



CHINA STAR FOOD
GROUP LIMITED
中国之星



Fun, Healthy Snacks

Sustainability Report 2018



Table of Contents

1. Highlights	1
1.1 Corporate profile	1
1.2 Message to stakeholders	2
1.3 Scope of sustainability report.....	3
2. Our approach to sustainability	4
2.1 Sustainability organisational structure	4
2.2 Sustainability strategy	5
2.3 Consulting our stakeholders.....	6
2.4 Sustainability materiality.....	7
3. Our performance	8
3.1 How we measure our performance	8
3.2 Economic contribution	9
3.3 Food safety.....	12
3.4 Environmental sustainability.....	13
3.5 Social contribution	16
Appendix A: Sustainability scorecard	18
Appendix B: GRI content index	19

1. Highlights

1.1 Corporate profile

China Star Food Group Limited (中国之星食品集团有限公司) (“**CSFG**” or the “**Company**”), together with its subsidiaries (the “**Group**”), is one of the leading manufacturers of healthy snack foods in the People’s Republic of China (“**PRC**”). The Group is engaged in the production and sale of sweet potato snack food products across PRC, processed from purple and orange-fleshed sweet potatoes. Currently, the annual total production capacity of the Group is approximately 30,000 tonnes.

Based in Liancheng county of Fujian Province, the Group sells its wide range of sweet potato snack food products to more than 300 distributors and wholesalers, who in turn distribute the sweet potato snack food products, through e-commerce portals and to supermarkets, petrol kiosks, convenience stores and specialty stores throughout the PRC.

The Group’s six broad product categories include sweet potato pastries, candies, crisps, baked goods, roasted sweet potato nuts and preserved foods. The Group also has a series of proprietary product brands, such as “Starpie” (星派), “Ledi” (乐地), “Delijia” (德丽佳) and “Zilaohu” (紫老虎). “Zilaohu” and “Starpie” were recognised as a “Famous Trademark of Fujian Province” in 2013 and 2015 respectively.

Through its wholly-owned subsidiary, Fujian Zixin Biological Potato Co., Ltd. (福建紫心生物薯业有限公司) (“**Zixin**”), the Group operates three wholly-owned indirect subsidiaries Fujian Zilaohu Food Co., Ltd. (福建紫老虎食品有限公司) (“**Zilaohu**”), Liancheng Dizhongbao Modern Agriculture Development Co., Ltd. (连城县地中宝现代农业发展有限公司) (“**Dizhongbao**”), and Fujian Xingpai Food Co., Ltd. (福建星派食品有限公司) (“**Xingpai**”).

CSFG was listed on the Catalist board of Singapore Exchange via a reverse takeover of Brooke Asia Limited on 22 September 2015.



1.2 Message to stakeholders

On behalf of our Board of Directors, it is my pleasure to present our Sustainability Report for the financial year ended 31 March 2018 (“FY2018”).

FY2018 was a challenging period for the Group as it continued to face the effects of environmental control policies implemented by the Government of the PRC. This development substantially impacted the Group’s performance and operations during the year under review.

Despite these challenges, we were able to remain resilient and make significant strides in improving our operational efficiency and productivity. At the same time, we continued our efforts to fortify our position as one of the leading players in the sweet potato snack food industry as a result of industry consolidation.

With the resumption of operations in our Zilaohu factory in October 2017, the Group believes that it is now ready to embrace greater opportunities ahead. As many smaller competitors have ceased operations after failing to comply with the government’s strict regulations, the Group now faces lesser competition from the industry going forward. The recommencement of operations also enabled us to meet the demand for the coming peak sales season.

At the same time, we will also continue to improve on our existing sales channels while keeping an eye on expansion opportunities in the domestic PRC market and beyond.

In our inaugural sustainability report, we will be reporting on the Group’s sustainability efforts, comprising of Economic Contribution, Food Safety, Environmental Sustainability, and Social Contribution.

In addition, we wish to confirm that the Board has considered sustainability issues as part of its strategic formulation, determined the material environmental, social and governance (“ESG”) factors and overseen the management and monitoring of the material ESG factors.

As part of the Group’s commitment to sustainable development, we will continue to strive to do business in a responsible way.

On behalf of the Board of Directors

LIANG CHENGWANG

Executive Chairman and Chief Executive Officer



1.3 Scope of sustainability report

The scope of the report covers information on material sustainability aspects of CSFG and its subsidiaries, from 1 April 2017 to 31 March 2018 unless otherwise specified. This should sufficiently address stakeholders' concerns in relation to sustainability issues arising from the major business operations of the Group.

This report is prepared in accordance with the Global Reporting Initiative ("GRI") Standards: Core Option as it provides a set of an extensive framework that is widely accepted as a global standard for sustainability reporting. It also considers the Sustainability Reporting Guide in Practice Note 7F of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst ("Catalist Rules"). In preparing our report, we applied the GRI's principles for defining report content and report quality by considering the Group's activities, impacts and substantive expectations and interests of its stakeholders.

The data and information provided within the report have not been verified by an independent third party. We have relied on internal data monitoring and verification to ensure accuracy.

Sustainability contact

We welcome your views and feedback on our sustainability practices and reporting at sr@zixinshuye.com.



