

**Sustainability Report 2022**  
**SUNTAR ECO-CITY LIMITED**

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# ABOUT THIS REPORT

## Reporting Framework

This sustainability report (“**Report**”) has been prepared in accordance with 711A and 711B of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) listing rules. Suntar Eco-City Limited has reported the information cited in the Global Reporting Initiative (“**GRI**”) content index for the period from 1 January 2022 to 31 December 2022 with reference to the GRI Standards. We have chosen to report using the GRI framework as it is an internationally recognised reporting framework. The GRI content index can be found on pages 21 to 22 of this Report.

As part of our continual efforts to align our sustainability reporting with relevant market standards, we have mapped our sustainability efforts to the 2030 Agenda for Sustainable Development which is adopted by all United Nations Member States in 2015 (“**UN Sustainability Agenda**”). The UN Sustainability Agenda provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are 17 Sustainable Development Goals (“**SDGs**” or “**Global Goals**”), which form an urgent call for action by all countries - developed and developing - in a global partnership. We have incorporated the SDGs, where appropriate, as a supporting framework to shape and guide our sustainability strategy.

We are also guided by the recommendations of the Taskforce on Climate-related Financial Disclosures (“**TCFD**”) in our climate-related disclosures.

We have relied on internal data monitoring and verification to ensure accuracy of this Report. We will work towards internal review and/or external assurance for our future sustainability reports.

## Reporting Scope

This Report covers the sustainability performance of the Company and together with its subsidiaries (the “**Group**”) for the financial year ended 31 December 2022 (“**FY2022**” or “**Reporting Period**”), unless otherwise stated. The use of standard units of measurement and conversion factors are disclosed in its respective sections where applicable. The scope of this Report will cover the following key operating entities within our health and nutrition segment (“**Health and Nutrition**”) and property development segment (“**Property Development**”) which contributed to 100% of the Group’s revenue for FY2022 (FY2021: 100%):

Business Segment	Entity	Principal Activity (collectively as “Core Business”)	Revenue Contribution			
			FY2022		FY2021	
			RMB’000	%	RMB’000	%
Health and Nutrition	Xiamen DaLan Technology Co., Ltd (“ <b>Xiamen DaLan</b> ”)	Sales of health and nutrition products to distributors in the China domestic market	13,791	87%	10,167	94%
	Fujian Liangye Mountain Mineral Water Co., Ltd. (“ <b>Fujian Liangye</b> ”) <sup>1</sup>	Manufacture and sale of bottled water	2,000	13%	512	5%
Property Development	Wuping Lan County Real Estate Development Co., Ltd (“ <b>Wuping Lanjun</b> ”).	Sales of properties to individual buyers in the China domestic market	-	-	94	1%
<b>Total</b>			15,791	100%	10,773	100%

<sup>1</sup> FY2021 figures relating to Fujian Liangye were included for comparability of sustainability performance between FY2021 and FY2022.

## Contact Us

All questions, comments and feedback related to this Report is highly appreciated. Please contact our Executive and Finance Director, Lan Yihong, at [lanyh@suntar.com](mailto:lanyh@suntar.com).

## OUR CORE BUSINESS

An overview of our Core Business is presented as follows:

### Health and Nutrition

The health and nutrition segment was established in 2020 following the execution of a capital increase agreement with North China Pharmaceutical Co., Ltd (“**NCPC**”) to subscribe 26% of equity interest in North China Pharmaceutical Hebei Huawei Health Industry Co., Ltd (“**Huawei**”). With this investment, we gained access to a wide range of health and nutrition products and built our business of distributing health and nutrition products through Xiamen DaLan, our subsidiary. The Group’s search for a suitable regional market in China to launch bottled water products has culminated in Xiamen DaLan acquiring 51% equity interest in Fujian Liangye during the third quarter of FY2021.



#### Our Supplier

Trading of health and nutrition products  
Huawei, our associate

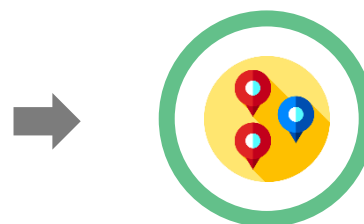
Trading of bottled water  
Suppliers of bottled water and plastic packaging products



#### Our Operations

Trading of health and nutrition products  
Distribute health and nutrition products

Trading of bottled water  
Manufacture and sale of bottled water products through Fujian Liangye, our indirect subsidiary



#### Our Customers

Trading of health and nutrition products  
Distributors of health and nutrition products in the China domestic market

Trading of bottled water  
Distributors of bottled water, schools, corporations, supermarkets and individuals in the China domestic market

### Property Development

The property development segment is part of our investment in the eco-tourism real estate development and management business. Our main suppliers include construction and maintenance contractors who provide services in building and developing Wuping Lanjun's property projects. The development of the Lan County residential project was completed in 2016 and we are in the process of selling the remaining units of the development. The Group did not derive revenue from sales of parking lots during FY2022 as the demand for parking spaces in Wuping, a third-tier city, is not as high as first-tier cities, where parking spaces are considered scarce resources and are relatively easy to sell or rent. During the fourth quarter of FY2021, Wuping Lanjun acquired 40% of the shareholding interest in Wuping Hailan Real Estate Development Co., Ltd. (“**Wuping Hailan**”). Wuping Hailan purchased a property located at North Yihao Gongguan, Wuping County, Longyan City, Fujian Province, China in 2021 and launched the Lanjun Jiangnan property development project in 2022.



### Our Supplier

Construction and maintenance contractors



### Our Operations

Sale of properties



### Our Customers

Customers in the China domestic market

## BOARD STATEMENT

Dear valued stakeholders,

We are on a journey to achieve long-term growth and create sustainable value for our stakeholders. To achieve this goal, we have considered material environmental, social and governance (“**ESG**”) factors and Economic factors (collectively as “**Sustainability Factors**”) as part of our strategic formulation, determined the material Sustainability Factors and overseen the management and monitoring of the material Sustainability Factors as shown in this Report.

A sustainability policy (“**SR Policy**”) covering our sustainability strategies, reporting structure, materiality assessment and processes in identifying and monitoring material Sustainability Factors has been put in place and serves as a point of reference in the conduct of our sustainability reporting. Under this SR Policy, we will continue to monitor, review and update our material Sustainability Factors from time to time, taking into account the feedback that we receive from our engagement with our key stakeholders, organisational and external developments.

