

Sustainability Report

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1 ABOUT THIS REPORT

1.1 Report Scope

With the publication of the 13th edition of Qian Hu Corporation Limited's ("Qian Hu") annual sustainability report this year, we reiterate our dedication to sustainability since our inaugural report in FY 2011. Our latest Sustainability Report 2023 (or "the Report") demonstrates our ongoing commitment to sustainability and provides an overview of our approach, priorities, targets and performance. It supplements the financial and risk performance reported elsewhere in our Annual Report 2023 to present a balanced perspective of how we strive to build long-term values and invest for growth while supporting our stakeholders by focusing on environmental stewardship and enhancing the quality of life for all communities.

This Report addresses Environmental, Social and Governance ("ESG") considerations within our operational markets — Singapore, Malaysia, China, Thailand and Indonesia, unless specified otherwise. Financial data within the Report is presented in Singapore dollars and covers the period from 1 January 2023 to 31 December 2023 ("FY 2023"). There were no significant changes to the organisation's sectors, value chain and other business relationships during the reporting cycle.

1.2 Reporting Framework

At Qian Hu, transparency and comparability in our disclosures are pivotal to our commitment to sustainability. This Report has been prepared in compliance with the SGX-ST Listing Rules 711A & 711B and Practice Note 7.6 Sustainability Reporting Guide, as well as in accordance with the internationally recognised Global Reporting Initiative ("GRI") Standards 2021. The Report also references the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") and aligns our sustainability efforts to the specific United Nations Sustainable Development Goals (UN SDGs).

The GRI Standards 2021 were adopted as the reporting framework of this Report as it provides thorough requirements and a wide range of material topics to enable meaningful engagement with our stakeholders on our sustainability progress and performance.

This Report has not been externally assured. We relied on our internal verification mechanisms to review the processes for the collection of data relating to the selected ESG factors. The approach to the internal review will continue to be enhanced alongside the maturity of the Group's sustainability reporting framework. We will also carry out the necessary external assurance in the future years as stipulated.

1.3 Report Contact and Feedback

Your feedback is valuable to us in improving our sustainability practices and reporting.

For any comments, inquiries, or perspectives regarding this Report and its contents, please send us your views at feedback@qianhu.com.

1.4 Message from the Board

Dear Stakeholders,

2023 has been a year of recovery for Qian Hu, where we focused on building a more resilient and sustainable business. Our fundamental approach towards sustainability has not wavered – we want to make a positive difference in the communities we operate in by actively innovating and enhancing our business portfolio, products and services to serve these communities best. Our 13th Sustainability Report outlines our ongoing commitment to sustainability without exception.

This year, our bottom line has taken a substantial hit, given our strategic decision to dispose of a substantial portion of our Asian Arowana brooder stocks. Due to certain mass-market varieties experiencing over-saturation and declining prices in recent years, we have decided to reduce breeding activities on this front.

Although this is a painful move in the short term, we believe this will bring about long-term benefits and prospects on many fronts. For one, it allows us to free up valuable resources and land space to be redeployed to explore new business activities that would generate better value for the Group.

The land-intensive earthen ponds vacated by the brooder stocks will be converted instead to breed and farm ornamental fish and aquacultural products in Singapore using the innovative Aqua-Ring Technology (ART) system. As a standalone, environmentally friendly and integrated energy-efficient system with zero discharge, this innovative technology will yield more fish in a shorter time, and in a much more sustainable manner as well.

Meanwhile, we have commenced the responsible disposal of our brooder stocks – donating some to farms in Malaysia that have shown interest and have the capacity to accommodate them. We have also donated a number of these brooder stocks to several schools in Singapore and we are in discussions with the Singapore Zoological Gardens to take some over as well. In all, this will shore up our resilience in the ornamental fish and aquaculture supply chains, whilst greatly reducing our environmental footprint.

As a leader in Singapore's aquaculture sector, Qian Hu is closely aligned with the Singaporean government's objective to meet 30% of the nation's nutritional needs by 2030. Through our engagement programmes, we provide support and guidance to local farmers grappling with increased production costs and market fluctuations. We are also actively involved in dialogues with the Singapore Food Agency to contribute insights to their master plan for the aquaculture sector.

On the environmental front, we are going beyond adopting and reporting TCFD recommendations by continuing to monitor, report and reduce our Scope 1

and Scope 2 GHG emissions. In fact, we have introduced several new technologies in our farms to assist in the reduction of resources to lower our carbon footprint.

In 2023, we have taken immediate steps to start measuring our Scope 3 emissions since we espoused this last year. We are of the view that this approach provides a strong foundation to develop our decarbonisation strategy and set carbon emission reduction targets.

Going forward in the next two years, we will undertake both qualitative and quantitative climate scenario analyses to comprehensively evaluate the diverse risks and opportunities presented by climate change. The aim is to equip Qian Hu with the insights necessary to enhance the resilience of our business operations against climate-related challenges and capitalise on emerging opportunities amidst an evolving landscape.

At Qian Hu, our people come first and employee welfare is a cornerstone of our operations. A well-supported and fulfilled workforce is pivotal not only for enhanced productivity but also essential to fostering a positive and dynamic work environment that drives innovation and growth. We are steadfast in our pursuit of enriching our workplace environment for all employees and continue to provide attractive benefits while investing in training and development programmes to nurture their well-being and engagement.

As a dedicated corporate citizen, community engagement is integral to our values at Qian Hu. We believe in building meaningful relationships with the communities we operate in, as our work is deeply intertwined with the well-being and development of these communities. We actively participate in social initiatives, including hospice events and donation campaigns, as well as educational tours that enrich the understanding of animal welfare and biodiversity.

In our journey forward, Qian Hu is unwavering in our commitment to deliver sustained value, ensuring that our strategies and actions continuously align with and effectively address the evolving needs of all our stakeholders, while aligning with our sustainability objectives. Our approach continues to be shaped by a deep sensitivity to stakeholders' needs, a determined focus on climate action, and a rigorous sustainable framework that steers our trajectory.

Sincerely,

Board of Directors
Qian Hu Corporation Limited

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2 OUR APPROACH AND STRATEGY

2.1 Governance Structure

Qian Hu has a dedicated governance framework in place to drive, govern and manage the sustainability function to ensure that core material issues are incorporated into our corporate agenda. This structure drives our priorities to protect long-term interests and create value for our stakeholders.

The **Board of Directors** has the ultimate responsibility to oversee the Group's sustainability strategy and reporting and maintains oversight of the Group's sustainability direction, including the climate change agenda. The Board is kept apprised of the sustainability programmes, activities and progress regularly, and reviews the sustainability strategy annually against the overall business strategy, taking into consideration prevailing trends, economic conditions and geopolitical issues which may affect the Group.

The Board is supported by a **Sustainability Committee**, which is chaired by the Chief Executive Officer. The Committee provides leadership and spearheads our sustainability projects and initiatives, including the setting of sustainability performance benchmarks and key performance indicators.

Through the **Sustainability Reporting Team**, the Sustainability Committee engages businesses and functions in executing and managing the Group's ESG initiatives. This core team consists of representatives from each operating entity who have been delegated with specific sustainability reporting roles. They are actively involved in driving the Group's sustainability efforts, as well as the implementation and reporting of sustainability strategy and programmes in their respective entity, including collaborating on sustainability initiatives and sharing sustainability best practices across the Group.

ESG Governance Structure



2.2 Stakeholder Engagement

Our stakeholders are the entities or individuals that can be reasonably expected to be significantly impacted by our activities, products and services. Timely engagement with stakeholders enables us to understand their expectations and concerns so that we can align our mutual business interests and prioritise our ESG efforts, as well as explore new possibilities stimulated by their feedback.

For each group of stakeholders we have defined, we identified pertinent issues and established platforms for engagement. In FY 2023, our stakeholder engagement process shows no significant negative impacts from our business activities and operations on our stakeholders.

Approach to Stakeholder Engagement

Key Stakeholders	Engagement Methods	Interests and Concerns	Our Responses
Customers 	<ul style="list-style-type: none"> Annual customer satisfaction surveys Site visits and/or meetings Social media platforms Trade fairs/exhibitions Feedback through emails and phone calls 	<ul style="list-style-type: none"> Customer satisfaction Quality products and services Product pipeline Sustainability efforts Customer data privacy 	<ul style="list-style-type: none"> Feedback platforms available – active listening Good customer service and prompt resolution of feedback Product training Professional and ethical standards in business conduct Strong data security
Suppliers 	<ul style="list-style-type: none"> Site visits and/or meetings Feedback through emails and phone calls Vendor evaluation and assessments 	<ul style="list-style-type: none"> Product quality assurance Supply chain management Fair payment terms 	<ul style="list-style-type: none"> Supplier Code of Conduct Vendor selection process Pilot programme to share best practices to support and empower local farmers
Employees 	<ul style="list-style-type: none"> Performance appraisal discussions Half-yearly staff dialogue and sharing sessions Mobile-based chat groups Regular floor walks Annual employee opinion surveys Bi-annual "Fish Matrix" in-house newsletters 	<ul style="list-style-type: none"> Competitive remuneration and benefits Employee engagement Talent retention Workplace health and safety Training and career development Mutual trust and respect 	<ul style="list-style-type: none"> Fair and progressive human resource policy Training opportunities and career development Talent management and succession planning Employee bonding sessions Healthcare and Employee Assistance Programme (EAP) Whistle blowing policy
Community 	<ul style="list-style-type: none"> Community engagement programmes Sustainability reporting 	<ul style="list-style-type: none"> Good corporate citizenship Positive impact on the environment 	<ul style="list-style-type: none"> Educational farm tours Employee community programmes and initiatives Business community interactions and sharing sessions

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2.2 Stakeholder Engagement (Cont'd)

Approach to Stakeholder Engagement (Cont'd)

Key Stakeholders	Engagement Methods	Interests and Concerns	Our Responses
Investors 	<ul style="list-style-type: none"> • Corporate website • Annual Reports • SGXNET announcements • Annual General Meetings ("AGM") and AGM minutes • Sustainability Reports • Investor Relations emails and Q&A • Media releases and interviews 	<ul style="list-style-type: none"> • Financial performance • Stable growth and sustainable returns • Strong corporate governance and transparency • Risk management practices • Sustainability efforts 	<ul style="list-style-type: none"> • Competent Board and management • Financial prudence • Robust corporate & risk governance • Timely reporting and disclosure
Regulators 	<ul style="list-style-type: none"> • Official circulations • Email correspondences • Seminars and conferences • Dialogue and feedback sessions 	<ul style="list-style-type: none"> • Ethical and regulatory compliance • Environmental and social impact 	<ul style="list-style-type: none"> • Compliance with regulatory requirements and guidelines • Strong governance and controls over operational and financial risks • Regular communications and participation in dialogue with government agencies and regulators on statutory requirements and new developments



2.3 Materiality Assessment

In FY 2022, Qian Hu conducted a materiality assessment workshop to identify key areas of concern on economic, environmental, social and governance matters. These concerns were mapped against material topics under the GRI Standards 2021 and the UN SDGs, and prioritised according to the level of impact on the business, as well as stakeholders' decisions. The management validated the material topics and prioritisation before presenting to the Board, refined them based on the directors' feedback, and obtained the Board's approval to be included in the Sustainability Report.

