



Denis Asia Pacific Pte Ltd  
**E.S.G. report**

The pictures featured in this ESG report are the artwork of the awarded photographer Stefen Chow.

## A MERCANTILE EMPIRE

The stunning portraits depict daily life in the companies of the Denis Group.



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# Our Commitment

## From our shareholders

All companies are under pressure today to make meaningful contributions to a more sustainable society and have been challenged to examine their impact on environmental and social resources.

Shareholders are ultimately responsible for overseeing the implementation of their company's long and short-term strategic plans; they play a crucial role in fostering an environment that will support the embedding of sustainability into the strategies of the companies they own. They must signal a willingness to their companies' management toward elevating social justice, creating business value and meeting regulatory & environmental responsibilities. They encourage and push their companies to set sustainability objectives that are in line with what makes the most sense for their businesses.

**The Denis family have embraced the journey toward sustainability as this was both a natural transition and adaptation of the Group's historical values to the world of today.**

For a 156 year family-owned enterprise, sustainability could ultimately be defined for the shareholders as the utmost desire to leave the most fitting family legacy:

- a flourishing Group our employees are proud to work for,
- reputable brands our customers are proud to shop for, and
- a sustainable company that we are proud to own and to pass on to future generations.

The 5th generation of the descendants of Etienne Denis are indeed, very proud today to sign-off this second ESG report.



**Daniel Denis**  
ESG Committee Chairman  
Director of Denis Group Holding SA,  
Board of Directors



**Olivier du Paty**  
Chairman of Denis Group Holding SA,  
Board of Directors

## From our CEOs

**Denis Asia Pacific's journey towards sustainability started in 2011. We made a conscious decision to have a fundamental rethink of what manufacturing and marketing mean in today's context.**

Sustainable manufacturing and marketing are strategic imperatives that reflect our company's desire to deliver long term value to our shareholders as well as acting in our own self-enlightened interest to conserve the use of resources while achieving our corporate goals.

Our role as CEOs is to initiate and supervise a comprehensive framework around sustainable manufacturing & marketing that would cover input and operations as well as the complete life cycle of the product. In this process, CEOs manage relationships between issues, objectives, policies and rules, and act to make them consistent with each other.

The role of CEOs is also to gain management and employee support for the sustainability program, to act visibly and transparently, as actions put in place by top management provide the most powerful example to engage the entire company. CEOs should also encourage and reward the personal involvement of staff in sustainability efforts to increase participation and to generate a strong feeling of ownership and commitment to the company's sustainability strategy.

As CEOs, we will endeavour to conduct the change at an ideal pace that allows our staff to adapt and to change their views and habits, and that delivers results consistently without over-promising. We are also, determined to lead the way in our markets and our business sectors. This is demonstrated in the report with many examples such as our involvement in SASPO, an initiative to promote the use of sustainable palm oil with WWF, our decision to source a significant part of the energy we use in production from renewables and the BCA Green Mark certification of all our buildings and facilities before 2030.

Having embarked on this exciting journey of sustainable manufacturing & marketing, that we position as a key pillar of our corporate policy, the company will reap the many benefits it offers: the protection of the environment, the prosperity of the community as well as an increase in productivity, profitability and enhancement to our competitive advantage.

**Fabien Reyjal**  
Denis Group Holding CEO

**Ting Seng Hee**  
Denis Group Holding CEO



# U. N. Global Compact



# United Nations Global Compact

Denis Asia Pacific Pte Ltd has been a member of U.N. Global Compact, Network Singapore, since January 1st 2016.

## A reliable company's value system and a principled approach to doing business.

Corporate sustainability starts with a company's value system and a principled approach to doing business. This means operating in ways that, as a minimum, meet fundamental responsibilities in the areas of human rights, labour, the environment and anti-corruption. Responsible businesses enact the same values and principles wherever they have a presence, and know that good practices in one area do not offset harm in another. By incorporating the Ten Principles of the UN Global Compact into strategies, policies and procedures, and establishing a culture of integrity, companies are not only upholding their basic responsibilities to people and planet, but also setting the stage for long-term sustainable development and success.

Denis Asia Pacific Pte Ltd has therefore pledged to incorporate the 10 Principles of United Nation Global Compact in its company governance and to live by these. They are divided into four main topics:

### Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

### Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

### Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

### Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

**Denis Asia Pacific has also pledged to publish a yearly ESG report to openly monitor the company's progress.**

## The scope of the U. N. Global Compact, Network Singapore membership.

The scope is inclusive of (1) Denis Asia Pacific Pte Ltd, (2) all companies in which Denis Asia Pacific Pte Ltd is in a position of control by having a majority of shares and (2) SFI Supply Management Pte Ltd (a sister holding company of Denis Asia Pacific Pte Ltd.) and its subsidiaries.

SFI works closely and uniquely for Denis Asia Pacific Pte Ltd, therefore the Denis Asia Pacific shareholders decided that SFI and the companies controlled by this holding should be integrated into the sustainability journey and form part of the ESG report.

In this ESG report, “**DAP**” or “**the company**” should stand for both Denis Asia Pacific Pte Ltd and SFI Supply Management Pte Ltd holding as defined on the above scope.

The list of companies is published on page 18.

## Problem-solving strategy

The group had a 156 year history and strong, established values before joining United Nation Global Compact, Singapore Chapter. DAP is also a medium sized company albeit with international coverage, and limited resources in terms of management resources which could be devoted to sustainability.

It was therefore sensible and logical to adopt a problem-solving strategy, which consists of identifying the company’s weaknesses with

reference to the 10 Principles and to work on ad hoc solutions in order to keep what is good, to correct what is found to be wrong and to amend what could be improved.

The company created an ESG committee (refer to page 12). The committee defined eight projects or pledges. The 8 pledges decided by the ESG committee come with key indicators that are monitored and presented in the ESG report.

**The 8 pledges decided in 2016, for 2017 and into the future, can be divided into four main topics:**

**Environment:**

(1) buildings and facilities belonging to DAP have to achieve Green Mark certification (or its equivalent according to the country) by 2030.

(2) The production facilities belonging to DAP have to implement a plan to:

- . significantly reduce their energy consumption, especially from fossil fuels
- . significantly increase the share of renewable sources of energy in their energy consumption
- . significantly reduce waste.

**Supply Chain:**

(3) All DAP suppliers should, within a reasonable time-frame, sign and comply with our supplier code of ethics, in line with the Ten Principles of United Nation Global Compact.

(4) The supply chain should propose and work towards solutions to the sustainability issues highlighted by the ESG committee. The two main challenges identified in 2016 for the supply chain are palm oil supply and tuna supply.

(5) DAP wishes to be in advance of food safety regulations and inspire consumer confidence by being pro-active in implementing the latest recommendations, for example, guaranteeing the absence of mercury contamination in canned tuna, guaranteeing

the absence of any risk of radioactivity in fish from the Pacific and implementing BPA-FREE linings in cans.

**Social:**

(6) DAP will start monitoring its companies' human resources as a whole across the two holdings with a set of various key indicators, such as gender equality per category, training and development, monitoring of medical leave and days lost due to injury.

(7) DAP will increase the role of MyKenzen in supervising training within the company in employee well-being and safety at work. The two holding companies will encourage local initiatives relevant to this.

**Governance:**

(8) DAP is implementing a zero tolerance policy for any case of corruption, fraud, harassment, malpractice and unlawful discrimination. This policy is complemented with a whistle-blower procedure.





