

Sustainability Report 2018  
SUNTAR ECO-CITY LIMITED

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## ABOUT THIS REPORT

### Reporting Principles

102-46, 102-50, 102-52, 102-54

The Sustainability Report (“SR”) of Suntar Eco-City Limited (“Suntar Eco-City” or the “Company”) and its subsidiaries (the “Group”) is prepared in alignment with the Global Reporting Initiative (“GRI”) framework, using selected standards with a GRI-referenced claim, and in compliance with Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Rules 711A and 711B.

As the second annual SR published by the organisation, the content is prepared to provide an overview of Suntar Eco-City’s Environmental, Social and Governance (“ESG”) performance, and its commitment to sustainable business practices and development. Through these measures, Suntar Eco-City aims to inform its stakeholders of how it manages key material factors relevant to Suntar’s stakeholders and business operations. The report is also prepared in alignment with GRI’s four reporting principles of stakeholder inclusiveness, sustainability context, materiality and completeness.

### Reporting Period and Scope

102-7, 102-45, 102-51, 102-52, 102-56

This report covers the Company’s sustainability performance for the financial year ended 31<sup>st</sup> December 2018 (“FY2018”), unless otherwise stated. This report uses standard units of measurement, and conversion factors are explained in their respective sections, whenever necessary. The reporting scope covers operations for the following two Suntar Eco-City’s subsidiaries – Xi’an Reyphon Pharmaceutical Co., Ltd (“Xi’an Reyphon”) and Wuping Lan County Real Estate Development Co., Ltd (“Wuping Lanjun”).

The Company has not sought external independent assurance for this report, and will consider doing so in future reports as its sustainability reporting efforts mature.

### Contact Us

102-53

Suntar Eco-City welcomes feedback or questions related to this SR. Please contact Lan Yihong, Executive and Finance Director, at [lanyh@suntar.com](mailto:lanyh@suntar.com) for any comments.

## ABOUT SUNTAR ECO-CITY LIMITED

102-1, 102-2, 102-3, 102-4, 102-5, 102-6

Established in Singapore since 2006, Suntar Eco-City operates two divisions – the pharmaceutical ingredients products segment and property development segment. The Company has been listed on the Mainboard of SGX-ST since 2007.

In 2012, the company's shareholders approved the expansion of the Group's scope of business to include eco-tourism and property development and management and a company name change from "Reyphon Agriceutical Limited" to "Suntar Eco-City Limited".

The pharmaceutical ingredients products segment was founded in 2007 for the development of the human hormone production business, while the property development segment was developed for eco-tourism and real estate development and management. Operations for the pharmaceutical business are located in the Jinghe Economic Development Zone of Xi'an, Shanxi Province, in China. The residential property development of the Lan County project for the real estate business segment was completed in 2016, with ongoing operations management of the project in Wuping, Fujian Province, in China.

The Group has taken steps to discontinue the production of pharmaceutical ingredients products for the reporting period and will focus on sales of products moving forward. Suntar Eco-City has also completed the development of its bottled water product, currently market-ready, and is developing an operational model to service different regions of China with our product.

# BOARD STATEMENT

102-14

Dear Valued Stakeholders,

On behalf of Suntar Eco-City Limited, we are pleased to present our second annual Sustainability Report. The information presented in this report reflects the sustainability performance for our financial year ended 31<sup>st</sup> December 2018.

The Board has identified sustainability as a key driver for the long term success of the Group. In FY2018, we showed our continued commitment toward sustainable business practices and managing our ESG factors.

## **FY2018 Overview**

FY2018 is a year of change for Suntar Eco-City, and we expect the full ESG impact of the change in our business operations to only fully materialise in the coming years. Along with the commencement of the shutdown of the pharmaceutical products facility this year, we have also established our bottled water business sector.

As part of the support Suntar Eco-City has for the sustainability and environmental efforts by the regulatory bodies in Xi'an, we have begun efforts towards the shutdown of the pharmaceutical products facility. The plan for the said land following the closure of the pharmaceutical facility is for conversion into a residential development.

## **Impacts**

Suntar Eco-City understands the importance of ensuring that day-to-day operations are conducted in a sustainable manner. To create a sustainable business, we have inculcated sustainable practices and encourage and mindsets throughout the workforce through trainings and education of integrating sustainable standards and business operations.