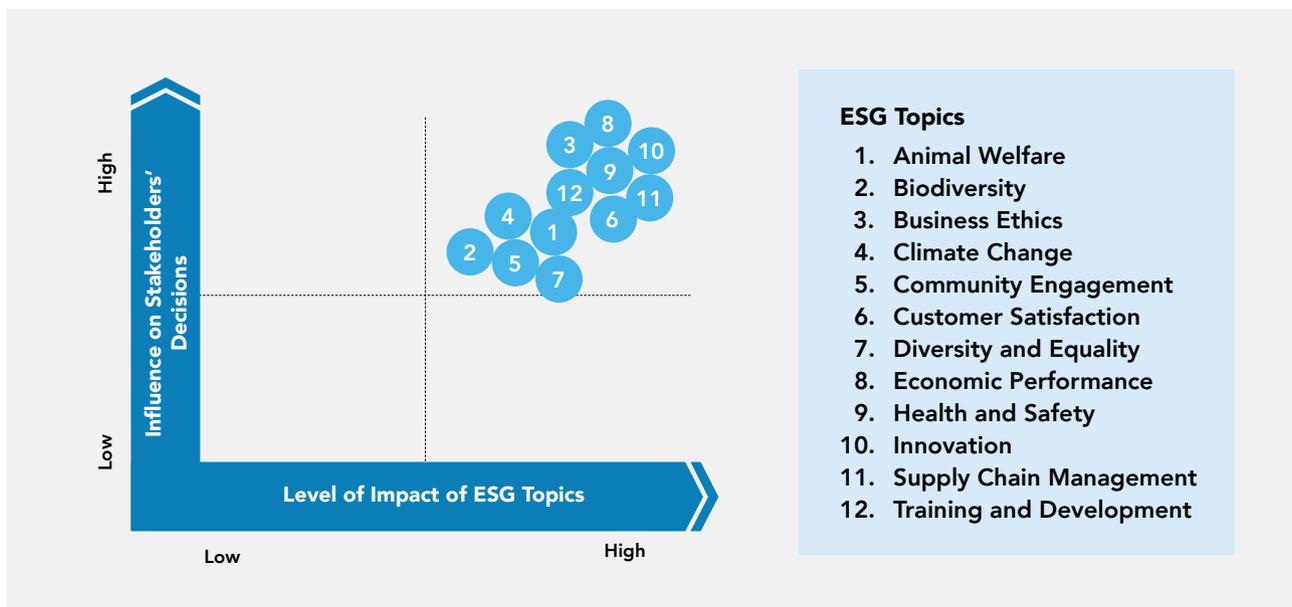
Materiality Assessment Approach



Material ESG Topics

We have identified 10 ESG topics that are material to our business. The material topics and their prioritisation are reviewed annually in the context of the prevailing global, economic and business conditions. As there has not been any major change in our business model, the material topics are in line with those reported in FY 2022. We will continue to re-evaluate our material topics through regular stakeholders' engagement for wider perspectives and to escalate and prioritise our sustainability efforts which are most relevant to our business and stakeholders.

The materiality matrix below shows the ESG topics identified and how they were prioritised by assessing their impact on the Group and their influence on stakeholders' decisions:



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Material ESG Topics		Importance and Reasons for Inclusion
ENVIRONMENTAL		
1	Climate Change (Section 4.1) - Energy and Emissions - Water Management - Waste Management	Climate action is a business imperative. We need to address and manage the impacts of climate change on our business.
2	Animal Welfare (Section 4.2)	We deal with livestock and are responsible for keeping animal welfare in mind and maintaining the well-being of animals under our care.
3	Biodiversity (Section 4.3)	We are conscious of our business activities' impact on the ecosystems and habitats.
SOCIAL		
4	Training and Development (Section 5.2)	We continuously identify and groom talent in our niche sector so as to ensure that the Group is well-positioned to fulfil its business objectives and move towards long-term sustainable growth.
5	Health and Safety (Section 5.3)	Our operating environment requires us to pay utmost attention to the health and safety of our employees. Any disregard for health and safety aspects can have detrimental effects on the organisation and the well-being of our employees and customers.
6	Customer Satisfaction (Section 5.4)	Our customers are crucial to our long-term sustainability. We are dedicated to providing our customers with high-quality goods, dependable service and attentive after-sales support. We are also committed to having strong data privacy and security policy.
7	Innovation (Section 5.5)	We need to innovate to meet the evolving needs of our customers in order to stay relevant and to maintain our leadership in this sector.
8	Supply Chain Management (Section 5.6)	We need to maintain a reliable and sustainable supply chain to minimise potential disruptions to our business operations.
ECONOMIC AND GOVERNANCE		
9	Business Ethics (Section 6.1)	We uphold the highest ethical standards and conduct our business in compliance with all relevant laws and regulations.
10	Economic Performance (Section 7)	Our internal and external stakeholders expect us to deliver stable and sustainable financial performance and value-added contribution.
Non-Material ESG Topics		Importance and Reasons for Inclusion
11	Diversity and Equality (Section 5.1)	Qian Hu inevitably has more male employees in our operational team due to the industry's workforce demographics and the nature of our operations. We acknowledge the circumstances and will continue to practise inclusive hiring and strive to develop a diverse talent pool where feasible.
12	Community Engagement (Section 5.7)	Our involvement in the society and community contribution efforts can be traced back to our early days. We will continue with our commitment in contributing and giving back to the community through various channels.

2.4 Alignment with United Nations Sustainable Development Goals (UN SDGs)

UN SDGs were adopted by the United Nations in 2015 as a universal call to secure the well-being of individuals, communities and the planet. It consists of a blueprint with 17 interlinked goals designed to address the world's most pressing sustainability development challenges, such as poverty, inequality, climate change, environmental degradation, peace and justice.

In support of the UN SDGs, Qian Hu has aligned our sustainability efforts with 10 UN SDGs most relevant to our business operations.

The following table outlines how we have mapped out our material topics to the selected UN SDGs, relevant GRI Topic Standards where applicable and our FY 2023 performance against targets.

Material ESG Topics	UN SDGs	GRI Topic Standards	FY 2023 Performance	Commitments and Targets
Climate Change <ul style="list-style-type: none"> • Energy and Emissions • Water Management • Waste Management 	  	<ul style="list-style-type: none"> • GRI 302: Energy • GRI 303: Water and Effluents • GRI 305: Emissions • GRI 306: Waste 	<ul style="list-style-type: none"> • Energy consumption – 5,725 MWh (2022: 5,880 MWh) • Energy use intensity – 35 kWh/m² (2022: 36 kWh/m²) • GHG Emissions <ul style="list-style-type: none"> Scope 1 and Scope 2 – 3,499 tCO₂e (2022: 3,563 tCO₂e) Scope 3 - 73,280 tCO₂e (2022: Not Applicable) • Water consumption – 219,976 m³ (2022: 220,067 m³) • Water use intensity – 1.36 m³/m² (2022: 1.35 m³/m²) • Plastic waste recycled – 96 tonnes (2022: 116 tonnes) 	<ul style="list-style-type: none"> • Reduce water and energy use intensity by 10% by 2025 using 2020 as a baseline year (Please refer to Section 4 for more details)
Animal Welfare	 	<ul style="list-style-type: none"> • GRI 13.11: Animal Health and Welfare 	<ul style="list-style-type: none"> • Average monthly in-house fish loss rate at 5% (2022: 7%) 	<ul style="list-style-type: none"> • Maintain an in-house fish loss rate of not more than 5%
Biodiversity	 	<ul style="list-style-type: none"> • GRI 304: Biodiversity 	<ul style="list-style-type: none"> • To the best of our knowledge, there were no reported incidents of significant impacts on biodiversity in the areas where we operate 	<ul style="list-style-type: none"> • Operate in accordance with all laws and regulations, and strive to minimise any impacts on biodiversity in the areas where we operate
Training and Development	 	<ul style="list-style-type: none"> • GRI 404: Training and Education 	<ul style="list-style-type: none"> • Average of 13.2 training hours per employee (2022: 10.4 training hours) 	<ul style="list-style-type: none"> • Average of 16 training hours per employee per year

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Material ESG Topics	UN SDGs	GRI Topic Standards	FY 2023 Performance	Commitments and Targets
Health and Safety	  	<ul style="list-style-type: none"> • GRI 403: Occupational Health and Safety • GRI 416: Customer Health and Safety • GRI 417: Marketing and Labelling 	<ul style="list-style-type: none"> • Zero fatalities and no reportable workplace accidents • Zero incidents of non-compliance concerning the health and safety impacts of products and services 	<ul style="list-style-type: none"> • Zero fatalities and workplace accidents across operations in all business locations • Assess our accessories products for health and safety impacts through quality checks and supplier labels
Customer Satisfaction		<ul style="list-style-type: none"> • GRI 418: Customer Privacy 	<ul style="list-style-type: none"> • Customer satisfaction score of 4.16 out of 5 (2022: 4.17) • Dead-On-Arrival rate for fish sales at 2% (2022: 3%) 	<ul style="list-style-type: none"> • Continue to enhance customer satisfaction level with improved service and quality products • Uphold the highest standards of customer data privacy protection • Maintain the Dead-On-Arrival rate for fish sales of not more than 3%
Innovation		–	13 new products were launched (2022: 21): <ul style="list-style-type: none"> • Aquarium Accessories: 6 • Pet Accessories: 7 	<ul style="list-style-type: none"> • Develop more than 10 new products per year
Supply Chain Management	  	–	<ul style="list-style-type: none"> • Communicated our “Supplier Code of Conduct” to suppliers 	<ul style="list-style-type: none"> • Drive responsible business practices across the supply chain
Business Ethics		<ul style="list-style-type: none"> • GRI 205: Anti-corruption 	<ul style="list-style-type: none"> • No known cases of non-compliance with relevant laws and regulations • No incident of whistle blowing • Half-year results (unaudited) released on 18 July 2023 and full-year results (audited) released on 12 January 2024 • “Best Risk Management – Bronze” award at the Singapore Corporate Awards 2023 	<ul style="list-style-type: none"> • Zero-tolerance on corruption and fraud • Whistle blowing procedures • Commitment to release financial results no later than 20 days from the half-year end (unaudited results) and 15 days from the financial year end (audited results) • Continuous strengthening of the enterprise risk management framework

Material ESG Topics	UN SDGs	GRI Topic Standards	FY 2023 Performance	Commitments and Targets
Economic Performance		<ul style="list-style-type: none"> GRI 201: Economic Performance 	<ul style="list-style-type: none"> Group Revenue – \$70.3 million (2022: \$75.3 million) EBITDA - \$(5.6) million (2022: \$5.4 million) (Loss) Profit attributable to the owners of the Company – \$(9.3) million (2022: \$1.4 million) (Loss) Earnings per share – (8.17) cents (2022: 1.23 cents) Net assets per share – 34.79 cents (2022: 43.39 cents) Final dividend of 0.3 cents per share – totalling approximately \$341K (2022: 0.3 cents) (See pages 34 to 44 of this report for further details) 	<ul style="list-style-type: none"> Revenue and profit growth New business initiatives Sustainable dividend payout Prudent capital management

For a detailed breakdown of our FY 2023 performance and targets on the respective material ESG topics, please refer to Sections 4, 5, 6 and 7 of this report.



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3 DECARBONISATION EFFORT

The effects of climate change have profound implications for businesses and society. For Qian Hu, given the nature of our business, reducing the impact of climate change on our operations and remaining climate-resilient is a business imperative.