Our sustainability framework communicates our commitment towards supporting the United Nation’s SDGs. We work closely with key stakeholders in our value chain and their inputs drive our sustainability focus on our material Sustainability Factors and the SDGs as follows:



Please refer to “Supporting the UN Sustainable Development Goals” section for more details on the alignment of our material Sustainability Factors with SDGs.

A summary of our key sustainability performance in FY2022 is as follows:

Sustainability Factor	Performance Indicator	Sustainability Performance	
		FY2022	FY2021
Economic	Economic value generated <sup>2</sup>	RMB 19.45 million	RMB 14.43 million
	Operating costs <sup>3</sup>	RMB 18.28 million	RMB 12.91 million
	Employee benefits paid to employees	RMB 0.48 million	RMB 0.61 million
	Tax to governments	RMB 0.31 million	RMB 0.39 million
Environmental	Greenhouse gas (“GHG”) emissions (tonnes CO <sub>2</sub> e)	27.56	25.38
	GHG emissions intensity (tonnes CO <sub>2</sub> e/ revenue RMB'000)	0.0017	0.0024
Social	Number of incidents of product return due to food safety reason	-	-
	Number of incidents of unlawful discrimination <sup>4</sup> against employees	-	-
	Turnover rate	43%	38%
	Number of fatalities	-	-
	Number of high-consequence work-related injuries <sup>5</sup>	-	-
	Number of recordable work-related injuries	-	-
	Number of recordable work-related ill health cases	-	-
Average training hours per employee	32 hours	30 hours	
Governance	Number of incidents of serious offence <sup>6</sup>	-	-

In second half of FY2022, while China still implemented relatively strict Coronavirus disease 2019 (“COVID-19” or “Pandemic”) control measures, our customers and suppliers were located in regions that were less affected by the control measures. Furthermore, these regions also adjusted control measures to ensure that logistics can continue running smoothly even during lockdown. As a result, our supply chain and sales channels remained relatively unimpeded, with smoother delivery and sales.

The Group expects continued growth for both revenue and profit as we further integrate Fujian Liangye into the Group's bottled water product strategy and streamline operations. The Group also continues to search for suitable partners to help launch the bottled water products in other regions, and expects such future partnerships to accelerate growth for the bottled water segment. As the sales network of the health and nutrition sales and trading business matures, we expect the trading business to grow as we explore market opportunities that leverage Huawei's extensive portfolio.

We expect favorable homebuyer response to Lanjun Jiangnan property development project and improving sentiment within China's real estate market to continue to drive demand for Jiangnan's residential units as we move towards final project completion in 2024.

<sup>2</sup> Economic value generated includes revenue, other income and net of government grants and any unrealised gains.

<sup>3</sup> Operating costs include cash payments to suppliers and contractors; net of employee-related costs.

<sup>4</sup> Unlawful discrimination refers to an incident whereby the relevant authority has commenced investigation and resulted in a penalty to the Company.

<sup>5</sup> High-consequence work-related injuries refer to injuries from which the worker cannot recover or cannot recover fully to pre-injury health status within 6 months.

<sup>6</sup> A serious offence is defined as one that involves fraud or dishonesty and is being or has been committed against the Company by its officers or employees. Such serious offence is punishable by imprisonment for a term of not less than 2 years and the value of the property obtained or likely to be obtained from the commission of the offence amounts to not less than S\$100,000 (or RMB500,000).

## STAKEHOLDER ENGAGEMENT

At Suntar Eco-City, we value the inputs and recognise the concerns of our key stakeholders. We recognise that constructive engagement with stakeholders, accurate interpretation of their needs and incorporating them in our corporate strategic planning are necessary. Through an internal stakeholder mapping exercise, we have identified key stakeholder groups which we prioritise our engagements with. These include entities or individuals that have an interest that are affected or could be affected by our activities.

By providing the following engagement channels, we hope to strengthen and improve relations with our key stakeholders:

S/N	Stakeholder	Engagement Channel	Frequency of Engagement	Key Concern Raised
1	Communities	Community campaigns	Regularly	<ul style="list-style-type: none"> <li>Environmental initiatives</li> </ul>
2	Customers	<ul style="list-style-type: none"> <li>Customer meetings</li> <li>Customer feedback</li> </ul>	Regularly	<ul style="list-style-type: none"> <li>Product diversity</li> <li>Market presence</li> <li>Customer service</li> </ul>
3	Employees	<ul style="list-style-type: none"> <li>Employee and management meetings</li> <li>Internal memos</li> <li>Training</li> </ul>	Regularly	<ul style="list-style-type: none"> <li>Equal employment</li> <li>Job security</li> <li>Career development and training opportunities</li> <li>Remuneration and employee benefits</li> <li>Workplace health and safety</li> </ul>
		Performance assessments	Annually	
4	Government and regulatory bodies (“Regulators”)	<ul style="list-style-type: none"> <li>Government meetings</li> <li>On-site visits</li> <li>Letters</li> </ul>	When needed	<ul style="list-style-type: none"> <li>Corporate governance</li> <li>Workplace health and safety</li> <li>Regulatory development towards environmental goals</li> </ul>
5	Shareholders and investors (“Shareholders”)	<ul style="list-style-type: none"> <li>Annual reports</li> <li>Annual general meeting</li> </ul>	Annually	<ul style="list-style-type: none"> <li>Sustainable business performance</li> <li>Market valuation</li> <li>Corporate governance</li> </ul>
		Result release	Half-yearly	
		<ul style="list-style-type: none"> <li>Investor relations email</li> <li>Public announcements</li> </ul>	When needed	
6	Suppliers	<ul style="list-style-type: none"> <li>Supplier feedback</li> <li>On-site visits</li> </ul>	Regularly	<ul style="list-style-type: none"> <li>Ability to distribute products</li> <li>Maintain and expand brand presence</li> </ul>

Through the above channels, we seek to understand the views of key stakeholders, communicate effectively with them and respond to their concerns.

