

# QAF LIMITED

SUSTAINABILITY REPORT FY2018



## SUSTAINABILITY REPORT



Gardenia Singapore's "Healthier Choice" range of bakery products.

### BOARD STATEMENT

We are pleased to issue the second Sustainability Report of QAF Limited ("QAF" or "Company").

Our commitment to pursuing a strategy of long-term sustainable growth and value creation for QAF and its subsidiaries ("QAF Group") continues to underpin our approach towards sustainability. In this report, we describe our sustainability performance and progress for FY2018, and hope to give further understanding of how we link certain of our business practices relating to sustainability with our strategy and vision for the Group.

The food industry is facing disruptions on many fronts, including ever-shifting and evolving consumer purchasing patterns, taste preferences and lifestyles. The different markets in which we operate require tailored strategies as each is at a different stage of maturity. As a food group, we are also exposed to challenges to food safety from external factors.

The core values of our *Gardenia* business and brand are to manufacture and distribute nutritious, healthy and value-for-money products, with emphasis on reliability, freshness, nutritional value, good taste and high standards of hygiene. We believe that sustainable business practices which focus on these core values will help us deal with these challenges, strengthen our resilience and maintain market dominance. Consumers' preferences for nutritious and tasty products, and demand for convenient grab and go snacks to fit into busy lifestyles, drive *Gardenia*'s research and development efforts. *Gardenia* engages in regular review of its product range and product innovation to meet these needs. New products launched in FY2018 in Singapore which reflect these efforts are the *Gardenia* Low GI Soft Grain Loaf and *Gardenia* Brown Rice & Oat Soft Grain Loaf. *Gardenia* also improved the recipes of four Country Loaf breads by the addition of sourdough. Its focus on innovation to meet changes in diet and lifestyle continues with its collaboration with local start-up Alchemy Foodtech, whose investors include the venture arm of Enterprise Singapore, to develop low Glycemic Index (GI) versions of its products. The Philippines and Malaysia operations seek

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to meet mass market demand with tasty, nutritious products which are value for money. In the Philippines for example, new products were added to the wide array of single-serve snack breads portfolio. We are also increasing our market penetration and access to our products by setting up new plants. The Group, together with its joint venture, has a total of 16 bakery plants.

As a food producer, product safety and hygiene and the risk of disease are at the forefront of our minds. Apart from quality, value and accessibility of its products, the Group's bakery segment remains focused on product safety and hygiene, and has strong programs to maintain its food safety. Further information is provided in this report (at pages 43, 44 and 54).

The outbreak of the pig disease African Swine Fever ("ASF") in Asia and Europe is a significant concern for the Australian pork industry. An outbreak of ASF in Australia would have major impact on the Australian pork industry. Whilst there has not been any outbreak of ASF in Australia, the management of our Rivalea group's Primary Production business remains vigilant. In early 2019, Australia's biosecurity authorities detected ASF in seized meat products at its international border. In addition to Australia's strict national biosecurity laws and isolation, Rivalea has farm biosecurity policies and procedures, including strict employee and visitor quarantine policies regarding entry into its farms, biosecurity protocols prior to entering farms and barriers to entry around its farms. Rivalea's business is not affected, but it takes the matter seriously and has taken steps to implement additional measures under its biosecurity measures to further protect its business. Rivalea works closely with the Australian pork industry association, Australian Pork Limited ("APL"), and Rivalea's veterinary expert, Dr Regina Fogarty, is a key reference person of the APL as a source of information and assistance in the evaluation of biosecurity risks.

On the environmental front, Rivalea has two biogas collection facilities that capture and burn methane generated from its farming operations. The 2<sup>nd</sup> biogas generator was commissioned in FY2018. The new lagoon excavation, covering and associated works is expected to be completed in Q2 2019, with the delivery and commissioning of the 3<sup>rd</sup> generator and project completion expected by the end of Q2 2019. Bakers Maison Australia's solar panel system currently generates over 15% of its electricity requirements. Our Johor bakery plant now uses solar power for compound lighting.

As a testament to our commitment towards corporate governance and transparency, in 2018, QAF was awarded the Best Annual Report Award 2017 (Bronze), Singapore Corporate Awards (\$300 million to \$1 billion market capitalisation category). The Singapore Corporate Awards was launched by the Institute of Singapore Chartered Accountants for exemplary corporate governance practices for Singapore listed companies. The annual report award is given to companies for excellent corporate reporting that covers a wider scope of disclosures beyond the minimum regulatory requirements.

Our business strategy therefore takes into consideration environmental, social and governance ("ESG") opportunities and challenges, in addition to economic growth. Our Group, together with its joint venture, generates employment for local communities, with over 9,000 employees working at 16 plants, including in developing countries and supporting numerous stakeholders such as our suppliers and retailers.

The Board of Directors, through the Audit and Risk Committee ("ARC"), continues to oversee the management and monitoring of the issues related to our material ESG factors. We share further information with you in the following sections of this report.

### The Board of Directors

QAF Limited



QAF Ltd is awarded the Best Annual Report Award 2017 (Bronze) in the "Companies with \$300 million to \$1 billion in market capitalisation" category.

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### WHO WE ARE

#### Creating Quality Products for Our Customers Through Our Brands

QAF is a leading multi-industry food company listed on the Singapore Exchange Securities Trading Limited and has extensive food-related operations and distribution network across the Asia-Pacific region, including Singapore, Malaysia, the Philippines, Australia, Myanmar, Cambodia, Hong Kong, Taiwan, Macau and Brunei. The business, together with our joint venture, employs over 9,000 people.

### OUR VISION

We are committed to enhancing QAF shareholder value by pursuing a strategy of long-term sustainable growth and value creation. In this respect, we seek to, amongst others strengthen our market position and brand equity, expand the operations of our core businesses and our distribution networks, and explore strategic acquisitions of and collaboration with other food-related companies.

### OUR BRANDS

This year's Sustainability Report focuses on the Group's Bakery and Primary Production businesses through its *Gardenia*, *Bakers Maison* and Rivalea group-owned brands.

#### *Gardenia*

*Gardenia* is the top selling brand of packaged bread in Singapore, the Philippines and Malaysia. The brand *Gardenia* is associated with qualities such as good taste, freshness, nutritional value, trust and reliability, all values that are key to *Gardenia*'s continued success in a competitive market.



In 2018, *Gardenia* continued to lead the bread industry in sales value and volume in both the total bread category and wholemeal bread segment, attaining the status of "Singapore's Number 1 Selling Bread Brand" and "Singapore's No.1 Wholemeal Bread Brand" (Survey conducted by The Nielsen Company, January 2018 – December 2018).

Under our Group's joint venture in Malaysia, *Gardenia* was voted consumers' "Most Preferred Brand", clinching the Gold Award in the Foodstuff category for the 9th consecutive year in the prestigious 2018 Putra Brand Awards.

#### *Bakers Maison*

*Bakers Maison* is a French-style bread specialist manufacturer in Australia. *Bakers Maison* produces par and full-baked frozen bread, pastries and sweets and sells its products to the foodservice sector throughout Australia via an extensive distribution network. *Bakers Maison*'s recipes do not contain added preservatives or artificial flavours.

In 2018, the *Bakers Maison* brand garnered 48% for brand awareness among foodservice operators in the AFS BRAND WATCH 2018 survey of the Australian foodservice market. *Bakers Maison* was best known for its product quality, stock availability, and distribution and delivery. The AFS Brand Watch 2018 survey covered 96 food and non-alcoholic beverage brands in the Australian foodservice market.

#### *Rivalea*

*Rivalea* is one of Australia's leading vertically integrated industrial pork companies, with a history of over 45 years.

*Rivalea* group's brands include *Family Chef*, *Murray Valley*, *High Country*, *St Bernard's Free Range* and *Riverview Farms*. *Rivalea* also produces and markets stockfeed under established brands such as *Optimilk*, *Veanavite*, *Slingshot*, *Grolean*, *Nutrimax* and *Eggstra*.

## ABOUT THIS REPORT

This report provides an overview of our approach towards sustainability in terms of ESG aspects across our business, and our FY2018 performance and progress.

It has been prepared with reference to the Global Reporting Initiative's ("GRI") Standards 2016, including the GRI Food Processing Sector Disclosures as well as the SGX-ST Listing Manual (Rules 711A and 711B). We have selected the GRI Standards as our reporting framework as we believe it provides robust guidance and is widely accepted as a global standard for sustainability reporting. The GRI Standards together with the Food Processing Sector Disclosures enable QAF to prepare a Sustainability Report that is focused on its material factors based on the GRI Reporting Principles.

## REPORT SCOPE

This report covers the Bakery businesses in Singapore, Australia and the Philippines under the *Gardenia* and *Bakers Maison* brands and the Primary Production business in Australia for the reporting period 1 January to 31 December 2018. This year, the bakery sites covered include the newly completed plant in Johor, Malaysia.

We have also included some additional information relating to the Group's other businesses although not strictly part of the report scope, for example, the Distribution and Warehousing business and our joint venture bakery operations in Malaysia.

## FEEDBACK

If you wish to provide feedback on this report, please send your comments to [sustainability@qaf.com.sg](mailto:sustainability@qaf.com.sg).

## SUSTAINABILITY GOVERNANCE

The ARC is responsible for reviewing and making recommendations to the Board on sustainability matters, including policies, practices, targets and performance. The ARC is tasked with overseeing sustainability matters including approving the material ESG factors identified, and the Company has appointed an external consultant to advise it on this report. The ARC is supported by the Sustainability Working Group that consists of Company executives who work with personnel of the relevant business units.