Attesting to the success of such initiatives, energy consumption by the Group has reduced by 15.37% within a year. This far exceeds the reduction target we had set previously, and hope to continue efforts to maintain these results.

## **Way forward**

Going forward, it is vital for the Group to gather key stakeholder feedback and changing demands. With changes undergoing in the Group's business, we will be continuously improving and adapting our operations to preserve stakeholder satisfaction amidst these changes. Integrating sustainable practices to our business strategy and meeting quantifiable environmental targets will be the guiding objective moving forward.

The Board continues to be receptive to receiving any feedback and suggestions from our valued stakeholders.

# SUSTAINABILITY AT SUNTAR

## **Ethics and Integrity**

102-16

Suntar Eco-City takes a firm stance against corruption as part of its commitment to the long term reputation and value of the organisation. The Group complies with the Criminal and Anti-Money Laundering laws of

the PRC, and other laws and regulations related to insider trading, fraud, bribery and extortion. Staff manuals and trainings are provided to employees to reinforce such anti-corruption practices. The board oversees the review and approval procedures for interested person transactions.

Routine internal audits are conducted on finance, procurement, management and production related activities. Suntar Eco-City provides whistle-blowing channels for the reporting of violation of laws and misconduct, such as the use of confidential emails.

## Governance Structure

102-18

A strong corporate governance structure is crucial to the sustainability of Suntar Eco-City’s business excellence. The Board, acting as the highest governing body of the Group, manages ESG factors relevant to the organisation and to identify key stakeholder groups. They play a key role in guiding the Group to achieve the highest standards according to the principles and guidelines of the Code of Corporate Governance 2012 (the “Code”). To support the execution of its functions, the Board entrusts responsibilities to three subcommittees: the Audit Committee, the Nominating Committee and the Remuneration Committee.

## Supply Chain Management

102-9

Suntar Eco-City’s main suppliers include suppliers for raw material, equipment manufacturers and construction contractors. The group seeks to ensure that we procure high-quality raw materials and technologically advanced equipment for top-quality products.

Suppliers of raw materials provide chemicals and solvents necessary to manufacture pharmaceutical products and equipment manufacturers provide machinery for production, research and development (R&D), and detection and analysis. Additionally, contractors are responsible for the building and development of the Lanjun property project.

In order for Suntar Eco-City to assure the quality of our products and services, we have a Procurement Policy which defines a protocol and standard for all stages throughout the procurement process. We engage reputable suppliers who abide by ESG standards, and these suppliers are further evaluated through the Supplier Assessment System, supported by Supplier Performance Feedback and on-site visits. For contractors, we also review past project records and safety records as part of our efforts.

## STAKEHOLDER ENGAGEMENT

102-40, 102-42, 102-43

Suntar Eco-City recognises the importance of effective engagement with its stakeholders. As different stakeholder groups have differing needs and aspirations, establishing stakeholder engagement mechanisms will allow us to effectively gather feedback for these needs and for the Group to better address their concerns.

The table below showcases our key stakeholders and our main engagement mechanisms with them. Through these channels, we strive to improve and actively embed their feedback into our engagement strategy.

Table 1. Stakeholders and their respective engagement methods.

STAKEHOLDER	METHOD OF ENGAGEMENT
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Shareholders and Investors	<ul style="list-style-type: none"><li>• Annual reports, annual general meeting, investor relations management, quarterly result release and public announcements</li></ul>
Government and Regulatory Bodies	<ul style="list-style-type: none"><li>• Government meetings, supervision, assessments and on-site visits</li></ul>
Employees	<ul style="list-style-type: none"><li>• Employee and management meetings, internal memos, performance assessments and training</li></ul>
Suppliers	<ul style="list-style-type: none"><li>• Supplier assessment system, supplier performance feedback and on-site visits</li></ul>
Customers	<ul style="list-style-type: none"><li>• Customer meetings and customer satisfaction feedback</li></ul>
Media	<ul style="list-style-type: none"><li>• Press releases, announcements and interviews</li></ul>

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## MATERIALITY ASSESSMENT

The Group has applied the GRI principles for defining report content to identify material topics that are relevant to the business and to its stakeholders. We have conducted a refreshment exercise to evaluate the relevance of previous ESG topics to our current business operations. The following table summarises the GRI topics determined to be the most significant to Suntar Eco-City, as well as their aspect boundary<sup>1</sup>

Table 2. GRI material topics for Suntar Eco-City.