3.1 TCFD Risk Management and Implementation Roadmap

Qian Hu has embarked on its climate change sustainability journey with the adoption of the TCFD framework in FY 2022, the Group aims to provide the climate-related disclosures, consistent with the TCFD recommendations, with a phased implementation approach.

In FY 2022, being our first-year reporting on these climate-related disclosures, we have described the governance structures and the processes for identifying and managing climate-related risks, and identified the risks and opportunities, and mitigating actions brought by global climate change. This year, we further categorised and assessed the potential impacts of the climate-related risks and opportunities identified over the short (within 2 years), medium (3 to 5 years) and long term (beyond 5 years) which are relevant to the Group. In the coming two years, we would dive deeper into the formulation of business strategy and financial planning related to the identified climate-related risks. This will include the utilisation of qualitative and quantitative scenario analysis, the establishment of targets, and the full integration of climate-related risks into our overall organisation risk management.

We have also disclosed our Scope 1 and Scope 2 GHG emission data in FY 2022 and selected Scope 3 GHG emission categories, with the respective measurement methodology, in FY 2023. We will include the GHG emission reduction targets in qualitative and quantitative terms in subsequent years.

The TCFD with 11 recommended disclosures across four pillars, namely governance, strategy, risk management, metrics and targets, was set out on pages 83 and 84 of this Annual Report.

3.2 Climate-Related Risks and Potential Financial Impacts

The following table summarises the climate-related physical and transition risks identified for the Group across the short, medium and long term, as well as the potential financial impacts on our business.

Risk Type ¹	Climate-Related Risks	Potential Financial Impacts
Physical	<p>Acute</p> <ul style="list-style-type: none"> - Increased severity of extreme weather events such as floods, heavy rain and droughts <p>Chronic</p> <ul style="list-style-type: none"> - Rising temperature - Rising sea levels - Change in precipitation patterns 	<p>Short to Medium Term</p> <ul style="list-style-type: none"> - Reduction in revenue due to interruption in business activities (such as logistics delay and supply chain disruption) with the increase in frequency and intensity of extreme weather events. - Reduction in revenue due to lower breeding output caused by adverse and unprecedented weather conditions. - Higher operating costs and capital costs for repair works and/or the need to equip with more climate-resilient infrastructure as a result of damage to facilities. - Prolonged high temperatures may decrease the availability of oxygen in the water, impacting the fish's health and ultimately the survival and quality of these fish.

Risk Type ¹	Climate-Related Risks	Potential Financial Impacts
Transition	Policy and Legal <ul style="list-style-type: none"> - Increased pricing of GHG emissions - Enhanced emission-reporting obligations - Exposure to litigation 	Short Term <ul style="list-style-type: none"> - Increase in compliance costs to meet the mandatory climate-related disclosure requirements (e.g. by SGX). Medium to Long Term <ul style="list-style-type: none"> - Increase in carbon tax imposed by the Singapore government to achieve its net zero carbon emission goal may increase future business costs (such as transfer of carbon pricing from suppliers). - Regulators in different jurisdictions where we operate could impose additional or more stringent environmental policies on our products. Failure to comply may result in litigation risks.
	Technology <ul style="list-style-type: none"> - Substitution of existing technology and know-how - Costs to transition to lower emissions technology 	Medium Term <ul style="list-style-type: none"> - Research and development (R&D) expenditures in new and alternative technology. - Capital investment in technology development, including but not limited to, new methods of fish and seafood farming (e.g. real-time digital monitoring) and in the manufacturing of aquarium accessories and plastic products. - Costs to deploy new practices and processes. - The need to phase out certain existing assets in the transition to a lower carbon economy so as to enhance resources efficiency.
	Market <ul style="list-style-type: none"> - Changing customers' demand and preferences for eco-friendly and sustainable products 	Short to Medium Term <ul style="list-style-type: none"> - Reduction in demand for goods/services due to shift in consumers' preferences, thus impacting revenue. - Increase in business costs in developing low emission sustainable products to meet customers' requirements (e.g. sourcing of sustainable materials may result in higher cost).
	Reputation <ul style="list-style-type: none"> - Increase in stakeholders' concerns and awareness 	Medium Term <ul style="list-style-type: none"> - Consumers are more environmentally conscious and expect companies to consider environment issues. - Access to capital availability may be affected by stakeholders' demand for climate-related disclosures and actions.

¹ Physical risks refer to acute or chronic risks related to the physical impacts of climate change, and transition risks refer to risks related to the transition to a lower carbon economy.

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3.3 Climate-Related Opportunities and Potential Financial Impacts

Climate change not only brings about challenges to the Group's business operations but could also give rise to opportunities.

The climate-related opportunities and the potential financial impacts are presented in the table below:

Type	Climate-Related Opportunities	Potential Financial Impacts
Resource Efficiency (Short to Medium Term)	<p>We continually improvise and innovate in fish farming methods to promote resource efficiency to attain a lower carbon footprint.</p> <p>We have installed the Multi-Tier Automated Recirculation Holding Tank System in various farms across our operations to reduce water consumption through the recycling of water during the fish quarantine process. This multi-step filtration device essentially breaks down and rapidly removes bio-load, followed by an ultraviolet steriliser to further remove waterborne pathogens. This eliminates the need to change water daily to reduce the ammonia build-up in the tanks and recycles water whilst maintaining the health of our fish.</p> <p>In addition, we are committed in our investments in smart aquaculture practices to mitigate biosecurity and to promote aquaculture productivity.</p> <p>We have applied Artificial Intelligence ("AI") and Internet of Things ("IoT") - based technology into fish/shrimp farming. This cloud-based solution streamlines the monitoring of different aspects of our ponds, including dissolved oxygen levels, water pH and animal behaviour patterns, and allows us to always maintain the best possible pond conditions and administer an optimal amount of feed for the fish/shrimps, hence helping in enhancing productivity and predictivity while reducing risks and costs.</p>	<ul style="list-style-type: none"> - Reduction in operating costs through water recycling and improved work-flow efficiency. - Increase in production yield and lower morality rate of fish. - Balancing environmentally sustainable practices with our business objectives of supplying good quality fish for sale and distribution, resulting in increase in revenue.
Energy Source (Medium to Long Term)	<p>We have deployed renewable energy where operationally feasible. Our subsidiaries in China and Thailand have installed solar panels to supply electricity for certain of their operation needs.</p> <p>We are currently assessing the feasibility of installing solar panels in our Singapore farm to further capture the benefits of clean energy.</p>	<ul style="list-style-type: none"> - Decrease in operational costs through self-generating energy. - Reduce exposure to future fossil fuel price increases with the decreased reliance on the power grid. - Lower GHG emission and less affected by the increase in carbon tax

Type	Climate-Related Opportunities	Potential Financial Impacts
Products and Services (Short to Medium Term)	<p>Consumers are increasingly looking for green, sustainable and socially responsible products. We strive to develop new low emission sustainable products through R&D and innovation to meet the changing customers' preferences and to reduce environmental impacts.</p>	<ul style="list-style-type: none"> - Improve in revenue through increase in demand for sustainable products. - Better customer engagement and effective brand building through the development and sale of sustainable products. - Improve in employee satisfaction and boost productivity as employees observe the positive effects their products have on the environment and society, resulting in lower costs.
Resilience (Medium to Long Term)	<p><u>Supply Chain Resilience</u></p> <p>We are actively engaged in ongoing research and development on fish breeding techniques and methods to explore the possibility of transitioning several of our operation facilities indoors for better control over environmental conditions and mitigate the impacts of physical risk.</p> <p>In FY 2023, we have started piloting an Aqua-Ring Technology (ART) system in Singapore which is an environmentally friendly integrated energy-efficient system with zero discharge. This standalone system also enhances biosecurity, with minimal risk of disease outbreaks and cross-contamination. This move is to shore up resilience in our ornamental fish supply chain against climate-related risks as this innovative technology is expected to yield more fish in a much shorter time and in a more sustainable manner.</p> <p><u>Infrastructure Resilience</u></p> <p>To complement our ongoing research and development efforts, we intend to embark on strategic reviews and explore the use of climate scenario analysis to assess the exposure and vulnerability of our infrastructure to physical climate risks. Subsequently, we will develop an action plan to avoid and/or mitigate these risks following the completion of our scenario analysis.</p>	<ul style="list-style-type: none"> - Increase reliability of supply chain and ability to operate under various conditions. - Increase in revenue through consistency in supplies and value propositions.

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4 ENVIRONMENTAL

Our environmental policy focuses our efforts towards being mindful of the use of resources, having a long-term plan to decarbonise, and managing key climate risks and opportunities.

With the policy put in place across all our business entities, we proactively review our processes and systems to promote the sustainable use and management of resources - energy, water and waste. We strive to build business operations which are climate-resilient, thus reducing the impact of climate change on our operations. Our Singapore farm is ISO 14001 certified. We also comply with all relevant laws and regulations in the countries where we operate and there were no cases of non-compliance with relevant environmental laws and regulations in FY 2023.

During FY 2023, having put in place new initiatives, we managed to contain both water and electricity consumption as compared to the previous years. Our targets set for the reduction of the utility services are as follows (using FY 2020 as the baseline year):

Environmental Performance Indicators	Parameter	Targets (Baseline Year - FY 2020)
Water Consumption	Intensity (m ³ /floor area)	Short-term Target (by FY 2025) – Reduction of 10% Medium-term Target (by FY 2028) – Reduction of 12% Long-term Target (by FY 2035) – Reduction of 15%
Energy Consumption	Intensity (kWh/floor area)	Short-term Target (by FY 2025) – Reduction of 10% Medium-term Target (by FY 2028) – Reduction of 12% Long-term Target (by FY 2035) – Reduction of 15%

Qian Hu's efforts to decarbonise and reduce our greenhouse gas ("GHG") emissions are part of our long-term plan to support Singapore's transition to a lower-carbon economy. In FY 2022, we presented our Scope 1 and Scope 2 GHG inventory as our baseline emissions and continued to reduce, measure and report our Scope 1 and Scope 2 emissions this year. Recognising the need to measure the upstream and downstream emissions in our value chain, we have included our Scope 3 inventory in FY 2023. We will strive to set GHG reduction targets and disclose a decarbonisation strategy to reduce our carbon footprint in FY 2024.



4.1 Climate Change

4.1.1 Emissions

Recognising the critical role emissions play in environmental impact and that reducing GHG emissions is necessary for us to transit into a low carbon economy, we have started to track our Scope 1 and Scope 2 GHG emissions and established a baseline for emissions measurement in FY 2022 for future target setting purposes. The methodology was based on the Greenhouse Gas Protocol, which is an internationally recognised standard for GHG reporting.

In FY 2023, not only have we continued to measure and report our Scope 1 and Scope 2 emissions, but we have also initiated the computation of our Scope 3 inventory to address our upstream and downstream emissions. This will enable us to identify the large emission sources across our supply chain, so that we can prioritise and focus on the most imperative aspects of our decarbonisation strategy to mitigate our carbon footprint, demonstrating our commitment to sustainable practices. We will look to develop a decarbonisation roadmap, including the setting of GHG emission reduction targets, in subsequent years.

We monitor and report Scope 3 emissions to enhance our carbon reduction efforts by identifying large emission sources along our value chain. As such, 6 of the 15 Scope 3 categories were ascertained to be in relation to Qian Hu's business operations. In the coming years, we will continue to review and determine if the other Scope 3 categories have reached significant levels for disclosures.

