

SUSTAINABILITY REPORT

CREATING A SUSTAINABLE FUTURE

YHS SUSTAINABILITY VALUES:

B-U-I-L-D

Our approach to sustainable development of our business is guided by our sustainability values:

Business excellence with sustainability in mind

Unity as one team in pursuing sustainability goals

Integrity, honesty and fairness to all stakeholders

Loyalty and commitment to sustainability goals

Diligence, pride and passion

Yeo Hiap Seng Limited ("YHS")'s sustainability report details our environmental, social and governance ("ESG") performance for the calendar year 2020.

SUSTAINABILITY AT THE FOREFRONT

In 2020, we celebrated our 120th anniversary and we appreciate what it takes to build a sustainable fast moving consumer goods ("FMCG") business – YHS' strong commitment to sustainability across its businesses for continuous growth and value creation for all our stakeholders.

Our sustainability vision is embedded in our business and operational strategy underpinned by our values. We conduct our businesses in a fair and responsible manner backed by robust governance structures; optimise the use of resources in delivering high quality products to our consumers; seek continual improvement to minimise environmental footprint; innovate continuously to delight our consumers with healthier and high quality consumption choices; and contribute to local communities.

This pursuit for sustainability excellence is backed by our sustainability values that emphasise integrity, diligence as well as unity across functions as we stay committed to achieving our sustainability goals.

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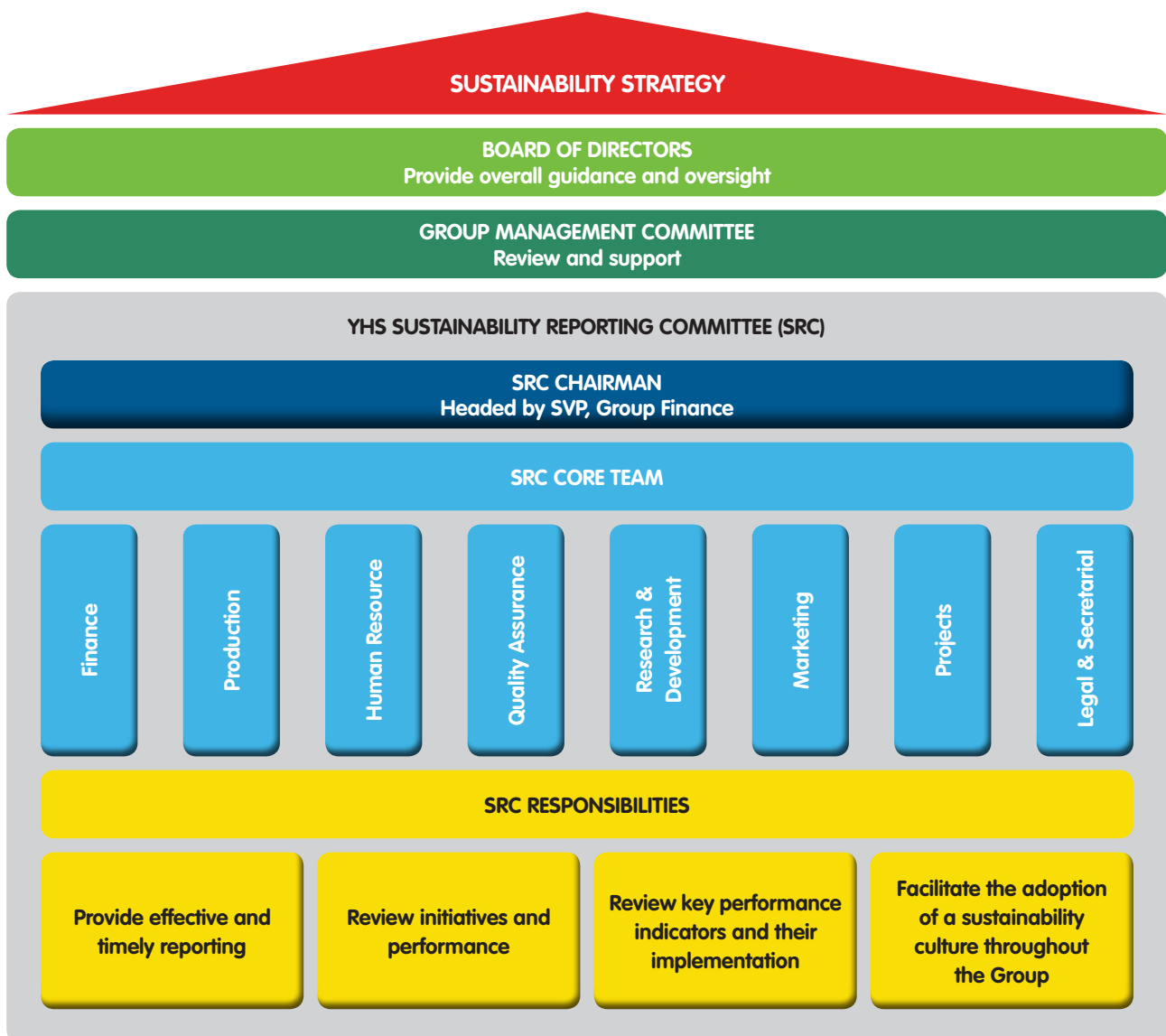
GROUP OVERVIEW

SUSTAINABILITY MANAGEMENT

At YHS, the Board of Directors has oversight of the Group's sustainability strategy. The Board's responsibilities include providing guidance on the material ESG factors that impact the Group's activities. In managing the sustainability strategy, the Board is assisted by the Sustainability Reporting Committee ("SRC") which is headed by the Senior Vice President, Group Finance and reports to the Group Management Committee.

Reporting Process

YHS' SRC is represented by the Heads of Departments from major functions and provides the overall direction for preparing the report.



While we have not sought independent assurance, we rely on our internal processes to verify the accuracy of ESG performance data and the information presented in the report.

SUSTAINABILITY REPORT

Stakeholder Engagement

Stakeholder engagement is key to our sustainability strategy and we recognise that our actions can impact our stakeholders' assessment of our performance. Our selection of stakeholders is determined by the influence, dependency, representation and proximity between the stakeholders and our businesses, as well as our responsibility towards them.