CATEGORY	TOPIC	SUB-TOPIC	ASPECT BOUNDARY
<b>Environment</b>	Energy	302-1: Energy consumption within the organisation	Within Organisation
	Water	303-1: Water withdrawal by source	Within Organisation
<b>Social</b>	Employment	401-1: New employee hires and employee turnover	Within Organisation
		401-2: Benefits provided to full-time employees that are not provided to temporary or part time employees	Within Organisation
	Occupational Health and safety	403-2: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Within Organisation
	Training and Education	404-3: Percentage of employees receiving regular performance and career development reviews	Within Organisation

## MATERIAL FACTORS: ENVIRONMENTAL

### Energy

103-1, 103-2, 103-3, 302-1

Suntar Eco-City is engaged in the manufacturing of pharmaceutical ingredients. Thus, energy consumption would be a key area of concern when evaluating our environmental performance.

The Company emphasises organisational energy saving practices through training and staff manuals, and reinforces them with reminders and posters. One good routine practiced by staff in the pharmaceutical unit

<sup>1</sup> Aspect Boundary refers to where the impacts occur for a material topic and the organisation's involvement with those impacts. Organisations might be involved with impacts either through their own activities or as a result of their business relationships with other entities.



is to regularly take and record readings from the meters. This allows for constant monitoring and mindfulness of the energy consumption levels and its progress toward achieving the environmental targets set.

In the previous financial year, Suntar Eco-City had set a target to reduce its energy consumption by 5% in three years and later, 10% in five years. For FY2018, the total energy consumed within the organisation totalled to 720,613 kilowatt-hours of energy. The breakdown of each energy type is as illustrated in the table below:

*Table 3. Energy consumption within the organisation.*

<b>ENERGY TYPE</b>	<b>2017</b>	<b>2018</b>	<b>% REDUCTION</b>
<b>Petroleum (l)</b>	5,523	5,295	<b>4.13</b>
<b>Electricity (kWh)</b>	846,000	715,318	<b>15.45</b>
<b>TOTAL</b>	851,523	720,613	<b>15.37</b>

Based on the targets set, the Group is much further ahead of its planned environmental performance targets in terms of electricity consumption reduction. Meanwhile, for petroleum consumption, Suntar Eco-City is close to achieving its 5% target as they have reduced by 4.13% within one financial year. Looking ahead, Suntar Eco-City will continue to strive to reduce use of non-renewable resources and maintain its target of 5% reduction in energy consumption for the next FY.

## Water

103-1, 103-2, 103-3, 303-1

As water is a crucial part of the manufacturing process of pharmaceutical ingredients, water is another key area of concern when measuring environmental performance indicators. Suntar Eco-City measures water withdrawn from source as an indicator for this material sub-topic. In FY2018, Suntar Eco-City consumed 11,250 tonnes of ground water, as measured by the water bills generated by utility companies. Our water consumption performance is presented in the table below.

*Table 4. Water consumption within the organisation.*

<b>WATER SOURCE</b>	<b>2017</b>	<b>2018</b>	<b>% REDUCTION</b>
<b>GROUND WATER (TONNES)</b>	10,062	11,250	<b>(11.81)</b>

From FY2017 to FY2018, there was an increase in the consumption of groundwater of 11.81%. The exploratory phase of opportunities related to the bottled water project is attributed to the increase in groundwater consumption. As the Group has aimed to reduce its water consumption by 5% in three years and 10% in five years, this is one key area of focus for improvement.

## MATERIAL FACTORS: SOCIAL

### Employment

102-8, 103-1, 103-2, 103-3

We consider every employee of Suntar Eco-City to be a valuable asset to our business. As of 31<sup>st</sup> December 2018, the Group has a total headcount of 101 employees in the PRC, with male employees making up the majority of the workforce (61.4% males versus 38.6% females). The proportion of type of roles is consistent across genders.