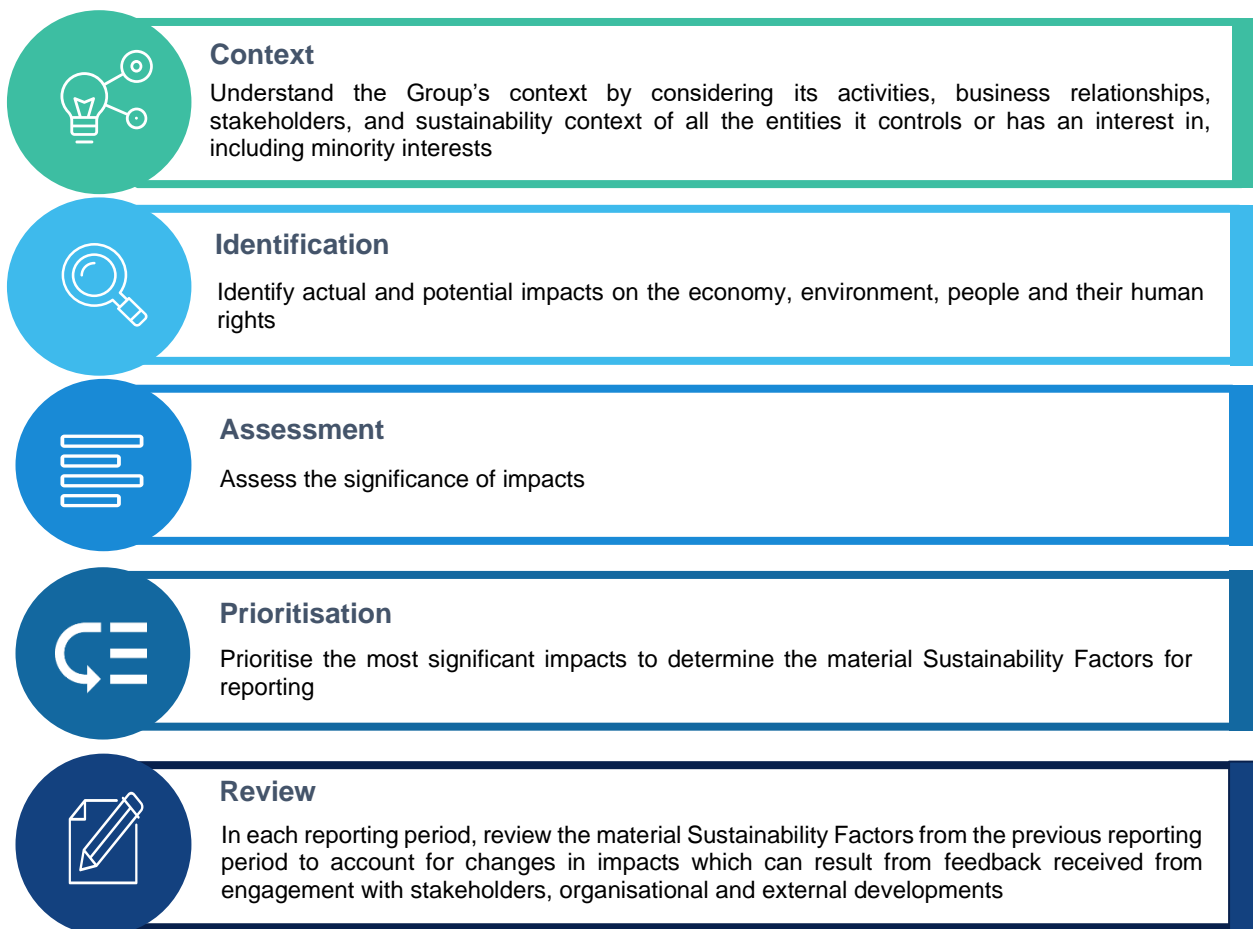
## POLICY, PRACTICE AND PERFORMANCE REPORTING

### Reporting Structure

The Board of Directors (“**Board**”), the highest governing body of Suntar Eco-City oversees the management in the development of our sustainability strategy and performance targets. Our sustainability strategy is spearheaded by the management, which includes representatives from various support units and is tasked to develop the sustainability strategy, review our material impacts, consider stakeholder priorities and set goals and targets, as well as collect, verify, monitor and report performance data for this Report.

## Sustainability Reporting Processes

Under our SR policy, our sustainability process begins with the identification of relevant factors. Relevant factors are then prioritised as material Sustainability Factors which are then validated. The end result of this process is a list of material Sustainability factors disclosed in this Report. Processes involved are as shown in the figure below:



## Materiality Assessment

The materiality assessment considers the likelihood of the occurrence of actual and potential negative and positive impacts (“**Likelihood of Impact**”) and significance of our impacts on the economy, environment, people and their human rights, which include our contribution (negative or positive) to sustainable development (“**Significance of Impact**”).

## Performance Tracking and Reporting

We track the progress of our material Sustainability Factors by identifying the relevant data points, monitoring and measuring them. In addition, we set performance targets that are aligned with our strategy to ensure that we remain focused in our sustainability journey. We consistently seek to enhance our performance-monitoring processes and improve our data capturing systems.

## MATERIAL SUSTAINABILITY FACTORS

In identifying the material Sustainability Factors, we performed an analysis applying the GRI principles to identify top materiality trends and issues significant to the business and key stakeholders. We conducted a materiality



review to reassess the existing material Sustainability Factors for disclosure. Presented below is a list of material Sustainability Factors applicable to the Group:

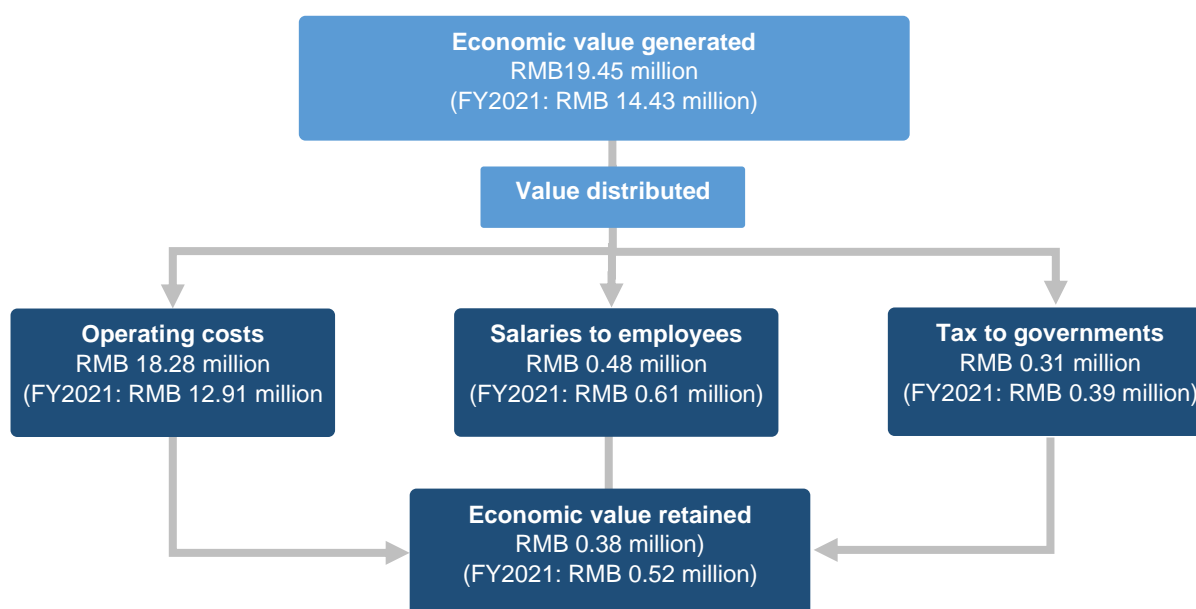
S/N	Material Sustainability Factor	SDG	Stakeholder
<b>Economic</b>			
1	Sustainable business performance	Decent work and economic growth	<ul style="list-style-type: none"> <li>▪ Shareholders</li> <li>▪ Employees</li> <li>▪ Suppliers</li> </ul>
<b>Environmental</b>			
2	Energy conservation and emissions reduction	Affordable and clean energy	<ul style="list-style-type: none"> <li>▪ Communities</li> <li>▪ Shareholders</li> </ul>
3	Water conservation	Clean water and sanitation	<ul style="list-style-type: none"> <li>▪ Communities</li> <li>▪ Shareholders</li> </ul>
<b>Social</b>			
4	Customer health and safety	Decent work and economic growth	<ul style="list-style-type: none"> <li>▪ Customers</li> <li>▪ Suppliers</li> </ul>
5	Employment	Reduced inequalities	Employees
6	Occupational health and safety	Good health and well-being	Employees
7	Training and education	Quality education	Employees
8	Ongoing community engagement	Sustainable cities and communities	Communities
<b>Governance</b>			
9	Robust corporate governance framework	Peace, justice and strong institutions	<ul style="list-style-type: none"> <li>▪ Shareholders</li> <li>▪ Regulators</li> </ul>

We will update the material Sustainability Factors on an annual basis to reflect changes in business operations, environment, stakeholders' feedback and sustainability trends. The details of each material Sustainability Factor are presented as follows:

## MATERIAL SUSTAINABILITY FACTORS: ECONOMIC

### Sustainable Business Performance

We are committed to reviewing and managing the concerning and disruptive challenges from the Pandemic and to formulate plans and strategies to mitigate the financial impact to the Group.



Details of our economic performance can be found in the audited financial statements of the Annual Report.

Target for FY2022	Performance for FY2022	Target for FY2023
Improve our financial performance subject to market conditions	Improvement in economic value generated from RMB 14.43 million to RMB19.45 million	Maintain or improve economic value generated subject to market conditions

## MATERIAL SUSTAINABILITY FACTORS: ENVIRONMENTAL

### Energy Conservation and Emissions Reduction

As the adverse impacts of climate change are surfacing, we focus on adopting measures such as improving energy-saving initiatives on our part to secure our future and the environment. We aim to ensure that our business operations maximise energy use efficiency and reduce our contribution to GHG emissions.

In our operations, we rely mainly on electricity for manufacturing of bottled water and office environment which produces indirect GHG emissions (Scope 2<sup>7</sup>). Other than indirect GHG emissions (Scope 2), our operations do not produce material direct GHG emissions (Scope 1<sup>8</sup>). Therefore, no separate disclosure is made on direct GHG emissions (Scope 1) but we will continue to monitor such emissions and to disclose in future, as and when applicable.

To achieve this goal, our sustainability efforts include the provision of training and staff manuals to educate our employees on energy conservation practices as well as attaching reminder posters around the office.

The comparison of year-to-year electricity consumption and GHG emissions is shown in the table below:

Performance indicator	Unit of measurement	FY2022	FY2021
<b>Energy consumption</b>			
Electricity	kWh	48,333	43,687
Electricity consumption intensity	kWh/ revenue RMB'000	3.06	4.06
<b>GHG emissions</b>			
Indirect GHG emissions (Scope 2 <sup>9</sup> )	tonnes CO <sub>2</sub> e	27.56	25.38
GHG emissions intensity	tonnes CO <sub>2</sub> e/ revenue RMB'000	0.0017	0.0024

The increase in electricity consumption and corresponding indirect GHG emissions is mainly due to the expansion of business activity from Fujian Liangye as we integrate Fujian Liangye into the Group's bottled water product strategy. Improvement in electricity consumption intensity and corresponding GHG emissions intensity is mainly due to the increase in revenue, which is more than proportionate to the increase in electricity consumption in view of our ongoing energy conservation practices.

Target for FY2022	Performance for FY2022	Target for FY2023
Maintain or reduce energy consumption	Increase in electricity consumption from 43,687 kWh to 48,333 kWh	Maintain or reduce GHG emissions intensity

<sup>7</sup> Scope 2 GHG emissions arise from the generation of purchased electricity consumed by a reporting entity. Scope 2 emissions physically occur at the facility where electricity is generated.

<sup>8</sup> Scope 1 GHG emissions occur from sources that are owned or controlled by the reporting entity.

<sup>9</sup> Indirect GHG emissions (Scope 2) from electricity purchased are calculated based on the latest national emissions factors for China published by the Ministry of Ecology and Environment of the People's Republic of China.

## Water Conservation

We recognise the importance to manage our water consumption efficiently and avoid the depletion of valuable water resources. Our initiatives in this area include performing regular tracking of water consumption and taking corrective actions when there are unusual consumption patterns.

To run our operations, we rely on the following water resources:

- Water withdrawn from third-party water via municipal water suppliers for the office environment of Wuping Lanjun; and
- Water withdrawn from groundwater for manufacturing of bottled water and the office environment of Fujian Liangye.