Stakeholder Groups

At YHS, we have categorised our stakeholders into six groups and engaged them as follows:

	Significance	Key Topics & Concerns	Engagement Platforms
Employees	Human capital is our most valuable asset and we are committed to investing in the development of our people. We create a performance-led culture with learning opportunities where our people can develop and grow.	<ul style="list-style-type: none"> • People development • Safe and healthy work environment • Engaging employment experience 	<ul style="list-style-type: none"> • Intranet/ Circulars / Newsletter • Email communication • Briefings / Trainings • Town halls
Suppliers	Strong and effective relationships with our suppliers give our businesses strategic advantages, including better value. By effecting stringent procurement processes, we foster an ethical culture and comply with all legal requirements.	<ul style="list-style-type: none"> • Responsible business practices • Governance and compliance structure 	<ul style="list-style-type: none"> • Face-to-face and/or virtual meetings • Email communication
Customers/ Retailers	We are committed to keeping abreast of consumer trends and preferences, as well as research and development initiatives to continually improve our range of products to better meet consumers' needs for high quality, healthier and innovative offerings.	<ul style="list-style-type: none"> • Product quality • Understanding consumer needs • Innovation and creation 	<ul style="list-style-type: none"> • Corporate website • Product campaigns • Social media channels
Government/ Regulators/ Activists	Governments and regulations can affect how businesses are run and create new challenges and opportunities for us. We keep a close eye on topics of concern to governments, regulatory bodies and activist groups wherever we operate. In our key markets, we also engage with the regulators regularly to understand their concerns and to provide our feedback.	<ul style="list-style-type: none"> • Compliance with laws and regulations • Opportunities for collaboration 	<ul style="list-style-type: none"> • Regulatory filings • Meetings and dialogues

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	Significance	Key Topics & Concerns	Engagement Platforms
Investors	Our investors believe firmly that a sustainable business approach is important in creating long-term value for the company.	<ul style="list-style-type: none"> • Relevant disclosure to shareholders • Business strategy • Economic and financial performance 	<ul style="list-style-type: none"> • Annual general meeting • Annual report • Corporate website and communications
Local Communities	As active members of our communities, we aim to contribute towards their continued well-being.	<ul style="list-style-type: none"> • Sustainable development of our communities 	<ul style="list-style-type: none"> • Corporate social responsibility events

MATERIALITY ASSESSMENT

In our materiality assessment, we have identified 20 ESG topics that are relevant to us. We have re-assessed the six material topics we have reported in the prior year and confirmed that they remained in relevance based on the significance of the ESG factors, their impact on the businesses, and the degree of influence they have on stakeholders' decision. The 20 relevant ESG topics are presented below with the six material topics highlighted in bold print.



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OUR MATERIALITY TOPICS

From the 20 ESG topics identified, we shortlisted six material topics to be reported as they are the most relevant to the business. The rest of the topics remain important and we will look to build on them further down our sustainability journey.

SIX MATERIAL TOPICS SHORTLISTED



PEOPLE

- Occupational Health and Safety



ENVIRONMENT

- Water Management
- Effluents and Waste



MARKETPLACE

- Economic Performance
- Corporate Governance



CONSUMERS

- Product Quality and Safety

SUSTAINABILITY REPORT

SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals (“SDGs”) are the blueprint by the United Nations to achieve a better and more sustainable future for all. They address the global challenges we face, including those related to poverty, inequality, climate change, environmental degradation, peace and justice.

Our material topics are mapped to several Sustainable Development Goals, ensuring that our sustainability efforts are aligned to the broader goals of the United Nations.

Yeo's Sustainability Thrusts	Related Material Topics	Related SDGs	Approach
Protecting Our Environment	Water Management		We are committed to seek innovative water management solutions – including water saving and recycling initiatives – as part of our overall water stewardship efforts and practices in our production facilities.
	Effluents and Waste	 	We are focused on achieving effective management and reduction of our waste, including the by-products generated from the manufacturing processes in our factories.
Caring for Our People	Occupational Health and Safety	 	We place the utmost priority on maintaining a culture of safety amongst all our employees and enforce robust safety policies and practices to mitigate safety risks.
Caring For Our Consumers	Product Quality and Safety	 	In the Food and Beverage business, ensuring the health and safety of our consumers is our top priority, and we have put in place stringent controls on our procurement and manufacturing processes to safeguard product quality and safety.
Leading Our Marketplace	Economic Performance		We believe in creating long term economic value for our investors and further distributing the economic value to other stakeholders including our employees through wages, government through taxes, investors through dividends, suppliers through purchases and communities through corporate social responsibility initiatives.
	Corporate Governance		We maintain a strong corporate governance and control environment in order to operate as a responsible corporate entity with a focus on sustainability. We have zero tolerance for fraud, bribery, corruption and violation of laws and regulations.

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PROTECTING OUR ENVIRONMENT

WATER MANAGEMENT

According to National Geographic, an estimated 97% of water is stored in our oceans while the remaining 3% of water on earth is fresh water, of which the majority is found in glaciers and ice caps. With population growth, urbanization and a rapidly rising middle-class in our key markets driving an increase in demand for food and beverages (and therefore fresh water), this places an enormous strain on the supply of fresh water to cater for this sociodemographic change.

Water is used both as a vital ingredient for our products, as well as for several production processes such as cleaning and sanitizing in the food and beverage industry. As such, water is an important factor in our manufacturing business and we constantly seek to achieve more efficient use of water and to innovate in water recycling methods.

During the COVID-19 pandemic, our production facility in Singapore scaled down operations due to restrictions at the workplace and we carried out significant cleaning and sanitisation of our production facility during this period. The water usage was higher

than 2019 as both our production and maintenance departments took the opportunity during the down time to clean our production machinery as well as the general production environment. This is also reflected in our lower recycling percentage as compared to 2019.

Water Saving and Recycling

Water usage is the highest in the production function in our business and the aggregate production capacity of our Singapore and Malaysia factories constitutes more than 90% of the whole Group's production capacity. Currently, we are focusing our efforts on water saving and recycling initiatives on these two locations to maximise their impact.

We reduce our water footprint by putting recycled water to alternative uses. In collaboration with Singapore's Public Utilities Board ("PUB") and Nanyang Technological University ("NTU") as a research partner, we have completed the installation of a water recycling plant at our Senoko factory in Singapore. This water recycling plant is expected to recycle a substantial portion of the wastewater collected from our production processes, which can in turn be used for cooling, steam generation, washing and other industrial non-production processes. On an annual basis, it is capable of recycling approximately 70% of the water drawn

and used in our production processes.

In line with our work plans for 2020, we started to conduct optimisation studies and testing on the wastewater treatment plant in early 2020. This is to ensure that the plant is compliant to regulatory requirements and performing as per specifications before final commissioning and putting it into service.

Our plans were however delayed due to the implementation of COVID-19 related safety measures that were imposed in Singapore and globally from early April 2020 to September 2020. The local restrictions imposed during the period affected our access to global resources of labour, equipment and materials that were critical for our optimisation studies and as a result, we were not able to complete the studies and operationalise the wastewater treatment plant within 2020.

With the easing of restrictions in the later months of 2020, we have entered the final phase of the testing and commissioning of the wastewater treatment plant and the Group expects that the wastewater treatment plant will be operational by first quarter of 2021.