The combined Scope 1 and Scope 2 emissions were 3,499 tonnes of CO₂e in FY 2023, representing a decrease of 1.8% as compared to FY 2022. Scope 3 emissions were 73,280 tonnes of CO₂e in FY 2023.

Carbon Emissions (tonnes of CO ₂ e)	FY 2023	FY 2022 (Baseline Year)	Methodology
Scope 1 <ul style="list-style-type: none"> direct emissions from fuel combustion from own vehicle fleet, fuel used in power generators and cooking gas 	665	702	Activity data
Scope 2 <ul style="list-style-type: none"> indirect emissions from purchased electricity consumed by the operational activities of Qian Hu, at both owned and rental facilities 	2,834	2,861	Activity data
Scope 3 <ul style="list-style-type: none"> Purchase of goods and services (Category 1) Capital goods (Category 2) Fuel and energy-related activities (Category 3) Upstream transportation and distribution (Category 4) Employee commuting (Category 7) Downstream transportation and distribution (Category 9) 	42,115	NA	Spend-based and Average-data method
	106	NA	Spend-based method
	821	NA	Average-data method
	12,979	NA	Spend-based and Distance-based method
	338	NA	Distance-based method
	16,921	NA	Spend-based and Distance-based method
Total Scope 1 and Scope 2 Emissions	3,499	3,563	
Total Scope 3 Emissions	73,280	NA	

NA: Not Applicable

Sustainability Report (Cont'd)

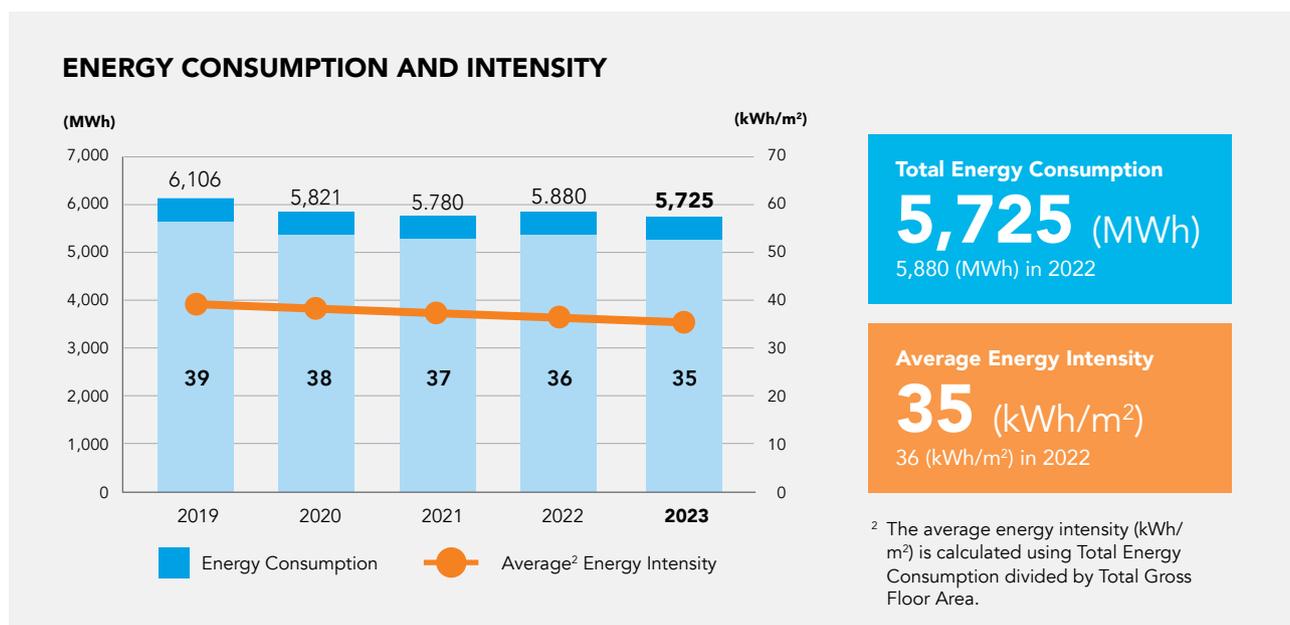
4.1.2 Energy Consumption

We are closely aligned with Singapore's national goals to mitigate climate change by optimising our energy consumption and reducing GHG emissions.

Our largest source of emission is electricity purchased from utility companies (reported as Scope 2 emissions) which is generally used for our operational activities. To reduce energy usage, we have in place conservation practices within our premises, such as conscientiously turning off lights and replacing equipment to embrace energy-efficient alternatives, to achieve cost savings and improve our energy intensity.

We have also deployed renewable energy where operationally feasible. For example, our subsidiaries in China and Thailand have installed solar panels to supply electricity for certain of their operation needs. This has resulted in cost savings, reduced carbon footprint and decreased reliance on the national grid.

In FY 2023, our group-wide energy consumption stood at 5,725 MWh which was a decrease of 2.6% in our energy consumption as compared to FY 2022. This was mainly due to a new initiative introduced gradually in the current year to replace the water pumps used in the various Multi-Tier Automated Recirculation Holding Tank Systems from the dual-pump system to the more energy efficient single-pump system.



4.1.3 Water Management

Water management is a challenge for all urban areas in order to meet current and future needs. Qian Hu recognises that water is a limited natural resource and needs to be consumed responsibly, especially when it comes to our fish segment which is highly dependent on clean water supply. Poor water management can affect the health and growth of the fish. In addition, the impact of climate change, such as periods of drought or abnormal precipitation rates, can also disrupt our operations and supply chain.

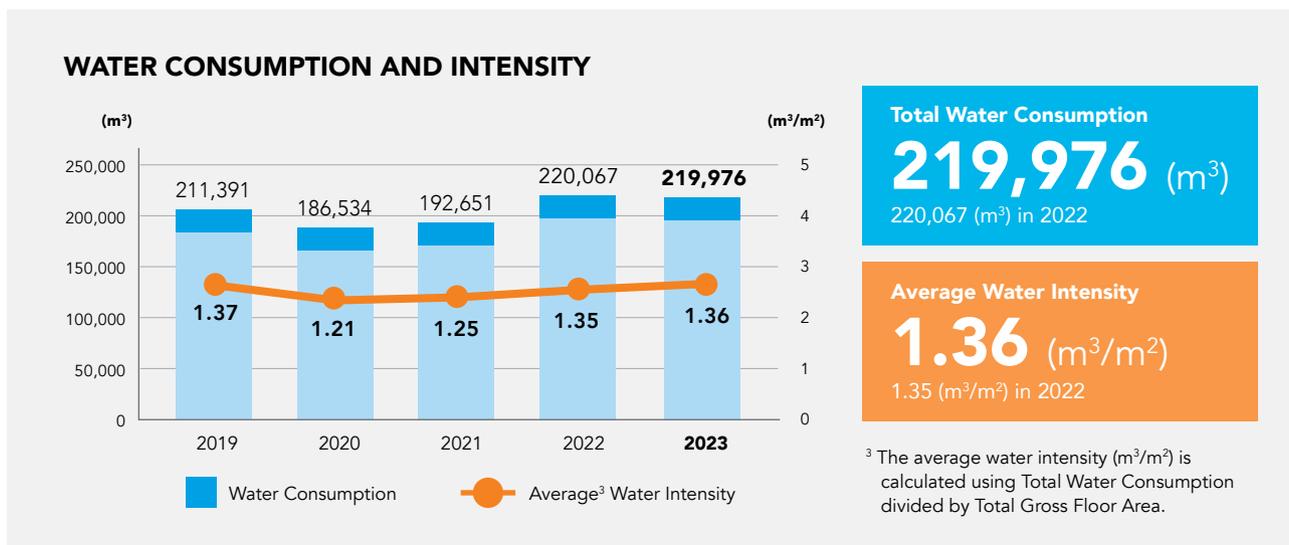
In Singapore, where water scarcity is a key concern, Qian Hu utilises advanced technologies for efficient water management, conservation and usage. This aligns with the nation's broader efforts to ensure sustainable water resources, reinforcing our commitment to responsible environmental stewardship and resource management. We are constantly exploring a variety of innovative practices and technologies to better manage, conserve and recycle water.

One of our long-term objectives is to reduce our water consumption by recycling all the water utilised in our operations. To achieve this, we have put in place various closed-loop recirculatory aquaculture system ("RAS") which circulates and recycles water through aeration technology to reduce the amount of freshwater consumed. In addition, we have water storage systems within the farms to retain water secured from the natural sources (such as rainwater). Since FY 2018, we have installed a water treatment system for the water storage tanks in Singapore. This uses a bacterial nitrification process to reduce the water ammonia and nitrate levels while increasing the dissolved oxygen to improve water quality. With this, we can enjoy more efficient use of stored water at our local facility and are able to reuse water after it has been treated, thus reducing our water usage.

We also consistently monitor the water quality and manage effluents in our fish and aquaculture operations, which is fundamental and integral to our overarching water management strategy. To uphold our stringent standards, we have implemented a comprehensive water quality testing regime, including the engaging of a reputable third-party organisation for the annual assessment of water samples at our Singapore farm. Key parameters such as biochemical oxygen demand, chemical oxygen demand, total suspended solids, and total dissolved solids, are collated to ensure that they are within acceptable limits. This approach underscores our dedication to environmental sustainability and the well-being of our aquatic ecosystem.

We have set out below our group-wide water consumption level in FY 2023, where both our total water consumption and water use intensity of 219,976 m³ and 1.36 m³/m² respectively were comparable to FY 2022.

While our water consumption data currently represents only the utility and well water supply, we are enhancing our measurement and data collection tools to accurately measure our water extraction from other natural resources, while abiding by all prevailing laws and regulations before extracting water from these natural sources. Meanwhile, we will continue to focus on improving our water management process to achieve greater savings in the future.



Sustainability Report (Cont'd)



4.1.4 Waste Management

Waste contributes to climate change, pollutes the environment and creates conditions for diseases to thrive. The extensive use of packaging materials for the import, export and sale of our products generates both general and packaging waste such as cartons, plastic bags and styrofoam boxes. To manage our impact and reduce packaging costs, we are actively working to minimise waste through recycling and reuse initiatives.

We have a waste management programme to drive these recycling and reuse initiatives whereby we reuse and recycle cartons, plastic bags and styrofoam boxes from our suppliers. As we generate mostly packaging waste such as cartons, plastic bags and styrofoam boxes which will be reused and recycled in most cases, we have assessed general waste to be immaterial to our business operations. Therefore, we have not disclosed these amounts in this Report.

Our subsidiary, Qian Hu Tat Leng Plastic Pte. Ltd., engages in the production of high-density and low-density polyethylene bags for commercial and industrial use. We collect discarded plastic waste which is sent to a third party for recycling, and the recovered plastic resins are reintegrated into the manufacturing process. In FY 2023, we recycled 96 tonnes of plastic waste⁴ as compared to 116 tonnes in FY 2022 due to lower wastage during the production process. For the other entities, 51 tonnes of aluminium, steel, carton, plastic, styrofoam and glass waste⁵ were also recycled in FY 2023 as compared to 35 tonnes in FY 2022.

⁴ Plastic waste refers to that generated and recycled by Qian Hu Tat Leng Plastic Pte. Ltd.

⁵ This excludes plastic waste from Qian Hu Tat Leng Plastic Pte. Ltd.

4.2 Animal Welfare

As Qian Hu deals with livestock daily, ensuring animal welfare is a key component of our operations. Irresponsible handling of fish can lead to health issues, disease outbreaks and high fish mortality rates.