**About this report**

## About this report

**This is our second sustainability report. The report covers our governance, social and environmental performance for the yearly period July 2017-June 2018, in comparison with the period July 2016-June 2017 and (when possible) with the period July 2015-June 2016.**

Our master report is planned to be biennial to match our action plans. This issue is an intermediary report between two main reports.

### **An ESG committee at the highest level of management**

We have constituted an Environment, Social and Governance committee (ESG committee) at the highest level of management. The committee is chaired by a family shareholder and member of the Denis Group board of directors, demonstrating the high level of commitment in the durability and sustainability of the business model by the family owning the group of companies since 1862. The group CEOs are the vice-chairmen of the committee.

The Group Marketing Director acts as the coordinator and the leader of the ESG committee.

The ESG committee also includes the Supply Chain Director, the Production Director, the Quality Director, the R&D Director, the Finance Director and the Human Resources Manager.

The ESG committee, assisted when needed by external experts, reviews and determines the context, scope, boundary and prioritization of the ESG projects.

The ESG committee meets every two months. It decides on the ESG projects, it designates the senior director or manager in charge for each project, sets the key indicators and monitors progress.

### **Accuracy of data**

We rely on our internal procedures to verify the accuracy of data and information provided in this report.

As we are not a public listed company, the ESG committee freely decides the context, scope and boundary of the company ESG report, but any information in the ESG report is shared with accurate, relevant data in full transparency and honesty.

If a project fails to reach its key indicator at the time of the ESG report, the provisional data will be provided with an explanation of the difficulties encountered in the completion of the task.

### **Availability of the report: the choice of digital format**

The ESG report is to be published within 6 months after the closing of the data collection.

The ESG report is available to anybody without limitation.

For sustainability reasons, the ESG report is available only in digital format. It can be downloaded in pdf from most of DAP's websites.

It is also available for consultation on <https://issuu.com/denisbrands>

### **Feedback & contact**

The ESG committee considers it a duty to answer any question about our ESG report, which is relevant and not frivolous, but it will entertain only written questions addressed by email (ESG@denisgroup.net) or by post to:

ESG committee  
Denis Asia Pacific Pte Ltd  
Denis Group Building  
21 Tagore Lane  
Singapore 787479

## DAP Sustainability Key Indicators scorecard

12 Months July-June	2016/2017	2017/2018
<b>PEOPLE</b>		
Employees	1,595	1,645
Females employees	66%	67%
Employee turnover rate	29%	24%
Average training hours per staff	14.5	12.2
Equivalent medical leave days	10,274	11,129
Equivalent injury days (inside our premises)	537	697
Equivalent injury days (outside our premises*)	722	787
<b>ENVIRONMENT</b>		
GHG total emissions (tCO2e)	11,915	12,514
Packaging materials (mt)	5,527	5,062
Recycled materials in packaging (mt)	1,362	969
Percentage of recycled materials in packaging	25%	19%
Electricity consumption (Mwh)	9,459	9,633
Natural gas consumption (mmBtu)	67,905	70,355
Charcoal consumption (mt)	364	576
Water input (m3)	364,245	360,735
Water discharged (m3)	240,412	259,775
Normal waste generation (mt)	3,667	2,862
Hazardous Waste generation (kg)	1,055	1,720
Recycled & Reused Waste (mt)	3,340	2,474
Percentage of Recycled & Reused Waste	91%	86%

\* We keep track of injury days outside the premises, which are caused during transportation on the way to or from work.





**About Denis Asia Pacific**

# About Denis Asia Pacific

## Our History

Denis Group has a fascinating 156 year history. The vision, mission, solid values and business principles provide the foundations for this exceptional longevity. The descendants of Etienne Denis are still at the helm of the group's businesses.

Denis Group gets its strength and stability from three different sectors, in which the group is able to achieve and maintain a high level of professionalism, paired with a historically innovative spirit: food & beverages, health sciences, and consumer goods distribution.

This ESG report covers the food & beverages activity which started in 1956 when Denis Group took over the A.Clouet company in Malaya with its main food business: Ayam Brand. Ayam Brand, founded in 1892 in Singapore by Mr Alfred Clouet, became an international brand distributed in more than 30 markets on three continents and is ranked today 309th consumer brand in Asia. *(Asia's Top 1000 Brands 2018, Nielsen)*

To cater for the expansion of its food business, Denis Group invested heavily in production and logistics. The main production & logistics site is in Taiping, Perak in West Malaysia. It employs more than 1000 staff. The Mafipro site consists of three factories and produces mainly canned fish and baked beans. The Guinea Foods factory cans fish and sauces. Guinea Foods consists of two factories to meet the growing demand for sauces. Taiping is also an important logistics base for the group with two large warehouse sites: SFI phase 1 and SFI phase 2.

Alce Nero and Denis Group formed a joint venture in 2004 to promote and distribute Alce Nero, a leading Italian organic food brand, all over Asia.

In 2017, Denis Group opened a new manufacturing site near to Ho Chi Minh in Vietnam, with the aim of distributing its food brands in the Greater Mekong region.

## Our vision of the future

Denis Group is well positioned to benefit from the key trends that are expected to shape our future markets, namely:

- continued urbanisation combined with greater connectivity that requires convenient, safe, healthy and cross-cultural food.
  - pursuit of investment in the understanding of better health through good nutrition, clean food, and better hygiene.
  - the pleasure of food discoveries and of creating moments of reunion and surprise for family and friends centred around food; we see this as a key preoccupation across the world.
- We see many opportunities for the Group in the coming years:
- the opportunity to make our brands truly global by reaching more consumers worldwide.
  - the opportunity to develop new & innovative segments such as ready-to-eat meals, frozen foods, foods on-the-go and foodservice solutions that better address the

needs of new consumers.

- the opportunity to promote the cultivation, manufacturing and use of organic & natural foods in the region.
- the new opportunities that will be brought about by the next big wave of massive investment in infrastructure in ASEAN in the next 10 years.
- and the opportunity to grow a sustainable food supply model with a concern for waste, nutrition and stability and with substantial social impact in society as we envisage it tomorrow.



## Our companies

### Singapore Holding

#### Denis Asia Pacific Pte Ltd

21 Tagore Lane, Singapore 787479  
T +65 6459 8133 F +65 6459 2867

Companies controlled by this holding:

### Australia

#### A. Clouet (Australia) Pty. Ltd.

11 Melissa Place, Kings Park, NSW 2148,  
T +61 2 8814 8086 F +61 2 9678 9508

### Indonesia

#### PT. Faretina

Jl. Radin Inten II, No. 8, Duren Sawit  
Jakarta 13440  
T +62 21 8690 0868 F +62 21 8690 1336

### Malaysia

#### A. Clouet & Co (KL) Sdn .Bhd.

19 Persiaran Sabak Bernam, Section 26, 40400  
Shah Alam, Selangor Darul Ehsan  
T +60 3 5191 1069 F +60 3 5191 1988

#### Mafipro Sdn. Bhd.

Jalan Perusahaan Tiga, Kamunting Industrial  
Estate, 34600 Taiping, Perak  
Tel: +605-8912704 Fax: +605-8913919

#### Guinea Foods Sdn Bhd

Jalan Lintasan Perusahaan, Kamunting 3,  
Kamunting Raya, 34600 Taiping, Perak.  
Tel: 05-8911899 Fax: 05-8912899