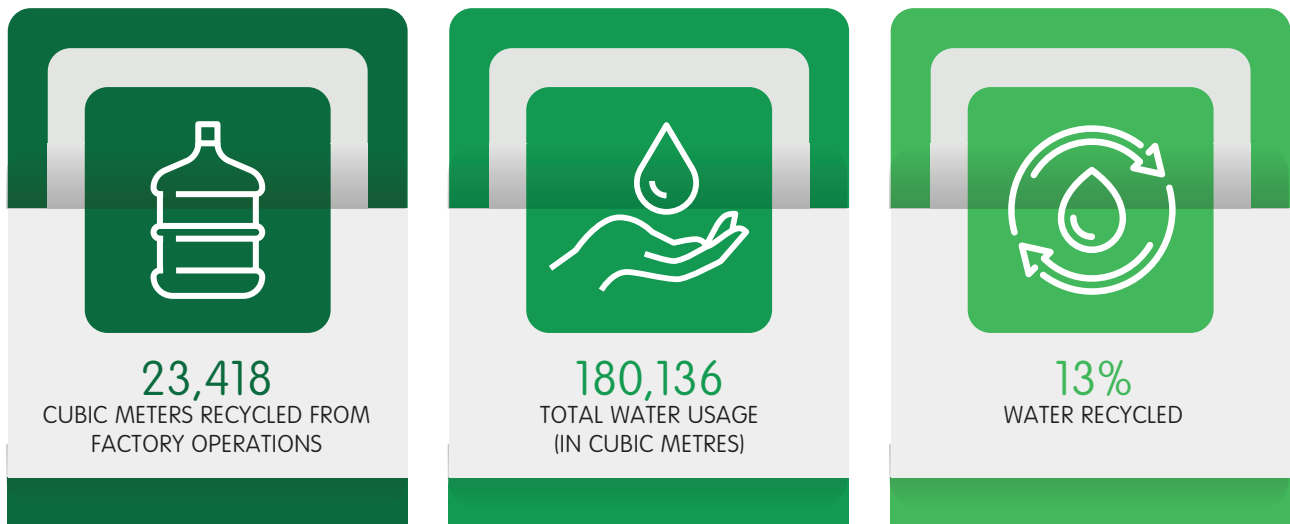


Water recycling plant at our Senoko factory

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Material Topic(s)		Target(s)
Water Management		
303-1	Water withdrawal by source	Reduce by 20% from water recovery and recycling programs in Singapore by 2020, and additional 10% when these programs are fully operationalised
303-3	Water recycled and reused	Recycle at least 50% of collected wastewater generated in Singapore by 2020

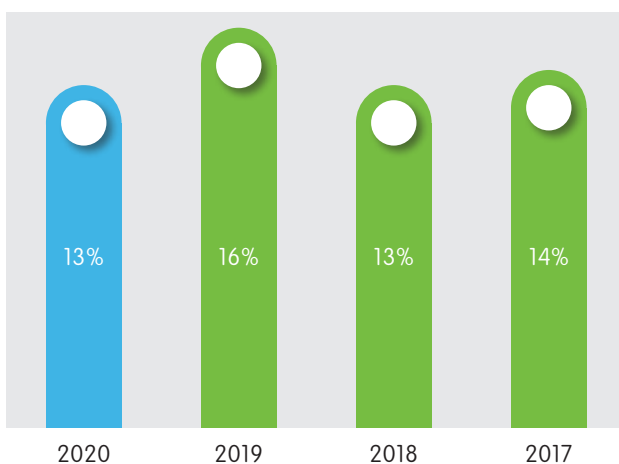
2020 WATER USAGE AND RECYCLING IN SINGAPORE



KEY STATISTICS ON WATER (SINGAPORE)

Singapore	2020	2019	2018	2017
Total water usage (in cubic metres)	180,136	173,994	170,717	177,346

% OF WATER RECYCLED



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EFFLUENTS AND WASTE

We are focused on achieving effective management and reduction of our waste, including the by-products generated from the manufacturing processes in our factories.

Reduce

We have expanded our tracking of waste to include information related to the packaging used in our products placed on the market in Singapore. This is in line with new mandatory packaging reporting framework requirements from Singapore's National Environment Agency (NEA). We target to reduce the amount of packaging used via various initiatives such as primary packaging weight optimisation, standardising secondary packaging – such as cartons and trays – dimensions, and rationalisation of label thickness dimensions. The learnings in Singapore will be shared with and rolled out to the rest of the Group as appropriate.

Reuse

From the production of our soymilk, we generate soya pulp residue, commonly known as Okara, as a by-product. Okara – which still contains nutrients such as dietary fibre, calcium, protein, carbohydrates and potassium – can also be used as animal feed or as natural fertilisers, which greatly improves the utilisation of waste materials, which would otherwise be dumped in landfills.

Currently, we redirect our Okara waste from the Malaysian factories to the farms in the vicinity as animal feed. In Singapore, we dispose Okara to off-takers who use it as fertilisers or animal feed. The recent changes in regulation, which recognises Okara as animal feed, has opened up more options for us and we are actively seeking partners for meaningful reuse of this by-product.

As increasing studies are performed on alternative uses for Okara, which include the creation of healthy probiotic drinks, mock meat and biodegradable packaging, we will continue to look out for different ways to reuse Okara waste meaningfully.

Recycle

We recycle the cartons that we use, as well as plastic, aluminium and scrap metal from our manufacturing processes.

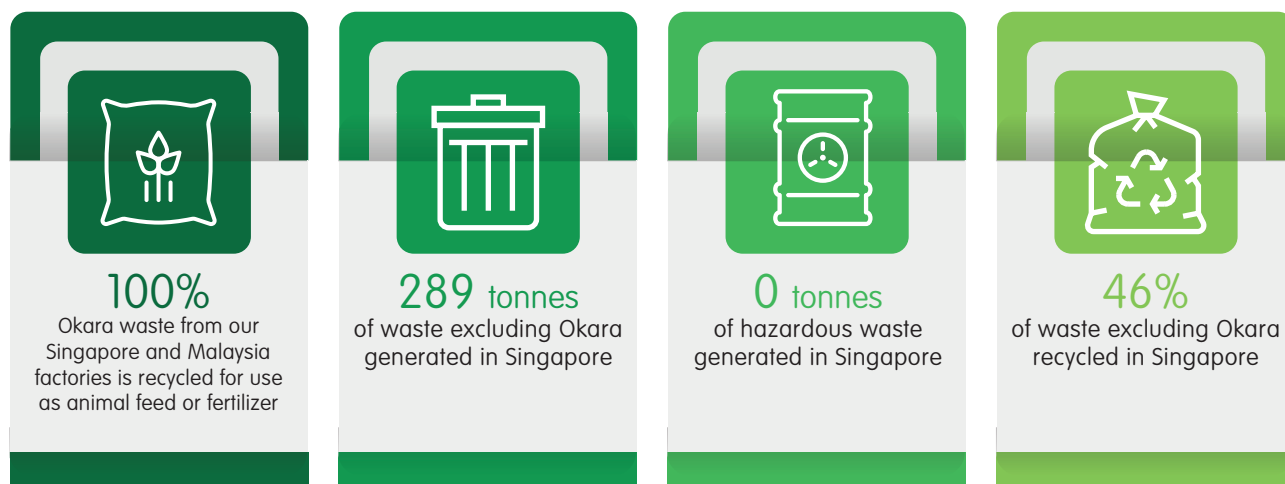
WASTE MANAGEMENT FRAMEWORK



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Material Topic(s)	Target(s)
Effluents and Waste	
306-2 Waste by type and disposal method	Develop a framework for measuring the types of waste generated from our operations to progressively cover all factories in the Group by 2020

2020 WASTE GENERATED AND RECYCLED IN SINGAPORE



KEY STATISTICS ON WASTE (SINGAPORE)

Types of waste	Description	2020	2019	2018	2017
Okara waste generated	in tonnes	700	579	309	231
Okara waste recycled	% recycled	100%	100%	100%	100%
Other waste generated excluding Okara	in tonnes	289	624	608	663
Other waste recycled excluding Okara	% recycled	46%	45%	44%	32%

In 2020, Okara waste generated in Singapore increased as compared to prior year due to higher production volume for soymilk. 100% of the Okara waste was recycled by disposing to off-takers who use it as fertilisers or animal feed.