2. Our approach to sustainability

2.1 Sustainability organisational structure

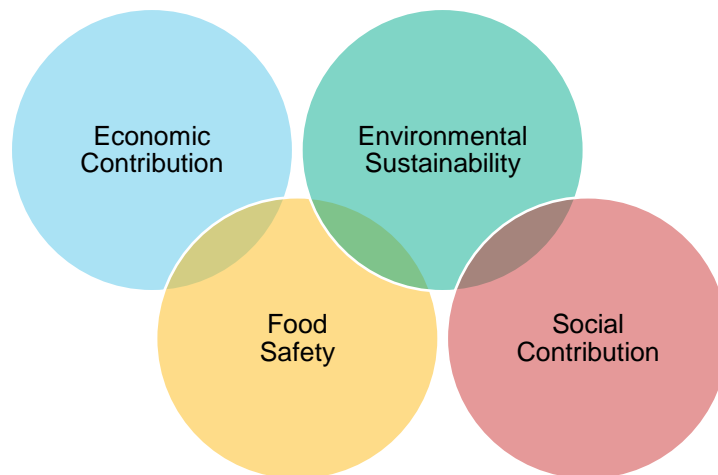
Sustainability is a vital part of our corporate strategy for achieving long-term growth. The values we create for our people, the environment and society at large very much determine our financial performance. We developed a sustainability organisational structure to move things forward:



2.2 Sustainability strategy

At the Group, our sustainability strategy aims to create integrated values.

Together with disciplined execution of our strategy and a commitment to doing business responsibly, we commit to deliver value to all our stakeholders through the following:



The sustainable strategy is underpinned by our comprehensive and extensive internal policies that covers the areas above such as regulatory compliance, performance monitoring, occupational safety and health, employee training, waste reduction and employee welfare.

The strategy is also guided by external sources, including ISO 9001:2008 Quality Management, Hazard Analysis and Critical Control Point (“**HACCP**”) System Certification, Global Reporting Initiative Standards and Sustainability Reporting Guide in Practice Note 7F of the Catalyst Rules.

2.3 Consulting our stakeholders

We recognise the need to continuously develop our responsible business approach in order to address growing stakeholder expectations around our impact on the economy, environment and society.

As such, we periodically consult with our stakeholders to determine the issues that are most relevant to them and the Group. An overview of our approach and rationale is set out below (with stakeholders listed in alphabetical order), together with the feedback we have received.

Stakeholders	How we listen	Why we do it	What you've told us
Customers	<ul style="list-style-type: none"> Focus groups with consumers Market survey on consumer tastes Customer service hotline Feedback from distributors Inspection of company production lines 	<ul style="list-style-type: none"> Consistently improve product taste and innovation through market survey and R&D Include customer service hotline and nutritional information on product packaging Obtain the necessary food safety certificates from relevant authorities 	<ul style="list-style-type: none"> Tasty and innovative snacks and products Meet quality and nutritional requirements Compliance with food safety and environmental laws and regulations
Employees	<ul style="list-style-type: none"> Employee feedback mailbox Wechat platform Employee caring session 	<ul style="list-style-type: none"> Compliance with regulations Provide healthy work environment to ensure the well being of all our staff 	<ul style="list-style-type: none"> Salary increment Problem solution Improve employee welfare and benefits
Government and regulators	<ul style="list-style-type: none"> Understand relevant laws and regulations Interaction with government and industrial bodies Trainings and meetings 	<ul style="list-style-type: none"> Compliance with laws and regulations Uphold highest standards of corporate governance and ethical behavior Participation in government-related events 	<ul style="list-style-type: none"> Compliance with food safety and environmental laws and regulations Compliance with SGX regulations
Investors/ shareholders	<ul style="list-style-type: none"> Shareholders' meeting Board meeting China Star website Regular updates and communication 	<ul style="list-style-type: none"> Consistently improve company's management Operate, manage and compliant against regulations Committed to delivering economic value to our capital providers through a strong financial performance and our methods of engagement with them 	<ul style="list-style-type: none"> Long-term profitability Achieve company targets Growing and development Compliance with laws and regulations
Suppliers/ business partners	<ul style="list-style-type: none"> Inspection of suppliers' production lines Interaction with supplier representatives Perform periodic supplier evaluation 	<ul style="list-style-type: none"> Build up strategic business relationship Compliance with food safety regulations 	<ul style="list-style-type: none"> Timely payment and adherence to agreement terms Compliance with food safety and environmental laws and regulations

2.4 Sustainability materiality

Using a materiality index, we align our responsible business priorities with the Group’s principal business and operational risks, as illustrated in the diagram below.

We have also developed metrics to help us measure our progress, as indicated in our sustainability scorecard in **Appendix A**. We will review and adjust the material issues and relevant metrics each year, as the external and business context changes.



3. Our performance

3.1 How we measure our performance

Our **sustainability strategy** is embedded into the appropriate parts of our business, with dedicated teams for each focus area, and coordination by our relevant departmental managers.

Progress will be tracked in two key ways: measuring performance against metrics, and evaluating how well the programs have advanced, through a series of 'commitments'.

Metrics and targets

We have established key performance indicators for each of the four focus areas outlined in our **sustainability strategy**. As this is our first year adopting sustainability reporting, we will be establishing quantitative targets within the next year to hold ourselves accountable and track how we are doing.

Periodically, we plan to introduce new metrics and update targets to ensure alignment with our strategy.

Commitments

To ensure we have a robust sustainability program in place, we will also publish the key initiatives we plan to implement in the next sustainability report.



3.2 Economic contribution

Overview

The concepts of a healthy diet and quality lifestyle have become increasingly prevalent across the PRC. In tandem with rapid urbanisation and higher disposable income, this reflects a burgeoning demand for convenient and healthy food products.

As one of the leading players in the sweet potato snacks industry, the growing health-conscious trend provides a bounty of opportunities for the Group to capture a broad consumer base in the PRC and beyond. We offer a diverse range of nutritious products, which currently include sweet potato baked goods, candies, pastries, crisps, preserved foods, roasted sweet potato nuts, nougats and steamed sweet potato snacks.

In addition, we believe that effective management of our supply chain can help us conserve resources, optimise processes, increase productivity and promote positive corporate values. We are dedicated to the consistent implementation of our procurement policies and procedures across our entire operation.