### Singapore

#### Clouet Trading Pte. Ltd.

21 Tagore Lane, Singapore 787479  
T +65 6459 8133 F +65 6459 2867

### Thailand

#### The Commercial Company of Siam Ltd.

1168/3-4, 2nd Floor, Lumpini Tower,  
Rama IV Road, Bangkok 10120  
T + 66 2 285 6858 F + 66 2 285 6830

### Vietnam

#### Denis G.M. Co Ltd

Lot 17-4, Singapore Tech Park, Ben Cat Town,  
Binh Duong Province, Vietnam  
T +84 274 357 9798 F +84 274 357 9799

### Singapore Holding:

#### SFI Supply Management Pte Ltd

21 Tagore Lane, Singapore 787479  
T +65 6459 8133 F +65 6459 2867

Companies controlled by this holding:

### Malaysia

#### SFI Food Sdn Bhd.

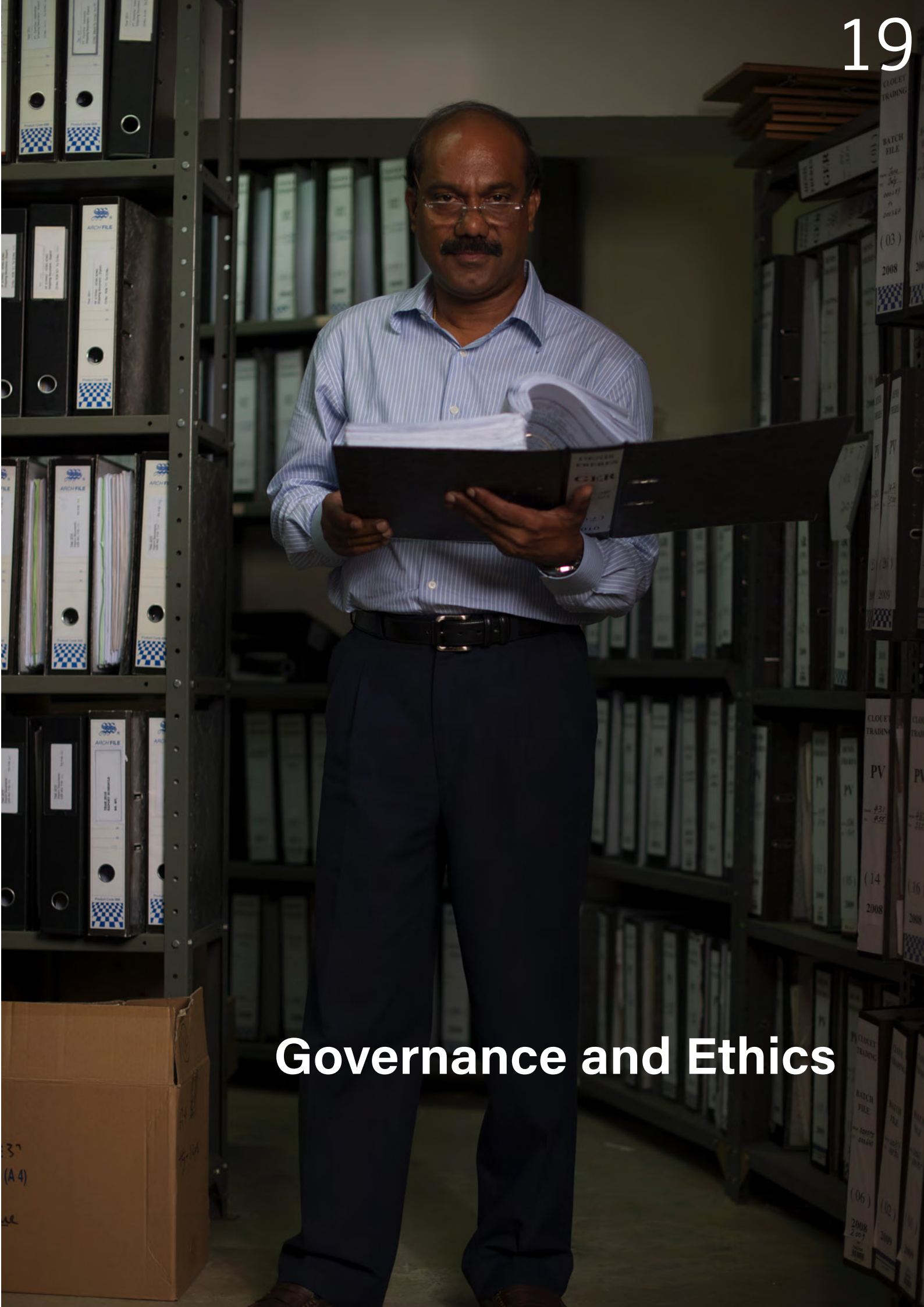
PT 32730, Jalan Logam 5, Kawasan Perusahaan  
Kamunting Raya, 34600 Taiping, Perak  
T +60 5891 8704 F +60 5891 3919

### Mexico

#### SFI Alimentos de Mexico, S.A. de C.V.

Tenochtitlan 570, 19 Puesta del Sol,  
LA Paz, 23090 BCS





# Governance and Ethics

# Governance and Ethics

DAP has an excellent reputation for governance and ethics, built with consistency and determination over its long business history. The company intends to remain committed to the highest ethical and professional standards and also to integrate new governance and ethics requirements as the world moves towards more transparency, complexity and globalization.

## Governance

DAP, including its subsidiaries and related companies, is committed to the highest corporate governance practices.

The Board of Directors of Denis Asia Pacific Pte Ltd consists of ten members, including the Chairman, with overall responsibility for the approval of strategic plans, budgets, investments and financial results and for the support of the Group CEOs responsible for bottom-line operations. As part of its commitment to best practice, the Company pays specific attention to the composition of the Board and guidance thereof, the role and responsibility of the Directors, access to information and conduct of shareholders meetings.

Internally, an Audit Committee is in place, reporting to the Board of Directors, with responsibility to review audit plans with internal & external auditors, to consolidate audited accounts, to perform internal audits and to investigate any matters related to the Company's internal control system.

Three directors of Denis Asia Pacific Pte Ltd make up the board of directors of SFI Supply Management. This board adheres to the same principles of governance and audit protocols.

## Ethics

### Code of ethics

DAP has a company code of ethics, which is published in the employee handbook and/or on the intranet for the companies that have it.

### Zero tolerance policy for severe wrongdoings

DAP has a zero tolerance policy for severe wrongdoings, therefore employees and outside parties, such as suppliers, customers, contractors and other stakeholders, are requested to report any issue to the management. They may use a website, "DG-report.net", where their anonymity will be protected. This may be used to report any concern or complaint regarding:

- (1) Corruption and bribery
- (2) Failure to comply with laws and regulations
- (3) Harassment
- (4) Discrimination on the basis of gender, cultural background or origin, disabilities
- (5) Theft
- (6) Forgery
- (7) Misappropriation of funds and classified documents
- (8) Abuse and misrepresentation of power and authority

This procedure is meant to protect genuine whistleblowers from any unfair treatment as a result of their report. Denis Group encourages employees and outside parties to put their names to their allegations whenever possible.

### **The ethics committee**

The ethics committee has three main roles:

- (1) to set ethics rules that apply to all companies under DAP, except if the local law regulates differently.
- (2) to approve local company ethics & rules of behaviour.
- (3) to deliberate on reports of severe wrongdoings and to suggest what steps should be taken by the CEOs, including disciplinary sanctions or dismissal, if needed. Should the CEOs choose not to follow the ethics committee recommendations, they must inform the company shareholders with their reasoning.