The proud and happy employees of Gardenia Bakeries (KL) Sdn Bhd and their CEO, Mr. Koh Chin Huat (4<sup>th</sup> from left), at the 2018 Putra Brand Awards ceremony where Gardenia won the Putra Brand Gold Award in the Foodstuff category for the 9<sup>th</sup> consecutive year.

## SUSTAINABILITY REPORT

### STAKEHOLDER ENGAGEMENT

Our key stakeholders are important to our business operations and strategies. Interaction and engagement with them allow us to obtain better understanding of their expectations, interests and concerns. We leverage on this understanding to identify the risks and opportunities with a view to improving our operations.

Key Stakeholders	Key Topics & Concerns	Engagement Methods	Frequency of Engagement
<b>Employees</b> 	<ul style="list-style-type: none"> <li>• Career development and progression</li> <li>• Compensation and other benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Training and career development initiatives</li> <li>• Health and wellness-related initiatives</li> <li>• Discussion of performance and achievements</li> <li>• Social and team-building activities</li> <li>• Engagement with applicable trade unions</li> </ul>	<ul style="list-style-type: none"> <li>• Periodically during the year</li> <li>• Annual performance reviews are held</li> <li>• Periodically during the year</li> <li>• As and when required</li> </ul>
<b>Shareholders</b> 	<ul style="list-style-type: none"> <li>• Business and operations performance</li> <li>• Business strategy and outlook</li> </ul>	<ul style="list-style-type: none"> <li>• Release of financial results and other announcements and other relevant disclosures through SGXNet and QAF's website</li> <li>• Annual General Meeting</li> <li>• Extraordinary General Meeting, where necessary</li> <li>• Responding to questions raised through channel provided (info@qaf.com.sg)</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly results announcements</li> <li>• Publish annual report</li> <li>• An Annual General Meeting is held once a year</li> <li>• Extraordinary General Meetings are held as and when required</li> <li>• Ongoing as and when relevant questions/concerns are raised</li> </ul>
<b>Customers</b> 	<ul style="list-style-type: none"> <li>• Quality of products</li> <li>• Nutritional content of products</li> <li>• Use of trans-fat and GMO products</li> <li>• Availability/accessibility of products</li> <li>• Customer and business partner relationships</li> <li>• Consumer and community ethical concerns, market insight, market conditions, company development</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in interactive roadshows held in conjunction with health promotion campaigns or initiatives</li> <li>• Advertisements, and marketing and sales promotion activities</li> <li>• Interaction between brands and customers via websites and social media platforms</li> <li>• Customer surveys</li> <li>• Bakers Maison conducts business reviews and updates with key customers</li> <li>• Rivalea interacts with customers via formal and informal meetings and presentations</li> </ul>	<ul style="list-style-type: none"> <li>• Periodically during the year</li> <li>• Regular interaction throughout the year</li> <li>• Periodically during the year</li> <li>• Periodically during the year</li> </ul>

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Key Stakeholders	Key Topics & Concerns	Engagement Methods	Frequency of Engagement
<b>Suppliers and Business Partners</b> 	<ul style="list-style-type: none"> <li>• Supplier and business partner relationships</li> <li>• Quality of materials supplied</li> <li>• On-time delivery of products</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier meetings</li> <li>• Annual audits of production facilities</li> </ul>	<ul style="list-style-type: none"> <li>• Periodically during the year</li> </ul>
<b>Government and Regulators</b> 	<ul style="list-style-type: none"> <li>• Compliance with relevant rules and regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Routine and ongoing communication and collaboration</li> <li>• Compliance with mandatory reporting requirements</li> </ul>	<ul style="list-style-type: none"> <li>• As and when required</li> </ul>
<b>Local Communities</b> 	<ul style="list-style-type: none"> <li>• Promote healthier lifestyles and raise awareness for food nutrition</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in interactive roadshows held in conjunction with health promotion campaigns or initiatives</li> <li>• School health outreach activities</li> <li>• Educational tours of bread production facilities</li> </ul>	<ul style="list-style-type: none"> <li>• Periodically during the year</li> </ul>
<b>Industry Bodies</b> 	<ul style="list-style-type: none"> <li>• Short and long-term interests of the industry body groups</li> </ul>	<ul style="list-style-type: none"> <li>• Co-operation and/or collaboration with industry bodies and industry distribution channels such as Australian Pork Limited</li> </ul>	<ul style="list-style-type: none"> <li>• Periodically during the year</li> </ul>
<b>Animal Welfare Groups</b> 	<ul style="list-style-type: none"> <li>• Ethical treatment of animals</li> </ul>	<ul style="list-style-type: none"> <li>• Work with recognised animal welfare groups such as the Animal Welfare Science Centre to determine animal welfare program research strategies and direction</li> </ul>	<ul style="list-style-type: none"> <li>• Periodically during the year</li> </ul>

## SUSTAINABILITY REPORT

The QAF Group also has membership and involvement in industry organisations to participate in and contribute to the food industry. Some of the memberships and external initiatives the Group has been involved in are set out below:

### Membership and Involvement



- GS1 Singapore Council
- Singapore Manufacturers' Federation
- Singapore Business Federation
- Singapore Food Manufacturers' Association
- Singapore Bakery & Confectionary Trade Association
- Philippine Baking Industry Group
- Employers' Confederation of the Philippines
- Philippine Chamber of Commerce and Industry
- Philippine Chamber of Food Manufacturers
- Makati Business Club
- Management Association of the Philippines
- Filipino-Chinese Bakery Association Inc
- Wallace Business Forum
- European Chamber of Commerce
- People Management Association of the Philippines
- Australian Pork Limited
- Animal Welfare Science Centre
- Cooperative Research Centre for High Integrity Pork
- Australasian Pork Research Institute Ltd

### External Initiatives



- Australian Food and Grocery Council
- National Meat Industry Training Advisory Council Limited
- Workplace Enviro Australia
- SAI Global
- National Association of Testing Authority
- Australian Meat Industry Council
- Feed Ingredients & Additives Association
- Stockfeed Manufacturers Council

## MATERIALITY ASSESSMENT

For FY2018's reporting, we conducted a materiality review session to determine the continued relevance of our material ESG factors to our business and key stakeholders. The review was guided by the GRI Materiality Principle. Based on the materiality review session conducted with management and personnel of the relevant business units, we concluded that the five material ESG factors continue to be relevant to our business direction. We are committed to carrying out periodic review of our material ESG factors for relevance to our business and key stakeholder concerns. The table below shows the ESG factors and the corresponding GRI topics for each factor.

Material Factors	Materiality to QAF	GRI Topics
 Economic Sustainability	Our financial performance, and economic value generated and distributed.	GRI 201: Economic Performance
 Governance and Ethics	Our governance structure, ethics and integrity, and anti-corruption policies	GRI 205: Anti-corruption
 Product Responsibility	Product safety, hygiene and nutritional value	GRI: Customer Health and Safety
 Promoting Healthy Eating and Lifestyles	Catering to customers' varying nutritional needs and tastes, and spreading the benefits of a healthy diet and lifestyle	GRI: Healthy and Affordable Food
 Animal Welfare	Our commitment to the respectful and humane treatment of animals throughout their life cycle	GRI: Animal Welfare
 Protecting the Environment	More environmentally sustainable operations	GRI: Effluents and Waste GRI: Energy* GRI: Emissions*
 Enriching Communities	Contributing our resources towards the welfare of the less fortunate and fostering strong ties within the communities in which we operate	GRI: Local Communities*
 Our People	Investing in developing skills and capabilities of our workforce	GRI: Training and Education*

\*Non-material ESG topics

## REPORT STRUCTURE

This report has been organised to show how the five ESG topics are relevant to each of the businesses which form part of the report scope. The table below shows where such ESG topics are relevant to the respective businesses.

Material Factors	Bakery <sup>1</sup>	Primary Production <sup>2</sup>
Governance and Ethics		
Product Responsibility		
Promoting Healthy Eating and Lifestyles		
Animal Welfare		
Protecting the Environment		
Enriching Communities*		
Our People*		

<sup>1</sup> Bakery business covers the Gardenia (Singapore and Philippines) and Bakers Maison (Australia) brands.

<sup>2</sup> Primary Production business covers the Rivalea-owned brands.

\*Non-material ESG topics

## SUSTAINABILITY REPORT

### OUR FY2018 PERFORMANCE AT GLANCE Achievements Made Possible by Our Approach Towards Sustainability



#### Governance and Ethics

- The Group achieved zero confirmed incidents of corruption.



#### Promoting Healthy Eating and Lifestyles

- Gardenia participated in and conducted various health promotion initiatives in partnership with healthcare and community organisations in Singapore, the Philippines and, through its joint venture, Malaysia.
- To meet the needs of consumers for healthy products, Gardenia Singapore developed a new low GI loaf, the *Gardenia* Low GI Soft Grain Loaf and launched a new wholemeal loaf, *Gardenia* Brown Rice & Oat Soft Grain Loaf. It also improved the recipes of four Country Loaf breads by the addition of sourdough.
- Gardenia reached out to over 300,000 visitors through educational tours at our bakery plants in Singapore and the Philippines.



#### Product Responsibility

- For the Group's Bakery business<sup>1</sup>, approximately 85% of total production volume was manufactured in sites certified by an independent third party according to internationally recognised food safety management system standards.
- For the Group's Primary Production business, 100% of the total production volume was manufactured in sites certified by an independent third party according to internationally recognised food safety management system standards.