Future trends

According to Euromonitor International estimates, sales volume of packaged food in mainland China reached approximately RMB1,577 billion in 2017, representing an average annual growth rate of 6.6% since 2012¹.

Meanwhile, the rise of e-commerce and online retail sales in China has presented businesses with an avenue to reach consumers in a fast and convenient manner. In a 2017 consumer survey conducted by HKTDC Research, consumers ordering packaged snacks through online shopping channels have risen exponentially².

In order to tap the growing potential of the e-commerce industry in China, the Group seeks to build upon our digital market presence, as well as enhancing our customer engagement online. We believe that these strategies will further drive customer reach and brand awareness.

Nevertheless, brick and mortar stores are still the most significant channel for purchasing packaged food products and we continue to build a solid foundation for widening our footprint in the hypermarket segment, while keeping an eye on expansion opportunities in the domestic PRC market and beyond.

¥221m

Total revenue

¹ <https://hkmb.hktdc.com/en/1X0ADC6U/hktdc-research/China%E2%80%99s-Packaged-Food-Market-Major-Consumer-Trends>

² <http://economists-pick-research.hktdc.com/business-news/article/Research-Articles/China-s-Packaged-Food-Market-Major-Consumer-Trends/rp/en/1/1X000000/1X0ADC6u.htm>

Promoting a 'sweet potato' lifestyle

The Group seeks to build upon our digital market presence, as well as enhancing our customer engagement online, via our WeChat official account and our Taobao e-commerce website (starpay.world.tmall.com). Through these avenues, we seek to educate our customers on adopting a healthy, 'sweet potato' lifestyle in line with our Company vision.

Sweet potatoes offer a healthy and rich source of nutrients, is rich in complex carbohydrates, dietary fibre, beta carotene, vitamins A, B6 and C³.

Sweet potatoes are rich in beta-carotene, which the body converts into vitamin A. Beta-carotene is an antioxidant that has numerous health benefits. Besides its antioxidant properties protecting the cell from damage, people who have consumed high levels of beta carotene have been shown to have a reduced risk of developing cancer, heart disease and various diseases⁴.

The purple variation of the sweet potato also contains anthocyanin, which is responsible for the root's brilliant purple colour. Anthocyanins have been demonstrated to improve eyesight, reduce blood pressure, contain strong anti-inflammatory properties and suppress the spread of human cancer cells⁵. Thus, purple sweet potato is a highly beneficial crop.

Sweet potatoes also offer the lowest glycemic index ("GI") rating. Low glycemic index of sweet potato makes it an ideal alternative food for China's large population of diabetics. The Center for Science in the Public Interest ("CSPI") in the United States highly recommended sweet potato as one of the most nutritious food. It was found that sweet potatoes are rich in dietary fibre, sugars, vitamins, minerals and other essential nutrients, as compared to common vegetables.

Product research and development

The Group aims to constantly develop new sweet potato snack food products to suit the ever-changing tastes of modern consumers. Besides product development, the Group is dedicated to researching and implementing advanced technologies in our production processes and product design, including collaborations with research institutions.

Currently, we have partnered with Longyan Agricultural Science Research Institution and Jiangnan University to focus on new product development (such as frozen sweet potato product range) and the improvement of the texture of existing products.

As at FY2018, the Group has a total of nine registered patents, including seven technology patents and two invention patents.

7

Technology patents

2

Invention patents

³ Mitra S (2012) Nutritional Status of Orange-Fleshed Sweet Potatoes in Alleviating Vitamin A Malnutrition through a Food-Based Approach. *Journal of Nutrition and Food Sciences* 2:160.

⁴ Council for Responsible Nutrition (CRN) – www.crnusa.org/safety.

⁵ Izabela Konczak and Wei Zhang, "Anthocyanins – More Than Nature's Colours," *Journal of Biomedicine and Biotechnology*, vol. 2004, no. 5, pp. 239-240, 2004.

Sustainable supply chain

More than 70% of our purchases are from reliable local suppliers in the PRC. We believe that a secure and stable supply chain is very important to ensure the smooth and uninterrupted operation of our production activities.

70%

Purchases from local suppliers

To further ensure that our supply chain is primed for long-term food security, community resilience, and environmental sustainability, we actively work with our partners to achieve the following:



Securing long-term supply

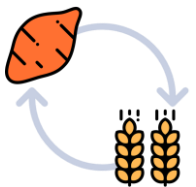
Since 2014, our subsidiary, Dizhongbao, has entered into long-term agreements with our suppliers as part of the Group’s business strategy to secure our supply of quality sweet potatoes at a reasonable price.

Under the terms of the agreement, the suppliers will sell all the harvested sweet potatoes from their farmland exclusively to Dizhongbao at a preferential price.



Developing win-win partnership

At the start of each sweet potato season, our Research and Development Centre (“R&D Centre”) takes charge to transfer sweet potato saplings from our greenhouse to our farmers. Experts from the R&D Centre also proactively teaches the farmers on proper care techniques to enhance the sweet potato harvest from each growth season.



Crop rotation

Sweet potatoes are prone to attacks by root rot nematodes. For this reason, our farmers are instructed to grow off-season crops such as rice as a crop rotation measure. This will replenish required nutrients into the soil to enable sustained harvests year after year.



3.3 Food safety

Overview

Food safety and quality are core to our commercial reputation and consumers' expectations. We are committed to responsible sourcing as it helps assure safety and quality of our end products.

We have always stressed the importance of food safety in our operations in each stage of our production process as evidenced by the ISO 9001:2008 and HACCP certifications over our production facilities.