The amount of other waste generated is significantly lower than in 2019 due to lower production levels during the COVID-19 pandemic. We however continue to sustain our efforts in recycling such waste and have recycled 46% of other waste generated in 2020. We will continue to evaluate and explore evolving recycling technologies and options to continue to increase our recycling rate.

ENERGY MANAGEMENT

Optimising Energy Usage

The Group continues to explore the use of our rooftops for the installation of solar panels as part of our initiative to use greener energy and reduce our carbon footprint. This will help to reduce our reliance on the use of energy from traditional gas-fired power generation plants in Singapore that produce greenhouse gas emissions. We are evaluating this initiative for our Senoko factory in Singapore, which can be installed with approximately 2,237 solar panels covering approximately 4,300 square meters of rooftop area. If implemented, we expect to reduce our energy consumption by about 15% in Singapore.

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In Malaysia, we are working with power providers on a similar solar energy initiative to study the use of solar panels for electricity generation in our Shah Alam factory covering about 2,000 square meters of roof area.

Use of Energy Efficient Equipment

We are constantly in search for more energy efficient equipment for our manufacturing operations. In our Senoko plant in Singapore, we currently use diesel – a form of fossil fuel – for water heating and we are in the process of evaluating a potential change to an alternative energy efficient equipment which runs on electricity and which is expected to reduce energy consumption significantly.

In our Shah Alam factory in Malaysia, we are conducting a trial on use of motion-sensor LED lights for our perimeter fencing. This trial includes the installation of solar panels connected to motion-sensor LED lights that auto-adjust the light brightness according to detection of movement. These LED lights are powered by solar energy absorbed by the solar panels and this helps to cut down our electrical consumption and reduce our carbon footprint.

We will continue to review opportunities to upgrade our lighting to LED in other factories.

Energy Recovery Systems

Our Shah Alam factory also implemented an energy recovery project to recover and reuse steam used in our production processes. This steam recovery process involves the installation of a condensate recovery system to capture, recover and reuse the steam generated by the boilers and has a projected annual reduction in our utility bills in excess of S\$110,000. Additionally, this energy recovery system has also helped the plant in:

- a. Ensuring that steam is readily available for use in production;
- b. Reducing the use of water and natural gas to produce steam;
- c. Reducing wear and tear of mechanical parts due to water condensation; and
- d. Improving the efficiency of steam boilers.

CARING FOR OUR PEOPLE

OUR PEOPLE, OUR GREATEST ASSET

Our people are the key to our future success and we value employee engagement as the key to unleashing the full potential of our people with their strong motivation, autonomy and desire to grow.

We embrace excellence and innovation in our business, where our people work as ONE team. We value honesty and fairness, and focus on our staff and customers to earn their loyalty. Pride, passion, hard work and dedication forms the overall hallmarks of our people.

Given our diverse and broad markets coverage, we continue to invest in creating an inclusive workplace for everyone from different backgrounds and we nurture workplace diversity in all respects of our business, from recruitment to career development.

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Our approach to developing human capital and retaining talent is characterised by our three core principles:

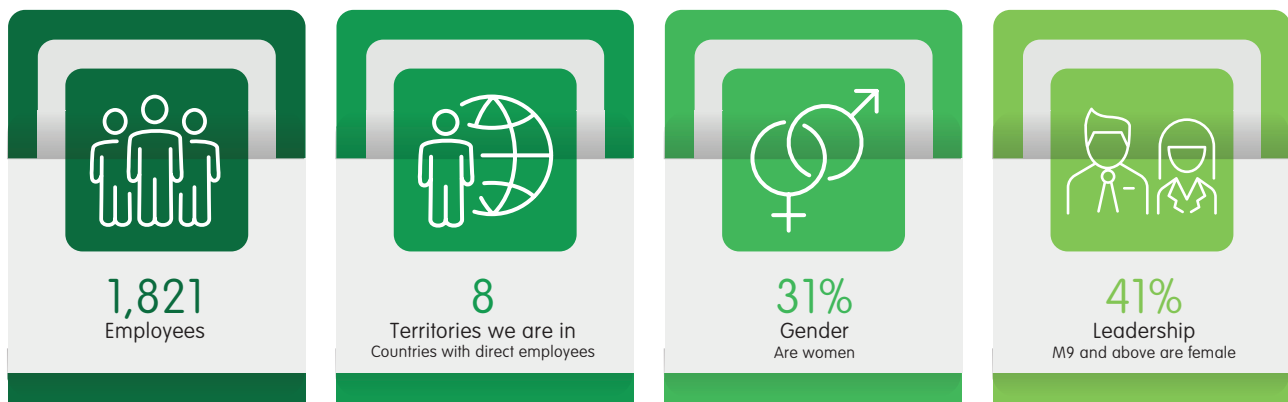
- (i) We adopt fair labour practices and have zero tolerance towards discrimination;
- (ii) We invest in the training and development of our employees to enhance their competencies; and
- (iii) We provide our employees a safe and conducive working environment for them to excel in their respective fields.



FAIR LABOUR PRACTICES – DIVERSITY AND INCLUSION

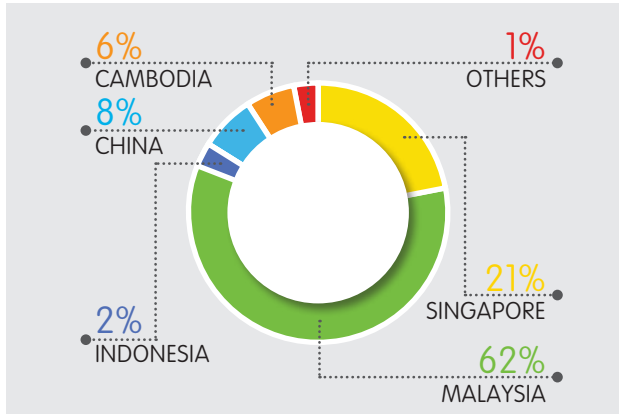
At YHS, we support a gender-balanced labour force and equal opportunities at all levels in the organisation. We leverage on the diversity and cultural experiences of our people to build strong connections with our customers and communities across the regions, driving innovation and engaging professionally in an increasingly globalised and fast-changing market. We believe in creating a safe and inclusive working environment where we continually develop our people and reward great performance.

YHS does not discriminate any applicant based on their age, gender, race, religion or nationality. We are committed to ensuring fair labour practices, diversity and inclusion in all our factories and offices. As at 31 December 2020, we have 1,821 employees working across all our operations, of which 83% are based in Singapore and Malaysia.