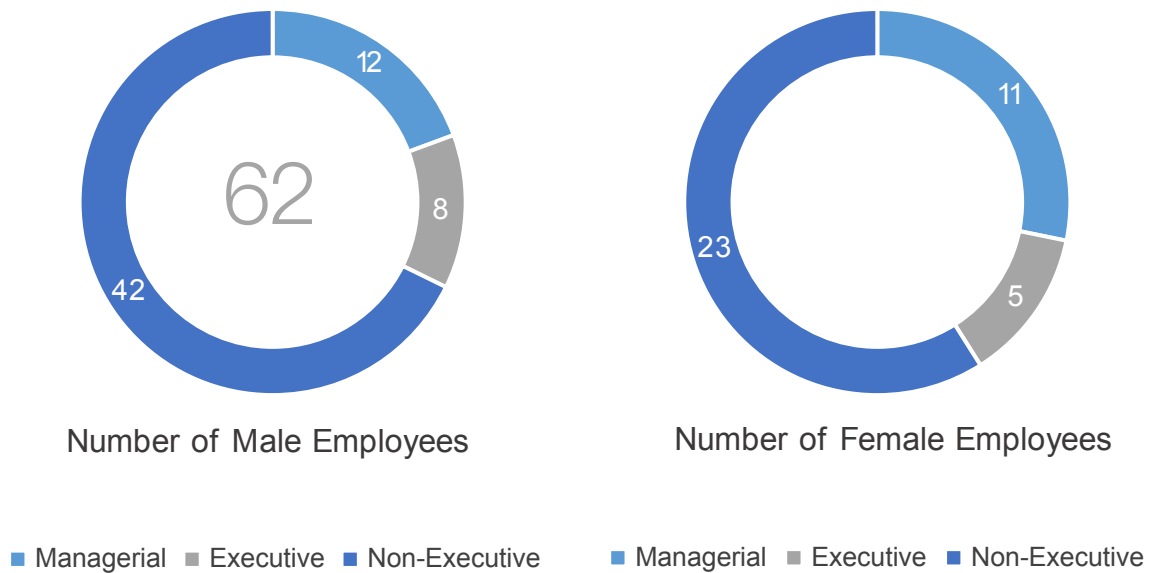


Figure 1. Employee profile breakdown for Suntar Eco-City.

*New Hires and Turnover*

401-1

The Group believes in the value of new hires bringing new ideas and fresh perspectives to the business and has maintained our total new hire rate in the recent financial year from the previous year. At the same time, the organisation has begun efforts in preparing a full shutdown of the production warehouse for pharmaceutical products in FY2018. Thus, the turnover rate in FY2018 exceeds FY2017 in all sectors by a significant amount. The figures below illustrates our year-on-year employment performance, as well as a breakdown down of our employment in FY2018 by gender and age group.

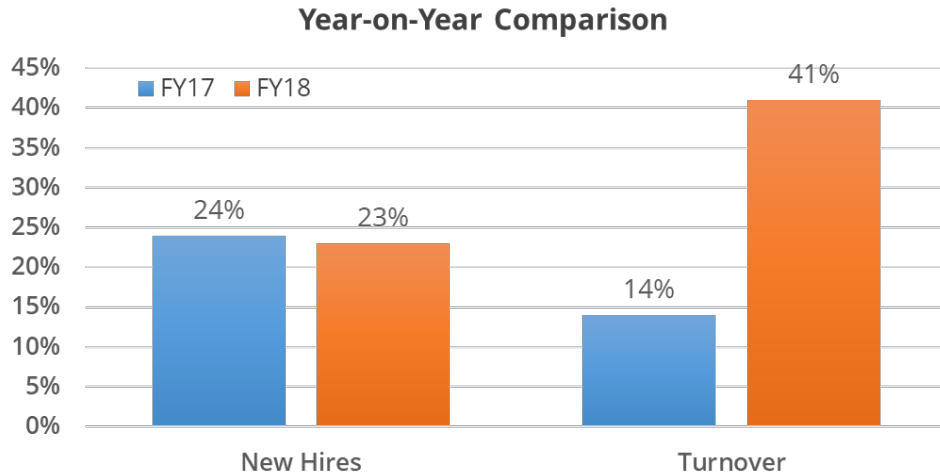


Figure 2. Hire and turnover rate by gender.