The ethics committee should be made up of representative(s) of the shareholders, of the CEOs, and representative(s) of the senior management. It should include at least one external member, chosen for his/her knowledge of the company and his/her moral standing.

As of today, the ethics committee's external member is Mrs. Ai Ming Lee, Senior Partner at Dentons-Rodyk, Singapore Judge of Peace, Member of Singapore Copyright Tribunal, independent Director in the Boards of Agri-Veterinary Board of Singapore (AVA), Keppel Land Ltd, K- Reit Ltd and HTL Holdings Ltd.

The ethics committee's internal members are M. Daniel Denis, Mr Nicolas Denis, Mr Ting Seng Hee, Mr Fabien Reyjal, Mr Hervé Simon. Mrs Chan Kum Lin is acting as the ethics committee's secretary.



# Our People





# Our People

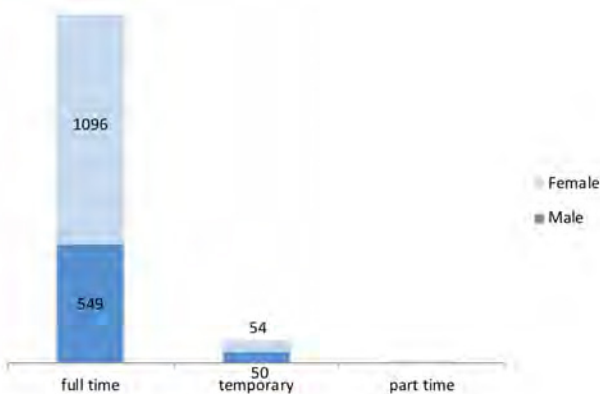
**DAP's HR strategy is to attract, motivate, train and retain quality employees in order to build with them a profitable, durable and sustainable business model.**

Creating value for employees is an important part of our business vision. DAP believes that our employees play the prime role of driving the company and determining its success.

We are committed to building an organization with a respectful and honest environment for our employees, whilst creating value for customers and stakeholders.

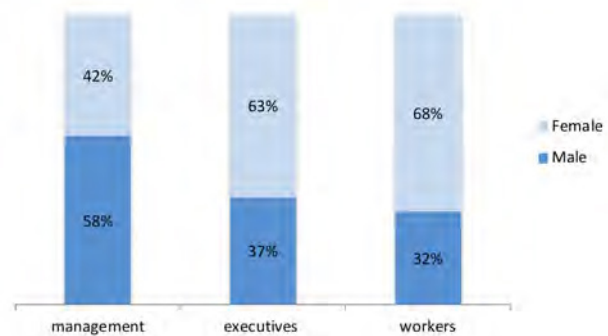
Diversity and gender equality have always been core values of the Group. Our employees come from varied cultural and ethnic backgrounds. We are committed to creating a fair and inclusive workplace, where all employees are given equal opportunities for learning and development. Hiring and rewards are strictly based on merit, loyalty and confidence.

At the end of June 2018, DAP employed 1,645 people, a stable figure versus end June 2017 (1,595 people). 93% of employment contracts are full time. Less than 6% are temporary contracts. There are only 3 part time contracts for the whole holding.

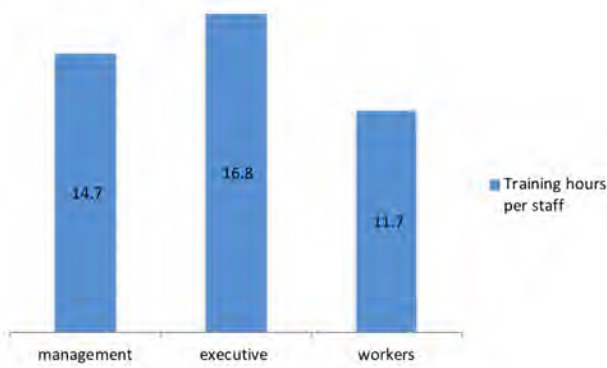


Workers, located mostly on the site of Taiping, Malaysia and Bet Cat Town, Vietnam account for 89% of our people, while executives and management represent 6% respectively.

Women and various age groups have a fair representation in the organization. Women account for 67% of all our employees. DAP is confident that their share in management (42%) will improve in the coming years with the increasing percentage of females graduating from universities in Asia-Pacific.



Employee development is strategic for DAP. Our commitment is to create an environment where employees can develop their full potential. Continuous upgrading of employee skills and knowledge is necessary to innovate, to work safely and to serve customers better. Providing regular training opportunities is also important for employee motivation. At end June 2018, DAP had provided 19,992 hours of training for the year. This represents an average of 12.2 hours per member of staff. The following chart shows an equal distribution of training hours within all categories of employees.



At management level, DAP has a low employee turnover (8%). In production, our 24% turnover is in line with the food industry in labour tense markets with full employment. At end June 2018, the yearly number of MC leaves was 11,129 days: an average of 6.8 days per employee. The average number of days varies per category. Being food manufacturers, the production sites have strict rules to protect production from any contamination. In the same period, we had 1,484 injury days, comprising of 697 injury days inside our premises and 787 injury days caused by road accidents on the way to or from work. 94% of injury days occur in production. The average days lost due to injury for men are 1.13 versus 0.84 for female.

This year was sadly marked by two severe accidents, including one fatal, of external contractors at our Singapore premises. A lorry driver lost his life by falling from his truck's platform. A construction supervisor, while working on the warehouse renovation, fell from a rolling scaffolding, which a third party company had wrongly assembled. Despite initial investigations by the Ministry of Manpower which appear to clear our Singaporean distribution company of any wrongdoings, we can not accept the occur-

rence of such events. Therefore our Singaporean distribution company has decided on an action plan, comprising of (1)reinforcing its security and safety rules, (2)upgrading the Singapore safety certification from Bizsafe2 to Bizsafe3, (3)consolidating a set of systematic checks on the safety competencies of our contractors.

The nutritional services, MyKenzen, part of DAP, has, as one of its objectives, to improve the well-being of employees. The certified nutritionist of MyKenzen is organizing several nutrition information campaigns for the holding's companies. MyKenzen is organizing comprehensive health screenings, corporate fitness classes & sports days, nutrition talks & nutrition campaigns throughout the year.

Local company initiatives are developed under MyKenzen supervision to encourage staff to take regular physical exercise and improve their daily diet. As examples of these initiatives, Australia is having a "Get Healthy at Work Program", Malaysian factories have a monthly aerobics session and a weekly Healthy Wednesday with the distribution of free fruit and discounts on a healthier lunch at the canteen.

HR efforts are being developed in the area of employees' well-being at work. New female staff rest rooms and nursing rooms for breast-feeding mothers, monthly birthday gifts and a renovated first aid room are a few examples of the many local initiatives to improve staff's sense of belonging.



# Environmental Responsibility

# Environmental Responsibility

This intermediary 2017/2018 report presents our progress toward meeting the objectives set in our master 2016/2017 report.

We are aware of our responsibilities to future generations and must strictly adhere to exemplary environmental behaviour. We aim to produce high quality and healthy food products, whilst reducing our impact on the environment.

We are therefore continually implementing new projects and developing our environmental management system within our production & logistics facilities and in our offices, taking advantage of new technologies, implementing the highest international standards and obtaining industry certification.