A year-to-year comparison of water consumption is shown in the table below:

Performance indicator	Unit of measurement	FY2022	FY2021
<b>Water consumption</b>			
Withdrawal from groundwater	tonnes	22,581	- <sup>10</sup>
Withdrawal from third-party water suppliers	tonnes	144	178

Target for FY2022	Performance for FY2022	Target for FY2023
Maintain or reduce water consumption	<ul style="list-style-type: none"> <li>▪ Consumption of 22,581 tonnes of water withdrawn from groundwater in FY2022</li> <li>▪ No material changes in consumption of water withdrawn from third-party water</li> </ul>	Maintain or reduce water consumption

## MATERIAL SUSTAINABILITY FACTORS: SOCIAL

### Customer Health and Safety

As a distributor of health and nutrition products and bottled water, we believe that it is key to improve and diversify our product range while considering customer health and safety impacts. Rising health consciousness, ageing population and growing prevalence of diseases due to unhealthy eating are factors leading to an increase in customers' demands for health and nutrition products. As consumers become increasingly health-conscious, the demand for bottled water has continued to rise steadily. The Group has been able to capitalise on this trend by offering high-quality bottled water products that meet the needs and expectations of our customers.

Market standards and best practices are adopted by our supplier to ensure the quality and safety of our products. Market standards adopted by our supplier for health and nutrition products include Hazard Analysis and Critical Control Point (HACCP) System - General Requirements for Food Processing Plant (GB/T 27341-2009), National Food Safety Standard General Hygienic Regulation for Food Production (GB 14881-2013), HACCP certification, Halal certification and food production license. Market standards adopted by our supplier for bottled water include National Food Safety Standard - Bottled water for drinking (GB 19298-2014), Standard Examination Methods for Drinking Water (GB/T 5750-2006), National Food Safety Standard - Hygienic Specifications for Production of Packaging Drinking Water (GB 19304-2018) and production license for plastic bottle packaging.

During the Reporting Period, there is zero incident of product return due to food safety reasons (FY2021: zero).

<sup>10</sup> No comparative data is available as a groundwater measurement device was only installed in FY2022 for the measurement of water withdrawn from groundwater.

Target for FY2022	Performance for FY2022	Target for FY2023
Maintain zero incident of product return due to food safety reason	Maintained zero incident of product return due to food safety reason	Maintain zero incident of product return due to food safety reason

## Employment

We recognise that our employees are our greatest asset. We are committed to the goals of diversity and equal opportunity in employment by implementing fair employment practices during the hiring process and ensuring non-discrimination against employees. We have zero (FY2021: zero) reported incident of unlawful discrimination against employees during the Reporting Period. As at 31 December 2022, we have a total number of 7 (FY2021: 8) full-time employees<sup>11</sup> in China.

### Gender diversity (%)

We view diversity in the Company as essential in supporting sustainable development. Key statistics on gender diversity of our employees are as follows:

Disclosure	FY2022		FY2021	
	Male	Female	Male	Female
<b>Management level</b>				
Managerial	50%	50%	50%	50%
Executive	20%	80%	33%	67%
<b>Employment type</b>				
Full-time	29%	71%	37%	63%

### Age diversity (%)

On age diversity, matured workers are valued for their experience, knowledge and skills. Key statistics on age diversity of our employees are as follows:

Disclosure	FY2022			FY2021		
	Below 30	30 – 50	Above 50	Below 30	30 – 50	Above 50
<b>Management level</b>						
Managerial	-	100%	-	-	100%	-
Executive	20%	80%	-	17%	83%	-
<b>Employment type</b>						
Full-time	14%	86%	-	13%	87%	-

### New Hires and Turnover

Employee turnover affects our productivity and performance. We believe that a low turnover ratio translates to job and employee satisfaction, successful retention of our talents and improves the Group's performance. We also believe that new hires bring new ideas and fresh perspectives to the business.

A year-to-year comparison of employee new hires and turnover is shown in the table below:

<sup>11</sup> Entities covered in this Report did not employ part-time employees.

## New hires

Disclosure	FY2022	FY2021
<b>Gender</b>		
Male	-	50%
Female	100%	50%
<b>Age</b>		
Below 30	-	17%
30 to 50	100%	83%
Above 50	-	-

## Turnover

Disclosure	FY2022	FY2021
<b>Overall</b>	43%	38%
<b>Gender</b>		
Male	33%	67%
Female	67%	33%
<b>Age</b>		
Below 30	-	-
30 to 50	100%	100%
Above 50	-	-

Given our lean workforce during the transitional period, a small fluctuation in hiring and turnover in staff will have a significant impact on the above data points. We will constantly work towards improving talent retention.

## Employee Benefits

We strive to take care of our employees' wellness and achieve greater employee engagement by offering incentives and benefits. Setting the right incentive culture that meets their needs encourages and motivates them to strive for better performance. Figure below lists our employee benefits in place, including healthcare plans, disability and invalidity coverage, parental leave, and additional benefits:



Target for FY2022	Performance for FY2022	Target for FY2023
Maintain zero incident of unlawful discrimination against employees	Maintained zero incident of unlawful discrimination against employees	Maintain zero incident of unlawful discrimination against employees

## Occupational Health and Safety

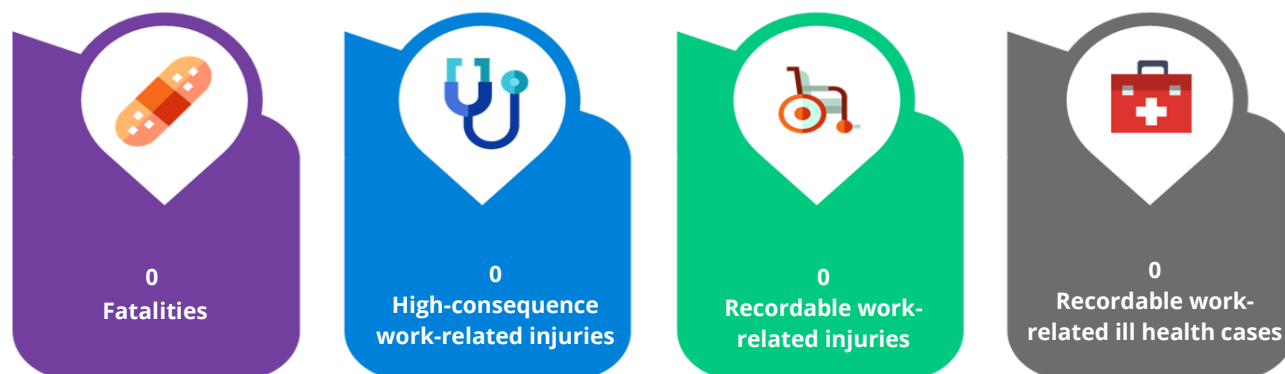
We prioritise the well-being of our employees and maintain an organisational culture of safety in the workplace. Nevertheless, we constantly make efforts to enhance workplace safety and health, focus on raising awareness using the best practices such as educating and promoting safe behaviours.