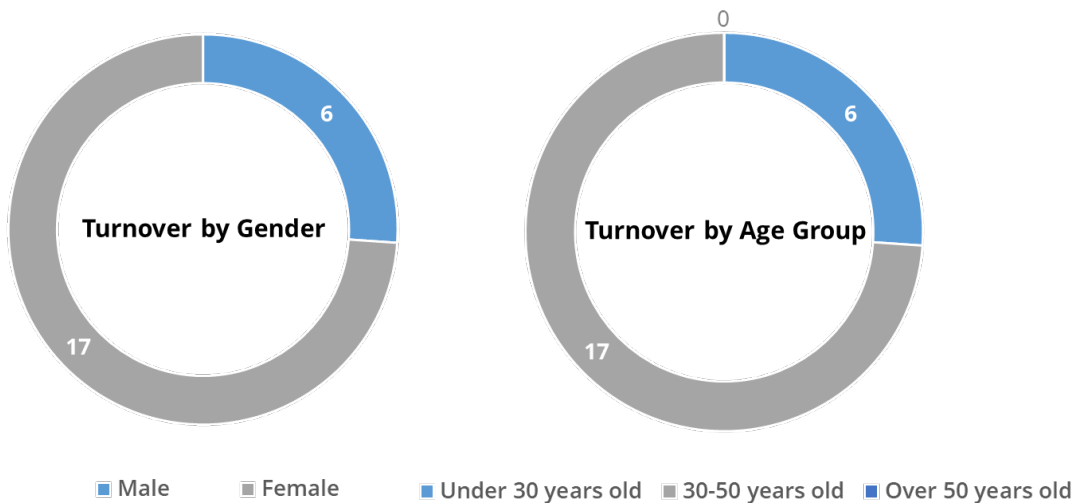


Figure 3. Hire and turnover rate by age group.

## Employee Benefits

401-2

At Suntar Eco-City, we believe in ensuring the wellness of our staff in and out of the workplace. We provide health-related coverage and other benefits to each full-time employee, as illustrated in the figure below.