#### Animal Welfare

- Rivalea achieved zero incidents of significant non-compliance with the Australian laws and regulations related to transportation, handling, and slaughtering practices for live terrestrial animals.

## OUR FY2018 PERFORMANCE AT GLANCE

### Achievements Made Possible by Our Approach Towards Sustainability



#### Protecting the Environment

- The use of solar energy and various energy efficient measures in Bakers Maison's plants enabled it to reduce its energy consumption by approximately 20% in FY2018.
- Rivalea's new biogas generator was commissioned at the end of 2018.
- Rivalea achieved no incidents of non-compliance with the applicable regulations and wastewater requirements of the local authorities in respect to the water quality discharge.



#### Enriching Communities

- Gardenia Singapore sponsored two students from the Institute of Technical Education under the SkillsFuture Earn and Learn Programme to provide them with a head-start in careers related to their discipline of studies.
- Gardenia Philippines distributed over 16,000 loaves of bread to families affected by natural disasters in the Philippines under the Quick Response disaster relief program.



#### Our People

- Gardenia Singapore developed and implemented workplace learning systems in conjunction with Nanyang Polytechnic/National Centre of Excellence for Workplace Learning, bringing structured training to its plants.
- Gardenia Philippines sponsored two employees with Master's degree studies in 2018.
- Rivalea supported ten employees with Bachelor and post-graduate studies, and over 30 employees with nationally-accredited qualifications in 2018.

<sup>1</sup> This covers the Singapore, Philippines and Australia Bakery business, in line with the scope of our report. In FY2018, sites covered includes the Group's bakery plant in Johor, Malaysia.

## SUSTAINABILITY REPORT

### GOVERNANCE AND ETHICS

#### Conducting Our Business Ethically to Build Trust in Our Brands

Good corporate governance plays an important role in building and maintaining trust in our brands and business reputation. We recognise the benefits of having strong corporate governance with clear policies for our business.

The Group has a Whistleblowing Policy that provides an avenue for its employees and officers to raise, in confidence, concerns about actual or suspected improprieties on financial reporting, corruption, bribery, fraud and other matters, directly to the Chairman of the Audit and Risk Committee. Our corporate governance practices are guided by the Singapore Code of Corporate Governance and further information can be found in our Corporate Governance Report on pages 63 to 86.

#### ANTI-CORRUPTION

Material Factor	FY2018 Achievements	FY2019 Target
Anti-corruption 	Zero confirmed incidents of corruption based on internal audits conducted.  Established Group Code of Business Conduct.	Continue to maintain zero confirmed incidents of corruption.

QAF is opposed to fraud and corruption. In 2018, the Group adopted a Code of Business Conduct, achieving its 2017 target. The Code reiterates the Group's commitment to conducting business with integrity and good ethical standards, in compliance with applicable anti-bribery and anti-corruption laws. Corrupt practices could subject the Group and individuals concerned to criminal and civil liabilities. Importantly, the Group's reputation may be adversely affected and the confidence of material stakeholders eroded.

Some of our overseas subsidiaries additionally have policies specific to their operations and jurisdictions.

In the Philippines, Gardenia's Employee Code of Conduct sets out the expectations in relation to issues such as fraud or bribery and spot audits for compliance are carried out on all departments within the company. As a signatory to the Philippine Integrity Initiative program for the promotion of common ethical and acceptable integrity standards in the business community, suppliers to Gardenia in the Philippines also pledge to abide by the company's anti-corruption policies.

In Australia, Bakers Maison implements an Ethics Code, an Anti-corruption and Fraud Policy and Code of Conduct Policy in addition to the Group's Whistleblowing Policy.

Rivalea is in the process of preparing a whistleblowing policy which will be compliant with new Australian legislation.

## BAKERY BUSINESS

The Group's bakery business has made progress on its sustainability performance and achieved milestones that contributed positively to the environment and community. The Group through its *Gardenia* and *Bakers Maison* brands continues to be committed to manage and improve their sustainability performance through ongoing initiatives by these brands.

Material Factors	FY2018 Achievements	FY2019 Targets
<p><b>Product Responsibility</b></p> 	<p>For the Group's bakery business, approximately 85% of total production volume was manufactured in sites certified by an independent third party according to internationally recognised food safety management system standards<sup>1</sup>.</p> <p><i><sup>1</sup>This covers the Australia, Singapore and the Philippines Bakery businesses, in line with the scope of our report.</i></p>	<p>For the Group's bakery business, to at least maintain the FY2018 percentage.</p>
<p><b>Promoting Healthy Eating and Lifestyles</b></p> 	<p>The Group's Gardenia operations<sup>2</sup> conducted and participated in various activities which included health promotion activities, school health outreach and educational bread plant tours.</p> <p><i><sup>2</sup>This covers the Singapore and Philippines Bakery businesses only.</i></p>	<ul style="list-style-type: none"> <li>• Gardenia Singapore aims to develop more variants of healthier choice wholemeal products, conduct more promotions for wholemeal loaves, and participate in more outreach events to promote healthier eating.</li> <li>• Gardenia Philippines intends to develop healthier and more affordable bread offerings for the price-conscious mass market, expand the scope of its health promotion programs and initiatives to reach out to more individuals, and conduct educational plant tours at the Mindanao and North Luzon plants that promote healthy eating and lifestyles. It also intends to offer nutrition training programmes to employees to build/enhance their foundation of nutritional knowledge.</li> </ul>
<p><b>Protecting the Environment</b></p> 	<p>No incidents of non-compliance with the applicable regulations and wastewater requirements of the local authorities in respect to the water quality discharge.</p>	<p>To maintain no incidents of non-compliance with the applicable regulations and wastewater requirements of the local authorities in respect to the water quality discharge.</p>

## SUSTAINABILITY REPORT

### GARDENIA

#### PRODUCT RESPONSIBILITY

##### Our Commitment to Food Safety and Quality

Gardenia maintains high standards of safety and quality in the production of its products. It has strong programs to maintain its food safety, adopting international standards for food safety and quality control. Our bakery operations in Singapore and the Philippines comply with Good Manufacturing Practice ("GMP") hazard management procedures with a view to ensuring that products are produced consistently and controlled according to quality standards. They also meet the stringent requirements of the Hazard Analysis and Critical Control Point ("HACCP") international certification, an internationally recognised food safety management system. In addition, Gardenia's bakery plants and products in Singapore are certified Halal. HACCP standards are considered to be some of the best standards for maintaining food safety.

In 2018, Gardenia Singapore attained the ISO 22000:2005 certification for both its bakery plants. In recognition of its consistent high standards of food hygiene, sanitation and processing, Gardenia Singapore also achieved Grade A status in Food Safety Excellence Scheme under the Agri-Food & Veterinary Authority (AVA) for the 24<sup>th</sup> consecutive year. The Group's bakery plant in Johor has ISO 22000:2005 certification and has attained Halal certification for all its products.

In the Philippines, Gardenia's ISO certification was upgraded to ISO 9001:2015 Quality Management System in 2018. Gardenia Philippines has maintained its HACCP certification since 2003 and intends to maintain both the ISO and HACCP certifications. In 2018, the Gardenia plant at Laguna also obtained Halal certification when it was granted the Islamic Da'wah Council of the Philippines (IDCP) Halal Company Registration.

The Group's joint venture Gardenia operations in Malaysia has attained ISO 22000:2005 Food Safety Management System. It adheres strictly to the Halal requirements by the Department of Islamic Development Malaysia (JAKIM) and is included in JAKIM's White List.

Gardenia has also put in place mechanisms within its sourcing practices to only source from suppliers that meet its stringent supplier screening requirements. Gardenia Singapore engages with about 200 suppliers both locally and globally, including Singapore, Malaysia, Thailand and Europe. Gardenia Philippines regularly conducts supplier audits and site visits to its suppliers. The suppliers also undergo a stringent accreditation process. Upon delivery,

raw material inspection procedures are carried out to check for compliance with our product specifications and standards. Food and Microbial Analyses are carried out by external laboratories accredited by the Food and Drug Authorities (FDA), Philippines.

Training is also provided to employees on food safety standards.

##### Innovating and Developing Products High in Nutrition

The Group maintains laboratories that handle the development of new products that meet the demand of consumers, including nutritional values, shelf-life and sensory evaluation. They are also responsible for compliance of new products and ingredients with local food legislation, including labelling requirements, and initiating the Halal certification process. The laboratories are equipped to undertake bread quality assessment, packaging, and other quality control parameters, and for conducting basic microbiological testing.

To maintain food quality, the Group together with its Malaysian joint venture operations, has an in-house research and development division which currently employs a total of 30 persons, consisting of 9 professional staff, 6 laboratory technicians, 12 baking technologists and 3 support staff.

In support of the fight against diabetes, Gardenia was the first bakery in Singapore to produce a low GI bread in 2007, the *Gardenia* Low GI Nutri Multi-Grain Loaf, which is made of 12 types of whole grains. In May 2018, Gardenia Singapore developed a second low GI loaf, the *Gardenia* Low GI Soft Grain with a soft, easy-to-chew bread texture which is suitable for both diabetic and health-conscious consumers. The fine texture is achieved through the usage of barley flour, a key ingredient of the loaf. Barley's natural low GI value promotes slower digestion and absorption of carbohydrates, resulting in a slower release of glucose into the blood stream. The loaf also contains prebiotic and soluble fibre, Beta-Glucan, which is known to reduce bad cholesterol.