Production quality and safety

Our quality control teams are committed to hygienic and safe production. The teams undergo regular food safety management training to maintain awareness and management of food safety risks, and are responsible for ensuring quality control of our products.

Our operations are audited regularly to monitor management and performance relating to hygiene, sanitation and 'good housekeeping'. We recorded no incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products. High standards of manufacturing help minimise exposure to risks that may affect product quality.

When we manufacture our snacks, we ensure high quality using stringent process controls to prevent contaminants entering the process.

We seek to continue our track record of zero food safety incidents, serious incidents and workplace injuries in the coming year.

Food packaging and labelling

Our food products are packaged using approved food-grade materials and our products passed the tests required by the Chinese national food safety standards. Packaging materials comply with the Chinese policy on producer responsibility.

Our marketing practices comply with Chinese regulations. Information on our food production permit number and the ingredients and nutritional values of each of our branded products is provided on the food label printed on the packaging. The labels also remind consumers to dispose the used packaging appropriately.

In addition, a dedicated customer support services hotline is available and prominently printed on our product labels for us to respond on specific matters. Customers are also encouraged to follow our official account on WeChat by scanning the QR code printed on our labels.



0

Food safety incidents

¥0

Fines on contravention of food safety regulations

0

Serious incidents

0

Workplace injuries

0

Incidents of non-compliance concerning product and service information and labeling

0

Incidents of non-compliance concerning marketing communications

3.4 Environmental sustainability

Overview

Environmental protection is fast gaining traction in China amongst policy makers and the public. This move caused a significant ripple effect across most industries, including the food manufacturing industry. As one of the leading players in the sweet potato snacks industry in China, we are committed to ensuring our full compliance with national environmental regulations.

Comprehensive policies are developed to ensure our commitment towards environmental protection, reducing carbon emissions, preventing pollution, and minimising waste can be achieved during our daily operations.

Environmental policy in China

Environmental policy in China is set by the National People's Congress and managed by the Ministry of Environmental Protection of the People's Republic of China. The central government issues strict regulations for which the actual monitoring and enforcement is largely undertaken by the local governments.

In January 2015, a new environmental law came into effect, covering land, water and air pollution. It contains strict penalties, including seizing of the property of illegal polluters, with company executives subject to prison sentences of 15 days. There is no upper limit on fines. More than 300 different groups will be able to sue on the behalf of people harmed by pollution.

As a direct result the new pollution requirements, we halted our production from January to September 2017 under the general directive of the local government due to the delay in completion of Liancheng county's centralised water treatment plant.

Since October 2017, the Group is able to partially resume production at the Zilaohu factory at a lower capacity following the interim measures in relation to waste water disposal and treatment arrangement put in place by local authorities. The Group has been informed that Liancheng county's centralised water treatment plant is only expected to commence operations in early 2019.

We look forward to the completion of the water treatment plant to ramp up production levels and seek to continue to comply with China's environmental policy in our operations.

0

Environmental incidents

¥0

Fines on contravention of environmental regulations



Emissions reduction

The corporate culture of protecting the environment is reflected in every operation undertaken by the Group.

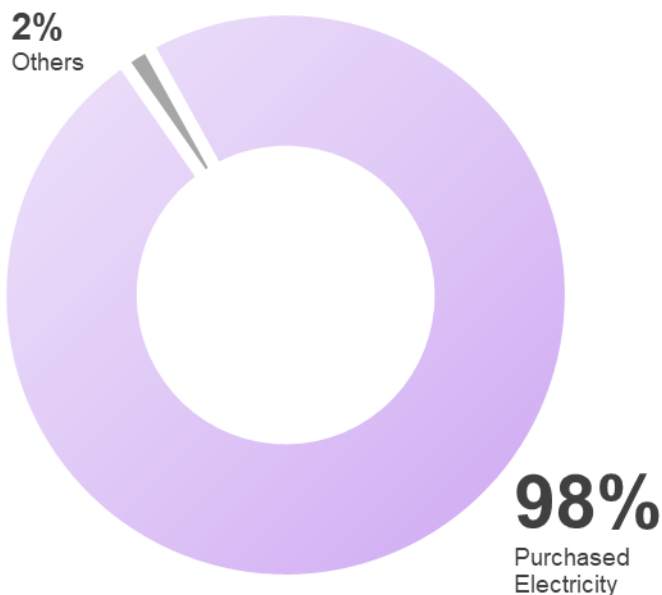
We are committed to positive action on climate change and are dedicated to reducing the carbon emission in our daily operations. Employees are reminded to save electricity and fuel consumption through regular internal communications.

To determine the carbon footprint, we collect energy usage data from each our businesses and then calculate our total annual greenhouse gas emissions.

In FY2018, the Group generated a carbon footprint of 2,342.66 tonnes of carbon dioxide emission (tCO₂e) with a carbon emission intensity of 10.5 tCO₂e per million yuan of revenue. The emission mainly arises from purchased electricity used in the production process, which accounted for more than 98% of the total carbon emission of the Group.

10.5tCO₂e

Carbon emission intensity per million yuan of revenue



We follow the Greenhouse Gas Protocol established by the World Resources Institute and the World Business Council for Sustainable Development, the standard manual for measuring corporate greenhouse gas emissions. Using the “control method”, we include 100% of the emissions associated with businesses which we directly control. Our carbon footprint includes:

- All fuels used directly by our companies (Scope 1 emissions)
- All purchased electricity used in our facilities (Scope 2 emissions)
- Impact of business air travel (optional Scope 3 emissions)

We will continue to monitor the performance on carbon emission reduction. Progress and performance on the reduction of carbon emission will be reported in the following year.

Energy efficiency

Buildings and factories are energy-intensive structures and electricity often constitutes a significant proportion of operating expenses. By investing in energy efficiency, we not only help protect the environment but can also lower our financial costs.