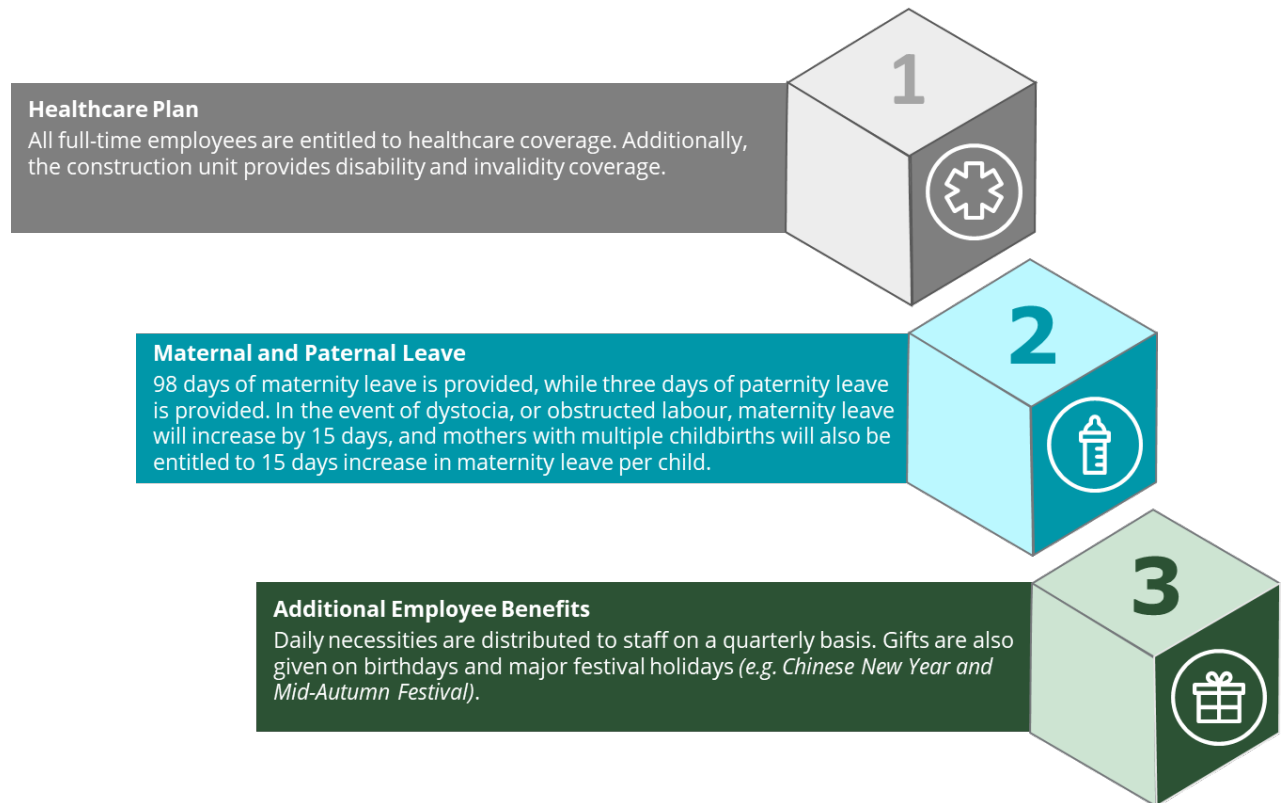


Figure 4. Summary of employee benefits.

## Occupational Health and Safety

103-1, 103-2, 103-3, 403-2

Suntar Eco-City prides itself as a safe workplace of choice, prioritising the health and safety of its employees as an integral part of our organisational culture.

Maintaining its health and safety track record from FY2017, Suntar Eco-City reported no injuries, fatalities, diseases, absentees or lost days in FY2018. We will strive to continuously maintain zero workplace injuries, diseases, absentees and lost days and absentee rate going forward. This would be supported by our efforts to inculcate a strong workplace safety culture within the workforce.

To emphasise the importance of workplace safety, we require all new and internal employees to undergo a mandatory pre-employment safety training. The training covers the safe usage of electricity, machinery and equipment, and to comply with rules emphasising safety. Employees are also provided an annual training for relevant knowledge in the chemical hazards and safety management. Following the trainings provided, employees should be able to identify, reduce or eliminate risks that could arise during the production process.

The Safety and Environmental Protection Department has developed various emergency plans to handle sudden safety accidents, given the large storage of chemicals in factories. To facilitate effective responses in the event of such accidents, such as fires or explosions, annual fire training and drills are held to ensure employees are equipped with the skills to manage such disasters. Employees are also required to be first-aid trained. Preventative measures such as safety warning posters are placed around the facilities, for example, those conveying the prohibition of mobile-phone use and smoking in explosion-prone areas.

## Training and Education

103-1, 103-2, 103-3, 404-1

The Group recognises that its employees are vital in building and sustaining a successful business. For the organisation to operate at an optimal level, we must enable our employees to build the right capabilities. To achieve this, Suntar Eco-City has made yearly investments in time and capital for employee-training.

In FY2018, Suntar Eco-City employees received a total training hours of 1,696 hours. This translates to an average of 17 hours per employee per annum. Figures 5 and 6 breaks down the training hours provided to employees by gender and job type.

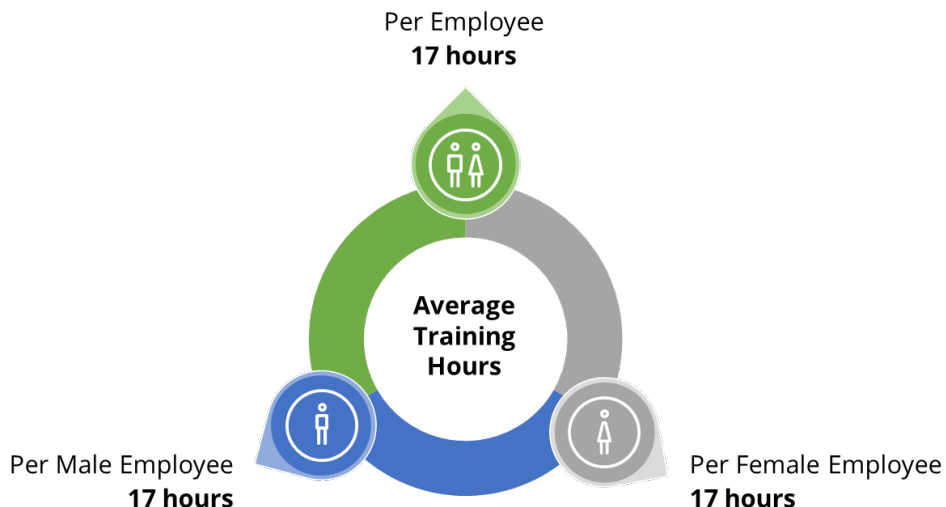


Figure 5. Average training hours per employee by gender.