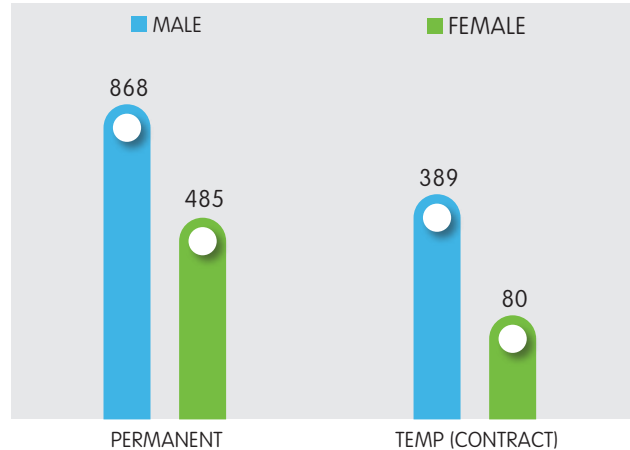


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2020 EMPLOYEE DIVERSITY BY GEOGRAPHY



2020 NUMBER OF EMPLOYEES AND DIVERSITY BY EMPLOYMENT TYPE



On gender diversity, given the nature of the work in our industry in which a substantial portion of our work force are deployed in the manufacturing and supply chain operations, the gender balance has a tendency to weigh stronger on the males. The percentage of female employees as at end of 2020 is 31% (2019: 30%).

In Singapore, YHS is a member of the Singapore National Employers Federation and the Food, Drinks and Allied Workers Union. In Malaysia, we are associated with the Malaysian Employers Federation, Federation of Malaysian Manufacturers, MECA Employers Consulting Agency Sdn Bhd and Food Industry Employees' Union.

As active members of unions and associations, YHS ensures compliance with applicable laws and regulations and maintains regular dialogues with the various stakeholders to build constructive and harmonious relationships.

HUMAN CAPITAL DEVELOPMENT AND TRAINING

Investing In Our People

At the core of our business strategy is the commitment to enable our people to be the best they can be. We want to enhance the competencies of our staff and strengthen their capabilities in meeting job requirements, improve work performance and achieve business results.

Our focus is on building future-ready staff and fostering a growth mind-set while empowering all staff to take charge of their own learning journey.

We encourage continuous learning to ensure our people keep up with the market-best training practices and also believe that driving capability building around technical and soft skills is key. This includes scheduled classroom learnings, condensed e-learning modules, and OJT (on-the-job training).

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Mental Health Awareness Training in China

Mental Health Awareness Training

With the outbreak and continuation of the COVID-19 pandemic, our staff are experiencing a new normal in working and social behaviours and this may have triggered psychological symptoms, leaving some of them in a state of “mental sub-health” and becoming potential victims of anxiety disorders.

In September 2020, we invited a reputable psychologist to conduct a mental health awareness training for 67 staff in China. Through the in-depth coaching by the trainer, our China colleagues have learnt to better cope with work and family stress and have benefitted from the experience of the trainer.



GMP & HACCP Awareness Workshop in Malaysia

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GMP & HACCP Awareness Workshop

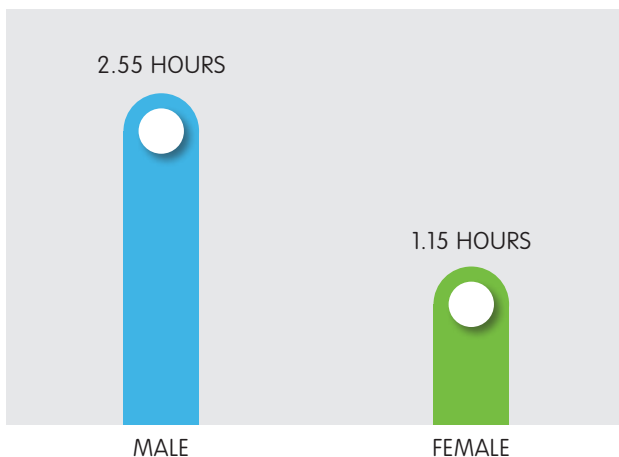
In 2020, we conducted the Good Manufacturing Practice (GMP) & Hazard Analysis and Critical Control Point (HACCP) Awareness workshop for our staff in Malaysia to reinforce the central principles of managing food safety in food production and food service in Malaysia.

The training introduces our staff to the principles of HACCP, with a clear explanation of how GMPs underpin the effective implementation of any food safety program and through this training, our staff are able to pick up the skills and knowledge necessary to apply the best industry practices to ensure that our products are safe and achieve quality standards.

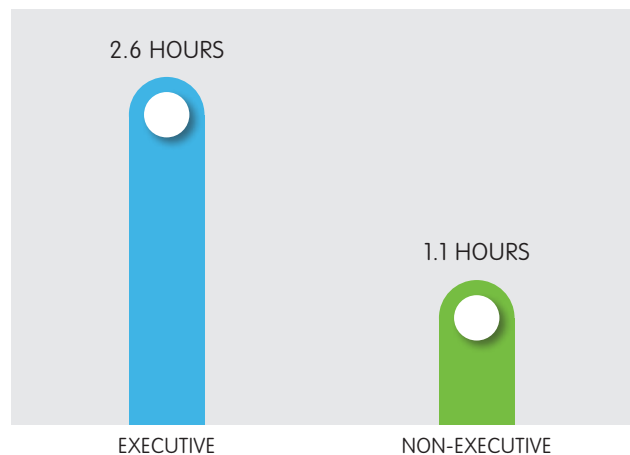
Particular attention is given to product safety and quality and focuses on the production process. Aspects of compliance with food standards code are also addressed in detail during the trainings.

In 2020, with the impact of global COVID-19 pandemic affecting our offices, the Group has achieved a total of 6,743.75 training hours (excluding on-the-job training) (2019: 15,133 hours) to all our employees across the regions.

**2020 AVERAGE TRAINING HOURS CHART
BY GENDER**



**2020 AVERAGE TRAINING HOURS CHART
BY EMPLOYMENT CATEGORY**



In YHS, we believe in equipping our people with the necessary skills and knowledge to stay relevant in our highly competitive industry and we aspire to be an organization where our people can learn and work well. We aim to adopt a proactive approach to reskilling our people and embed within our people a passion for life-long learning. The Group is currently strengthening the training framework to further offer to our people the skills they need to help them better perform at work and also to provide them with other social skills as part of a comprehensive learning roadmap.

Lastly, we also support all our staff with professional development by offering them external courses and upskilling opportunities to hone their individual skill set.

Health & Wellness Activities

We are committed to support our people to work safely and in an effective capacity. 668 staff took the audiometric test in 2020 and the test helps us ensure that staff are working in a safe environment. This audiometric test program is also part of our well-being program to ensure the overall healthy well-being of those working in the manufacturing facilities.

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Audiometric test

OCCUPATIONAL HEALTH AND SAFETY

Safety risks are inherent in work places and will be relatively higher in manufacturing and supply chain functions where plant and machineries are operated. Maintaining a safe working environment allows our employees to work with peace of mind, improve their work and contribute to the sustainability of our workforce.