The Group's electricity consumption came from regular operations of the office and factory. In FY2018, the total electricity consumption intensity of the Group is 13.4 MWh per million yuan of revenue.

The Group utilised electricity-saving light bulbs at its office building as well as educated its employees about energy conservation and emission reductions. To ensure the effective use of electricity, the Group conducted the following practices:

- Turn off lights, computers and air conditioning system before clocking out
- Place energy saving reminder labels next to switches
- Clean office equipment (such as refrigerator, air-conditioner) regularly to maintain high efficiency
- Use energy saving equipment
- Set temperature of air conditioners to 25°C

The Group established policies and procedures to reduce energy consumption in the office and factory, to assess the energy efficiency, to increase the use of clean energy, if possible, to set applicable targets to monitor energy consumption, and to ensure power is turned off when electrical appliances are not in use.

Saving water

Water scarcity is a growing concern around the world and a serious global challenge that we must work together to address. This is even a greater concern to us, given that water is also an essential input in the food industry, from cleaning and sanitation to manufacturing.

In FY2018, the Group had a water consumption intensity of 769 m³ per million yuan of revenue. Where possible, the Group already has procedures in place to reduce water usage in our production lines. Our employees are also reminded of the importance to save water in their daily activities.

We will continue to monitor the performance on the water consumption reduction. Progress and performance on the reduction on water consumption will be reported in the following year.

Waste and wastewater management

Waste materials from our production activities are separated for proper handling and disposal through proper channels. The amount of waste materials disposed is currently not measured.

Wastewater treatment and disposal is handled entirely by Liancheng county's centralised water treatment plant on the Group's behalf. Greywater from the factory's operations are directly piped to the water treatment plant through the factory's sewage system.

As a result, the treated wastewater discharge will be able to meet the requirements of the water emission standard of the Fujian Province. We seek to continue to ensure that 100% of our wastewater discharge meet the local emission standards in the coming year.

13.4MWh

Electricity consumption intensity per million yuan of revenue

769m³

Water consumption intensity per million yuan of revenue

100%

Wastewater discharge that meets local emission standards

3.5 Social contribution

Overview

Employees are the integral part of our competitive advantage and our sustainability agenda. We strive to invest in training and create an enjoyable working environment to our employees. Our human resources team develops, evolves and champions our human 'capital' through training, evaluation, remuneration, and engagement.

Through our people, we are also committed in making positive contributions to our community by giving back to the society and helping the less privileged.

Employee redundancy

Due to the new pollution requirements, and coupled with the delay in completion of Liancheng county's centralised water treatment plant, we halted our production from January to September 2017 under the general directive of the local government.

As a result, during the same period, we had no choice but to terminate the employment of more than 400 staff in Zixin. We have compensated these employees accordingly based on the requirements of the Chinese Labour Law.

Upon recommencement of production in October 2017, priority was given to recruit these former employees should they choose to join us again. We wish to thank these employees for their loyalty to the Group.

Skills competency and employee training

To ensure that our employee excel, we emphasise on continuous learning in the workplace. Every employee has equal opportunities to upgrade and sharpen their skill sets through formal and on-the-job internal training programs.

The Company also emphasises on internal leadership development, and places great importance on developing a network of new-generation leaders who would play an important role in driving the business in the future.

In FY2018, the Group invested an average of 14 hours of training on each employee. We seek to continue this practice in the coming year.

14

Training hours per staff

Performance appraisal

To ensure the Company achieves its goals, we have various performance appraisal methods in place to determine the performance of the Company as well as each individual employee.

The employee performance appraisal comprises mainly quantifiable evaluation criteria. In addition, we actively collect performance information for each employee each month through inputs from direct supervisors and feedbacks, as well as periodical employee communication sessions.

These collected information allow us to understand the performance and skills development needs of each team and individual employee from multiple aspects. This is crucial for the Company to develop annual training programs for employees that are designed to enhance their skills and improve overall productivity.

In FY2018, all of our employees are at least subject to an annual performance appraisal by their superiors. We seek to continue this practice in the coming year.

Equal opportunity

We have always been an equal opportunity employer to provide a fair workplace for employees, following the principles of equality and non-discrimination. Recruitment, remuneration, promotion, and benefits are required to be handled based on objective assessment, equal opportunity and non-discrimination regardless of gender, race, marital status, pregnancy, disability, age or family status.

We attract talent through fair, and flexible recruitment strategy that includes recruitment application, job description, job applications, interview, selection, approval, and job offer. Promotion is based on performance and suitability.

We offer competitive remuneration to attract and retain talented staff members. Remuneration packages (which includes the necessary social benefits) are reviewed periodically to ensure consistency with employment market. Dismissal also complies with employment laws and regulations relating to non-discrimination.

In 2017, female employees comprise 66% of our entire workforce, with female representation in management at 14%.

Encouraging work-life balance

To enhance employee teamwork and cohesion, improve employee health and improve employee work-life balance, the Group has been organising periodic employee gatherings during major festivals and sports competitions. This helps the employees relax their mind and body, develop teamwork, explore their talent, so as to develop a positive attitude in both work and life.

Community initiatives

In FY2018, our Group made cash donations totaling ¥50,000 to two local schools to fund their Children's Day activities.

We also awarded ¥120,000 in bursaries to three promising local candidates to fund their university education. We strongly believe that education opens the door to a brighter future and we hope every student has the opportunity to achieve their fullest potential.

The Group will continue to invest in the above and other initiatives supporting educational causes.