In mid-2018, Gardenia launched for the Singapore market, the *Gardenia* Brown Rice & Oat Soft Grain Loaf, a product that was designed for consumers who wish to enjoy the goodness and convenience of brown rice in loaf. The unpolished brown rice, with its bran layer and germ intact, is packed with nutrients and is higher in fibre in comparison to white rice. Brown rice grains are known to be hard to chew, but Gardenia overcame this and used finely milled brown rice to create this innovative loaf.

In 2018, Gardenia improved the recipes of the *Gardenia* Light Wholemeal Country Loaf, *Gardenia* Multigrain Country Loaf, *Gardenia* Purple Wheat, Spelt & Quinoa Country Loaf and *Gardenia* Walnut Country Loaf with the addition of sourdough. Sourdough promotes better digestibility of bread which aids the absorption of micro-nutrients such as minerals and vitamins.

For the enjoyment and convenience of busy and active consumers who are always on-the-go, 2 new variants of Wholemeal Cream Rolls were launched in 2018 – the *Gardenia* Enriched Banana & Chocolate Wholemeal Cream Roll and *Gardenia* Enriched Milk & Chocolate Wholemeal Cream Roll. The full range of cream rolls is specially created with Super Fine and Soft Wholemeal Flour and contains vitamins B1, B2 and B3.

Gardenia also displayed “*Low in Sugar*” and “*Low GI*” logos on the product packaging of selected healthier loaves. Products that are low in sugar contain less than 5g sugar per 100g loaf, while products that are low GI contain a GI value below 55. Gardenia has ten low in sugar white bread and wholemeal loaves to offer consumers in the Singapore market who seek healthier choices.



In the Philippines, Gardenia’s products are enriched with vitamins which exceed the minimum requirement set by the FDA and the Department of Health, such as folic acid, vitamin B1 and B2.

In Malaysia, our joint venture operations continue to promote the consumption of a high-fibre diet through its range of fibre-meal bread, which comprises five varying products during the year. Gardenia Malaysia is also working with the Malaysian Ministry of Health and the Federation of Malaysian Manufacturer (FMM) to set the nutrients criteria for a “*Healthier Choice*” logo for bread.

## PROMOTING HEALTHY EATING AND LIFESTYLES

### Making Our Products Accessible

Our Group, together with its joint venture, is a leading manufacturer and distributor of branded packaged bread in the region, with 16 bakery plants in five countries, Singapore, Philippines, Malaysia, China and Australia. Major distribution outlets include supermarkets, hypermarkets, convenience stores, mini marts, petrol kiosks, caterers, restaurants, hotels, hospitals, airlines and schools.

In Singapore, breads are distributed fresh from the oven by our fleet of over 180 vans and trucks and to more than 3,000 retail outlets in Singapore, and sold through about 280 bread vending machines. The bread vending machines are located in selected high-density residential areas, corporations and schools and provide customers with greater convenience and accessibility to Gardenia’s products. The daily-issued loaves and buns in the vending machines are replenished every day so that customers may enjoy freshly baked bread. *Gardenia* products are also sold online through e-retailers such as Redmart, Amazon and FairPrice Online. The online platforms serve as alternative sales channels while catering to the fast-paced lifestyle of today’s consumers.

In the Philippines, *Gardenia* products are widely distributed throughout the Luzon archipelago through its Laguna plant in northern Philippines while its Cebu plant in southern Philippines caters to the Visayas and Mindanao markets. Gardenia handles the direct distribution of bread and bakery products through retailers to achieve greater accessibility to fresh products. To meet the growing demand from consumers in the Philippines, Gardenia has set up new production plants in Mindanao and Luzon. The new bread plant in Cagayan de Oro caters to the Mindanao market.



Gardenia Singapore’s bread vending machine.

## SUSTAINABILITY REPORT

### Empowering Our Customers

As an industry leader, *Gardenia* is in a position to contribute to empowering its consumers to make healthier food choices and lead an active lifestyle. *Gardenia* actively participates in health promotion activities in Singapore, the Philippines and Malaysia to educate the public on nutrition, a balanced diet and healthy lifestyle.

#### Singapore

As Singapore's No. 1 Wholemeal Bread Brand, *Gardenia* actively promotes healthy eating and encourages Singaporeans to consume more wholegrains in their daily diets. *Gardenia*'s wholemeal and multi-grain range carries the "Healthier Choice Symbol" of the Health Promotion Board ("HPB") to help consumers make healthier food choices. With over 20% of its products certified as "Healthier Choice" by the HPB, *Gardenia* provides a diverse range of product offerings through a multi-brand approach which includes a lower-priced range of bread under the *Super Value* brand.

To promote awareness of its products, *Gardenia* held various initiatives during 2018, including partnering with healthcare organisations, launching health awareness campaigns and selling the products at discounted prices.

- During the year, *Gardenia* participated and conducted various health promotion initiatives in partnership with healthcare organisations such as the HPB, Singapore Heart Foundation, Diabetic Society of Singapore, Singapore Cancer Society and numerous hospitals to encourage event participants to consume more fibre. In support of World Osteoporosis Day, *Gardenia* also collaborated with Seng Kang General Hospital to sponsor *Gardenia* Hi Calcium Milk Bread and distributed educational leaflet to promote strong bone health. It also worked closely with numerous partners such as the People's Association and Singapore Kindness Movement to distribute wholemeal bread to the public, especially for family related events.
- *Gardenia* has been a supportive partner of the HPB in various nationwide health promotion initiatives since 1992. In 2018, *Gardenia* was the Gold Partner for HPB's nation-wide campaign "Eat, Drink, Shop Healthy" Challenge that ran from August to October. The campaign was to motivate consumers to make healthy choices by providing rewards and incentives. *Gardenia* supported the "Eat, Drink, Shop Healthy" nation-wide campaign by incorporating the campaign message on the packaging of *Gardenia* 100% Wholemeal Extra Soft & Fine Bread for a one-month duration. The message was also portrayed on *Gardenia*'s out-of-home, above-the-line and social media advertisements. As a Gold Partner, *Gardenia* participated in ten interactive roadshows at various

heartland supermarkets and shopping malls through product sampling and on-site games to educate consumers to select products with the Healthier Choice symbol.

- To encourage Singapore consumers to purchase healthier choice wholemeal products, *Gardenia* held numerous promotions in retail stores island-wide through the year. As part of *Gardenia*'s 40<sup>th</sup> anniversary, several 40-cents "price-off" promotions and premiums with purchase of wholemeal and multi-grain products were organised in retail stores. To reach out to more people, corporate order forms with 40-cent discounts off the prices of *Gardenia* Brown Rice & Oat Soft Grain Loaf, *Gardenia* Low GI Soft Grain Loaf, *Gardenia* Low GI Nutri Multi-Grain Loaf and *Gardenia* Fine Grain Wholemeal Loaf were distributed to many corporations in July 2018 to promote *Gardenia*'s wholemeal products to corporate employees.



*Gardenia* Singapore helps consumers make low GI choices at the "Eat, Drink, Shop Healthy" Challenge roadshow organised by the Health Promotion Board, Singapore.

SUSTAINABILITY REPORT

- Gardenia also worked closely with HPB and Diabetes Singapore to promote the importance of preventing diabetes through good diet. Gardenia sponsored numerous outreach events such as HPB's "Let's Beat Diabetes" Campaign and Diabetes Singapore's World Diabetes Day 2018 by promoting the benefits of its two low GI loaves to the public, with more than 8,500 loaves sponsored to the community in 2018. Gardenia also reached out to the ethnic community by participating in health-related events such as "Harmony Iftar 2018 @ Marine Parade Cluster" and Diabetes Health Forum organised by the Indian Muslim Social Service Association (IMSSA). In November, Gardenia helped advertise the World Diabetes Day event on its Gardenia Low GI Soft Grain Loaf and sponsored low GI bread and discount vouchers for the event.
- In support of the war against diabetes, Gardenia also supported the World Diabetes Day event, "The Family & Diabetes" organised by Diabetes Society of Singapore in November 2018 as the exclusive bread sponsor. Apart from promoting the diabetes message through above-the-line and social media publicity, Gardenia sponsored 1,500 loaves of Gardenia Low GI Nutri Multi-Grain bread and Gardenia non-woven bags to the public at the event. Gardenia Low GI Leaflets in the four major languages to reach out to a wider audience, and discount vouchers for Gardenia Low GI Soft Grain Loaf and Gardenia Low GI Nutri Multi-Grain Loaf were distributed at the event.
- In line with the Singapore government's national initiative to reduce Singaporeans' sugar intake, Gardenia also launched a Low in Sugar campaign from mid-July to October 2018 to feature its ten low in sugar loaves, comprising of Gardenia Enriched White Bread and several wholemeal and multi-grain loaves. These ten Low in Sugar Gardenia loaves contain less than 5g sugar per 100g loaf. The campaign encouraged consumers to make healthier and easier selections by identifying the Low in Sugar logo on the product packaging.
- To further promote Gardenia's Low in Sugar campaign directly to the households in Singapore, Gardenia collaborated with a supplier of cylinder Liquefied Petroleum Gas (LPG) to residential estates island-wide to distribute Gardenia Enriched White Bread together with the daily delivery of gas cylinders. The campaign lasted from November 2018 to January 2019 and reached close to 500 households daily. A total of approximately 40,500 loaves of Gardenia Enriched White Bread, together with a recipe leaflet educating consumers on Gardenia's full range of Low in Sugar loaves, were delivered to the households directly.