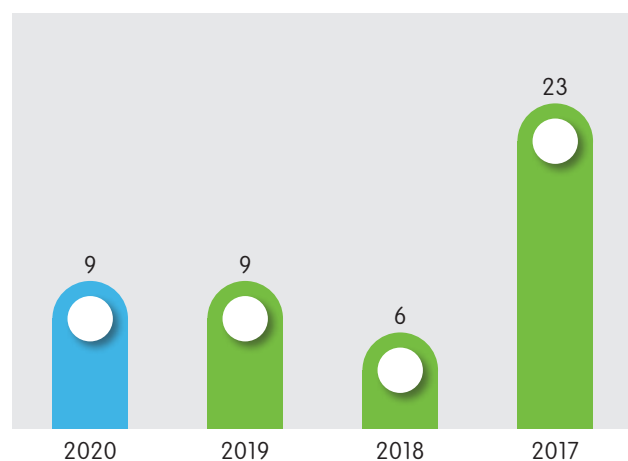
Accordingly, we place the utmost priority on maintaining a culture of safety amongst all our employees and enforce robust safety policies and practices to mitigate safety risks. In line with "GRI 403: Occupational Health and Safety 2018", the Group has reported not only the work-related injuries of our employees, but also workers whose work or workplace is controlled by the organisation, such as contractors.

Material Topic(s)		Target(s)
Occupational Health and Safety		
403-9	Work-related injuries	<ul style="list-style-type: none"> Zero work-related injuries and illnesses Organise regular health and wellness activities

The number of reportable incidents with more than three days of medical leave has remained at 9 cases in 2020, generally due to incidents involving moving machinery parts and slip, trip and fall cases. We have reviewed all cases and have put in place the necessary preventive controls and have further conducted safety awareness training for staff working at our plants.

Regular inspections are also carried out at our plants to ensure strict compliance to Occupational Health and Safety regulations. These inspections, coupled with awareness and training sessions during the year, ensure the continued vigilance of our employees on Environment, Health and Safety ("EHS") matters.

ANNUAL INCIDENTS STATISTICS*



* Reportable incidents with more than three days of medical leave

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In total, we have completed 2,087 hours of safety training and the Group will continue the intensity of these sessions and reinforcing the EHS messages through e-learning.

To continuously remind our employees and contractors on work safety, our safety slogan – All Accidents are Preventable – will continue to be displayed in prominent locations in all our factories and offices to promote a culture of “Zero tolerance to workplace injuries and illnesses”.

To continuously monitor and drive safety performance, we hold monthly safety committee meetings to review performance, discuss any violations and propose improvements. These meetings are attended by functional representatives from production, maintenance, warehouse and logistics, human resource, quality assurance and risk management departments. Our persistence and pursuit of safety excellence are recognised in the marketplace. In Singapore, we have been certified bizSAFE Level 3 by Workplace Safety and Health Council. This is a recognition of our strong commitment to workplace health and safety, which also provides our customers the assurance that we consistently meet stringent safety requirements.

In Malaysia, we have consistently received awards from the Malaysia Occupational Safety and Health Practitioner’s Association (“MOSHPA”) with regard to Occupational Safety and Health Management in food and beverage manufacturing and were awarded the Platinum Premier MOSHPA – the highest safety award from MOSHPA – in 2018.

A Caring and Harmonious Workplace

We believe in the holistic development of our people and we set aside resources each year for deliberate initiatives to create a stimulating working environment. Throughout the year, we organised a series of events to enrich our people with new experiences, engage them in their passion and challenge them to explore activities outside their comfort zone. The events also provide a comfortable platform for our people to connect with one another and their families after working hours.

In 2020, due to the COVID-19 related restrictions on work and training arrangements, the Group was only able to carry out limited activities. One of the events was the Nagomi Art Workshop where 17 staff attended the workshop via Zoom. The workshop was successful in unleashing the creativity and imagination of our staff as they were introduced to the “Nagomi Art” of using simple techniques to complete an art painting. Staff were also taught on the use of applying colour harmony with soft pastels. The workshop was also able to help them de-stress and keep them motivated during the pandemic period.



Nagomi Art Workshop

To empower our people to take charge of their health and lead an active and healthy lifestyle, the Group provides a complimentary annual health check as part of our wellness strategy in Singapore. This complimentary annual health check allows our people to keep track of their overall well-being through early detection of health concerns and take preventive measures for any potential health risks.

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CARING FOR OUR CONSUMERS

PRODUCT QUALITY AND SAFETY

At the heart of our food and beverage business, the establishment of safe, healthy and quality products is our top priority. We appreciate the complexities in the food and beverage value chain and the risk of quality mishaps that could potentially occur during the sourcing, manufacturing, storage and delivery of our products.

Stringent Controls on Procurement and Manufacturing

We do not compromise on the quality of ingredients that we use for our products. Our ingredients are sourced from responsible suppliers who take the necessary precautions in supplying us good quality and safe-for-consumption ingredients. We ensure raw materials from our suppliers meet our specifications through rigorous testing and qualification, which includes and is not limited to sensory tests and trial runs. Our direct packaging materials sourced from suppliers also go through equally rigorous testing and validations. We ensure our customers receive our products in uncompromised condition by ensuring we validate and conduct qualifications such as manufacturing line trials and transportation trials, before being used for production runs. As part of our receiving procedures for direct materials and ingredients, we conduct batch samplings and testing to ensure that they meet our quality requirements, specifications as well as the local regulatory food safety standards.

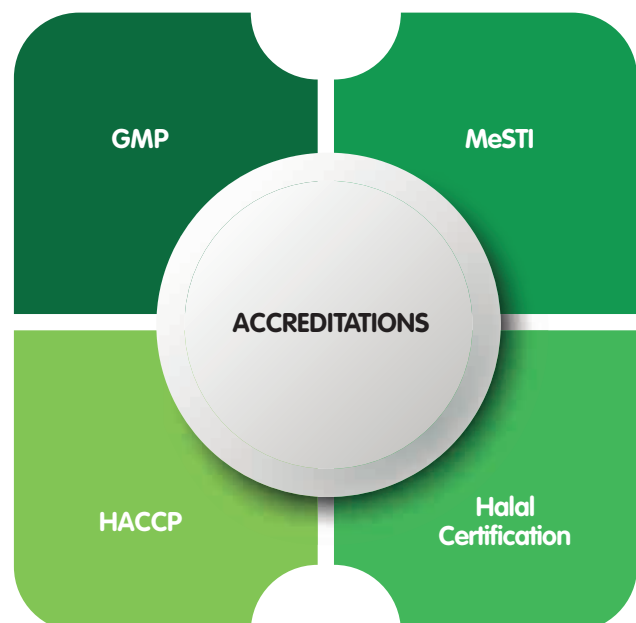
Across all our factories, we enforce stringent quality control in our manufacturing processes and we have continuously improved our processes and held ourselves to the highest standards of food and beverage production over the years.

We are a member of the Singapore Food Manufacturers' Association and have voluntarily adopted the best practices as required by the Good Manufacturing Practices ("GMP") certification for the food manufacturing industry. The GMP certification scheme verifies and certifies that YHS complies with the basic manufacturing practices and prerequisites for the implementation of an effective Hazard Analysis and Critical Control Points ("HACCP") food safety programme. This HACCP certification is renewed on an annual basis.

In Malaysia, we hold the Makanan Selamat Tanggungjawab Industri ("MeSTI") certification for compliance with a full spectrum of basic hygiene requirement, which focuses on operation control, hygiene and maintenance, traceability and record keeping.