We believe that such exemplary focus and conduct is of proven economic benefit. It encourages the entire workforce to mirror our actions, take initiatives and strive for professionalism and contributes to savings and increased productivity.

## *GHG total emissions*

***12,514 tCO<sub>2e</sub>***

Since our first ESG master report (2016/2017), we have been monitoring the direct quantity of Greenhouse Gas emitted (GHG) by Electricity, Natural Gas and Charcoal usage.

**Within the two years period between its two ESG master reports (2018/2019), DAP aims to reduce its total GHG emissions (at constant activity) by 15%.**

This 12,514t CO<sub>2e</sub> figure represents an increase of 5 % compared to the last period (11,915 tCO<sub>2e</sub>). It was expected as our Vietnamese production site became fully operational. Its production increased by 88%, while its GHG emissions only increased by 44%.

Our offices reduced their GHG emissions by 8% compared to the previous period.

**At constant activity, our GHG emissions have reduced by 6%.** We should be able to achieve the 15% target reduction as planned for the next master report, thanks to the forthcoming contribution of our new Solar Energy System, up and running since August 2018.

The target will be achievable as a consequence of a series of coordinated initiatives.

## The highest international standards and certification

### ISO 14001:2015 certification

ISO 14000 is a family of environmental management standards. They help organizations minimize their operations' negative impact on the environment, complying with applicable environmental laws, regulations and requirements and continually improving their performance with respect to environmental safeguards.



ISO 14001 is an internationally recognized standard part of the European Union's Eco-Management and Audit Scheme (EMAS). EMAS requirements are considered to be the world's highest standards, with demanding performance improvement, legal compliance, and reporting duties. The latest version of ISO 14001 is ISO 14001:2015.

The factories on our Taiping site (Malaysia) have been certified under ISO 14001 since 2013. In early 2017, we recruited a specialist engineer to implement upgrades to meet the standards of the 2015 version. The factories successfully completed their ISO 14001:2015 certification in 2017.

We have also taken this environmental management approach with our Taiping logistics centre in adopting a life cycle perspective. It should complete its ISO 14001:2015 certification by 2018.

We will in addition deploy the same environmental management system in our factory in Vietnam, aiming to be ISO 14001:2015 certified in 2019.

### Green buildings certification

Buildings have extensive direct and indirect impacts on the environment. During their construction, occupancy, renovation, repurposing, and demolition, buildings use energy, water, and raw materials, generate waste, and emit potentially harmful atmospheric emissions. These facts have prompted the creation of green building standards, certification, and rating systems aimed at mitigating the impact of buildings on the natural environment through sustainable design.

In 2016, DAP pledged to have all buildings and facilities under its ownership certified as Green Buildings by 2030. The 12 year time span will allow us to spread the investment and also adapt the renovation cycles of these facilities.

In November 2017, the Denis Group Building, located at 21 Tagore Lane in Singapore, was **the first DAP building to be BCA Green Mark certified following renovations undergone in 2016**. BCA Green Mark is a benchmarking scheme, which incorporates internationally recognized best practices in environmental design and performance in order to:

- Facilitate a reduction in energy, water and material resource usage
- Reduce potential environmental impact
- Improve indoor environmental quality for better health and well being
- Provide clearer direction for continual improvement

As the cost of certification and the certifiers' availability vary according to the market, the ESG committee decided, during its meeting dated July 20th, 2018, that DAP could use alternative Green Building certifications provided they are as stringent as BCA Green Mark.

Our facility in Selangor, Malaysia, started its certification process and aims to be certified by 2018. The next building to be certified will be our facility in New South Wales, Australia, by 2019.

## Energy saving programs

Yearly DAP energy consumption comes from three sources: Electricity (9,633 MWh), Natural Gas (70,355 mmBtu) and Charcoal (576 mt).

Electricity consumption is split 90% for production/logistics and 10% for offices.

The slight increase can be explained by several factors that occurred during this period:

- One of our sites is using an additional warehouse to keep raw materials.
- Our overall production output has increased during the period. It should be noted that our production in Vietnam increased by 88 %, while we managed to limit the electricity consumption increase by 8 %.
- Some new product developments require testing outside of the normal production time, resulting in longer usage of energy.



*In the environment charts, MM stands for “Malaysia Manufacturing Site”, MV for “Vietnam Manufacturing Site” and O for “Offices”*

## Energy-as-a-service

A new business model has emerged which considers energy as-a-service, redefining how we should think about our relationship with energy. Until recently, energy was considered a cost beyond our control – a necessary expense required to run our facilities. In the new energy-as-a-service model, we are changing our relationship with energy in two important ways:

- we have implemented intelligent software linked to a network of sensors, using cloud-based technology and analytics capable of monitoring and analyzing our energy consumption in real time.
- we aim to reduce energy usage and inefficiencies to improve business outcomes and reduce our carbon footprint.

The eSight software that we are implementing has been validated in many recognized companies around the world, such as Nestlé, Rolls Royce, and Airbus. Besides its economic benefits, we expect this energy control to contribute significantly to our carbon footprint reduction target.

- It gives us a better understanding of our electricity consumption, and its ins and outs. It provides high level analytical reports, dashboards and alarms to fully manage our energy consumption.
- It is the foundation of a global Energy Management System that allows us to aim to achieve higher objectives. This solution helps us in securing projects on energy sav-

ings. With close monitoring of energy consumption, savings objectives can be directly included in supplier contracts. It guarantees the potential savings before the project, reducing the investment risks and giving management a proper basis for decisions and follow-up.

### The 2018 Solar Project

In 2018, we installed a sizable solar plant on our main industrial & logistics site in Taiping, Malaysia.

**We aim to produce around 20 to 30 % of the site's electricity needs from this renewable source of energy.**

The PPA was signed in August 2017. The lease project allows us to have cheaper energy costs from the start without up-front investment. 20 years of fixed prices will allow us to improve our production cost control. At the end of the 20 year lease, we expect the installation to provide us with at least an additional 5 years of 20% (almost) free electricity for the Taiping site.

In launching this project we had to take many things into consideration, for example the capability of our roofs and structures to hold this number of solar panels. Moreover, as our solar system is intended to last at least 25 years, we took this opportunity to change some of our roofs. These new roofs include skylights to use fewer electrical lights, and to benefit furthermore from the sun's power.

**4,065 solar panel units, which should**

**produce around 1,341 kWp**, were progressively installed on 7 of the facility's rooftops since February 2018. The entire solar system was energized in August 2018.

The solar plant on its own should represent a reduction of 1,300 tCO<sub>2</sub>e per year. A saving of more than 10% of our current carbon footprint and 2/3 of our carbon emissions reduction target!

The Taiping site could easily take twice as many solar panels. We aim to monitor the evolution of solar and battery technology and we will be in a position to increase our solar energy plant when new breakthroughs significantly improve the performance of both solar panels and energy storage.

The outcomes of solar energy will fully appear in our next ESG master report.

## Materials and water consumption

Materials, water and energy consumption occur mostly on production sites, so the report focuses on them in this chapter. We nevertheless added office consumption where the figures are significant, as is the case for paper.

### Materials consumption

#### (1) Raw materials

Our factories produce a large variety of high quality food products for our customers. The 22,491 metric tons of raw materials mostly consists of fish, beans, peas, tomato, sugar,



## (2) Packaging materials

We produce mostly canned food; therefore our packaging materials are metal cans, glass jars, metal closures and cartons.