As part of our quality assurance process, we have put in place established fish quarantine procedures to minimise the spread of diseases to ensure good animal welfare. Our Multi-Tier Automated Recirculation Holding Tank System installed in various farms across our operations is able to break down and remove bio-load rapidly and uses an ultraviolet steriliser to further remove waterborne pathogens which helps to maintain the health of our fish.

In addition, we conduct daily water testing with reference to parameters (such as pH levels, temperature, ammonia, nitrates and alkalinity) and practise the responsible use of approved antibiotics on ornamental fish. Our research and development team identifies fish infected by parasites and introduces appropriate treatment methods.

Our strategic partnership with AquaEasy Pte Ltd, an aquaculture solutions provider, also enables us to deploy Artificial Intelligence (AI) and Internet of Things (IoT)-based solutions into farming. This technology streamlines the monitoring of different aspects of the pond environment, such as dissolved oxygen levels, water pH and livestock behaviour patterns. The real-time information obtained from the sensor readings allows us to always maintain the best possible pond conditions and administer an optimal amount of feed for the livestock, hence, helping to enhance productivity, predictivity and the implementation of sustainable aquaculture practices while reducing risks and costs.

The success of the above is only possible with employees receiving the appropriate training in fish handling. Employees who need to handle livestock are required to attend the relevant training to understand and be familiarised with the procedures used in the handling of the different fish species.

In FY 2023, our average monthly in-house fish loss rate was on target at 5%, which was an improvement from 7% reported in FY 2022.

Case Study:

Qian Hu continues to embrace new and evolving technologies to maximise the well-being of the animals under our care. In FY 2023, we are pilot testing the Aqua-Ring Technology (ART) system in Singapore – an environmentally friendly integrated energy-efficient system with zero discharge. This standalone system also enhances biosecurity, with minimal risk of disease outbreaks and cross-contamination.

We plan to convert the earthen ponds vacated by the Arowana brooder stocks to accommodate this new technology at our Singapore farm to carry out the breeding and farming of certain species of ornamental fish as well as food fish.

The ART system can accommodate both freshwater and marine species and is ideal for intensive breeding and farming. This allows us to scale our breeding exponentially with an increased efficiency over the conventional breeding system. We plan to implement the system across our farms, starting from Singapore, so as to further reduce our footprint on the environment.



Sustainability Report (Cont'd)

4.3 Biodiversity

As a leading integrated fish provider that exports and sells in more than 80 countries worldwide, we are conscious of the impact our business activities may have on the surrounding ecosystems and habitats. We, therefore, strive to minimise any significant impacts on biodiversity in our operations.

A concern in this regard is the accidental release of non-native species of animals into the local ecosystems, which can negatively impact the local species. To avoid such biodiversity risks, a strict protocol is in place to minimise any accidental release of fish and other aquatic animals from our farms. For instance, in the event of storms and floods, the design of our fish farm and breeding ponds in Singapore ensures any accidental escape of fish species is caught in our sedimentation ponds, which act as a barrier and prevent the non-native species from escaping directly into local habitats.

We also adhere to the guidelines set forth by CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora), which govern the international trade of wild animals and plants, to ensure that our business activities do not pose a threat to the survival of these species.

In FY 2023, to the best of our knowledge, there were no reported incidents of significant impacts on biodiversity in the areas where we operate.

5 SOCIAL

5.1 Diversity and Equality

Qian Hu continues to hold the “People First” principle in the highest regard and our employees and people are the foundation of our success. A diverse and inclusive workplace is not only fundamental to our core values but also to our business success. We strive to promote an inclusive workplace for all based on their merit and ability. Across our Group, we work to foster diversity and equality among our employees, regardless of their geographical locations and job levels.

To us, diversity and equality equate to equal access to professional growth and employment benefits, regardless of age, gender, ethnicity, religion, sexual orientation, disability, political affiliation, or any other personal attributes unrelated to one’s work. It promotes the inclusion of different perspectives and ideas, mitigates against groupthink and ensures that the Group has the opportunity to benefit from all available talent.

Our commitment to inclusion and diversity starts from our leadership team. Two out of five (40%) of the Board members are females, and three out of five (60%) of the Board members are independent Board directors. *(More details on the Board Diversity Policy are set out on pages 92 and 93 of this Annual Report)*

We treat all employees with respect and dignity and embrace the principles of fair employment. We practise inclusive hiring processes, in line with the Tripartite Guidelines on Fair Employment Practices provided by the Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP) under the Ministry of Manpower, the Singapore National Employers Federation, and the National Trades Union Congress. Across the Group, we have a total of 522 employees, consisting 37% and 63% of female and male employees respectively. Due to the industry’s workforce demographics and the nature of our operations, it is inevitable that there will be more male employees in our operational team. However, we remain committed to empowering women across our operations and continue to support their career growth and development.

We also recognise the extensive experiences that senior workers bring, and it is our practice to continue to re-employ employees beyond the retirement age, should health and job requirements permit. As at 31 December 2023, almost 20% of our employees are above 50 and 34 employees are above the current retirement age. A majority of our employees are between 30 to 50 years of age.

In addition to the remuneration package which consists of both fixed and performance-based variable components, our employees are eligible for benefits such as parental leave, birthday leave and compassionate leave, along with the statutory benefits outlined by the statutory manpower legislation. These added benefits help to attract and retain good talents and build a positive work culture. During FY 2023, we had 129 new hires and 131 resignees, which translates to a new hire and turnover rate of 24.7% and 25.1% respectively. There was no significant fluctuation in the total number of employees in FY 2023 as compared to FY 2022.

We are pleased to share that our Employee Satisfaction Index score stood at 4.59 (out of 6) in FY 2023, comparable to 4.6 in FY 2022. We will, nonetheless, continue to explore different avenues to enhance conducive workplace practices for all our employees.

We strictly uphold human rights principles, including the prevention of child labour, forced labour and human trafficking. We adhere to the Singapore Prevention of Human Trafficking Act 2014 (Chapter 45) and comply with applicable laws and regulations in the countries where we operate. As a small-medium enterprise, our operations do not involve trade unions. Therefore, no employee is covered under collective bargaining agreements.

In FY 2023, there were no reported cases of discrimination or violations of human rights.

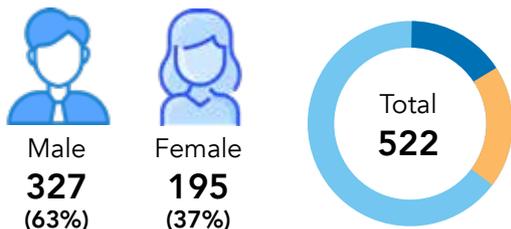


Sustainability Report (Cont'd)

Our employee diversity profile across gender, age, new hires and turnover rates are shown below:

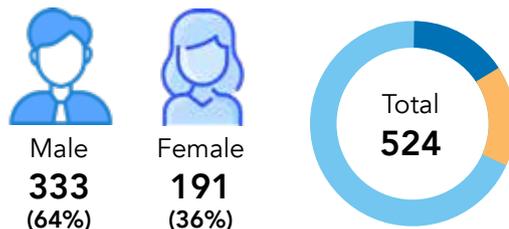
FY 2023

Employees by Gender and Age Groups



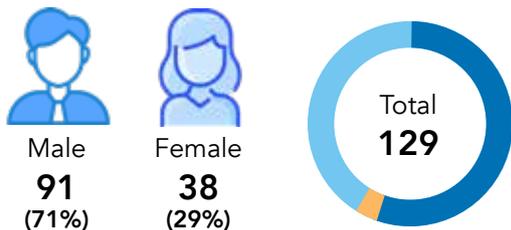
FY 2022

Employees by Gender and Age Groups



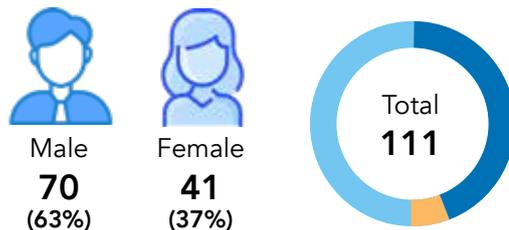
FY 2023

New Hires by Gender and Age Groups



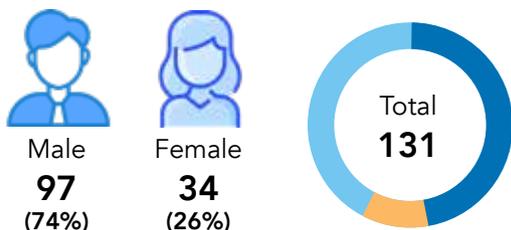
FY 2022

New Hires by Gender and Age Groups



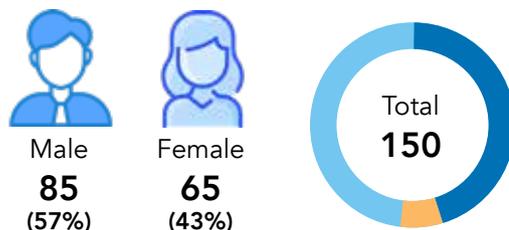
FY 2023

Turnover by Gender and Age Groups



FY 2022

Turnover by Gender and Age Groups



Employee Profile

	SINGAPORE			MALAYSIA			THAILAND			INDONESIA			CHINA			TOTAL		
EMPLOYEE PROFILE	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
Total Employees (Number)	180	188	190	74	74	86	95	94	92	31	31	32	142	137	163	522	524	563
Employees by Gender (Number)																		
Male	120	129	129	48	47	54	69	68	66	24	24	25	66	65	73	327	333	347
Female	60	59	61	26	27	32	26	26	26	7	7	7	76	72	90	195	191	216
Employees by Age Group (Number)																		
Under 30 years old	25	19	22	14	17	27	27	28	25	11	12	12	20	19	38	97	95	124
30 to 50 years old	91	98	105	47	43	38	66	64	45	17	17	18	101	111	118	322	333	324
Over 50 years old	64	71	63	13	14	21	2	2	22	3	2	2	21	7	7	103	96	115
Employees by Employee Category (Number)																		
Key management	18	19	19	1	2	2	2	3	3	2	2	2	1	1	1	24	27	27
Middle management and Executives	48	47	47	25	33	22	34	42	26	1	1	5	21	27	25	129	150	125
Admin & Operational staff	114	122	124	48	39	62	59	49	63	28	28	25	120	109	137	369	347	411
Employees by Employment Contract (Number)																		
Permanent	180	188	190	74	74	86	95	94	92	31	31	32	142	137	163	522	524	563
- Full time	176	185	187	74	74	82	95	94	92	30	30	31	142	137	163	517	520	555
- Part time	4	3	3	0	0	4	0	0	0	1	1	1	0	0	0	5	4	8
Temporary	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Employees by Length of Service (Number)																		
Less than 5 years	64	68	64	39	39	46	25	24	25	9	14	16	60	66	106	197	211	257
5 to 10 years	31	34	44	15	15	21	33	36	34	14	9	8	36	27	23	129	121	130
Over 10 years	85	86	82	20	20	19	37	34	33	8	8	8	46	44	34	196	192	176
New Hires																		
Total new hires (number)	31	44	50	13	16	20	9	6	18	0	1	5	76	44	101	129	111	194
New Hires by Gender (Number)																		
Male	15	22	38	11	12	14	5	6	16	0	1	2	60	29	77	91	70	147
Female	16	22	12	2	4	6	4	0	2	0	0	3	16	15	24	38	41	47
New Hires by Age Group (Number)																		
Under 30 years old	16	15	11	7	8	10	9	6	16	0	1	4	34	20	50	66	50	91
30 to 50 years old	15	24	25	5	7	9	0	0	2	0	0	1	41	24	51	61	55	88
Over 50 years old	0	5	14	1	1	1	0	0	0	0	0	0	1	0	0	2	6	15
Turnover																		
Total turnover (number)	39	46	43	13	28	33	8	4	14	0	2	2	71	70	86	131	150	178
Average monthly turnover rate (%)	1.8	2.0	1.9	1.5	3.2	3.2	0.7	0.4	1.3	0.0	0.5	0.5	4.2	4.3	4.4	2.1	2.4	2.6
Turnover by Gender (Number)																		
Male	24	23	31	10	19	26	4	4	9	0	2	1	59	37	67	97	85	134
Female	15	23	12	3	9	7	4	0	5	0	0	1	12	33	19	34	65	44
Turnover by Age Group (Number)																		
Under 30 years old	11	15	12	4	10	22	7	3	9	0	0	2	27	41	46	49	69	91
30 to 50 years old	22	25	24	7	17	9	1	1	5	0	2	0	41	28	40	71	73	78
Over 50 years old	6	6	7	2	1	2	0	0	0	0	0	0	3	1	0	11	8	9