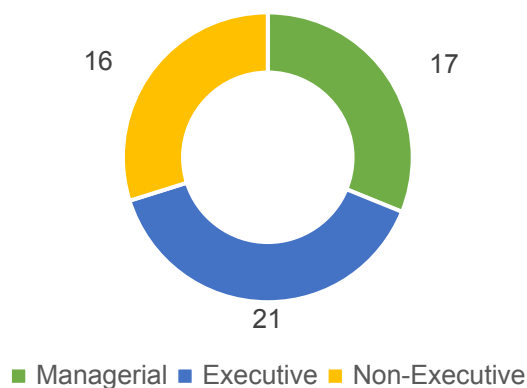


Figure 5. Average training hours per employee category.

As part of training provided by the Group, orientation is conducted for new employees and employees undergoing internal transfer. Safety training is provided for all staff, up to twice a year. At Xi'an Reyphon, external training on induction to special equipment is also provided to employees, and specialised trainings for safe management of hazardous chemicals is provided to warehouse managers, production managers

and safety officers. As part of Wuping Lanjun’s employee training, marketing training and property management training are provided to employees as well.

*Performance Management*

404-3

To manage and track the performance of staff, Suntar Eco-City conducts quarterly check-ins, annual performance review and annual career development sessions for each employee.

<b>Percentage of employees receiving regular performance reviews and career development reviews during the reporting period by gender</b>	
Per employee	100%
Per female employee	100%
Per male employee	100%

<b>Percentage of employees receiving regular performance reviews and career development reviews during the reporting period by employee category</b>	
Managerial	100%
Executive	100%
Non-Executive	100%

The monthly reviews are held by two supervisors of each business unit of Suntar Eco-City. The work performance of each employee is evaluated based on key performance indicators that had been set. The assessment result is calculated by averaging the performance scores provided by the respective two supervisors. As a bonus is issued monthly following the performance reviews, each individual’s assessment results will determine the amount distributed. The supervisors will also share their appraisals to the respective employees to convey any improvements required to their performance as per their evaluation.

Employees are also entitled to a year-end bonus that is determined by the annual performance review. This review, held at the end of every year, is a comprehensive assessment of their performance. The assessments will be submitted to the Human Resource department, which is responsible for record keeping and calculation of bonuses.



# GRI CONTENT INDEX

102-44, 102-47, 102-55

GENERAL DISCLOSURES		
GRI Standards	Disclosure	Page Reference
<b>ORGANISATIONAL PROFILE</b>		
<b>GRI 102: General Disclosures 2016</b>	102-1 Name of the organisation	<a href="#">About Suntar Eco-City Limited</a>
	102-2 Activities, brands, products and services	<a href="#">About Suntar Eco-City Limited</a>
	102-3 Location of headquarters	<a href="#">About Suntar Eco-City Limited</a>
	102-4 Location of operations	<a href="#">About Suntar Eco-City Limited</a>
	102-5 Ownership and legal form	<a href="#">About Suntar Eco-City Limited</a>
	102-6 Markets served	<a href="#">About Suntar Eco-City Limited</a>
	102-7 Scale of the organisation	<a href="#">About This Report</a>
	102-8 Information on employees and other workers	<a href="#">Employment</a>
	102-9 Supply chain	<a href="#">Supply Chain Management</a>
	102-10 Significant changes to organisation and its supply chain	<i>Not mandatory under GRI-referenced claims</i>
	102-11 Precautionary principle or approach	<i>Not mandatory under GRI-referenced claims</i>
	102-12 External Initiatives	<i>Not mandatory under GRI-referenced claims</i>
	102-13 Membership of associations	<i>Not mandatory under GRI-referenced claims</i>
<b>STRATEGY</b>		
<b>GRI 102: General Disclosures 2016</b>	102-14 Statement from senior decision-maker	<a href="#">Board Statement</a>
<b>ETHICS AND INTEGRITY</b>		
<b>GRI 102: General Disclosures 2016</b>	102-16 Values, principles, standards and norms of behaviour	<a href="#">Ethics and Integrity</a>
	102-17 Mechanisms for advice and concerns about ethics	<i>Not mandatory under GRI-referenced claims</i>
<b>GOVERNANCE</b>		
<b>GRI 102: General Disclosures 2016</b>	102-18 Governance structure	<a href="#">Governance Structure</a>