Gardenia Singapore at the "Harmony Iftar 2018 @ Marine Parade Cluster" health event organised by the Indian Muslim Social Service Association (IMSSA).



Gardenia Singapore's Low in Sugar campaign features ten Low in Sugar Gardenia loaves that contain less than 5g sugar per 100g loaf.

## SUSTAINABILITY REPORT

- Gardenia collaborated with retailer Sheng Siong on a packaging redemption campaign for their consumers. With every three packaging of the low in sugar *Gardenia* Enriched White Bread (400g), consumers were able to redeem a free loaf of *Gardenia* Enriched White Bread. In September 2018, Gardenia also held a SMS Lucky Draw where customers who submitted a receipt for the purchase of any *Gardenia* Enriched White Bread (300g, 400g, 600g) through SMS, stood a chance to win a coffee machine and unsweetened coffee capsules.
- In support of World Diabetes Day, Gardenia also launched a retail promotion for its two low GI breads with various retailers. Customers who purchased the *Gardenia* Low GI Nutri Multi-Grain Loaf or Low GI Soft Grain Loaf received a limited-edition *Gardenia* sandwich box.
- To further promote the benefits of the *Gardenia* Low GI Nutri Multi-Grain Loaf and *Gardenia* Low GI Soft Grain Loaf, Gardenia collaborated with retailer Giant Hypermarket to provide 40 cents savings vouchers to more than 4,000 consumers during roadshows and events.
- In addition to in-store publicity, *Gardenia* promoted the low in sugar message through newspaper advertisements, radio channels, out-of-home advertisements, in-train advertisement panels, social media and health-related community events.

### Philippines

- The Nutrition and Wellness team of Gardenia in the Philippines continued its Corporate Wellness Campaign and Supermarket Wellness Camp programs to reach out to the office, household and shopper communities. The Nutrition and Wellness team provided free nutrition counselling on health and wellness, diet prescriptions and bread samples to over 145,000 office workers in 2018.



The Gardenia Malaysia booth at the Nutrition Month Malaysia 2018 health carnival, “Your Only Choice: Eat Healthy & Be Active”.

- Gardenia also rolled out a campaign called “Nutrition and Proper Hygiene for a Better Future” in partnership with the Philippines Red Cross and Department of Education to promote proper hand washing and healthy eating habits. The campaign aims to reach out to 15,000 elementary students for the 2018-2019 school year across 18 public schools in Sta. Rose, Laguna.

### Malaysia

- In Malaysia, the Group’s joint venture, co-sponsored a Nutrition Month Malaysia (“NMM”) 2018 health carnival, “Your Only Choice: Eat Healthy & Be Active”, organised in partnership with the Nutrition Society of Malaysia, Malaysian Dietitians’ Association and the Malaysian Association for the Study of Obesity. NMM advocates healthy lifestyle practices to prevent non-communicable diseases and nutritional disorders.
- Gardenia Malaysia sponsored its Canadian Purple Wheat Low GI bread for activities organised by government/private hospitals and health clinics in its effort to increase fibre intake amongst Malaysians and to educate families on the health benefits of consuming a low GI diet. Some of the programs involved educating children with Type 1 diabetes to take control of their diet, as well as the distribution of wholegrain bread in conjunction with World Diabetes Day.
- To enforce the importance of breakfast, Gardenia Malaysia partnered a renowned beverage brand to instil the breakfast habit in Malaysians. More than 88,000 runners and visitors at the fun-filled carnival got to enjoy *Gardenia* products for breakfast.



Gardenia Malaysia spreads the importance of eating breakfast at a Breakfast Day carnival held in collaboration with a renowned beverage brand.

## Reaching Out to Schools

### Singapore

- To bring the message of healthy eating to the young, Gardenia worked closely with the HPB to promote the “Let’s Beat Diabetes” Campaign in schools. In an effort to stop and reverse diabetes, HPB is reaching out to the younger population to spread awareness of preventing pre-diabetes. Gardenia sponsored 450 loaves of *Gardenia* Low GI Soft Grain bread to students and teachers of the Institute of Technical Education (“ITE”) Headquarters who had completed a Diabetes Risk Assessment to determine if they were at risk of Type 2 diabetes. Leaflets featuring the benefits of low GI bread were also distributed as part of the educational outreach.



Gardenia Philippines’ School Nutri-Tour program promotes nutrition and wellness to schoolchildren in the Philippines.

### Philippines

- In the Philippines, Gardenia continued its efforts to help malnourished students of public elementary schools to improve their nutritional conditions through its regular feeding activity called the Nutrition Assistance Program. It donated bread loaves to about 1,100 elementary students in selected schools in Binan, Laguna. At the end of one school year under the Program, and combined with an active lifestyle, it is expected that students will have improved their nutritional status.



Gardenia Singapore’s educational outreach on the prevention of pre-diabetes at ITE Headquarters, Singapore.

- Gardenia’s School Nutri-Tour program promotes nutrition and wellness among public and private school students. It is a half-day activity that focuses on nutrition education, sandwich recipe demonstration, entertainment activities and bread sampling. In 2018, some 170,000 schoolchildren benefitted from this program.
- Gardenia continued its nutrition and sanitation campaign in partnership with the Philippine Red Cross – Laguna Chapter. The partnership program promotes proper hand washing and healthy eating habits to elementary school students. Approximately 38,000 elementary schoolchildren in 69 schools in Calamba and Binan, Laguna attended the program.

### Malaysia

- Gardenia Malaysia supported a program, “*Chef Cilik*” (Junior Chef), a cooking workshop for children organised by nutritionists and dietitians from the University Kebangsaan Malaysia for the second year. This interactive program teaches children basic food preparation skills while educating them on the benefits of a healthy diet in a fun manner.
- To encourage healthy eating habits, Gardenia collaborated with the Department of Nutrition & Dietetics, Faculty of Medicine & Health Science of University Putra Malaysia in a program called “*Young Nutrition Ambassador Camp*”. The objective of the program was to teach nutrition and healthy lifestyles to children aged 10 and 11 years old. A series of interactive activities provided opportunities for the children to apply the knowledge learnt in their daily activities. At the end of the program, the participants were encouraged to act as “*Nutrition Ambassadors*” by sharing their knowledge of nutrition with their friends and family members. Gardenia supported the program through sponsorship of goodie bags for participants.



Young people learn the benefits of a healthy diet at the “*Chef Cilik*” cooking workshop organised by University Kebangsaan Malaysia and supported by Gardenia Malaysia.

## SUSTAINABILITY REPORT

### Educating Through Bread Plant Tours

Gardenia believes that education is an ongoing learning journey. Gardenia bakery plants offer free tours to visitors as outreach to the larger community.

Visitors to the daily free educational tours at the Gardenia Singapore plant learn about bread production process and the importance of eating wholegrains for a healthy diet. They are also treated to sampling *Gardenia* products during the tour. Visitors include students, youths and the elderly.

In the Philippines, the Gardenia plant in Laguna accommodated over 300,000 visitors in 2018. The Gardenia Philippines team integrated discussions on healthy eating habits and hygienic practices, values enhancement activities, sandwich-making demonstrations and entertainment programs to make the educational tour program more appealing and relevant to visitors.

The Gardenia Malaysia plant welcomed more than 40,000 visitors from all walks of life and they had the opportunity to view how bread, cream rolls and waffles are produced. It also organised a special visit for a group of senior officers from the Ministry of Domestic Trade and Consumer Affairs to its plant. The visit has established better understanding and further enhanced the relationship between Gardenia and the authority.

## PROTECTING THE ENVIRONMENT

### Managing Our Effluents

In Singapore, Gardenia's production plants are located in one of Singapore's designated food zones and as such, all the wastewater discharge is handled by the Public Utilities Board ("PUB"). Gardenia operates two production plants that discharge wastewater to the sewer network that leads to the water reclamation plants managed by PUB. Both the production plants discharge a total monthly average of approximately 3391 cubic metres. The wastewater is treated to meet international standards which is safe to be returned to nature. A portion of the treated water is channelled to a separate treatment system at the NEWater Plant and the remaining is channelled to the sea.

In the Philippines, Self-Monitoring Report and Compliance Monitoring Report is submitted by Gardenia on a quarterly and semi-annually basis, in accordance with requirements of the Department of Environment. Gardenia also monitors the effluents by conducting monthly laboratory testing for pH value, discharge temperature, colour, oil and grease, Biological Oxygen Demand, Chemical Oxygen Demand and Total Suspended Solids to ensure that the effluents meet the water quality standards.

### Managing Our Energy and Resources

Gardenia Singapore and Philippines use liquefied petroleum gas for the main ovens for the baking processes. Gardenia Singapore and Philippines own delivery trucks and maintain the trucks on a regular basis to ensure the trucks are running in good condition and are fuel efficient to reduce air pollution and greenhouse gas emissions.

The Johor plant uses solar power for compound lighting. Currently, there are 38 units of solar powered lights and the plant is exploring the potential of installing more solar powered lights. As part of its water conservation effort, the plant has a rainwater harvesting system onsite which collects rainwater for non-potable purposes such as urinals, water closet flushing system and general cleaning. There are three rainwater harvesting tanks on site that collectively store 48 cubic metres of rainwater.

The Group's joint venture operations, Gardenia Malaysia, embarked on an energy saving project in 2018. The Bukit Kemuning bakery plant uses the wasted heat generated from the cooling towers to produce hot water. The hot water is then used to clean the machines within the bakery plant. As part of its Green Energy initiative, Gardenia Malaysia also invested in energy saving devices. The devices are incorporated into the air compressor systems to reduce energy consumption. As a result, the plant has managed to reduce 10% of its energy consumption. The use of energy efficient LED lighting in its Puchong bakery plant has also led to the reduction of energy consumption at its production floor by approximately 60%.