To stress the importance of compliance with workplace safety standards, we implemented initiatives such as mandating requirements for all new and existing employees to attend pre-employment safety training. Through such an initiative, employees are trained to proactively identify and raise existing and potential hazards that are present in the workplace.

We abide by China's Labour Law and use it as a guidance to ensure that our employees work under high health and safety standards, thus creating a safe and comfortable working environment for them to perform at their best.

As employees are key to the Group's sustainable development, we prioritise the safety and well-being of our employees and comply with local COVID-19 laws and regulations to minimise the risk of transmission. With China reopening after the Reporting Period, we remain vigilant and committed to maintaining a safe and healthy working environment for our employees by implementing measures which include circulation of COVID-19 announcements to employees on actions to be taken and updates on COVID-19 situation.

We encountered zero fatalities as a result of work-related injuries, zero high-consequence work-related injuries, zero recordable work-related injuries and zero recordable work-related ill health cases in FY2022 (FY2021: zero fatalities as a result of work-related injuries, zero high-consequence work-related injuries, zero recordable work-related injuries and zero recordable work-related ill health cases).

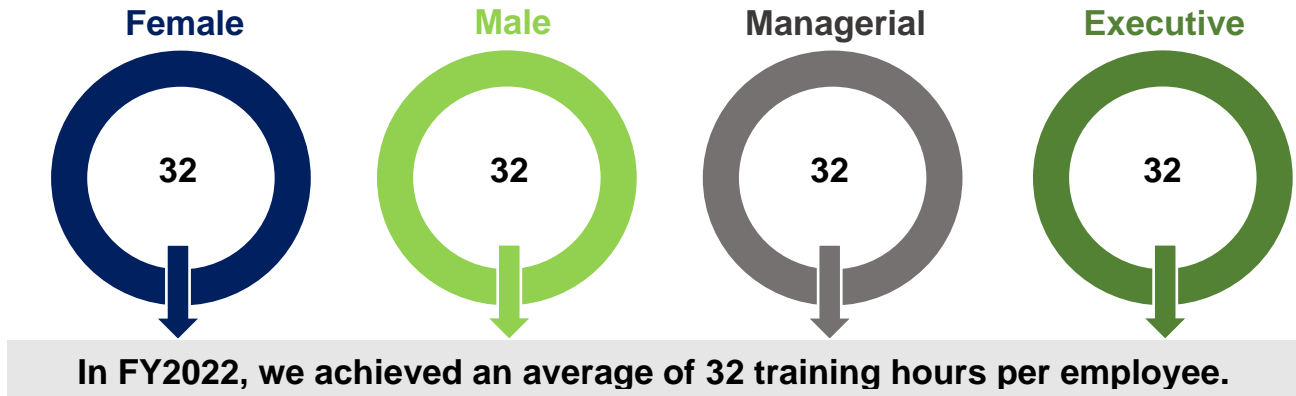


Target for FY2022	Performance for FY2022	Target for FY2023
Maintain zero incident of workplace injuries	Maintained zero incident of work-related fatalities, high-consequence work-related injuries, recordable work-related injuries and ill health cases	Maintain zero incident of work-related fatalities, high-consequence work-related injuries, recordable work-related injuries and ill health cases

## Training and Education

We believe that the future growth and success of the Group are interrelated with employees' growth and development. For us to reach optimum levels of success, we believe that strategic investments in employee development to improve employee competencies are essential.

To support employees' personal growth and professional advancement, we provide the necessary resources required to hone their skills. We aim to grow our employees through setting up a learning culture. Over the years, we conducted extensive hours of training and during the Reporting Period, we achieved an average of 32 (FY2021: 30) hours per employee. The figure below provides a breakdown of the number of employee training hours by gender and employee category:

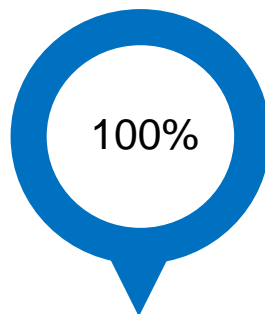


Training programmes offered to our employees include an in-house orientation for new hires and employees undergoing a transfer. For existing employees, training programmes are in place to upgrade their professional skills in areas such as functional skills and product knowledge.

As part of our continual efforts to enhance and upgrade the knowledge of our Directors on sustainability reporting and to meet the requirement of Singapore Exchange (“SGX”) under Listing Rule 720(7), we confirm that all 4 directors have attended one of the approved sustainability training courses during the Reporting Period.

### *Performance Management*

We aim to maintain a transparent work environment where the management can deliver organisational goals and recognise employees for their achievements. To fulfil these objectives, a performance management system is implemented to assist the management in tracking employee performance and rewarding them with remuneration. We conduct quarterly performance check-ins, annual performance reviews and career development sessions for all employees. During the Reporting Period, 100% of our employees received regular performance and career development reviews (FY2021: 100%).



**100% of our employees received regular performance and career development reviews**

In assessing employees' performance, reviews are conducted monthly by two appointed supervisors. The key performance indicators, evaluation criteria and benchmark are communicated in advance to our employees to facilitate achievements. The average of assessment scores by the two appointed supervisors determines the bonus amount for the month which is distributed following the review. To motivate employees and build a high-



performance culture, appraisal results are shared with the employees and constructive feedback are shared for improvements.

Employees are also rewarded based on an annual performance review. At the end of the year, a comprehensive review is conducted and submitted to the Human Resource department, which is responsible for bonus calculation based on parameters set by the management.