STAKEHOLDER ENGAGEMENT		
<b>GRI 102: General Disclosures 2016</b>	102-40 List of stakeholder groups	<a href="#">Stakeholder Engagement</a>
	102-41 Collective bargaining agreements	<i>Not mandatory under GRI-referenced claims</i>

GENERAL DISCLOSURES		
GRI Standards	Disclosure	Page Reference
	102-42 Identifying and selecting stakeholders	<a href="#">Stakeholder Engagement</a>
	102-43 Approach to stakeholder engagement	<a href="#">Stakeholder Engagement</a>
	102-44 Key topics and concerns raised	<a href="#">GRI Content Index</a>
	102-45 Entities included in the consolidated financial statements	<a href="#">About Suntar Eco-City Limited</a>
	102-46 Defining report content and topic Boundaries	<a href="#">About This Report</a>
	102-47 List of material topics	<a href="#">GRI Content Index</a>
	102-48 Restatements of information	<i>Not applicable</i>
	102-49 Changes in reporting	<i>Not applicable</i>
	102-50 Reporting period	<a href="#">About This Report</a>
	102-51 Date of most recent report	<i>Not applicable</i>
	102-52 Reporting cycle	<a href="#">About This Report</a>
	102-53 Contact point for questions regarding the report	<a href="#">Contact Us</a>
	102-54 Claims of reporting in accordance with the GRI Standards	<a href="#">About This Report</a>
	102-55 Content index	<a href="#">GRI Content Index</a>
	102-56 External assurance	<a href="#">About This Report</a>

<b>CATEGORY: ENVIRONMENT</b>		
<b>GRI Standards</b>	<b>Disclosure</b>	<b>Page Reference</b>
<b>ENERGY</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its boundary	<a href="#">Energy</a>
	103-2 The management approach and its components	<a href="#">Energy</a>
	103-3 Evaluation of the management approach	<a href="#">Energy</a>
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organization	<a href="#">Energy</a>
<b>WATER</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its boundary	<a href="#">Water</a>
	103-2 The management approach and its components	<a href="#">Water</a>
	103-3 Evaluation of the management approach	<a href="#">Water</a>
<b>GRI 303: Water 2016</b>	303-1 Water withdrawal by source	<a href="#">Water</a>

<b>CATEGORY: SOCIAL</b>		
<b>GRI Standards</b>	<b>Disclosure</b>	<b>Page Reference</b>
<b>EMPLOYMENT</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its boundary	<a href="#">Employment</a>
	103-2 The management approach and its components	<a href="#">Employment</a>
	103-3 Evaluation of the management approach	<a href="#">Employment</a>
<b>GRI 401: Employment 2016</b>	401-1 New employee hires and employee turnover	<a href="#">New Hires and Turnover</a>
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	<a href="#">Employee Benefits</a>
<b>OCCUPATIONAL HEALTH AND SAFETY</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its boundary	<a href="#">Occupational Health and Safety</a>
	103-2 The management approach and its components	<a href="#">Occupational Health and Safety</a>
	103-3 Evaluation of the management approach	<a href="#">Occupational Health and Safety</a>
<b>GRI 403: Occupational Health and Safety 2016</b>	403-2 Types of injury and rates of injury, occupational diseases, lost days and absenteeism and number of work-related fatalities	<a href="#">Occupational Health and Safety</a>
<b>TRAINING AND EDUCATION</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its boundary	<a href="#">Training and Education</a>
	103-2 The management approach and its components	<a href="#">Training and Education</a>
	103-3 Evaluation of the management approach	<a href="#">Training and Education</a>
<b>GRI 404: Training and Education 2016</b>	404-1 Average hours of training per year per employee	<a href="#">Training and Education</a>
	404-3 Percentage of employees receiving regular performance and career development reviews	<a href="#">Performance Management</a>