100%

Employees subject to regular performance appraisal

66%

Female representation in workforce

14%

Female representation in management

¥170k

Social contributions made to the local community

3

University bursaries awarded

Appendix A: Sustainability scorecard

Economic contribution

Performance indicators	Units	FY2018
Total revenue	¥'million	221
Number of technology patents (since 2014)	Number	7
Number of invention patents (since 2014)	Number	2
Purchases from local suppliers	%	70

Food safety

Performance indicators	Units	FY2018
Food safety incidents	Number	0
Fines on contravention of food safety regulations	¥'000	0
Serious incidents	Number	0
Workplace injuries	Number	0
Incidents of non-compliance concerning product and service information and labeling	Number	0
Incidents of non-compliance concerning marketing communications	Number	0

Environmental sustainability

Performance indicators	Units	FY2018
Environmental incidents	Number	0
Fines on contravention of environmental regulations	¥'000	0
Total carbon footprint	tCO ₂ e	2,342.66
Carbon emission intensity	tCO ₂ e/¥'million	10.5
Electricity consumption intensity	MWh/¥'million	13.4
Water consumption intensity	m ³ /¥'million	769
Wastewater discharge that meets local emission standards	Percentage	100

Social contribution

Performance indicators	Units	FY2018
Training hours per staff	Hours	14
Employees subject to regular performance appraisal	Percentage	100
Female representation in workforce	Percentage	66
Female representation in management	Percentage	14
Social contributions made to the local community	¥'000	170
University bursaries awarded	Number	3

Appendix B: GRI content index

GRI Standards Content Index

The GRI Content Index references the China Star Food Group Limited Sustainability Report 2018 (SR), and the Annual Report 2018 (AR).

Disclosure number	Disclosure title	Page reference and remarks	
GRI 102: General disclosures			
Organisational profile	102-1	Name of organisation	<ul style="list-style-type: none"> AR: Corporate Profile (Page 3)
	102-2	Activities, brands, products, and services	<ul style="list-style-type: none"> AR: Corporate Profile (Page 3)
	102-3	Location of headquarters	<ul style="list-style-type: none"> AR: Corporate Profile (Page 3)
	102-4	Location of operations	<ul style="list-style-type: none"> AR: Corporate Profile (Page 3) AR: Investments in Subsidiaries – Note 16 to the Financial Statements (Pages 92-94)
	102-5	Ownership and legal form	<ul style="list-style-type: none"> AR: General – Note 1 to the Financial Statements (Page 68)
	102-6	Markets served	<ul style="list-style-type: none"> AR: Business and Financial Review (Pages 13-16) AR: Financial Information by Segment – Note 4 to the Financial Statements (Page 83)
	102-7	Scale of organisation	<ul style="list-style-type: none"> AR: Corporate Profile (Page 3) AR: Financial Information by Segment – Note 4 to the Financial Statements (Page 83)
	102-8	Information on employees and other workers	<ul style="list-style-type: none"> SR: Social Contribution (Pages 16-17)
	102-9	Supply chain	<ul style="list-style-type: none"> SR: Economic Contribution (Pages 9-11)
	102-10	Significant changes to the organisation and its supply chain	<ul style="list-style-type: none"> AR: Corporate Profile (Page 3) AR: Our Quality Products (Pages 4-7)
	102-11	Precautionary Principle or approach	<ul style="list-style-type: none"> AR: Corporate Governance Report (Pages 26-52)
	102-12	External initiatives	<ul style="list-style-type: none"> Not applicable
	102-13	Membership of associations	<ul style="list-style-type: none"> Not applicable
Strategy	102-14	Statement from senior decision-maker	<ul style="list-style-type: none"> AR: Chairman's Statement (Pages 8-12)
	102-15	Key impacts, risks, and opportunities	<ul style="list-style-type: none"> AR: Business and Financial Review (Pages 13-16) AR: Independent Auditor's Report (Pages 59-62)
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	<ul style="list-style-type: none"> SR: Sustainability Strategy (Page 5)
	102-17	Mechanisms for advice and concerns about ethics	<ul style="list-style-type: none"> AR: Corporate Governance Report (Pages 26-52)
Governance	102-18	Governance structure	<ul style="list-style-type: none"> AR: Corporate Governance Report (Pages 26-52)
	102-19	Delegating authority	<ul style="list-style-type: none"> AR: Corporate Governance Report (Pages 26-52)
	102-20	Executive-level responsibility for economic, environmental, and social topics	<ul style="list-style-type: none"> SR: Sustainability Organisational Structure (Page 4)
	102-21	Consulting stakeholders on economic, environmental, and social topics	<ul style="list-style-type: none"> SR: Consulting Our Stakeholders (Page 6)
	102-22	Composition of the highest governance body and its committees	<ul style="list-style-type: none"> AR: Corporate Governance Report (Pages 26-52)