Target for FY2022	Performance for FY2022	Target for FY2023
<ul style="list-style-type: none"> <li>Maintain or improve training hours per employee</li> <li>Maintain the percentage of employees who received regular performance and career development review</li> </ul>	<ul style="list-style-type: none"> <li>Improvement in training hours per employee from 30 to 32 hours</li> <li>All our employees received regular performance and career development review</li> </ul>	<ul style="list-style-type: none"> <li>Maintain or improve training hours per employee</li> <li>Maintain the percentage of employees who received regular performance and career development review</li> </ul>

## Ongoing Community Engagement

We strive not only to set a good example but also to encourage individuals and other corporations to embrace the spirit of giving. We recognise that long-term success of the business is closely related to the health and prosperity of the communities.

During the Reporting Period, we distributed mineral water to frontline workers to stay hydrated and healthy during Xiamen's epidemic prevention efforts.



Target for FY2022	Performance for FY2022	Target for FY2023
Continue with existing community engagement campaign	Initiated community engagement campaign	Initiate community engagement campaign

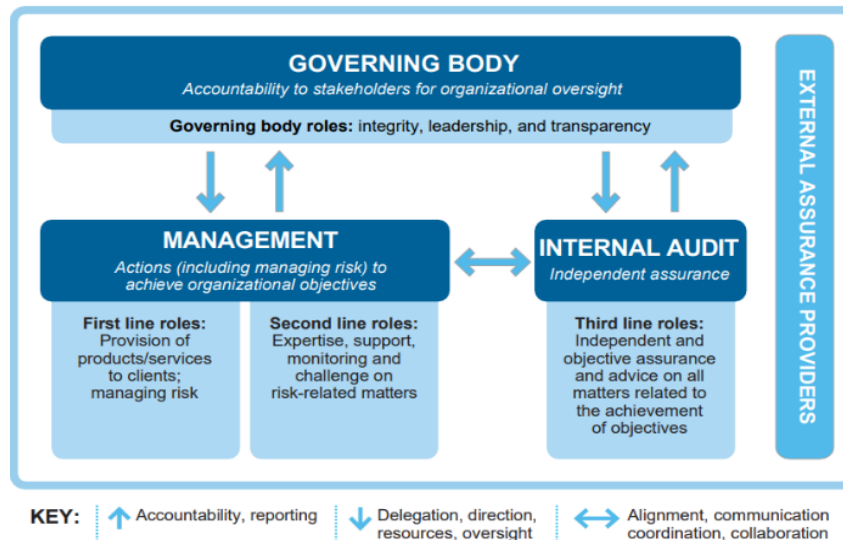
## MATERIAL SUSTAINABILITY FACTORS: GOVERNANCE

### Robust Corporate Governance Framework

A robust corporate governance framework with effective internal policies and practices is crucial to support a progressive corporate culture. The 2018 Code of Corporate Governance is used as a guide to support our effort to uphold high standards of governance in our business operations. The Board has delegated and entrusted responsibilities to three subcommittees, namely the Audit Committee, Nominating Committee and Remuneration Committee.

In order to ensure the Group's sustainability, we aligned our corporate governance and risk management approach with the Three Lines Model published by the Institute of Internal Auditors ("IIA"). The Three Lines Model serves to identify structures and processes that best assist the achievement of organisational objectives and facilitate strong governance and risk management. Under the Three Lines Model, the roles and responsibilities of governing body, management (first- and second-line roles), internal audit (third-line roles) and the relationship among them are defined as follows:





Source: Three Lines Model of the IIA

We are committed to uphold ethical business practices and maintain a strong reputation as an ethical company by complying with the Criminal and Anti-Money Laundering laws of China. This approach ensures adherence with relevant laws and regulations related to insider trading, fraud, bribery and extortion. To reinforce anti-corruption practices, we provided employees with relevant handbooks and training on the consequences of such unethical practices.

We also implemented a whistle-blowing policy to encourage unethical conduct reporting in the workplace. Reporting channels are available and provided through confidential emails sent out to all employees on the procedures for reporting violation of laws and misconduct. Internal audit on accounting and finance, management and third-party services are conducted periodically to check compliance with internal policies and external regulations.









In dealing with interested persons transactions, the Board oversees the review and approval procedures of this process. To prevent insider trading when dealing in securities, the directors and employees are all required to follow the insider trading laws.

During the Reporting Period, we have zero (FY2021: zero) reported incident of serious offence. Our overall Singapore Governance and Transparency Index (“SGTI”) score assessed by National University of Singapore Business School is 60 for the year 2022 (Year 2021: 70).

Target for FY2022	Performance for FY2022	Target for FY2023
Maintain zero incident of serious offence	Maintained zero incident of serious offence	Maintain zero incident of serious offence

## SUPPORTING THE UN SUSTAINABLE DEVELOPMENT GOALS

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 SDGs, which form an urgent call for action by all countries – developed and developing – in a global partnership. We believe that everyone plays an important role in advancing sustainable development and in order to align our business objectives with the SDGs, we have identified and incorporated the SDGs, where appropriate, as a supporting framework to shape and guide our sustainability strategy. The SDGs that we focus on and the related material Sustainability Factors are as follows:

SDG		Our effort
 <p><b>3</b> GOOD HEALTH AND WELL-BEING</p>	Ensure healthy lives and promote well-being for all at all ages.	<u>Occupational Health and Safety</u> We create a safe working environment by implementing initiatives such as mandating employees to attend pre-employment safety training.
 <p><b>4</b> QUALITY EDUCATION</p>	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	<u>Training and Education</u> We offer employee incentives and benefits that are rewarding and motivates them to strive for better performance.
 <p><b>6</b> CLEAN WATER AND SANITATION</p>	Ensure availability and sustainable management of water and sanitation for all	<u>Water Conservation</u> We implement checks and measures to reduce water wastage, which in turn help us to work towards achieving sustainable management and efficient use of natural resources.
 <p><b>7</b> AFFORDABLE AND CLEAN ENERGY</p>	Ensure access to affordable, reliable, sustainable and modern energy for all	<u>Energy Conservation and Emissions Reduction</u> We employ measures to reduce our energy consumption and to maximise energy use efficiency, while reducing GHG emissions.
 <p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p>	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	<u>Sustainable Business Performance</u> We contribute to economic growth through creating long-term economic value for our shareholders.  <u>Customer Health and Safety</u> We review and work closely with our suppliers to ensure they can meet our quality requirements.
 <p><b>10</b> REDUCED INEQUALITIES</p>	Reduced inequality within and among countries	<u>Employment</u> We are committed to having a diverse workforce with equal employment opportunities through fair employment and hiring practices.
 <p><b>11</b> SUSTAINABLE CITIES AND COMMUNITIES</p>	Make cities and human settlements inclusive, safe, resilient and sustainable	<u>Ongoing community engagement</u> We embrace the spirit of giving and encourage individuals and other corporations to volunteer in community activities.
 <p><b>16</b> PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	<u>Robust Corporate Governance Framework</u> We maintain a high standard of corporate governance to safeguard our shareholders' interest and maximise long-term shareholder value.