These packaging materials are highly recyclable.

**Our commitment to reduce our impact on the environment leads us to make 19% of our packaging from recycled materials, mostly carton. For three consecutive years, our factories have managed to use fewer packaging materials despite increasing production.**

We are putting several initiatives in place to further reduce our packaging and its impact on the environment:

- we are increasing the number of cans per carton for those products with a high-turnover on supermarket shelves.
- we are commissioning a piece of scientific research to improve all our main packaging, like for instance the possibility of reducing the metal weight per can without affecting the quality and safety of the food.

- DAP will sign up to the Singapore Packaging Agreement in 2018.

The Singapore Packaging Agreement (SPA) is a joint initiative by government, industry and NGOs to reduce packaging waste, which constitutes about one-third of Singapore's domestic waste in terms of weight.

## (3) Paper consumption

Paper has a major impact on the environment. 500 litres of water are necessary to produce 1 kg of paper. All too often, certain players in the paper industry in South East Asia are potentially contributing to deforestation, with slash and burn practices leading to degraded animal habitats, air pollution and carbon emissions. The Forest Stewardship Council certifies that forest products, like paper and wood, have been sourced in an environmentally friendly, socially responsible and economically viable manner. The FSC was founded in 1993 in response to concerns about deforestation.

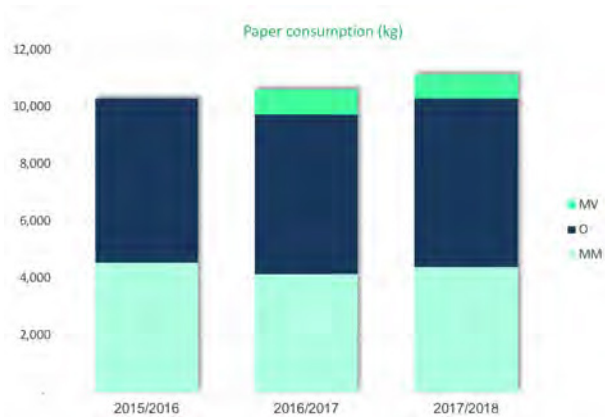
Currently, 100 % of the paper used in our factories in Malaysia is FSC or PEFC certified. In our offices, this ratio is around 44%. This represents an improvement of more than 20% versus last year.

Our paper consumption has slightly increased in both offices and factories.

On the Manufacturing side, we were mainly impacted by an audit from the authorities, for which it is mandatory to provide hardcopies of documents. If we remove this additional and exceptional consumption, we should have seen a drop of 3%.



On the offices side, our monitoring has included an Indonesian depot's consumption which was not included in the previous consolidation. Nonetheless, the figures for paper consumption in offices are not good and we should further our efforts to reduce them.



For the next ESG report, DAP aims to reach two significant milestones:

- 100% paper certified as sustainable
- a double digit reduction in offices' paper consumption.

## Water consumption

### ● Water input

In the yearly period 2017/2018, DAP consumed 360,735 cubic meters of water versus 364,245 in the previous period.

99.2% was used by our production facilities. Saving water is one of our top priorities and for the last three years, we have managed to reduce our water consumption.

All year long, factories make constant efforts

to save water and use it more efficiently. For example, one of our warehouses now uses rainwater to clean the outside compound. We also provide training for our staff on good practices in order to use less water. In the production process, we aim to use water in a closed loop in the very near future.



### ● Water discharged

Our factories are equipped with Waste Water Treatment Plants (WWTP) to ensure that the discharged water is fully treated before release. Our competent and trained employees work every day to release clean water, which meets the stipulated standards.

Currently, 73% of our water input is channeled through our WWTP.

### ● Water monitoring

In the previous ESG report, the ESG committee targeted a better understanding of the 15% of unmonitored water.

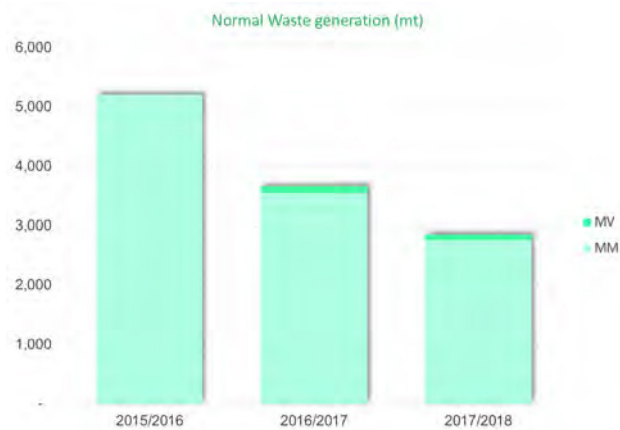
After an extensive study of the factories' water flow, we have identified the multiple uses of this water. Our production process

uses most of this unmonitored water to cool down the temperature of our cans. This water is clean and therefore can be flushed to the monsoon drain every day. The study highlighted the savings opportunity of re-using this water and our teams are now working on this project.

The remaining quantities of unmonitored water usage comes from small, daily amounts such as in toilets, feed water injected in the boilers, water added in some sauces, water evaporated from steam generation.

### - Waste management

In the yearly period 2017/2018, DAP's manufacturing sites generated 2,863.6 tons of waste (vs 3,368 tons for the previous period), the equivalent of 10% of the material input.



Our waste is split between 2,862 tons of normal generated waste (mostly containers and packaging, scrap and rejected products, sludge and metal) and 1.7 ton of hazardous waste.

The drop in normal waste generation is mainly due to the incoming of raw materials. We had purchased more fish without cartons

to unpack, and more fish already cut. Moreover, some industrial packaging (like for tomato paste) is now returned directly to our supplier for re-use.



Hazardous waste is waste that cannot be disposed of as it could potentially pollute the environment because of its ignitability, corrosivity, reactivity or toxicity. This includes oil, batteries, solvents, paint etc.... Hazardous waste is monitored, properly stored and treated by authorized contractors, according to the regulations in force.

The significant increase in our Hazardous Waste figure is mainly due to the forklift service which is now carried out internally. It is a transfer of responsibility and not an increase in Hazardous Waste generation. The positive result is a better monitoring of this hazardous waste, with the certainty that this oil will be properly treated and handled by authorized persons.

We also had a generation of old batteries requiring disposal. Moreover, the company that previously collected our ink cartridges ceased operations. We therefore now have to include this as hazardous waste from our activities, and not as a product rented from our supplier.

Waste is a critical element of factories' economic and environmental responsibilities. Our factories are putting more efforts in to the control of our waste generation, by reducing, re-using and/or recycling.

This contributes to the factories' productivity earnings whilst also contributing to the protection of the environment.

At the end of the waste processing chain, the final waste residue, which is in fact disposed of, is 389 tons, i.e. the equivalent to 1.4% of the material input.

**In other words, we are able to give a second life to 86% of our waste.**

#### - Environmental awareness

Since the implementation of our United Nations Global Compact membership and our ESG policy, we have been organising events to make people more aware of environmental matters.

Office staff have received relevant training about saving energy and resources like water and paper.

In Production, an event called Environment Week is held every two months on various topics, such as oil pollution, water savings, waste management, air-conditioning systems or Water Treatment systems.

Our aim is for each factory worker to gain a better understanding of environmental issues, to build on relevant knowledge and to create a sense of responsibility, commitment and policy ownership.