Sustainability Report (Cont'd)

5.2 Training and Development

To meet our business objectives and track towards long-term sustainable growth, Qian Hu is continually growing and nurturing talent in the niche sector. In order to broaden the employees' skillsets and to help them reach their full potential, we invest in our people through various training and development programmes, job diversification, as well as offering management trainee programmes for employees to take up job opportunities regionally. Lifelong learning, training and development programmes are made accessible across our workforce.

5.2.1 Upskilling

We actively support and facilitate our employees' pursuit of knowledge and skills through external courses. This is in addition to the on-the-job training to build on important job knowledge, the company's standard operating procedures, processes and methodologies. Line managers and the human resource department closely monitor all training processes to ensure that learning and development needs are sufficiently met.

In FY 2023, we clocked 13.2 hours of training per employee. Although this falls below our target to attain an average of 16 training hours per employee per year, it was an increase from 10.4 training hours per employee reported in FY 2022. We provided more holistic trainings on up-to-date topics in FY 2023, which included trainings on new software implementation and a sustainability-focused workshop. In addition, our IT team conducted two cybersecurity awareness sessions this year to raise awareness about cybersecurity and equip individuals with the ability to protect themselves online.

By gender, we recorded 18.7 and 9.8 average training hours for female and male employees, respectively.



5.2.2 Succession Planning

Succession planning is an essential process for maintaining growth momentum and business continuity, particularly amidst the evolving industry landscape, in ensuring the Group's long-term sustainability. Since 2004, Qian Hu has put in place a structured succession programme to prepare a team of key executives to lead the Group to the next phase of growth.

The succession programme includes a rigorous leadership grooming process that involves job portfolio rotation and performance review in an exacting business environment. Such a robust preparatory programme will ensure the executives' readiness to assume the mantle of leadership and their willingness to place the Group's interest above all else.

5.3 Health and Safety

The importance of health and safety and the well-being of our employees, customers and the animals under our care are paramount to us. Across our operations, we pay great care to the health and safety of our stakeholders, adhering to relevant laws and regulations to ensure that our products are compliant and safe for use.

5.3.1 Employee Health and Safety

Workplace Health and Safety

Creating a safe and healthy workplace is one of our prerogatives. In ensuring the safety of our employees, we strive to avoid or minimise the incidence of work-related injury and illness. Our commitment goes beyond ethics – a safe and healthy work environment leads to positive workplace morale, reduces costs related to incidents and illnesses, and ultimately to higher-quality products and services.

We have set up a governance structure to oversee our health and safety processes. Our in-house Workplace Health and Safety Committee regularly monitors and reviews our health and safety practices and procedures. The Committee also identifies, assesses and monitors any potential workplace hazards and risks, developing action plans to mitigate and avoid these safety risks. An annual review meeting is held to ensure that all issues are rectified/resolved and that the Group remains in compliance with all prevailing standards, laws and regulations.

In order to upskill our employees in the area of workplace health and safety, our employees undergo relevant trainings, such as fire safety hazard processes and basic first aid safety. In Singapore, we engaged external trainers to conduct trainings in Cardiopulmonary Resuscitation (“CPR”) and the use of the automated external defibrillator (“AED”) machine at our farm. Our trained employees are equipped to provide medical aid in the event of medical emergencies. We also conduct regular fire drills and evacuation exercises in accordance with ISO 14001:2015 standards.

In FY 2023, there were no fatalities or reportable work-related accidents.



Sustainability Report (Cont'd)

5.3.1 Employee Health and Safety (Cont'd)

Employees' Wellbeing and Wellness

Employees' wellbeing is also a key component of our management ethos. We organised recreational activities throughout the year, including festive celebrations, such as the Qian Hu 2023 Reunion Dinner. We also held monthly birthday celebrations for our employees throughout the year.

To further encourage employee bonding and interactions outside of work, we undertook various charity activities together in FY 2023. We visited the Down Syndrome Association, where we were given an opportunity to understand how the association supports persons with Down syndrome to attain their full potential. Our employees were also proud to be part of the inaugural "Walk With Me" charity walkathon promoting inclusivity and community spirit, organised by HCA Hospice Care.

Complimentary annual health screening programme is made available to all permanent full-time employees annually. Furthermore, looking beyond safeguarding the physical health of our employees and recognising the importance of workplace mental health, we will kick start a mental wellness programme in FY 2024, which include conducting wellbeing workshops to provide support to all employees in Singapore to improve their resilience.



5.3.2 Customer Health and Safety

Qian Hu advocates the highest standards to ensure the well-being of our customers, the community and the reputation of our brand. We adhere to all relevant laws and regulations in the countries where our various products are sold.

We do not engage in the sale, use, provision, or any form of interaction with banned or contentious products. Our range of products, including aquarium and pet accessories, is manufactured in strict accordance with industry standards such as HACCP (Hazard Analysis Critical Control Point) and GMP (Good Manufacturing Practice). Our products also conform to industry best practices such as the provision of MSDS (Material Safety Data Sheets). We provide confirmed ingredient analysis in our pet food, fish medication and fish feeds to inform our customers of the nutritional content and composition.

Our commitment extends to providing accurate and transparent information about our products through responsible labelling and packaging practices. We continually look to improve the information displayed on our labels, empowering our customers to make informed choices for the well-being of their pets. We uphold the principles of responsible marketing and communication, ensuring that our brand representation is both effective and accurate. In Singapore, we strictly adhere to the Singapore Code of Advertising Practice, overseen by the Advertising Standards Authority of Singapore (an advisory council to the Consumers Association of Singapore). In addition, we conduct regular quality assessments and assess supplier labels to evaluate the health and safety impact of our products.

In FY 2023, to the best of our knowledge, there were no instances of non-compliance with regulations and voluntary codes concerning products and service information and labelling by type of outcomes. There were also no violations of guidelines or regulations in relation to advertising or marketing nor any instances of false advertising or the dissemination of inaccurate or misleading representations of our Group, its products or services.

5.4 Customer Satisfaction

5.4.1 Customer Service

We continue to offer the highest standards in customer service as we believe in building long-term customer relationships and understanding the changing needs of our customers. Our customers are provided with various forms of communication channels with our in-house dedicated services support team, such as after-sales support, social media platforms, direct inquiry platforms and larger networking events such as trade events and exhibitions. We also carry out routine customer visits and keep lines of contact open via virtual or in-person meetings, phone conversations and email correspondences. Feedback that we receive from these platforms is taken into consideration to improve our product development.

Our reach across 80 different countries is well supported by a strong distribution network, an efficient logistics system and a responsive dedicated team. This ensures timely delivery of our quality products by maintaining low Dead-on-Arrival ("DOA") rates consistently.

Every year, we strive to understand our customers' satisfaction with our products and services through an annual Customer Satisfaction Survey Questionnaire. We are pleased to share that our Customer Satisfaction Index achieved a score of 4.16 (out of 5) in FY 2023, comparable to 4.17 reported in FY 2022. The DOA rate recorded for fish export sales was approximately 2% for FY 2023, lower than our commitment to keep the rate below 3%.

5.4.2 Data Protection

We abide by stringent levels of data privacy to safeguard our confidential information and prevent the loss of customers' data. Our Personal Data Protection Policy ("PDPP"), applicable to the Group, sets out our approach in managing and safeguarding personal data, in line with applicable protection laws like the Personal Data Protection Act ("PDPA") 2012. Our PDPP is accessible on our corporate website for further information. In addition, our employees are bound by Qian Hu's Code of Conduct and Business Ethics, which adheres to a strict protocol for any breach of customer confidentiality.

Our customers' personal information remains confidential and secure, and we respect all privacy preferences. While the collection of personal information is sometimes necessary when providing our products and services as well as after-sales support, we do not, unless explicitly approved by our customers, engage in the sale, rental, giveaway, exchange, or any other action that would make this information available to third parties for commercial or any other purposes.

Throughout FY 2023, there were no violations of the PDPA 2012 or any reported non-compliance with our PDPP.

5.5 Innovation

To enhance our competitive advantage, we are strong proponents of innovative business and product development. In a rapidly changing market, with the rise of online platforms and the influence of social media, we stay abreast of the latest market trends to cater to our customers' preferences. With new product innovation, our customers can look forward to a greater range of product choices. They can also utilise accessible communication channels to reach out to our innovation and customer service team to provide feedback on our current products.

For FY 2023, we are pleased to report the following product-segment innovation breakthroughs. There were 13 new products launched versus our target of at least 10 new products each year.

Aquarium Accessories

- Aqua Zonic Smash-Proof Aquarium Heater
- Aqua Zonic Solar Pro Double Tube Heater
- Aqua Zonic 5-in-1 Fish Tank Cleaning Kit
- Aqua Zonic Vertical Filtration UV-C Lamp
- FishLove Elegant Series Fish Tank
- FishLove Lotus Series Fish Tank

Pet Accessories

- Aristo-Cats YIHU Premium Plus Tuna with Pumpkin 80g
- Aristo-Cats YIHU Premium Plus Tuna with Beef 80g
- Aristo-Cats YIHU Premium Plus Tuna with Cranberry 80g
- Nature's Gift Dry Food Adult All Breeds with Kangaroo 2.5kg
- Nature's Gift Dry Food Adult All Breeds with Beef 2.5kg
- Nature's Gift Dry Food Adult All Breeds with Chicken & Fish 2.5kg
- Nature's Gift Dry Food Adult All Breeds/Healthy Weight with Chicken 2.5kg

Sustainability Report (Cont'd)

5.6 Supply Chain Management

A reliable and sustainable supply chain is key in ensuring the long-term growth of our business operations, amidst changing political and economic landscapes. Coupled with the effects of climate change such as rising temperatures and extreme events, these can cause delays and impact the quality of our products and services. To mitigate such risks, Qian Hu strives to engage our farmers and suppliers closely to ensure the smooth delivery of high-quality products to our customers' satisfaction.

Maintaining open communication channels with our suppliers is a central component of our supplier partnership programme. Channels, such as farm visits, regular review meetings and training programmes, allow for feedback, exchange of ideas and collaborative actions to achieve our mutual business goals. We conduct regular site visits to validate the sources for ornamental fish and accessory products, gather insights on quality-related challenges and address any issues our suppliers may encounter.