Disclosure number	Disclosure title	Page reference and remarks	
	102-23	Chair of the highest governance body	<ul style="list-style-type: none"> AR: Corporate Governance Report (Pages 26-52)
	102-24	Nominating and selecting the highest governance body	<ul style="list-style-type: none"> AR: Corporate Governance Report (Pages 26-52)
	102-25	Conflicts of interest	<ul style="list-style-type: none"> AR: Corporate Governance Report (Pages 26-52) AR: Directors' Statement (Pages 41-44) SR: Sustainability Strategy (Page 5)
	102-26	Role of highest governance body in setting purpose, values, and strategy	<ul style="list-style-type: none"> AR: Corporate Governance Report (Pages 26-52)
	102-27	Collective knowledge of highest governance body	<ul style="list-style-type: none"> AR: Corporate Governance Report (Pages 26-52)
	102-28	Evaluating the highest governance body's performance	<ul style="list-style-type: none"> AR: Corporate Governance Report (Pages 26-52)
	102-29	Identifying and managing economic, environmental, and social impacts	<ul style="list-style-type: none"> SR: Sustainability Materiality (Page 7)
	102-30	Effectiveness of risk management processes	<ul style="list-style-type: none"> AR: Corporate Governance Report (Pages 26-52)
	102-31	Review of economic, environmental, and social topics	<ul style="list-style-type: none"> SR: Sustainability Report (Pages 1-25)
	102-32	Highest governance body's role in sustainability reporting	<ul style="list-style-type: none"> SR: Sustainability Organisational Structure (Page 4)
	102-33	Communicating critical concerns	<ul style="list-style-type: none"> SR: Sustainability Materiality (Page 7)
	102-34	Nature and total number of critical concerns	<ul style="list-style-type: none"> SR: Sustainability Materiality (Page 7)
	102-35	Remuneration policies	<ul style="list-style-type: none"> AR: Corporate Governance Report (Pages 26-52)
	102-36	Process for determining remuneration	<ul style="list-style-type: none"> AR: Corporate Governance Report (Pages 26-52)
	102-37	Stakeholders' involvement in remuneration	<ul style="list-style-type: none"> AR: Corporate Governance Report (Pages 26-52)
	102-38	Annual total compensation ratio	<ul style="list-style-type: none"> AR: Corporate Governance Report (Pages 26-52)
	102-39	Percentage increase in annual total compensation ratio	<ul style="list-style-type: none"> AR: Corporate Governance Report (Pages 26-52)
Stakeholder engagement	102-40	List of stakeholder groups	<ul style="list-style-type: none"> SR: Consulting Our Stakeholders (Page 6)
	102-41	Collective bargaining agreements	<ul style="list-style-type: none"> Not applicable
	102-42	Identifying and selecting stakeholders	<ul style="list-style-type: none"> SR: Consulting Our Stakeholders (Page 6)
	102-43	Approach to stakeholder engagement	<ul style="list-style-type: none"> SR: Sustainability Strategy (Page 5)
	102-44	Key topics and concerns raised	<ul style="list-style-type: none"> SR: Consulting Our Stakeholders (Page 6)
Reporting practice	102-45	Entities included in the consolidated financial statements	<ul style="list-style-type: none"> AR: Investments in Subsidiaries – Note 16 to the Financial Statements (Pages 92-94)
	102-46	Defining report content and topic Boundaries	<ul style="list-style-type: none"> SR: Sustainability Materiality (Page 7)
	102-47	List of material topics	<ul style="list-style-type: none"> SR: Sustainability Materiality (Page 7)

Disclosure number		Disclosure title	Page reference and remarks
	102-48	Restatements of information	• Not applicable
	102-49	Changes in reporting	• Not applicable
	102-50	Reporting period	• SR: Scope of Sustainability Report (Page 3)
	102-51	Date of most recent report	• Not applicable
	102-52	Reporting cycle	• Annual
	102-53	Contact point for questions regarding the report	• SR: Scope of Sustainability Report (Page 3)
	102-54	Claims of reporting in accordance with the GRI Standards	• SR: Scope of Sustainability Report (Page 3)
	102-55	GRI content index	• SR: GRI Content Index (Pages 19-25)
	102-56	External assurance	• No external assurance
GRI 200: Economic disclosures			
Economic performance	201-1	Direct economic value generated and distributed	• AR: Financial Highlights (Pages 17-19)
	201-2	Financial implications and other risks and opportunities due to climate change	• Not applicable
	201-3	Defined benefit plan obligations and other retirement plans	• Not applicable
	201-4	Financial assistance received from government	• Not applicable
Market presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	• Not applicable
	202-2	Proportion of senior management hired from local community	• Not applicable
Indirect economic impacts	203-1	Infrastructure investments and services supported	• Not applicable
	203-2	Significant indirect economic impacts	• Not applicable
Procurement practices	204-1	Proportion of spending on local suppliers	• SR: Economic Contribution (Pages 9-11)
Anti-corruption	205-1	Operations assessed for risks related to corruption	• Not applicable
	205-2	Communication and training about anti-corruption policies and procedures	• Not applicable
	205-3	Confirmed incidents of corruption and actions taken	• There is no incidences of corruption.
Anti-competitive behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	• There is no legal actions for anti-competition.
GRI 300: Environment disclosures			
Materials	301-1	Materials used by weight or volume	• Not applicable
	301-2	Recycled input materials used	• Not applicable
	301-3	Reclaimed products and their packaging materials	• Not applicable

Disclosure number		Disclosure title	Page reference and remarks
Energy	302-1	Energy consumption within the organisation	<ul style="list-style-type: none"> SR: Environmental Sustainability (Pages 13-15)
	302-2	Energy consumption outside of the organisation	<ul style="list-style-type: none"> Not applicable
	302-3	Energy intensity	<ul style="list-style-type: none"> Not applicable
	302-4	Reduction of energy consumption	<ul style="list-style-type: none"> Not applicable
	302-5	Reductions in energy requirements of products and services	<ul style="list-style-type: none"> Not applicable
Water	303-1	Water withdrawal by source	<ul style="list-style-type: none"> SR: Environmental Sustainability (Pages 13-15)
	303-2	Water sources significantly affected by withdrawal of water	<ul style="list-style-type: none"> Not applicable
	303-3	Water recycled and reused	<ul style="list-style-type: none"> Not applicable
Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	<ul style="list-style-type: none"> Not applicable
	304-2	Significant impacts of activities, products, and services on biodiversity	<ul style="list-style-type: none"> Not applicable
	304-3	Habitats protected or restored	<ul style="list-style-type: none"> Not applicable
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	<ul style="list-style-type: none"> Not applicable
Emissions	305-1	Direct (Scope 1) GHG emissions	<ul style="list-style-type: none"> SR: Environmental Sustainability (Pages 13-15)
	305-2	Energy indirect (Scope 2) GHG emissions	<ul style="list-style-type: none"> SR: Environmental Sustainability (Pages 13-15)
	305-3	Other indirect (Scope 3) GHG emissions	<ul style="list-style-type: none"> SR: Environmental Sustainability (Pages 13-15)
	305-4	GHG emissions intensity	<ul style="list-style-type: none"> SR: Environmental Sustainability (Pages 13-15) SR: Sustainability Scorecard (Page 18)
	305-5	Reduction of GHG emissions	<ul style="list-style-type: none"> Not applicable
	305-6	Emissions of ozone-depleting substances (ODS)	<ul style="list-style-type: none"> Not applicable
	305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	<ul style="list-style-type: none"> Not applicable
Effluents and waste	306-1	Water discharge by quality and destination	<ul style="list-style-type: none"> SR: Environmental Sustainability (Pages 13-15)
	306-2	Waste by type and disposal method	<ul style="list-style-type: none"> SR: Environmental Sustainability (Pages 13-15)
	306-3	Significant spills	<ul style="list-style-type: none"> Not applicable
	306-4	Transport of hazardous waste	<ul style="list-style-type: none"> Not applicable
	306-5	Water bodies affected by water discharges and/or runoff	<ul style="list-style-type: none"> Not applicable