### Managing Our Waste

Gardenia Singapore is a signatory to the Singapore Packaging Agreement and seeks to reduce its packaging wastes through product development. The company works with the packaging vendor to optimise the packaging micron size while ensuring the packaging does not compromise the quality of its bread. Gardenia Singapore also practices recycling for its bread and plastic packaging. Return and cripple bread are collected and sold as animal feed. Bread packaging is sold to a plastic recycling centre for recycling into trash bags.

Gardenia also encourages consumers to reduce the use of plastic bags. During the year, it gave away reusable shopping bags and sandwich boxes at various retail outlets in Singapore. The reusable shopping bags are also sold from Gardenia's vending machines in Singapore.



Gardenia Singapore encourages consumers to reduce the use of plastic bags by giving away reusable shopping bags.

## ENRICHING COMMUNITIES

### Growing Together with Our Communities

Gardenia is a well-known household name and it capitalises on its high brand visibility to actively support community initiatives that foster a kind and caring society. Annually, the Group gives back to society through its support of a range of philanthropic, community and charitable causes.

#### Singapore

Gardenia Singapore had established the Gardenia Bursary in 2017 involving the pledge of a gift of \$100,000 each to the National University of Singapore Faculty of Science, and Nanyang Technological University's School of Mechanical and Aerospace Engineering and School of Biological Sciences, Food Science and Technology Programme. The Gardenia Bursary seeks to help talented students achieve their educational and career aspirations and is awarded over a period of five years. Accordingly, in FY2018, the relevant amounts under these bursaries were disbursed to the award recipients.

As part of Gardenia's efforts to reach out to the younger generation, the company sponsored two students from ITE under the SkillsFuture Earn and Learn Programme (ELP) to provide them with a head-start in careers related to their discipline of studies. The ELP is a work-learn programme that provides fresh graduates from polytechnics and the ITE with more opportunities, after graduation, to build on the skills and knowledge acquired in school and better support their transition into the workforce. The two students were engaged as Production Co-ordinators for an 18-month on-the-job training stint to nurture their skills and knowledge of the consumer food industry.



Bread loaves donated by Gardenia Philippines are distributed to the needy in Balo-i, Lanao del Norte, Mindanao, through the Joint Task Force Tabang and 2nd Mechanized Infantry Brigade under Gardenia's "Daily Bread" program.

To celebrate Singapore's 53rd birthday, Gardenia pledged a total of 45,000 pieces of *Gardenia* Wholemeal Cream Rolls as a co-partner for the National Day Parade ("NDP") 2018. The *Gardenia* Cream Rolls were distributed to show appreciation to the participants and helpers during the NDP 2018 practice sessions at the Floating Platform, including the actual day event on National Day.

In conjunction with World Bread Day 2018, Gardenia collaborated with the Land Transport Authority and Singapore Kindness Movement in October 2018 to encourage Singaporeans to show appreciation to public transport workers in the bus and rail sectors. A total of 9,000 *Gardenia* cream rolls were distributed at Bishan, Jurong East and Punggol bus interchanges and train stations to the public transport workers, as well as to the public who penned appreciation messages to the public transport workers. In appreciation of its kindness outreach efforts, Gardenia was awarded a certificate by the Singapore Kindness Movement during their 21<sup>st</sup> Anniversary celebrations in 2018.

In 2018, Gardenia Singapore continued its collaboration with the Rotary Club of Singapore North to distribute heavily subsidised white and wholemeal bread loaves to less fortunate families living in the Teck Ghee area on a weekly basis.

#### Philippines

Gardenia Philippines is a staunch advocate of social development and regularly contributes its resources for the welfare of the Filipinos. In 2018, Gardenia donated more than 13,000 loaves of bread weekly to about 60 organizations through its "Daily Bread" program. The program aims to help improve the nutritional condition of the beneficiaries and help sustain food needs. Apart from these regular donations, Gardenia also distributed 5,000 bread loaves a month to communities in need.

## SUSTAINABILITY REPORT



Gardenia Philippines distributes bread loaves to victims of a fire in Metro Manila under the *Quick Response* disaster relief program.

Gardenia Philippines is at the forefront of responding to affected families and communities in times of disasters and natural calamities. Under the *Quick Response* disaster relief program, over 8,000 loaves of bread were distributed to about 5,000 families affected by 17 fire disasters during the 2018 hot season. Gardenia also donated some 16,000 loaves of bread to families affected by volcanic eruption and typhoons in 2018.

During the year, Gardenia celebrated Beneficiaries Day with children from Reception and Study Center for Children, Pampanga, and Asilo de San Vicente de Paul, Manila. Gardenia volunteers took the children on a tour of the Gardenia plant and entertained them with exciting games and mascot appearances.

During the National Children's Month in November 2018, Gardenia visited the Southville Community in Calauan, Laguna where about 250 children participated and benefitted from the outreach activity.

In 2018, Gardenia Philippines' employees volunteered in a partnership program with the Department of Environment and Natural Resources – Provincial Environment and Natural Resources Office Laguna for a tree-planting activity in Cavinti, Laguna to plant 2,000 seedlings. Gardenia Philippines also joined Meralco's Mpower community tree planting activity.

### Malaysia

In 2018, Gardenia Malaysia donated more than 250,000 units of bread and bakery products to more than 65 charity homes, including old folks' homes, children's homes and shelters. This charitable initiative was started in 1992 with 8 charity homes. Gardenia Malaysia also continues to provide breakfast to 350 under-privileged students in several schools in Kuala Lumpur and Selangor.



Children from Asilo de San Vicente de Paul, Manila, enjoy a fun-filled day at the Gardenia Philippines bread plant on Beneficiaries Day.

SUSTAINABILITY REPORT

In conjunction with World Bread Day, Gardenia Malaysia organised a campaign, the “*Gardenia World Bread Day Campaign*”, to promote the spirit of giving. Consumers were encouraged to join the campaign by uploading a photograph of their *Gardenia* loaf purchase receipt to the official *Gardenia* Facebook page and selecting the recipient charity homes of their choice. For every loaf purchased, Gardenia Malaysia contributed ten loaves to the selected homes. The campaign raised 20,000 loaves of bread for 20 charity homes to partially fulfil the requests from the underprivileged in various parts of Malaysia. The free breads were distributed to the charity homes over a period of 6 months. Besides bread contribution, Gardenia Malaysia also added 1000 tubs of kaya as complementary spread for a tasty and hearty breakfast meal.



Gardenia Malaysia distributing free bread loaves to one of 20 charity homes under its “*Gardenia World Bread Day Campaign*” to promote the spirit of giving.

Gardenia Malaysia donated more than 500 school bags to children from villages, low cost housing, single parents and ‘Orang Asli’ through Malaysia Consumer Protection Association (Johor) and The Social Welfare Department (Selangor). The Gardenia “*Bag-To-School*” annual program helped families to defray their back-to-school expenses.

During the year, Gardenia Malaysia also supported various charitable causes and the homeless with product donations.

**OUR PEOPLE**

**Investing in Our People to Strengthen Our Workforce**

Gardenia believes in equipping its employees with the right skills and work experience. A competent and dynamic workforce enables Gardenia to retain its competitive edge and market leadership within the region.

**Training and Education**

Gardenia Singapore offers various career development programs that enable its employees to enhance their skills and capabilities to meet the changing needs of the business and to upgrade their skills through local training for employees. The Gardenia Singapore operations follow a stringent set of standard operating procedures with the objective of ensuring that products and production processes comply with the relevant regulations and quality standards. Its employees are regularly sent for training courses in food safety, especially for courses related to ISO 22000 certification. To deepen workplace learning, Gardenia Singapore worked with the National Centre for Excellence for Workplace Learning (“NACE”) to develop structured training plans. Gardenia’s efforts were noted in Parliament by the Senior Minister of State for Ministry of Education in the context of the topic of building business transformation through skills upgrading for workers. The working hours of employees make attendance at external training challenging.



Gardenia Malaysia donates school bags to underprivileged children under its “*Bag-to-School*” annual program.

## SUSTAINABILITY REPORT

Gardenia Singapore worked with NACE to develop a workplace learning blueprint which looks to bringing training to employees within its plants. Gardenia Singapore has also implemented structured training for its production co-ordinators under work-learn programmes.

In the Philippines, Gardenia sponsored two employees with Master's degree studies in 2018.

### Health & Safety and Wellbeing

In Singapore, Gardenia continues to provide complimentary transportation, meals, and a loaf of fresh bread daily to all employees to help to defray the costs of living. On special occasions, special loaves such as the premium *Gardenia* Fruit & Nut Loaves or mini hampers are distributed to employees.

In the Philippines, Wellness Week programs were conducted for the employees of Gardenia Philippines. Activities included lectures on obesity, urinary tract infection, musculoskeletal strain, family planning, pneumonia, hypertension and anaemia. Blood donation activities, in partnership with Asian Hospital and Medical Center and the Philippine Red Cross, were also held during the Wellness Week. To intensify health promotion, employees enjoyed complimentary regular Zumba sessions. Talks on financial wellness taught employees about different savings and investment strategies.