We also actively participate in trade events, both in Singapore and abroad so that we can develop strong relationships with our suppliers. This engagement will help to minimise quality-related issues, reduce costs and enhance our service to our customers.

We take a holistic approach in implementing sustainability across our supply chain to ensure our business partners and suppliers uphold responsible business practices to minimise our indirect environmental and social impact. Our suppliers go through an evaluation and screening process, where they are carefully selected based on track record and endorsed by way of our Approved Vendor List. They are chosen for their ability to complement and enhance our commitment towards providing high-quality products and excellent services that meet the Group's standards. At the start of our partnership, we communicate our Supplier Code of Conduct, especially on our commitments and expectations regarding environmental standards and fair social practices. We require strict compliance with all applicable laws and regulations, and for our suppliers to follow responsible and ethical business practices.

Moving forward, we will work to improve our supplier engagement programme, continue to instil higher standards constantly, drive responsible business practices across the supply chain, and ultimately raise the bar on the quality and standard of our products and services.

Case Study:

Qian Hu continues to support the farmers in Singapore and abroad who supply fish and other products to us.

In FY 2023, we started a capacity-building programme in Malaysia to provide training to the farmers. By providing best practice knowledge and skills to these farmers in Malaysia, we strive to increase our supply chain resilience and ensure high-quality products are delivered to our customers.

For example, we provided the farmers with hybrid fish species that are more resilient to parasites and diseases. Our programme benefits these farmers by improving their operational efficiency and productivity. We intend to extend the programme to more farmers and locations.



5.7 Community Engagement

Qian Hu continues to contribute meaningfully to our local communities through collaborative initiatives. Our community engagement policy, aptly named “Charity, Community and Commitment,” bridges profit and purpose, strongly aligning with our core values of giving back and contributing to the wider society.

5.7.1 Giving Back to the Community

Community involvement is a key factor in improving our employees’ overall satisfaction, engagement and productivity. Our employees possess valuable skills, talents and resources that can make a positive impact on the community, and a successful giving-back programme will contribute to the development of personal character and soft skills. Therefore, we encourage our employees to take an active role in community activities outside of work.

Driving a positive impact on the marginalised communities, through community activities or donations, is central to our sustainability initiatives. Since FY 2001, Qian Hu has started a programme that matches every dollar employees donate, directing these funds to specific charitable causes. In FY 2023, our Singapore-based employees visited the Down Syndrome Association in August and donated food, monetary and other essential items. We also made cash donations to the WE CARE Community Services in October. Through these, we aspire to provide crucial support to associations and social causes.

Similarly, as an annual charity drive, our Guangzhou employees visited a nursing home during the Double Ninth Festival (重阳节) in October and provided blankets and food items. Through these donations, we hope that the seniors will be well-supported and comfortable where they stay.

As part of our role within the community, we also run guided educational tours in our Singapore farm for students to learn more about biodiversity and animal welfare. In FY 2023, we conducted approximately 230 tours and connected with more than 7,500 students. Qian Hu plans to continue educating and inspiring the next generation on the importance of preserving our natural world for a sustainable future.

From time to time, Qian Hu contributes fish to schools and helps to increase fish stocks in our local reservoirs. Through our subsidiary in Malaysia, we donated dog food to animal shelters as well.

Qian Hu also offers internships to various polytechnics in Singapore throughout the year.



Sustainability Report (Cont'd)

Case Study:

Together we walk, Together we care

In celebration of life and well-lived moments, our employees participated in a meaningful walkathon – “Walk With Me” – organised by HCA Hospice Care (“HCA”) in November 2023. HCA is a registered charity in Singapore that provides comfort and care to patients with terminal illnesses. The proceeds from the walkathon directly benefit the patients and their families.



5.7.2 Contributing to the Business Community

As a leader in the ornamental fish and aquaculture sector, Qian Hu does its part to contribute valuable insights and expertise to the broader industry. Our CEO, Mr Yap Kok Cheng, is a member of the Animal and Veterinary Services’ Ornamental Fish Business Cluster and serves as a committee member of the Kranji Countryside Association. Drawing from our extensive experience and knowledge, we can play a part in enhancing business and operational practices while elevating performance standards within our industry.

This year, our CEO also hosted an introductory aquaculture tour for Temasek Polytechnic students. Through the tour, we provide an environment that nurtures curiosity and encourages questions, facilitating a dynamic and interactive learning experience. By witnessing the various stages and processes involved in aquaculture firsthand, young participants gain a comprehensive understanding of the aquaculture industry’s operations, challenges and potential opportunities.

Moreover, our senior management team actively participates in various industry committees, generously sharing insights from our ongoing journey of business excellence. For instance, our Finance Director, Ms Lai Chin Yee, is a Board member of the Accounting and Corporate Regulatory Authority (ACRA) and a Council Member of the Institute of Singapore Chartered Accountants (ISCA).

Our senior executives are dedicated to building connections in the wider industry ecosystem, facilitating the exchange of knowledge, networking opportunities, resources and best practices.

6 GOVERNANCE

6.1 Business Ethics

We uphold the highest ethical standards and conduct our business activities professionally in compliance with all relevant laws and regulations with integrity and transparency. Accordingly, we have a zero-tolerance stance against fraud, bribery, corruption, anti-trust behaviour, slavery, or violations of human rights. We will not hesitate to take decisive and appropriate action against such acts.

We recognise the potential impacts of unethical or unlawful behaviour on our Group, both in terms of financial and legal consequences, and brand reputation. As such, all Qian Hu employees are obligated to adhere strictly to the guidelines on the Code of Conduct and Business Ethics and on conflict of interest included in the employee handbook. Disciplinary action will be enforced in the event of violations of this code. All employees are taken through these guidelines during the employment orientation and induction sessions.

Our commitment extends beyond our workforce. We also communicate our anti-corruption and anti-bribery policies to all our suppliers, sub-contractors and other business partners at the outset of our working relationships. Our Finance Department maintains rigorous oversight so as to prevent any forms of irregular forms of payments or receipts through the implementation of appropriate controls and procedures to safeguard the integrity of our financial transactions.

To facilitate confidential reporting of suspected non-compliance and to ensure a culture of transparency, we have established a whistle blowing mechanism for all employees and stakeholders. Such reports are directed to the Chairman of the Remuneration Committee. The Audit & Risk Management Committee reviews all whistle blowing complaints during its meetings, ensuring thorough investigations and appropriate follow-up actions are taken timely. In instances involving serious offences and criminal activities, the Audit & Risk Management Committee and the Board have access to external advisors and when necessary, a formal report will be filed with the relevant government or regulatory authority.

In FY 2023, there were no known corruption or bribery cases and reports of non-compliance with applicable environmental and socioeconomic laws and regulations. We aim to maintain zero occurrence of such incidents.

For Qian Hu's corporate governance structures and practices for FY 2023, with reference to the principles and provisions of the revised Code of Corporate Governance and the accompanying Practice Guidance, please refer to pages 85 to 113 of this Annual Report.

7 ECONOMIC PERFORMANCE

In addition to our ESG initiatives, Qian Hu's daily mindset and actions are centred around financial performance, and on generating sustainable added value for all the stakeholder groups. Our internal and external stakeholders expect us to deliver financial excellence, as well as to create a positive impact on the societies and communities we operate in.

The table below summarises our contributions to employees, government, capital providers, as well as the profits retained for re-investment and future growth, and non-production costs and income.

Summary of Value-Added Statements

(\$'000)	2023	2022	2021	2020	2019
Gross value-added from operations	15,829	17,077	19,019	19,144	16,464
Total value-added available for distribution	11,952	21,176	23,051	19,842	20,056
Distribution of Group's value-added:					
To employees	15,590	15,728	15,469	13,246	14,871
To government	300	385	431	309	244
To providers of capital	792	693	479	726	813
Retained for re-investment and future growth	(6,451)	4,492	5,370	2,065	3,786
Non-production costs and income	1,721	(122)	1,302	3,496	342
Total distribution	11,952	21,176	23,051	19,842	20,056

For more information on our financial performance, please refer to the "Financial Review" on pages 36 to 44 of this Annual Report.

Sustainability Report (Cont'd)

8 INVESTOR RELATIONS

As a listed entity, one of Qian Hu's key responsibilities is to communicate our financial performance, business strategies and other relevant corporate information on a timely, transparent and accurate manner to our financial stakeholders and the wider investment community.

On a compliance level, we adhere strictly to the SGX-ST's Code of Corporate Governance and comply with other prevailing laws and regulations governing disclosures. Our compliance culture is founded on principles of integrity, transparency, responsiveness and a profound respect for both the spirit and letter of the law. This is evidenced by the numerous Corporate Awards we received and the consistent top-tier placings in the Singapore Governance and Transparency Index ("SGTI") over the years.

In FY 2023, we were delighted to receive the "Best Risk Management – Bronze" award (Companies with less than \$300 million in market capitalisation) at the Singapore Corporate Awards 2023 and the "Shareholder Communication Excellence – Winner" (Small Caps category) at the Securities Investors Association (Singapore) Investors' Choice Awards 2023.

Both our Executive Chairman and CEO engage regularly with analysts and fund managers to stay attuned to their concerns and needs. Media interviews are also conducted whenever feasible, to share updates on our strategies, developments and industry insights with a broader audience to offer an insightful perspective of the Group's business prospects.

Since November 2019, Qian Hu has been part of the "SGX Fast Track" programme, where we can expect to receive prioritised clearance for all submissions of corporate actions. The programme is designed to recognise the efforts and achievements of listed issuers which have held high standards of corporate governance and a strong compliance track record. It also testified to our persistence in the adoption and adherence to good governance practices over the years.



Mr Yap Kok Cheng, CEO of Qian Hu, received the "Best Risk Management – Bronze" award (Companies with less than \$300 million in market capitalisation) at the Singapore Corporate Awards 2023.