## ONE YEAR OF Environment Week

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### AIRCON' POLICY AND GREEN OFFICE



**25°C**



100%



25°C policy and all office staff introduced to Green Office concepts

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### WATER SAVING AND OIL POLLUTION

134 workers were given training on how to avoid oil leakage



Water leakage finding competition



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### WASTE RECYCLING CAMPAIGN





**NO STRAW AT CANTEEN**



Partnership with a local association to collect and recycle waste + awareness campaign in the canteen.

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### QUIZ AND SURVEY

Environment Awareness & behaviors of our employees



Survey conducted in December 2017 among 40 employees

**50%**

Practise plastic recycling at home.

**80%**

Would recycle their waste if they had recycling bins in their neighborhood.

**2 out of 3**

participants consider themselves as being proactive in protecting the environment.



**Let's continue to go green together**

## Supply chain sustainability

We believe that, for a Fast-Moving Consumer Goods business like ours, the sustainability of the supply chain is key to the durability of the business model and to the company's ethics.

As an established centennial company, DAP benefits from a heritage of solid values. But, with an internationally renowned brand portfolio, DAP has also to check that its suppliers adhere in turn to its ethics and that they do not participate in unsuitable and/or illegal activities or ventures that could taint the reputation of the company and of its brands.

From 2017, all DAP suppliers should adhere to its "Code of Conduct" which can be downloaded from this link: "Code of Conduct".

As far as DAP's direct supply chain is concerned, our Ethics Committee identified three issues, sensitive to consumers, NGOs and public opinion: Sustainability of tuna supplies, mercury risk in tuna and palm oil sustainability. These three topics have therefore been put top of the list of our priorities.

### Sustainability of tuna supply

Even though DAP's tuna business represents less than 0.1% of the yearly world tuna catch, the company is committed to being a brand that stands for quality and acts with responsibility by taking a strong stand for sustainable fish sourcing, compliant fishing and manufacturing practices.

We do not have a direct relationship with tuna fishing vessels as we work with fish canning factories, which produce our recipes to our specifications, and under our quality control. Our area of influence is in the purchasing specifications we provide to the canned tuna manufacturers.

The use of stringent tuna purchasing specifications that require sustainable fish sourcing is our way of putting pressure on the tuna fishing industry to make progress not only on sustainable tuna fishing but also on fair and compliant labour practices.

Manufacturers who have been selected to produce for DAP must accept our sustainability specifications.

Our sustainability specifications cover three main categories:

#### (1) The biomass

DAP only uses tuna species which are not endangered and from biomass that is healthy (not overfished).

Data on the biomass situation is assessed by Regional Fisheries Management Organizations (RFMO), international intergovernmental organizations dedicated to the sustainable management of fishery resources in international waters. We follow the Indian Ocean Tuna Commission ([IOTC/iota.org](http://iota.org)) and the Western and Central Pacific Fisheries Commission ([WCPFC/www.wcpfc.int](http://www.wcpfc.int)) in particular. Most of their data is published by ISSF (International Seafood Sustainability Foundation [HTTP://ISS-FOUNDATION.ORG/](http://ISS-FOUNDATION.ORG/))

DAP therefore only sources two species of tuna:

- Skipjack tuna (KATSUWONUS PELAMIS)



Most of our canned tuna is produced using skipjack tuna. The skipjack tuna used by our brands is caught in the Pacific Ocean, in areas assessed by WCPFC as not overfished, but they could come from any other fishing area where skipjack tuna resources are healthy (not overfished) as assessed by RFMOs.

In the yearly period 2017/2018, 100% of the skipjack tuna was sourced in line with this sustainability specification. This achievement is in line with the previous period 2016/2017.

- Yellowfin tuna (THUNNUS ALBACARES)

DAP uses yellowfin tuna for canned tuna in oil or in water. In some parts of the world, yellowfin tuna is overfished. Our requirement is that yellowfin tuna for our brands is fished from the Western Pacific, which is assessed as not overfished by the WCPFC.

In the yearly period 2017/2018, 75% of the yellowfin tuna was sourced in line with this sustainability specification. This represents an improvement of 13% versus the previous period. Still, we have to face the fact that we may in the near future, experience several months without any supply from the Western Pacific. The only solution to further improve this sustainability ratio on yellowfin should be to reduce the importance of this species in our production.

So we intend in about 10% of our supplies, to replace yellowfin by lesser known species like Tonggol. On the sustainability balance, such a species presents both a benefit and a drawback. On the plus side, Tonggol is a coastal fish caught by local small-scale fish-

ermen. It contributes to the local economy and it is not listed as an endangered species of tuna. On the down side, these local species of tuna are not used by the major industries as they are less straightforward to collect and to process, therefore there is no official monitoring for their biomass.

## (2) The code of conduct

As explained above, DAP works with suppliers who share the same code of conduct for their factories and who, in turn, make it mandatory for their own suppliers.

- Labour and social conditions comply fully with national laws and international treaties (preventing, amongst other issues, illegal labour and human rights abuses like slavery or child labour).
- No corruption.
- No tuna supply from illegal, unregulated, and unreported (IUU) fishing
- No tuna supply from fishing vessels not certified as Dolphin Friendly or those practising shark finning or fishing endangered species.

## (3) The recommendations

We play our role in encouraging our suppliers to improve catching methods for skipjack and yellowfin tuna in order to limit bycatch (accidental catch of other species).

Most of our tuna is caught by purse seine fishing vessels and a small percentage from pole and line. We do not accept other methods of catching (like long lines) because of an excessive bycatch rate.

As of today, our suppliers are unable to

distinguish between the percentage catch of purse seine on free school tuna versus purse seine on FADs as they are mixed in the fishing vessels. We are, however, in constant dialogue with our suppliers who are committed to collecting data and sharing technical information. This should allow us a better understanding of the situation within a short time frame in order to improve our purchasing specifications.

DAP is also in favour of the creation of more water and ocean sanctuaries to ensure that an important part of the marine biodiversity be preserved for future generations.

### **Tuna & mercury**

Most tuna consumers worry about the possible presence of mercury in tuna. Big marine predators like shark, whale, swordfish and some big tuna species may contain traces of methyl mercury because mercury concentrations increase at the top of the food chain.

The most stringent regulations in the world accept a safe maximum level of detection of 0.40 ppm (parts per million) and western markets usually set the limit at 1.00 ppm. While official websites are reassuring, many consumer websites often fail in providing the general public with clear advice.

As explained above, DAP sources only small sized fish from two species of tuna: skipjack and small yellowfin. Because the selected tuna are relatively small, they are naturally unlikely to concentrate mercury like big sized predators.

Notwithstanding the tuna selection, DAP has,

since 2016, adopted radical measures to reassure consumers about its brands.

For the total peace of mind of its tuna consumers, DAP sends each and every batch of its tuna production for mercury analysis by an independent laboratory. So since July 2016, one thousand eight hundred analyses have been performed.

With 27 months' worth of analysis, we are able to divide them into three categories:

- 52.8% of analyses comes with a "not detected" result. The limit of detection is 0.04 ppm.

- 46.9% of analyses comes with a "not quantifiable" result, which means that the traces of mercury are so insignificant that the lab machine is unable to give a figure in part per millions. The limit of quantification is 0.13 ppm.

- 0.3% of analyses (5 production lots out of 1,800) come with a detection ranging between 0.13 to 0.17 ppm, which remains extremely low and far from the most stringent regulations in the world.