Separately, we also provide the necessary training and enforce checking to maintain the Halal certifications in our factories. There are different Halal certification agencies and authorities in different countries and it is important to meet their specific requirements and understand the acceptance of these certifications in different markets.

When it comes to the quality and safety of our products, we spare no efforts in ensuring that they are safe for consumption. With our constant focus on product quality and safety, the Group had zero product recall in 2020.



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Material Topic(s)	Target(s)
Product Quality and Safety	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services
	Zero incidents of product trade recall due to safety issues for YHS' manufactured products

KEY STATISTICS ON PRODUCT RECALLS IN THE GROUP

Product in YHS	2020	2019	2018	2017
Number of recalls	0	0	0	0


Producing High Quality and Healthy Products

While food safety and great taste are important pillars of our product quality, we also strive to deliver other attributes of quality with better health propositions in terms of functional benefits, natural ingredients and lowered sugar or calories.

We work closely with regulators in Singapore and Malaysia to support the nationwide drives to encourage healthier diet and lifestyle choices and we partnered the Health Promotion Board ("HPB") in Singapore to develop products with lower sugar content. Likewise, in Malaysia, we have reformulated all Yeo's beverages sold in Malaysia to below 5 grams of sugar per 100 millilitres in support of the government's initiative to raise public awareness and education to fight obesity and encourage healthy living amongst Malaysians.

We are constantly reformulating to reduce the sugar content while maintaining the great taste in our products so that our consumers can continue to enjoy the drinking experience while pursuing healthier lifestyles.


Besides the current product range with lower sugar content, we have also prioritised health benefits in the innovation and development of new products. In November 2020, we introduced 3 new variations of Chrysanthemum Tea, with reduced sugar, no sugar and with honey to tap into the growing health and wellness trend, especially among the younger consumers who continue to crave their favourite Yeo's. We will continue to innovate and delight our consumers with more delicious and healthier offerings to complement their changing lifestyles.



ZERO
product recall
from 2017 to 2020



Per **100ml**
of our products in Singapore
and Malaysia are
<5 grams sugar level



(L-R) Less sugar 50%, no sugar 0%,
healthier choice 5%

3
new chrysanthemum
products

SUSTAINABILITY REPORT

LEADING OUR MARKETPLACE

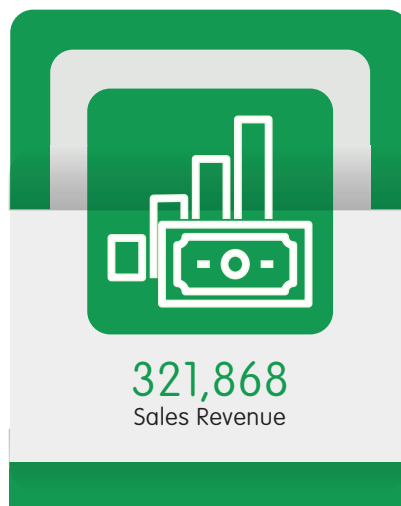
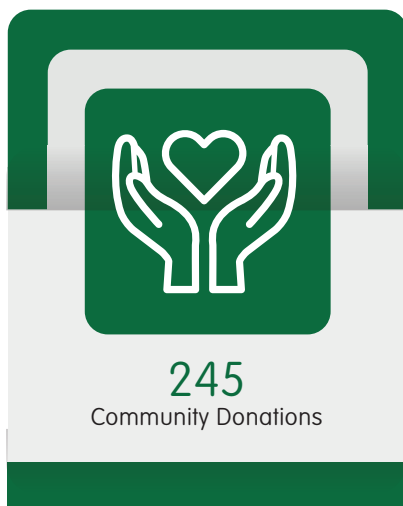
ECONOMIC PERFORMANCE

We believe in creating long term economic value for our investors and further distributing the economic value to other stakeholders including our employees through wages, government through taxes, investors through dividends, suppliers through purchases, and communities through corporate social responsibility initiatives.

We strive to improve our economic performance and play a larger role in the development and well-being of our stakeholders.

Our economic value generated and distributed in 2020 (in S\$'000) is as shown.

ECONOMIC DISTRIBUTION (S\$'000)



SUSTAINABILITY REPORT

CORPORATE SOCIAL RESPONSIBILITY

YHS believes it is our responsibility and privilege to serve the communities we operate in and we are committed to distributing part of the economic value we generate back to the communities. As part of our staff engagement initiatives, we actively involve our people through volunteerism in our corporate social responsibility ("CSR") projects and we encourage our people to participate in at least one of the community engagement events organised by or supported by the Group.

Due to the COVID-19 pandemic, with restrictions on events and gatherings, the Group was not able to execute our planned activities and has scaled back on volunteerism work in 2020. This however did not stop the Group from saluting and supporting our frontline medical workers fighting the COVID-19 pandemic.

In early 2020, Yeo Hiap Seng Limited, led by Group CEO Samuel Koh, visited Singapore General Hospital (SGH) to deliver over 3,000 bottles of Yeo's refreshing beverages to show our support to the frontline medical staff who professionally and tirelessly carried out their duty of care during the ongoing battle against the 2019 novel coronavirus.

Besides SGH, Yeo Hiap Seng Limited also delivered Yeo's beverages to Tan Tock Seng Hospital, National Centre for Infectious Diseases, Changi General Hospital and Sengkang General Hospital. Over 120,000 cans of Yeo's beverages were delivered to healthcare workers as part of on-going COVID-19 relief efforts.



*Saluting our frontline medical workers during COVID-19
– YHS donating beverages to frontline medical staff in hospitals.*

SUSTAINABILITY REPORT

Innovatively, we collaborated with the Ng Teng Fong Charitable Foundation (NTFCF) to develop the X19 Authentic Fine Herbal Tea (X19) for frontline workers in Singapore. This special herbal blend was developed by Yeo's research and development team, in consultation with traditional Chinese medicine practitioners, within a short span of a few months. Yeo's and NTFCF donated more than 68,000 cans of X19 to 25 hospitals and polyclinics, and to other frontline workers, including taxi drivers, and staff of People's Association in Singapore.



Donating X19 drinks to our frontline taxi drivers

In addition, we delivered 72,000 cans of beverages to residents of worker dormitories from Alliance of Guest Workers' Outreach.

In Malaysia, we contributed close to half a million packs of Yeo's food and beverage through giving to Sungai Buloh Hospital's medical team in Selangor as well as undertook sponsorships for the food bank programme under the Ministry of Domestic Trade and Consumer Affairs, the Royal Malaysia Police, and Bomba Selangor, part of Malaysia's Fire and Rescue Department.

In Hong Kong, we partnered with NTFCF to donate more than 76,000 cans of Yeo's nutritious drinks such as chrysanthemum tea to 19 hospitals of the Hong Kong Hospital Authority.

In 2020, we sponsored a total of 26,245 cartons (more than S\$132,000 worth) of food and beverages to medical institutions, local communities and federations, religious institutions, healthcare workers and foreign workers' dormitories in Singapore and Malaysia.

