance to YuuZoo (in term of the significance of its impact on economic, environment, social and governance).



Validate

Validation involves the verification of information and data gathered on material factors and to perform an assessment on the completeness of material sustainability factors to finalise the contents of

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sustainability report before obtaining the approval from Executive Chief Officer (Chairman of the Sustainability Committee).



Review

The material matter will undergo a review and update in subsequent reporting periods to ensure their continued relevance and importance to YuuZoo’s operation.

Materiality of the sustainability factors are diversified to 3 categories which are High, Medium and Low. The assessment of our material aspects are conducted in accordance with guidelines and framework established by GRI.

7. Material factors

The Group’s Chief Executive Officer, Head of Legal Department, representative from Finance Department and 2 CEO from our subsidiaries company were involved in materiality assessment by identifying the sustainability factors which deemed material to Group’s business for FY2017.

Table below is list of material sustainability factors and material factor matrix applicable to the Group:

S/N	Sustainability Factors (“SF”)		Reporting priority	Key stakeholders
	Type	Topic		
1	Social	Diversity and equal Opportunity	High	Employee
2		Employment	Medium	
3		Anti-corruption	High	Regulators, Community, Suppliers, Customers and Shareholders
4	Governance	Corporate governance framework	High	Regulators and Shareholder
5	Environment	Environment compliance including waste management	Medium	Community and Regulators

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Material factor matrix

IMPORTANCE TO SHATEKEHOLDERS	High			SF1: Diversity and equal opportunity SF3: Anti-corruption SF4: Corporate governance framework
	Medium		SF2: Employment SF5: Environment compliance including waste management	
	Low			
		Low	Medium	High
	IMPORTANCE TO YUUZOO			

7.1 Diversity and equal opportunity

The Group is committed to developing the diverse skills and experiences of all and provide work environment for employees that fosters fairness, equity and cultural diversity as we value and respect our employees without regard to their differences or similarities.

Management team are demonstrating equal opportunities policy and affirmative action in employment, including in the remuneration, recruitment, training and promotion of staff. This is to ensure that each other's contributions are being respected, free from unlawful discrimination, harassment and all of our employees feel they are part of the organisation.

The Group considers all forms of discrimination to be unacceptable in the workplace. Hence YuuZoo never discriminate against its employee on grounds of race, religion, gender, marital status or age.

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7.2 Employment: Work-Life Balance/Well-being

Maintaining work life balance is not only important for personal health and relationships, but it can also improve the efficiency of work performances. However, the ability to achieve work life balance is becoming more and more difficult.

In YuuZoo, the Group is creating and sustaining a working environment supportive of work life balance for all employees. By promoting work life balance as part of working culture, management of YuuZoo believe employees will be more motivated and feel lesser stress at work therefore increasing the productivity as they are able to feel a greater sense of control and ownership over their own lives.

As part of the employee welfare package, Company also provide comprehensive health insurances and given extensive annual leave to all the employees.

Management appreciates all the contributions from staff and encourages taking a break to allow employees to re-energise their mind and body. A rested mind and body boosts productivity and creativity – and allows employees to approach tasks with better perspective and a fresh mindset.

7.3 Anti-corruption

YuuZoo has established a Code of Conduct that set the framework for ethical and legal business decisions. All the employees are expected to uphold high standards of integrity that are in compliance with the Code as well as laws and regulations of the countries in which it operates.

Awareness is created by conducting briefing for all staff. All employees are encouraged to report any violations to Chief Executive Officer or the independent Audit Committee of the Group as the Group does not tolerate any cases of corruption.

7.4 Corporate governance framework

YuuZoo believe strongly in upholding the highest standards of corporate governance can ensure sustainability of our business as well as to safeguard shareholders' interest and maximising long-term shareholder's value.

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For FY2017, we adopted and complied with the recommendations of the Code of Corporate Governance 2012 (“Code”) issued on 2 May 2012 and deviations from the Code are explained through self-regulatory corporate practices. Our corporate governance practices are renewed and endorsed by our Board of Directors annually.

Despite the Notice of Compliance received from the SGX, we have been reviewing our internal processes and believe that we have put in place adequate governance and policies at the moment and will work on achieving stronger governance in near future.

We believe strong governance and policies will help to ensure that our approach to sustainability get ingrained throughout the various functions in our company and will be translated in our business operations.

7.5 Environment compliance including waste management

We are committed to manage and minimise the impact on environment through ‘reduce, reuse and recycle’ whenever we can. Our efforts in this area includes reducing paper, electricity and promoting the paper recycling helps to preserve the environment and also reduces our costs, thus enhances returns to shareholders.

On the subject of material usage, we aim to reduce our resources consumption and production of waste annually. All employees are actively taking part in our waste management program by sharing the info and data electronically instead of using printed copies across respective departments. As the result of this program, the Company seeks to reduce paper usage and ink consumption.

8. Target Setting

The management team are in the midst of resolving the issues raised in the Notice of Compliance issued by SGX, including hiring a new Chief Financial Officer, which we believe will resolve these issues in the coming year.

Other than that, we are constantly reviewing our processes and have not set any specific targets for the forthcoming year but we are looking forward to improve the efficiency and effectiveness of all the material factors in the coming year.