Disclosure number		Disclosure title	Page reference and remarks
Laws and regulations	307-1	Non-compliance with environmental laws and regulations	<ul style="list-style-type: none"> There is no non-compliance with environmental laws and regulations.
Supplier environmental assessments	308-1	New suppliers that were screened using environmental criteria	<ul style="list-style-type: none"> Not applicable
GRI 400: Social disclosures			
Employment	401-1	New employee hires and employee turnover	<ul style="list-style-type: none"> SR: Social Contribution (Pages 16-17)
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<ul style="list-style-type: none"> Not applicable
	401-3	Parental leave	<ul style="list-style-type: none"> Not applicable
Labor / management relations	402-1	Minimum notice periods regarding operational changes	<ul style="list-style-type: none"> Not applicable
Occupational health and safety	403-1	Workers representation in formal joint management-worker health and safety committees	<ul style="list-style-type: none"> Not applicable
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	<ul style="list-style-type: none"> SR: Food Safety (Page 12) SR: Sustainability Scorecard (Page 18)
	403-3	Workers with high incidence or high risk of diseases related to their occupation	<ul style="list-style-type: none"> Not applicable
	403-4	Health and safety topics covered in formal agreements with trade unions	<ul style="list-style-type: none"> Not applicable
Training and education	404-1	Average hours of training per year per employee	<ul style="list-style-type: none"> SR: Social Contribution (Pages 16-17) SR: Sustainability Scorecard (Page 18)
	404-2	Programs for upgrading employee skills and transition assistance programs	<ul style="list-style-type: none"> SR: Social Contribution (Pages 16-17)
	404-3	Percentage of employees receiving regular performance and career development reviews	<ul style="list-style-type: none"> SR: Social Contribution (Pages 16-17)
Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	<ul style="list-style-type: none"> SR: Social Contribution (Pages 16-17)
	405-2	Ratio of basic salary and remuneration of women to men	<ul style="list-style-type: none"> Not applicable
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	<ul style="list-style-type: none"> There is no incidents of discrimination.
Freedom of association and collective bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	<ul style="list-style-type: none"> Not applicable
Child labor	408-1	Operations and suppliers at significant risk for incidents of child labor	<ul style="list-style-type: none"> Child labour is strictly prohibited.

Disclosure number		Disclosure title	Page reference and remarks
Forced or compulsory labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	<ul style="list-style-type: none"> Forced and compulsory labour is strictly prohibited.
Security practices	410-1	Security personnel trained in human rights policies or procedures	<ul style="list-style-type: none"> Not applicable
Rights of indigenous peoples	411-1	Incidents of violations involving rights of indigenous peoples	<ul style="list-style-type: none"> Not applicable
Human rights assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	<ul style="list-style-type: none"> Not applicable
	412-2	Employee training on human rights policies or procedures	<ul style="list-style-type: none"> Not applicable
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	<ul style="list-style-type: none"> Not applicable
Local communities	413-1	Operations with local community engagement, impact assessments, and development programs	<ul style="list-style-type: none"> SR: Social Contribution (Pages 16-17)
	413-2	Operations with significant actual and potential negative impacts on local communities	<ul style="list-style-type: none"> Not applicable
Supplier social assessment	414-1	New suppliers that were screened using social criteria	<ul style="list-style-type: none"> Not applicable
	414-2	Negative social impacts in the supply chain and actions taken	<ul style="list-style-type: none"> Not applicable
Public policy	415-1	Political contributions	<ul style="list-style-type: none"> Not applicable
Customer health and safety	416-1	Assessment of the health and safety impacts of product and service categories	<ul style="list-style-type: none"> SR: Food Safety (Page 12)
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	<ul style="list-style-type: none"> SR: Food Safety (Page 12)
Marketing and labelling	417-1	Requirements for product and service information and labeling	<ul style="list-style-type: none"> SR: Food Safety (Page 12)
	417-2	Incidents of non-compliance concerning product and service information and labeling	<ul style="list-style-type: none"> SR: Food Safety (Page 12)
	417-3	Incidents of non-compliance concerning marketing communications	<ul style="list-style-type: none"> SR: Food Safety (Page 12)
Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	<ul style="list-style-type: none"> Not applicable

Disclosure number		Disclosure title	Page reference and remarks
Socioeconomic compliance	419-1	Non-compliance with laws and regulations in the social and economic area	<ul style="list-style-type: none">• There is no non-compliance with socioeconomic laws and regulations.