## BAKERS MAISON

### PRODUCT RESPONSIBILITY

#### Our Commitment to Food Safety and Quality

Bakers Maison is committed to delivering safe and high quality products. Bakers Maison is both HACCP and Safe Quality Food ("SQF") Version 8, certified to the highest available level. Bakers Maison has also obtained Halal certification for most of its products by the Australian Federation of Islamic Councils Incorporated, Australia's National Islamic Organisation. The operations apply the GMP hazard management procedures.

Bakers Maison practices stringent internal quality control and regular product checks to maintain the high standards through its Quality Assurance team. The following practices are also in place to maintain the quality expected of its products:

- Annual audit by SQF certifying body
- Annual audit by HACCP certifying body
- Annual audits from key customers

### Innovating and Developing Products High in Nutrition

Bakers Maison's products use only natural, mostly Australian ingredients and contain no added sugar or preservatives. Selected items of the products are high in fibre and gluten free. The breads also have no added artificial flavours. In 2018, the Gluten Free manufacturing section was certified by the Coeliac Association.



Gluten Free muffins from Bakers Maison Australia.

### PROMOTING HEALTHY EATING AND LIFESTYLES

#### Making Our Products Accessible

In Australia, Bakers Maison distributes its products throughout the country as far as Tasmania, Western Australia and the Northern Territories using third party transport companies. Bakers Maison leverages on its frozen bakery products with the goal that customers will have access to freshly-baked breads and pastries. Frozen products remain fresher for longer periods and allow customers to consume fresh, quality and tasty products as required. Frozen products also reduce the need for frequent deliveries, reducing impact on the environment.

### PROTECTING THE ENVIRONMENT

#### Managing Our Effluents

Bakers Maison's environmental policy reinforces the business's commitment to improve and review its environmental performance by setting targets to reduce the use of resources and pollution prevention. The company's environmental action plan is regularly reviewed and acts as a prompt when identifying environmental aspects and impacts on the site.

Bakers Maison's wastewater discharge complies with the Sydney Water Board regulations. Wastewater is discharged through grease traps before going into the sewer. Bakers Maison undertakes inspection and cleaning of grease trap every quarter.

### Managing Our Energy and Resources

Bakers Maison monitors its carbon footprint. In addition to the solar panels installed on the roof of its main production facility, the new extension, completed in 2017, was designed to be highly energy efficient and 'green rated'. It has approximately 1,100 square metres of solar panels that are able to generate 200kVA of energy.

The entire solar panel system generates enough power to cover over 15% of Bakers Maison's electricity requirements. The solar panel system, together with other energy saving measures such as sensor-activated LED lighting that automatically switches off lights when there is no activity, and the use of natural gas in its ovens, has enabled Bakers Maison to reduce its energy consumption by approximately 20% in FY2018.

Bakers Maison sources approximately 90% of its raw materials locally. It believes that this practice indirectly reduces carbon emissions through the transportation of raw materials for the business.

### Managing Our Waste

Bakers Maison seeks to adopt waste minimisation practices. It tries to reduce cardboard waste during bulk packaging of its products but at present it appears that there are limited avenues to innovate bulk packaging. As part of its ongoing waste management initiative, Bakers Maison continues to support local farmers with regular donations of edible waste from production, which are then mixed with grains and recycled into animal feed.

## ENRICHING COMMUNITIES

### Growing Together with Our Communities

Bakers Maison actively seeks opportunities to contribute to the wellbeing of the communities in which it operates.

Bakers Maison helped to raise funds for Australian farmers and their families as they battled some of the worst drought conditions seen in decades. Through Bakers Maison retail stores, Bakers Maison donated 5 cents for every \$1 of bakery items sold, to the Australian Red Cross Disaster Relief and Recovery Appeal.



Solar panels installed on the rooftops of Bakers Masion's production facilities in Australia.

## SUSTAINABILITY REPORT

Bakers Maison also partnered with “*Youth off the Streets*” in an educational sponsorship program that provides the necessary financial support to see a student through his studies, to his chosen career path. “*Youth off the Streets*” is a community organisation that helps disadvantaged young people get back on their feet.

Bakers Maison also continued to support Foodbank with product donations. Foodbank is a central distributor of food items to charities in New South Wales.

In support of White Ribbon Australia’s campaign against domestic violence, staff of Bakers Maison participated in the “*Strong Men Pull Their Weight*” Canterbury Bankstown White Ribbon Tug O ‘War Cup in November 2018. Bakers Maison’s staff also supported the campaign by taking the pledge to speak up against domestic violence.

### OUR PEOPLE

#### Investing in Our People to Strengthen Our Workforce

The business recognises that the skills and capabilities of its employees are key to its long-term success. Bakers Maison values its employees and provides learning and development opportunities to realise their potential. The learning and development opportunities can be broadly categorised into technical skills, compliance and development.

In 2018, Bakers Maison conducted a series of presentations for its production employees on bullying, harassment and discrimination. The presentations were put on in response to the “*me 2 movement*” against sexual harassment and assault to raise awareness, preventative actions in the workplace and reinforce Bakers Maison’s Code of Conduct and shared values.

#### Health & Safety and Wellbeing

To encourage health and safety, Bakers Maison implemented a new and improved Work Health & Safety (“WHS”) management system that included new eye wash stations, increased emergency lighting, additional safety signage, improved chemical management and storage areas. It also revised the site emergency management plan and risk management processes.

A contractor induction booklet and checklist was issued to new and existing contractors working at Bakers Maison’s premises. This induction booklet contains pertinent information on site work health and safety as well as contractor specific requirements they need to be met prior to commencing work on site.



Staff of Bakers Maison participate in the “*Strong Men Pull Their Weight*” Canterbury Bankstown White Ribbon Tug O ‘War Cup in support of White Ribbon Australia’s campaign against domestic violence.

SUSTAINABILITY REPORT

The company also revised its visitor admittance policy and introduced an electronic sign-in system to keep accurate records of all visitors and contractors to the site. A new transport management plan managed traffic risks at the workplace together with a revised incident investigation and injury management procedure.

To promote health and wellbeing, all Bakers Maison's employees were given the opportunity to receive free influenza vaccination before the start of winter. A medical practitioner came on-site to provide information to employees and give the vaccinations.

Bakers Maison celebrated cultural diversity in July 2018 during the Company's annual Harmony Day event. This is a day of cultural respect for everyone who calls Australia home, promoting harmony and social cohesion. Employees brought a dish from their home countries to share with colleagues. Held every year on 21 March in Australia, Harmony Day coincides with the United Nations International Day for the Elimination of Racial Discrimination.



Staff of Bakers Maison celebrate their cultural diversity at the annual Harmony Day event in Australia.

## PRIMARY PRODUCTION

The Group's Primary Production business has achieved notable progress on its sustainability performance in 2018. Rivalea, the Group's primary production brand has been working on a number of programs targeting animal welfare and managing the use of energy in 2018. Rivalea is also committed to being a responsible corporate citizen to drive positive impacts for the community.

Material Factors	FY2018 Achievements	FY2019 Targets
<b>Product Responsibility</b> 	100% of the total production volume was manufactured in sites certified by an independent third party according to internationally recognised food safety management system standards.	Maintain FY2018 performance
<b>Animal Welfare</b> 	Zero incidents of significant non-compliance with Australian laws and regulations related to transportation, handling, and slaughtering practices for live terrestrial animals.	Maintain FY2018 performance
<b>Protecting the Environment</b> 	No incidents of non-compliance with the applicable regulations and wastewater requirements of the local authorities in respect to the water quality discharge*	Maintain FY2018 performance

\* Applicable to the wastewater treatment plant at Victoria

## SUSTAINABILITY REPORT

***Rivalea has farm biosecurity policies and procedures, including strict employee and visitor quarantine policies regarding entry into its farms, biosecurity protocols prior to entering farms and barriers to entry around the farms.***

### RIVALEA

#### PRODUCT RESPONSIBILITY

##### Our Commitment to Food Safety and Quality

Rivalea sources grain and raw materials to produce stockfeed for its own pork production as well as supply to other farmers, retailers and feedmills. To produce quality pork and stockfeed, Rivalea sources high quality raw materials. A large proportion of grain that Rivalea uses is sourced directly from local growers with the balance acquired from small and large trading agents. Other raw materials are either sourced locally such as legume grains and by-products or imported such as soy bean meal.



High quality pelleted stockfeed.

As a pork producer, Rivalea possesses Export Registered Establishment, SQF 2000, Australian Livestock Animal Welfare Certification, Australian Pork Industry Quality Assurance Program, HACCP and GMP certification under the BSI Food Safety Management System and FeedSafe accreditations. As a supplier of pork, Rivalea also has accreditations with many of Australia's leading supermarket chains. Rivalea also maintains its own pork processing plants and boning facilities which leverage on technology to achieve better quality carcasses and meat cuts and

meat packaging at high hygiene and sanitation standards. Rivalea has a team of food safety and quality assurance officers to conduct daily inspection and sampling of both products and equipment to comply with food safety and customer standards. The samples are evaluated at Rivalea's on-site microbiology laboratory accredited with the National Association of Testing Authorities.

Rivalea successfully maintained 100% of its production volume manufactured in certified sites in 2018.