Key components of our best practices in Investor Relations include:

Financial Reporting	<ul style="list-style-type: none"> • Release unaudited half-year results within 20 days after the close of the financial period and audited full-year results within 15 days after the end of the financial year • Results announcements accompanied by press releases in both English and Mandarin, providing highlights of the results and analysis of the Group's performance • All results and material announcements publicly accessible on the SGXNET and the Company's corporate website (www.qianhu.com)
Annual General Meeting	<ul style="list-style-type: none"> • Post detailed minutes of the AGM on the SGXNET and the Company's corporate website within three business days of the meeting • Offer various communication channels, including website and email, to enable shareholders who may not be able to attend the AGM in person to share their input and feedback
Investor Relations/ Website & Contacts	<ul style="list-style-type: none"> • Real-time updates of SGX announcements, financial results, annual reports (including sustainability reports), financial presentations, corporate governance reports, investors' questions and answers (Q&A), and minutes of AGM available on the investor relations site – http://qianhu.listedcompany.com • Provide dedicated investor relations email addresses to ensure timely responses to queries, suggestions and clarifications

FINANCIAL CALENDAR

FY 2023	FY 2024	
12 Jan	12 Jan	Full-Year Results Announcement
1 Mar	28 Feb	Notice of Annual General Meeting
29 Mar	27 Mar	Annual General Meeting
25 Apr	24 Apr	Payment of Final Dividend
18 Jul	19 Jul	Half-Year Results Announcement

Sustainability Report (Cont'd)

9 GRI STANDARDS 2021 - CONTENT INDEX

GRI Standard	Disclosure		Page Reference
GRI 2: General Disclosures 2021	2-1	Organisational details	3
	2-2	Entities included in the organisation's sustainability reporting	46
	2-3	Reporting period, frequency and contact point	46
	2-4	Restatements of information	Not Applicable
	2-5	External assurance	46
	2-6	Activities, value chain and other business relationships	2, 4
	2-7	Employees	66-69
	2-8	Workers who are not employees	Not Applicable
	2-9	Governance structure and composition	48, 88-89
	2-10	Nomination and selection of the highest governance body	91-96
	2-11	Chair of the highest governance body	48, 93-94
	2-12	Role of the highest governance body in overseeing the management of impacts	48
	2-13	Delegation of responsibility for managing impacts	48
	2-14	Role of the highest governance body in sustainability reporting	48
	2-15	Conflicts of interest	87
	2-16	Communication of critical concerns	No critical concerns raised during the reporting period
	2-17	Collective knowledge of the highest governance body	The Board of Directors have attended the sustainability training courses for Directors prescribed by SGX; Corporate Governance Report (Seminars and Trainings Attended by Directors in FY 2022)
	2-18	Evaluation of the performance of the highest governance body	48
	2-19	Remuneration policies	98-101
	2-20	Process to determine remuneration	98
2-21	Annual total compensation ratio	174, 176	
2-22	Statement on sustainable development strategy	47-52	
2-23	Policy commitments	53-55, 66-67, 73-74, 77	
2-24	Embedding policy commitments	53-55, 66-67, 73-74, 77	
2-25	Processes to remediate negative impacts	77	
2-26	Mechanisms for seeking advice and raising concerns	77	
2-27	Compliance with laws and regulations	77	
2-28	Membership associations	76	
2-29	Approach to stakeholder engagement	49-50	
2-30	Collective bargaining agreements	67	
GRI 3: Material Topics	3-1	Process to determine material topics	51-52
	3-2	List of material topics	51-52
Economic Performance			
GRI 3: Material Topics	3-3	Management of material topics	77
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	77

GRI Standard	Disclosure	Page Reference	
Business Ethics			
GRI 3: Material Topics	3-3	Management of material topics	77
GRI 205: Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	77
	205-3	Confirmed incidents of corruption and actions taken	77
Biodiversity			
GRI 3: Material Topics	3-3	Management of material topics	66
GRI 304: Biodiversity	304-2	Significant impacts of activities, products and services on biodiversity	66
Animal Welfare			
GRI 3: Material Topics	3-3	Management of material topics	65
GRI 13: Agriculture Aquaculture and Fishing Sectors 2022	13.11.1	Animal Health and Welfare	65
Climate Change (Energy and Emissions)			
GRI 3: Material Topics	3-3	Management of material topics	61-62
GRI 302: Energy	302-1	Energy consumption within the organisation	62
	302-3	Energy intensity	62
	302-4	Reduction of energy consumption	62
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	61
	305-2	Energy indirect (Scope 2) GHG emissions	61-62
Climate Change (Water Management)			
GRI 3: Material Topics	3-3	Management of material topics	63
GRI 303: Water and Effluents	303-1	Interactions with water as a shared resource	63
	303-5	Water consumption	63
Climate Change (Waste Management)			
GRI 3: Material Topics	3-3	Management of material topics	64
GRI 306: Waste	306-1	Waste generation and significant waste-related impacts	64
	306-4	Waste diverted from disposal	64
Diversity and Equality			
GRI 3: Material Topics	3-3	Management of material topics	66-67
GRI 401: Employment	401-1	New employee hires and employee turnover	68-69
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	66-67
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	66-69
GRI 406: Non-Discrimination	406-1	Incidents of discrimination and corrective actions taken	67
GRI 408: Child Labour	408-1	Operations and suppliers at significant risk for incidents of child labour	67
GRI 409: Forced or Compulsory Labour	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	67

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9 GRI STANDARDS 2021 - CONTENT INDEX (Cont'd)

GRI Standard	Disclosure		Page Reference
Diversity and Equality			
GRI 13: Agriculture Aquaculture and Fishing Sectors 2022	13.20.1	Employment Practices	66-67
Training and Development			
GRI 3: Material Topics	3-3	Management of material topics	70
GRI 404: Training and Education	404-1	Average hours of training per year per employee	70
	404-2	Programs for upgrading employee skills and transition assistance programs	70
Customer Satisfaction			
GRI 3: Material Topics	3-3	Management of material topics	73
GRI 418: Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	73
Innovation (Non-GRI Topic)			
GRI 3: Material Topics	3-3	Management of material topics	73
Supply Chain Management			
GRI 3: Material Topics	3-3	Management of material topics	74
Health and Safety			
GRI 3: Material Topics	3-3	Management of material topics	71-72
GRI 403: Occupational Health and Safety	403-1	Occupational health and safety management system	71-72
	403-9	Work-related injuries	71
GRI 416: Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	72
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	72
GRI 417: Marketing and Labelling	417-1	Requirements for product and service information and labelling	72
	417-2	Incidents of non-compliance concerning product and service information and labelling	72
	417-3	Incidents of non-compliance concerning marketing communications	72
Community Engagement			
GRI 3: Material Topics	3-3	Management of material topics	75-76
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	75-76

10 TCFD CONTENT INDEX

TCFD Pillar	Recommendation	Key Points	Page Reference
Governance			
Disclose the organisation's governance around climate-related risks and opportunities	a) Describe the board's oversight of climate-related risks and opportunities	<p>Qian Hu has a dedicated governance framework in place to drive, govern and manage the sustainability function to ensure that core material issues are incorporated into its corporate agenda. This structure drives its priorities to protect long-term interests and create value for the shareholders.</p> <p>The Board has oversight of the Group's sustainability approach and the integration of sustainability-related matters, including climate-related issues, in the formulation of the Group's strategy. The Board is updated on climate-related risks and opportunities and actions taken by management, in line with TCFD requirements. There are meetings to track progress, raise issues or concerns and obtain input and feedback.</p> <p>The Board approves the Sustainability Report, which provides comprehensive sustainability disclosures.</p>	48
	b) Describe management's role in assessing and managing climate-related risks and opportunities	<p>The Chief Executive Officer (CEO) reports to the Board on all sustainability matters, including climate-related issues that affect our local and overseas markets. He chairs the Sustainability Committee which spearheads the Group's sustainability projects, sets performance benchmarks, as well as provides oversight and guidance to the Sustainability Reporting Team.</p> <p>The Sustainability Reporting Team comprising representatives from each operating entity who have been delegated with specific sustainability reporting roles, executes, monitors and reports on the sustainability efforts, including climate-related issues.</p>	48
Strategy			
Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	<p>Qian Hu has identified and described the key climate-related risks and opportunities relevant to the three business segments and their associated impacts.</p> <p>These climate-related risks and opportunities are identified and integrated into the business strategy through board meetings and regular meetings with the Sustainability Committee and Management. By identifying climate-related risks and opportunities and providing sustainability training to our employees, we are better placed to develop our long-term business strategy to manage such risks and maximise such opportunities to stay sustainable and competitive.</p> <p>We have categorised and assessed the financial potential impacts of the climate-related risks and opportunities identified over the short (within 2 years), medium (3 to 5 years) and long term (beyond 5 years), and will disclose in detail the business strategies, along with the capital allocation, in FY 2024.</p>	56-59
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning		
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	As part of our phase implementation approach, we plan to evaluate the resilience of our business strategy against the climate-related qualitative scenario analysis exercise to be carried out in FY 2024, covering both physical and transition risks and opportunities.	–

Sustainability Report (Cont'd)

10 TCFD CONTENT INDEX (Cont'd)

TCFD Pillar	Recommendation	Key Points	Page Reference														
		<p>For physical risks assessment, we will be considering a RCP 2.6 (carbon stringent pathway scenario) and a RCP 8.5 scenario (business-as-usual scenario), while the transition risks assessment will be conducted based on the International Energy Agency (IEA)'s Stated Policies Scenario (STEPS).</p> <p><i>(RCP refers to Representative Concentration Pathway scenarios that were referenced and used in the last two reports from Intergovernmental Panel on Climate Change (IPCC) – where RCP 2.6 refers to a scenario that aims to keep global warming likely below 2°C above pre-industrial temperatures and RCP 8.5 is where GHG emission continue to grow unmitigated, leading to a best estimate global average temperature rise of 4.3°C by Year 2100.)</i></p> <p>Further scenario analysis with quantitative outcomes will be performed in FY 2025 to assess the financial impact and identify the operational and supply chain vulnerabilities.</p>															
Risk Management																	
Disclose how the organisation identifies, assesses and manages climate-related risks.	a) Describe the organisation's processes for identifying and assessing climate-related risks	<p>The Group follows a consistent approach in identifying, assessing, monitoring and managing all risk categories (namely Business and Strategic Risks, Operational Risks, Financial Risks, Compliance Risks and Information Technology Risks) throughout the operations. The risk assessment process for the key risks identified takes into consideration both the impact and likelihood of the risks identified.</p> <p>We have included "Climate Change and Environmental Risk" under operational risks.</p> <p>The Group adopts the same risk management strategy towards climate-related risks as the other risk categories, where we strive to balance our risk profile while pursuing our business goals through implementing mitigating solutions to each identified climate-related risk.</p>	114-120														
	b) Describe the organisation's processes for managing climate-related risks																
	c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	In FY 2024, Qian Hu plans to integrate climate-related risks into its Enterprise Risk Management ("ERM") framework after conducting the qualitative scenario analysis.	–														
Metrics and Targets																	
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	<p>The Group uses the following metrics:</p> <ol style="list-style-type: none"> 1) energy consumption; 2) energy use intensity; 3) emissions (Scope 1, 2, and selected Scope 3); 4) water consumption; 5) water use intensity; and 6) waste recycle 	56-64														
	b) Disclose Scope 1, Scope 2 and if appropriate, Scope 3 GHG emissions and the related risks	<table border="1"> <thead> <tr> <th>Emissions</th> <th>FY 2022</th> <th>FY 2023</th> </tr> </thead> <tbody> <tr> <td>Scope 1 emissions (tCO₂e)</td> <td>702</td> <td>665</td> </tr> <tr> <td>Scope 2 emissions (tCO₂e)</td> <td>2,861</td> <td>2,834</td> </tr> <tr> <td>Selected Scope 3 emissions (tCO₂e)</td> <td>–</td> <td>73,280</td> </tr> <tr> <td>Total emissions (tCO₂e)</td> <td>3,563</td> <td>76,779</td> </tr> </tbody> </table>		Emissions	FY 2022	FY 2023	Scope 1 emissions (tCO ₂ e)	702	665	Scope 2 emissions (tCO ₂ e)	2,861	2,834	Selected Scope 3 emissions (tCO ₂ e)	–	73,280	Total emissions (tCO₂e)	3,563
	Emissions	FY 2022	FY 2023														
Scope 1 emissions (tCO ₂ e)	702	665															
Scope 2 emissions (tCO ₂ e)	2,861	2,834															
Selected Scope 3 emissions (tCO ₂ e)	–	73,280															
Total emissions (tCO₂e)	3,563	76,779															
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	<p>Our target is to reduce water and energy use intensity by 10% by FY 2025 using FY 2020 as the baseline year.</p> <p>We intend to set GHG emission reduction targets in qualitative terms and to monitor in quantitative terms in the future as part of our decarbonisation efforts.</p>	60															