With this constant production monitoring, DAP is one of the few companies able to guarantee for each production batch the absence of mercury risks in the tuna distributed under its branding.

### **The Pacific Ocean & radioactivity concerns**

Since the Fukushima incident of March 11, 2011, we have occasionally received consumer enquiries in which concern is

expressed about possible radioactivity contamination of fish caught in the Pacific Ocean. As a consequence, DAP management took the initiative to equip our Malaysian canned fish factories with radioactivity detectors. Since then, we have continued to test batches of our production. Up to today, analyses have always been negative, confirming world-wide scientific experts' reassuring consensus on this matter.

Nevertheless, our investment in this equipment has not been wasted since we consider it, as per the question of mercury in tuna, to be our duty as manufacturer and marketer to produce the necessary evidence in order that our consumers can trust our brands and safely consume our products with total peace of mind.

### **Sustainable palm oil**

- DAP palm oil policy

DAP has, since 2011, implemented a policy of 'responsible use' of palm oil, by replacing it wherever technically possible, by an alternative vegetable oil with a healthier nutrient profile, like olive oil or soya bean oil.

Today, palm oil is present in a very limited number of DAP products and our volume of palm oil purchasing is as low as 100 MT per year for Ayam Brand™ and 700 tons for others brands.

Despite our extremely low use of palm oil, DAP has nevertheless established and adhered to two stringent standards:

(1) The palm oil used in any DAP products should be sustainable.

Our factories are RSPO certified and they only source sustainable certified palm oil of West Malaysian origin.

(2) DAP product labels should be transparent and explicit.

When a DAP product contains palm oil, it has to be clearly stated on the ingredient list.

- South-East Asia Alliance for Sustainable Palm Oil

DAP is proud to be among the founding members of the South-East Asia Alliance for Sustainable Palm oil (SASPO), an initiative of WWF Singapore.

The vision of the Alliance is to make CSPO the norm to stop the haze as well as deforestation and animal habitat loss in the region. It aims to provide a platform for companies to come on a sustainable journey towards producing, trading and using sustainable certified palm oil.

DAP palm oil policy proves that it is possible for medium sized companies to develop and implement sustainable and responsible policies. Recent years' events have demonstrated that it is our duty to participate in all possible efforts to reduce and eventually eliminate haze from our lives.

Whatever their size, all companies should adopt this necessary environmental goal.

Thanks to its palm oil policy, implemented since 2011, DAP is 99.5% certified as sustainable for its palm oil ingredient and products, with the aim of achieving 100% by 2019.

In its 2017 palm oil scorecard report for Malaysia/Singapore local companies, WWF gave DAP the best score of 10 out of 12 with this comment:

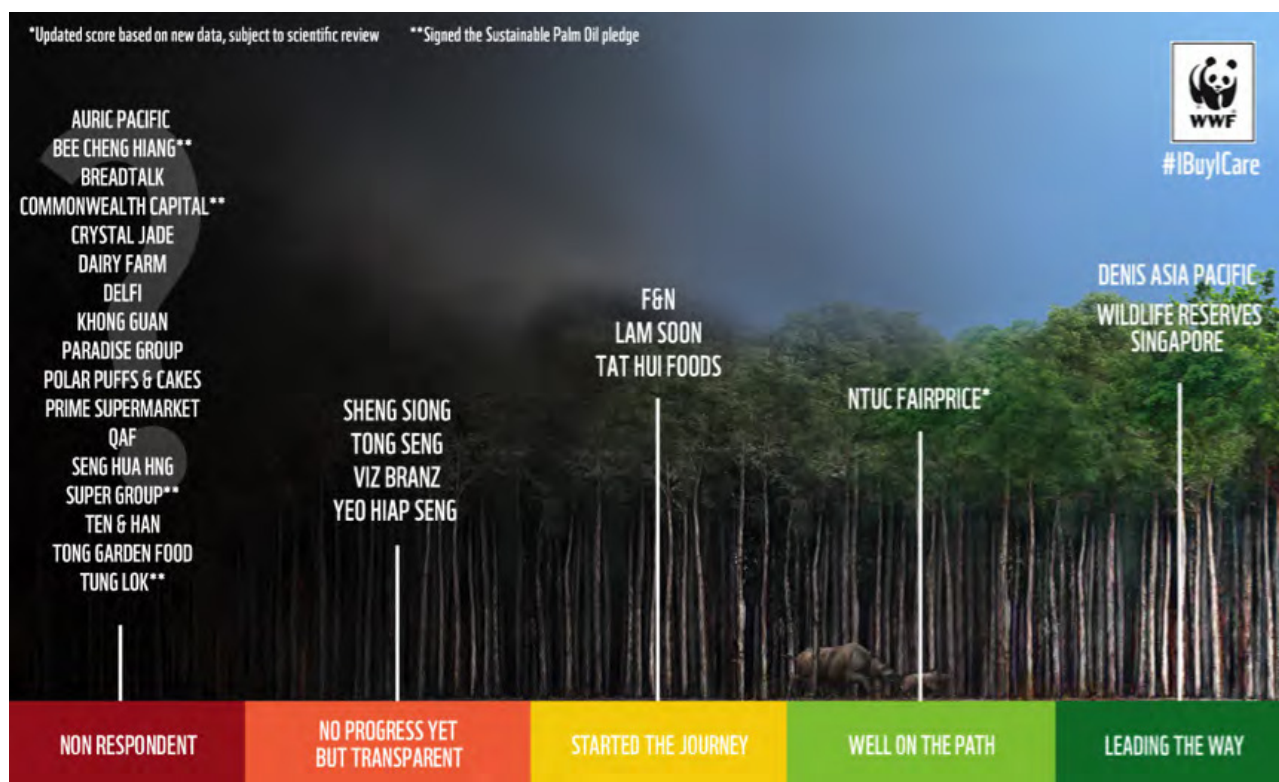
**“Leading the way**  
DENIS ASIA PACIFIC (AYAM BRAND)  
SCORE: 10

*WWF commends Denis Asia Pacific for showing strong leadership in regard to the procurement of sustainable palm oil within the Southeast Asia region. Denis Asia Pacific has demonstrated transparency and commitment to purchase 100 per cent CSPO, is an active member in RSPO, a founding member of SASPO and publicly discloses the total volume of palm oil volumes used for each of their brands.*

*While it has yet to achieve 100% physical CSPO, Denis Asia Pacific is leading the way for other Singapore-based companies to follow.”*

In 2018, Mr Hervé Simon, coordinator of DAP’s ESG committee was elected Chairman of SASPO.

In June 2018, Mr Daniel Denis, DAP’s ESG committee Chairman, represented SASPO at the Paris Roundtable summit on Sustainable Palm Oil.





# Our Next Report



## Our Next Report

**We aim to publish our next ESG master report in December 2019.**

By then, we expect to have reduced our carbon footprint by 15%, installed a fully operational solar plant, certified two more buildings under Green standards, reached 100% use of sustainable palm oil, and certified our Malaysian logistics site and our Vietnamese manufacturing site under ISO 14001:2015.

In doing so, we will have increased our productivity, improved the image of the company and our brands and further ensured the durability of our business model.

The main transformation that we are ultimately seeking, however, is the mindset change of each and every member of our staff in order to generate a strong feeling of ownership, pride and commitment to the company's sustainability strategy.







ESG committee  
Denis Asia Pacific Pte Ltd  
Denis Group Building  
21 Tagore Lane  
Singapore 787479