The outbreak and spread of ASF in Asia and Europe is a significant concern for the Australian pork industry. Earlier in 2019, Australia's biosecurity authorities detected ASF in seized meat products at its international border. Australia has strict national biosecurity laws and isolation. Rivalea has farm biosecurity policies and procedures, including strict employee and visitor quarantine policies regarding entry into its farms, biosecurity protocols prior to entering farms and barriers to entry around the farms. Rivalea's business is not affected by ASF, but the company remains vigilant and has taken steps to implement additional measures under its biosecurity measures to protect its business. To reduce the risk of infection from contaminated pork on a Rivalea farm, no pork products are permitted to be brought into any Rivalea farm quarantine areas. The pork ban also extends to Rivalea feedmill sites. Rivalea works closely with the Australian pork industry association, APL, and Rivalea's veterinary expert, Dr Regina Fogarty, is a key reference person of the APL as a source of information and assistance in the evaluation of biosecurity risks. Under Australian government agreements, ASF is a Category 3 emergency animal disease in the Government and Livestock Industry Cost Sharing Deed in Respect of Emergency Animal Disease Responses (EADRA) (2002). This means that arrangements are in place to fund the costs of managing the disease during any outbreak.

#### ANIMAL WELFARE

##### Treating Our Animals Ethically Through Best Practices and Leadership

Rivalea commits to "caring for every animal, every day" and sets up systems and practices that deliver high standards of welfare for its animals.

Being a proactive leader in the Australian pork industry, Rivalea works with customers, animal welfare groups, industry bodies, universities and community to determine animal welfare program research strategies and direction, conduct research product recommendations and establish

## SUSTAINABILITY REPORT

best practices. Rivalea also has involvement in APL, AWSC (Animal Welfare Science Centre), the Pork CRC (Cooperative Research Centre for High Integrity Pork), APRIL (Australasian Pork Research Institute Ltd) and the Victorian and New South Wales Farmers Federations.

Rivalea continues its best practice and leadership in animal welfare in 2018, including:

- Removed all gestation stalls and is 100% Gestation Stall Free accredited under APIQ (Australian Pork Industry Quality Assurance Program), with pregnant sows accommodated in social groups which enable them to move freely and perform natural social behaviours.
- Conducted experiments in areas of housing environmental enrichment, reduced confinement sow housing, lactation, improving piglet survival in free range systems, ecoshelter (group housed, bedded housing) systems, outdoor areas for pigs, welfare assessment, improving positive affective state of pigs, humane euthanasia and CO<sub>2</sub> stunning.
- Developed low confinement sow, loose farrowing pen systems and implementing a commercial shed of loose farrowing systems.
- Investigated indoor group housed, deep-bedded housing system designs that eliminate the need for additional energy for heating (gas).
- Implemented enrichment programs on all farms to enhance sow welfare (by encouraging positive, natural animal behaviour). By 2020, all Rivalea sows will have access to environmental enrichment for part of their breeding cycle.
- Supported a “*Treat Program*” which uses small edible cubes as “treats” to further foster positive interactions between Rivalea stockpeople and its pigs.
- Investigated impacts of positive human interactions (i.e. positive contact through patting sows and talking quietly) on sow welfare and reproductive performance and developing novel measures of assessing welfare and positive state in pigs.
- Consulted with experts to develop best practice systems at its pork processing plants.

- Implemented group stunning system at Diamond Valley Plant abattoir to reduce animal handling and minimise stress prior to slaughter.

Rivalea continues to operate one of the largest private research and innovation groups in the Australian pig industry. The research areas include animal welfare, veterinary science, food safety and new product development. Rivalea continues to contribute to the industry by publishing the research outcomes in scientific publications, industry publications and at national and international conferences.

Continuing the efforts and achievements in 2017, Rivalea rolled out an internationally recognised stockperson training program, “*ProHand*”, in 2018. The training program focuses on teaching and promoting positive animal handling techniques and improving human interactions.

In 2018, Rivalea awarded two employees as winners of the Annual Animal Welfare Champions under the Welfare Awards Program which is in line with its Guiding Principles for Animal Welfare developed in 2017. The program is intended to recognise achievements of employees who actively support animal welfare.

## PROTECTING THE ENVIRONMENT

### Managing Our Effluents

Rivalea employs an Environmental Team to oversee its formal Environmental Management System, managing compliance with environmental laws and regulations, identifying and managing environmental risks and energy generation and advising operational groups on key issues. All key environmental indicators along with resource use such as energy and water system are recorded and analysed by the Environmental Management Team to identify any problems or opportunities to manage environmental resources more effectively.

In Rivalea’s piggeries, wastewater is treated biologically via its wastewater treatment system (typically in anaerobic and aerobic lagoons). After treatment, the wastewater is either evaporated or diluted to allow disposal by irrigation onto agricultural land (either owned by Rivalea or third parties). At the processing plant in Victoria, wastewater is collected and pre-treated onsite using a Dissolved Air Flotation (“DAF”) process which clarifies the water and removes suspended material such as solids (sludge) and oil. The sludge from the DAF is disposed of as prescribed waste and is transported offsite to be processed at a dedicated compost facility.

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The water is then pumped from the site and discharged to the sewer in line with the Trade Waste Agreement with local water authority. Rivalea's farm at Corowa uses treated water to grow crops, which are either used in its operations or sold to other farmers. Rivalea monitors the quality and volume of wastewater that it irrigates onto agricultural land, as well as the capability of the irrigation sites and the resulting nutrient application rates.

### Managing Our Energy

Rivalea has two biogas collection facilities that capture and burn methane generated from its farming operations. In the second half of 2017, Rivalea secured a second seven-year contract for delivery of 240,000 Australian Carbon Credit Units, to be generated from a new biogas project to be commissioned in 2019. The new lagoon excavation, covering and associated works is expected to be completed in Q2 2019, with the delivery and commissioning of the third generator and project completion expected by the end of Q2 2019.

### Managing Our Waste

Rivalea is a signatory to the Australian Packaging Covenant ("APC"). The APC is a sustainable packaging initiative which aims to change the culture of business to design more sustainable packaging, increase recycling rates and reduce packaging waste.

## ENRICHING COMMUNITIES

### Growing Together with Our Communities

Rivalea implemented a new company policy devoted to supporting community volunteering. This policy empowers employees to take-up or continue participating in community events such as tree planting with local High School students, Clean Up Australia Day with local volunteers and various volunteering with not-for-profit organisations.

In 2018, Rivalea sponsored a new Children's Playground Project to replace and upgrade play equipment that was



Rivalea's biogas generator.

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damaged in flood waters, a new picnic shelter at a local recreation park and upgraded water coolers at a local sporting facility. The new picnic shelter and upgraded water coolers help promote community involvement in sport and recreational activities.

Rivalea offers opportunities to local high school and university students to gain work experience in Rivalea's production facilities and participate in key research projects. This initiative has often led to students becoming valued future employees. Rivalea also offers a Graduate program with an 18-month rotation scheme to enable new graduates to experience different areas of the business.

OUR PEOPLE

Investing in Our People to Strengthen Our Workforce

Rivalea supports its employees' professional and personal development through various initiatives as it understands that the employees drive the success and achievements of the business.

Training and Education

At Rivalea, employees have access to various training, development and career opportunities, including tertiary education. Rivalea has an in-house learning and development team and is equipped with its own dedicated training facilities and tailored resources. Rivalea supports employees who are studying, not only with financial assistance, but also by providing resources and access to its internal learning and development personnel, who are able to offer mentoring and advice. In 2018, Rivalea supported ten employees with Bachelor and post-graduate studies, and over 30 employees with nationally-accredited qualifications. During the year, Rivalea also continued its focus to roll out of a number of education and training programs related to WHS to employees at all levels and all sites.

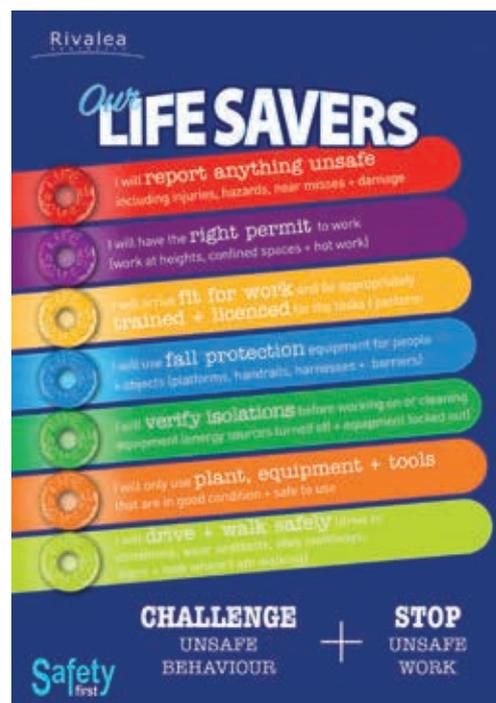
Health & Safety and Wellbeing

In 2018, Rivalea continued with the implementation of the WHS strategy. This is the second year of its strategy, "Safety First". The strategy is focused on systems and processes; ownership and engagement; key risks and compliance; and health and wellbeing.

Key deliverables of the strategy include a range of new procedures, tools and resources with the delivery

of associated training to employees, along with the introduction of:

- A new Safety Management System
- A new Contractor Management System
- A new Incident and Hazard Reporting System
- A new Injury and Claims Management System
- The "Life Savers" initiative which details 7 key safety requirements for every employee to consider when working.



Rivalea's "Life Savers" poster reminds employees to adopt safe work behaviour and practices.

In addition to health and safety, Rivalea also rolled out health and wellbeing initiatives for its employees by providing free influenza vaccinations and an on-site physiotherapist provides proactive management of injuries as well as facilitates treatment for stay-at-work and early return-to-work programs.

The "R U OK Rivalea?" program continued to raise awareness and promote mental health by reminding people to 'check in' with their family, friends and work mates. The program includes free resources for employees which provide information on how and where to access mental health help and support.