Material Topic(s)		Target(s)
Economic Performance		
201-1	Direct economic value generated and distributed	Commit 1,000 hours per year to volunteerism, advocacy, education and community campaigns; or S\$200,000 contribution in the form of donations

KEY STATISTICS ON VOLUNTEER HOURS

Description	2020	2019	2018	2017
Number of volunteer hours	0	>420	>1,300	>400
Amount of donations, cash or in-kind	>S\$244,000	>S\$134,000	>S\$200,000	>S\$200,000

SUSTAINABILITY REPORT

Moving forward, we will continue to be more active in doing our part to serve the communities we operate in either through volunteering or contributing in the form of donations. We also hope to nurture our people to become caring individuals who will contribute actively back to the society.

Further details of the Group's economic performance can be found in the Financial Statements section of the 2020 Annual Report.

CORPORATE GOVERNANCE

As a good and responsible corporate citizen, YHS operates its business with a strong emphasis on sustainability and under established and compliant corporate governance practices. For more than ten years, YHS has been disclosing our corporate governance practices as well as principles in our Corporate Governance Report, and continuously seeks to enhance the transparency and robustness of our governance practices and controls.

The Group has an established system of risk management and internal controls to safeguard our shareholders' interests and the Group's assets. The Board has primary responsibility over the governance of risk, with oversight from the Audit & Risk Committee to ensure that the risk management system and internal controls are properly designed, implemented and closely monitored for adequacy and effectiveness.

The Group has in place policies on Code of Conduct and Whistleblowing and complies with SGX mainboard rules on Dealing in Securities to mitigate the risks of fraud, corruption and misconduct involving employees. In line with one of our core values, namely Integrity, we also have a zero tolerance policy for corruption and fraud, which applies not only to corrupt business practices, but also extends to fraudulent financial reporting as well as sustainability reporting.

Affirming YHS' efforts in achieving diversity in its Board composition, YHS won second place for mid-cap (S\$300M - S\$1B) companies in the Singapore Board Diversity Index, launched on 16 September 2020 and developed in partnership between the Singapore Institute of Directors and Willis Towers Watson, with support from BoardAgender.

For more information on the Group's corporate governance framework and policies, please refer to the Corporate Governance Report included in the Annual Report 2020.

OTHER INFORMATION

ABOUT THIS REPORT

This report has been prepared with reference to the Global Reporting Initiative Reporting Standards and covers ESG performance of all business divisions and subsidiaries which are under YHS Group's financial and operational control.

Information presented in the report has been extracted from our internal records and documents to ensure accuracy using internationally accepted measurement data units. Unless otherwise stated, the information represents that of the Group.

SUSTAINABILITY REPORT

SUSTAINABILITY TARGETS

Material Topic(s)		Target(s)
Water Management		
303-3	Water withdrawal	Reduce by 20% from water recovery and recycling in Singapore, and additional 10% when these programs are fully operationalised
Effluents and Waste		
306-3	Waste generated	Develop a framework for measuring the types of waste generated from our operations to progressively cover all factories in the Group by 2020
Occupational Health and Safety		
403-9	Work-related injuries	<ul style="list-style-type: none"> • Zero work-related injuries and illnesses • Organise regular health and wellness activities
Customer Health and Safety / Product Quality and Safety		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Zero incidents of product trade recall due to safety issues for YHS manufactured products
Economic Performance		
201-1	Direct economic value generated and distributed	Commit 1,000 hours per year to volunteerism, advocacy, education and community campaigns; or S\$200,000 contribution in the form of donations

Non-material Topic(s)		Target(s)
Training and Education		
404-1	Average hours of training per year per employee	<ul style="list-style-type: none"> • Assess individual training needs of employees and develop training plan • Identify talent and support their development through specialised training programs • Provide funding for employees to undertake relevant external training courses

SUSTAINABILITY REPORT

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

Disclosure Number		Reference
General disclosures		
102-1	Name of the organization	Yeo Hiap Seng Limited
102-2	Activities, brands, products, and services	FS Note 1 – General Information FS Note 36 – Segment information FS Note 41 – Listing of significant companies in the Group
102-3	Location of headquarters	3 Senoko Way, Singapore 758057
102-4	Location of operations	FS Note 1 – General information FS Note 36 – Segment information FS Note 41 – Listing of significant companies in the Group
102-5	Ownership and legal form	AR – Corporate Information, Analysis of Shareholdings FS Note 1 – General Information FS Note 34 – Immediate and ultimate holding company
102-6	Markets served	AR – Financial Highlights FS Note 36 – Segment information
102-7	Scale of the organization	FS Note 33 – Financial risk management, Capital risk FS Note 36 – Segment information FS Note 41 – Listing of significant companies in the Group
102-8	Information on employees and other workers	SR – Caring for our people
102-9	Supply chain	SR – Caring for our consumers
102-10	Significant changes to the organization and its supply chain	No significant changes
102-11	Precautionary principle or approach	SR – Protecting our environment
102-12	External initiatives	SR – Protecting our environment, Caring for our people, Caring for our consumers, Leading our marketplace
102-13	Membership of associations	SR – Caring for our people, Caring for our consumers
102-14	Statement from senior decision-maker	AR – Chairman's Statement
102-16	Values, principles, standards, and norms of behaviour	SR – Sustainability at the Forefront

SUSTAINABILITY REPORT

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX (CONTINUED)

Disclosure Number		Reference
General disclosures		
102-18	Governance structure	SR – Sustainability Management
102-40	List of stakeholder groups	SR – Stakeholder Engagement
102-41	Collective bargaining agreements	SR – Caring for our people
102-42	Identifying and selecting stakeholders	SR – Stakeholder Engagement
102-43	Approach to stakeholder engagement	SR – Stakeholder Engagement
102-44	Key topics and concerns raised	SR – Stakeholder Engagement
102-45	Entities included in the consolidated financial statements	FS Note 41 – Listing of significant companies in the Group
102-46	Defining report content and topic boundaries	SR – About This Report, Materiality Assessment
102-47	List of material topics	SR – Materiality Assessment
102-48	Restatements of information	None
102-49	Changes in reporting	None
102-50	Reporting period	Financial year ended 31 December 2020
102-51	Date of most recent report	31 December 2019
102-52	Reporting cycle	Annually
102-53	Contact point for questions regarding the report	sustainability@yeos.com
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared with reference to the GRI Standards
102-55	GRI content index	As presented
102-56	External assurance	No assurance obtained

SUSTAINABILITY REPORT

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX (CONTINUED)

Specific Standard Disclosures		Reference
Water		
103-1/2/3	Management approach	SR – Protecting our environment
303-3	Water withdrawal by source	SR – Protecting our environment
Effluents and Waste		
103-1/2/3	Management approach	SR – Protecting our environment
306-3	Waste generated	SR – Protecting our environment
Occupational Health and Safety		
103-1/2/3	Management approach	SR – Caring for our people
403-9	Work-related injuries	SR – Caring for our people
Training and Education		
404-1	Average hours of training per year per staff	SR – Caring for our people
Customer Health and Safety/Product Quality and Safety		
103-1/2/3	Management approach	SR – Caring for our consumers
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	SR – Caring for our consumers
Economic Performance		
103-1/2/3	Management approach	SR – Leading our marketplace
201-1	Direct economic value generated and distributed	SR – Leading our marketplace

AR: Annual Report 2020

FS: Financial Statements 2020

SR: Sustainability Report 2020