## SUPPORTING THE TCFD

We are committed to support the recommendations by the TCFD and has disclosed some of our climate-related financial disclosures in the following key areas as recommended by the TCFD:

Key area	Our approach
Governance	<p>The Board oversees the management and monitoring of the Sustainability Factors and considers climate-related issues in determining the Group's strategic direction and policies.</p> <p>Our sustainability strategy is spearheaded by the Group's management in consultation with the Board. The Group's management includes representatives from various support units. The responsibilities of the management include considering climate-related issues in the development of sustainability strategy, target setting, as well as collection, monitoring and reporting of performance data.</p>
Strategy	<p>The climate-related risks and opportunities identified by the Group during the climate-related risk assessment exercise includes the following:</p> <ul style="list-style-type: none"> <li>▪ The reputational and financial risks for not meeting the demands of regulators and shareholders amidst the enhanced emissions reporting requirements.</li> <li>▪ The business and financial risks of shifting customer preferences for sustainable products, which may result in the potential loss of sales for the Group should it not meet customers' needs.</li> <li>▪ On the other hand, such obligations raise climate awareness amongst our employees and with more defined job responsibilities and training, the Group will be in a better position to meet the rising needs and expectation of regulators and our customers on the environment.</li> </ul> <p>We are currently looking into conducting climate-related scenario analysis consistent with the TCFD's recommendation, wherever possible, using commonly agreed sector/ subsector scenarios and time horizons, to anticipate and manage climate change impacts.</p>
Risk management	<p>The Group's climate related risks and opportunities are identified and assessed during the climate-related risk assessment exercise. We also manage our climate-related risks by monitoring the trend of climate-related performance indicators.</p>
Metrics and targets	<p>We track, measure and report on our environmental performance, including energy, GHG emissions, water and waste management and disclose related metrics in our sustainability report. Monitoring and reporting these metrics help us in identifying areas with material climate-related risks and enabling us to be more targeted in our efforts.</p> <p>To support the climate change agenda, we disclose Scope 2 GHG emissions<sup>12</sup> in the sustainability report and set climate-related targets such as those related to energy, GHG emissions and water management. We will continue to monitor our emissions and disclose Scope 1 and Scope 3 GHG emissions wherever applicable and practicable.</p>

<sup>12</sup> Scope 1 GHG emissions is not disclosed as it is not material.

## GRI CONTENT INDEX

<b>Statement of use</b>	Suntar Eco-City Limited has reported the information cited in the GRI content index for the period from 1 January 2022 to 31 December 2022 with reference to the GRI Standards.
<b>GRI 1 used</b>	GRI 1: Foundation 2021

GRI standard	Disclosure	Location
<b>General Disclosures</b>		
GRI 2: General Disclosures 2021	2-1 Organisational details	3, Annual Report 2022 ("AR 22"): 2 - 3, 42, 78 - 79
	2-2 Entities included in the organisation's sustainability reporting	3
	2-3 Reporting period, frequency and contact point	3 - 4
	2-4 Restatements of information	3
	2-5 External assurance	3
	2-6 Activities, value chain and other business relationships	4 - 5
	2-7 Employees	12
	2-8 Workers who are not employees	None
	2-9 Governance structure and composition	7, AR 22: 6 - 7, 9 - 12
	2-10 Nomination and selection of the highest governance body	AR 22: 15 - 18
	2-11 Chair of the highest governance body	AR 22: 6, 12, 14
	2-12 Role of the highest governance body in overseeing the management of impacts	7
	2-13 Delegation of responsibility for managing impacts	7
	2-14 Role of the highest governance body in sustainability reporting	7
	2-15 Conflicts of interest	AR 22: 9 - 10
	2-16 Communication of critical concerns	17, AR 22: 24
	2-17 Collective knowledge of the highest governance body	15, AR 22: 10
	2-18 Evaluation of the performance of the highest governance body	AR 22: 15 - 18
	2-19 Remuneration policies	AR 22: 18 - 21
	2-20 Process to determine remuneration	AR 22: 18 - 21
	2-21 Annual total compensation ratio	Information is not provided due to confidentiality constraints.
	2-22 Statement on sustainable development strategy	5 - 6, AR 22: 4
	2-23 Policy commitments	16 - 19
	2-24 Embedding policy commitments	16 - 17
	2-25 Processes to remediate negative impacts	17, AR 22: 24
	2-26 Mechanisms for seeking advice and raising concerns	17, AR 22: 24
	2-27 Compliance with laws and regulations	12, 17
	2-28 Membership associations	None
	2-29 Approach to stakeholder engagement	7
	2-30 Collective bargaining agreements	None of our employees are covered by collective bargaining agreements.
<b>Material Topics</b>		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	7 - 8
	3-2 List of material topics	9

GRI standard	Disclosure	Location
<b>Sustainable Business Performance</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	9 - 10
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	9
<b>Energy Conservation and Emissions Reduction</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	10
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	10
	302-3 Energy intensity	10
GRI 305: Emissions 2016	305-2 Energy indirect (Scope 2) GHG emissions	10
	305-4 GHG emissions intensity	10
<b>Water Conservation</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	11
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	11
	303-5 Water consumption	11
<b>Customer Health and Safety</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	11 - 12
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	11
<b>Employment</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	12 - 14
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	13
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	13
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	12
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	12
<b>Occupational Health and Safety</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	14
GRI 403: Occupational Health and Safety 2018	403-9 Work-related injuries	14
	403-10 Work-related ill health	14
<b>Training and Education</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	14 - 15
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	15
	404-2 Programmes for upgrading employee skills and transition assistance programmes	15
	404-3 Percentage of employees receiving regular performance and career development reviews	15
<b>Ongoing Community Engagement</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	16
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	16
<b>Robust Corporate Governance Framework</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	16 - 17
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	17