



ABUNDANCE INTERNATIONAL LIMITED

SUSTAINABILITY REPORT 2019



Note:

This document has been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

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BOARD STATEMENT

Dear Stakeholders,

On behalf of the Board of Directors, I am pleased to present the sustainability report of Abundance International Limited (the “**Company**” or “**Abundance**”) and its subsidiaries (the “**Group**” or the “**Abundance Group**”) for the financial year ended 31 December 2019 (“**FY2019**”). This report has been prepared in accordance with the Global Reporting Initiative (“**GRI**”) Standards: Core Option (the “**GRI Standards**”) issued by the Global Sustainability Standards Board, which is a well-known and globally-recognised sustainability reporting framework, and Practice Note 7.6 of the Sustainability Reporting Guide issued by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

Sustainability is a part of the Abundance Group’s wider strategy to create long-term value for all its stakeholders. While we continue to work towards better financial performance, we are also mindful of the need to adopt a sustainable approach in formulating our policies, business plans and strategies, and in making major business decisions. We are committed to growth and creating value for our shareholders - but in a way where our environmental impact is minimised, where our staff are treated fairly, and where good governance and ethical business practices are adhered to which will benefit everyone in the long term.

The key material environmental, social and governance (“**ESG**”) factors of the Abundance Group have been reviewed and approved by the Board of Directors. The Board of Directors oversees the management and monitoring of these factors and takes them into consideration in the determination of the Group’s strategic direction and policies. Sustainability is a part of the Abundance Group’s wider strategy to create long term value for all our stakeholders. Going forward, we will continue our efforts to further formalise and build on our sustainability efforts together with our key stakeholders in our journey of being a responsible corporate citizen.

Sam Kok Yin

Managing Director

On behalf of the Board of Directors

6 May 2020

ABOUT THE REPORT

This report sets out the relevant key sustainability topics in relation to our business. Corresponding to the GRI Standards' emphasis on materiality, the report highlights the key ESG related initiatives carried out throughout a 12-month period, from 1 January 2019 to 31 December 2019, unless stated otherwise.

In defining our reporting content, we applied the GRI's principles for defining report content by considering the Group's activities, impacts and substantive expectations and interests of its stakeholders. We observed a total of four principles, including materiality, stakeholder inclusiveness, sustainability index and completeness. For reporting quality, we observed the principles of balance, comparability, accuracy, timeliness, clarity and reliability.

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

In line with the Company's commitment to environmental sustainability, no hardcopies of this report have been printed. The report can be viewed on our website: <http://abundance.com.sg/web/index.php/investor-relations-abundance-international-limited/sustainability-report>.

We appreciate and value your feedback on this report. We look forward to enhancing our sustainability reporting journey through constructive feedbacks from our stakeholders. Please contact us at contact@abundance.com.sg.

MANAGEMENT APPROACH

The principle of materiality states that our sustainability report should address topics that reflect the Group's significant economic, environmental and social impacts, and/or that substantively influence the assessments and decisions of our stakeholders. Abundance has conducted an informal survey with management and key stakeholders to determine the material sustainability factors. When deciding on investments, first and foremost it is to be expected that economic performance and corporate governance and compliance come at the top of the agenda for both internal and external stakeholders.

Starting from year 2019, we analyse our business and operation models as the basis to re-evaluate the relevancy of the existing sustainability factors and identify other sustainability factors. No new sustainability factor has been identified during the year. Going forward, Abundance will continue to monitor all other sustainability factors and ensure that the report helps the Company to grow in a responsible and sustainable manner.

Our sustainability efforts are led by the Board of Directors and senior management who ensure that the Group's business objectives are in line with our sustainability commitment. Senior management update the Board of Directors on the Group's performance and key developments on an annual basis. The Board of Directors has the ultimate responsibility for the Group's sustainability strategy and maintains overall oversight over the Group's sustainability direction.

IDENTIFICATION OF STAKEHOLDERS

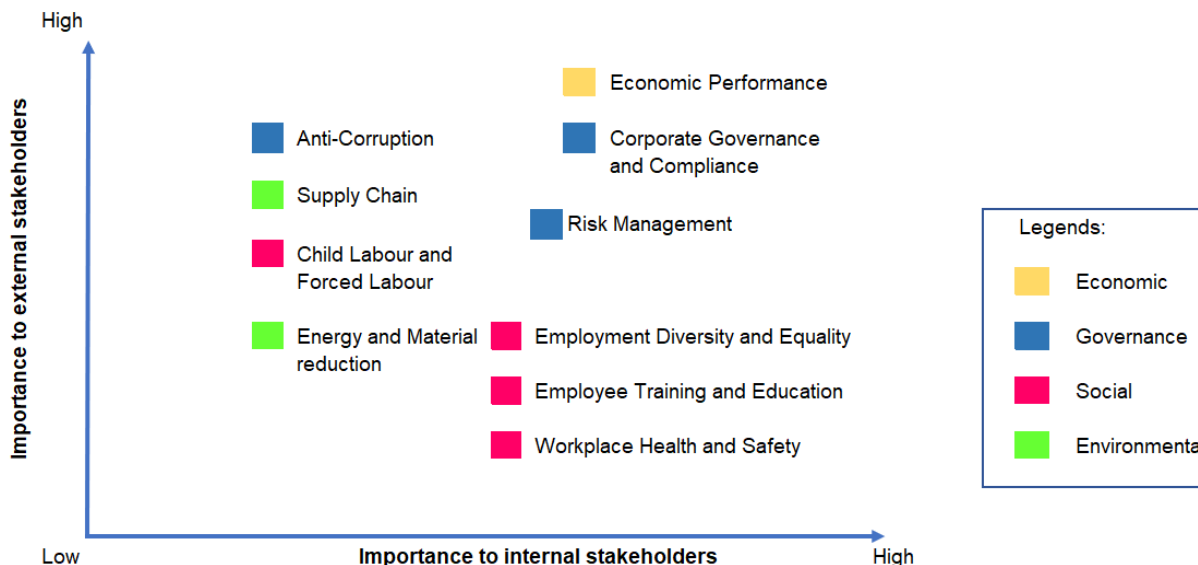
Through formal and informal channels of communication with our key stakeholders, we have taken into account their interests and requirements. The table below sets out the platforms through which we engaged our key stakeholders during the period under review:

Stakeholders	Basis for determining stakeholders	Engagement platform	Frequency of engagement
Employees	Employees represent the Group as a whole	Informal dialogues	As and when
Government and regulators	Compliance with applicable laws and regulations	Regular reports	Annual
Investors and shareholders	Influence on management's decision and responsibility towards investors	Annual report/ Sustainability report/ Annual General Meetings/ Extraordinary General Meetings/ SGX-ST announcements	Annual/ half-yearly/ As and when
Business partners	Dependency on suppliers	Meetings/Feedback	As and when
Customers	Customers' needs influence the direction of the Group	Meetings/ Feedback/ E-mail enquiries/ Company website/ Trade exhibitions	As and when
Bankers	Support the Group's operating working capital and trade facility requirements	Formal meetings/ Informal discussions	As and when

The Company and one of its subsidiaries, Orient-Salt Chemicals Pte. Ltd. are members of the Singapore Business Federation as required by the Singapore Business Federation Act (Cap. 397A) of Singapore.

MATERIALITY

Identification of Abundance’s Material Factors



ECONOMIC

Economic Performance

Headquartered in Singapore and listed on the Catalist Board of the SGX-ST, Abundance started off as a commercial printer of books, calendars and other publications. In 2015, Abundance diversified its business scope to include chemicals and investments.

Today, Abundance is focused on the chemicals sector. The potential scope of this business includes manufacturing, trading, storage and the manufacture or trading of equipment, accessories, consumables or peripherals used in the chemicals industry and other related businesses. The Group’s chemical trading business is conducted via our subsidiary, Orient-Salt Chemicals Pte. Ltd. (“**OSC Singapore**”), and its subsidiaries in the People’s Republic of China (the “**PRC**”) and Japan (collectively the “**OSC Group**”). The OSC Group adopts a trading and distribution model. The focus continues to be on the trading of chemicals used primarily for industrial applications which consist mainly of commodity chemicals and, to a lesser extent, specialty chemicals. This trading business is based primarily in Singapore, Shanghai in the PRC and Japan.

FY2019 saw a significant drop in the average selling price of the chemical products that the OSC Group trades in. In view of the global economic downturn and competitive trading environment, the OSC Group achieved revenue of US\$360.3 million, with a loss after tax of US\$0.5 million. As at 31 December 2019, the OSC Group has access to approximately US\$39.2 million of trade facilities granted by banks for the purpose of its chemicals trading business. Certain suppliers have also granted us credit terms when we purchased goods from them. We believe

that the OSC Group will continue to grow and enjoy improved performance with the support from our customers, suppliers and bankers.

We are also constantly exploring and evaluating other chemicals related investment opportunities. For example, on 28 March 2019, Abundance's wholly-owned subsidiary, Abundance Investments Pte. Ltd., completed the acquisition of 18.18% of the enlarged share capital of 上海三瑞高分子材料股份有限公司 (Shanghai Sunrise Polymer Material Co., Ltd.) ("**SSPM**"). SSPM was incorporated in the PRC and specialises in the production of specialty chemicals used mainly for the construction industry, such as concrete admixtures, mortar admixtures, gypsum water reducing agents, floor care products and geotechnical engineering additives. As at 31 December 2019, Abundance Group has recorded a fair value gain of US\$773,000 in respect of the investment in SSPM as they are performing well and showed a significant improvement in financial results since our acquisition.

The Company's joint venture company, Zhangjiagang Orient-Hill Microorganisms Technology Co., Ltd (the "**JV Company**") was established on 5 June 2018. It commenced marketing to potential clients during FY2019 and has signed an agreement (the "**Service Contract**") with a waste water treatment plant located in a suburb of the Shanghai Municipality to provide water treatment services and solutions on 13 August 2019. As at 31 December 2019, the JV Company has recorded a revenue of US\$15,000. The JV Company has also on 2 March 2020 entered into a share acquisition agreement with Mr. Chen Ruenqiu (陈润秋) to purchase 40% equity stake in Orient-Hill (Guangdong) Microorganisms Environmental Technology Co. Ltd. ("**Orient-Hill Guangdong**") representing from Mr. Chen Ruenqiu for a consideration amount of RMB1. On completion, Orient-Hill Guangdong will become an associated company of the Abundance Group.

Starting with a small amount of US\$0.15 million, the Abundance Group commenced its investment business under its wholly-owned subsidiary, Abundance Investments Pte. Ltd., which was incorporated on 1 September 2016. As at 31 December 2019, this portfolio (excluding the 18.18% equity interest in SSPM) consisting of cash and listed equities, amounted to US\$0.19 million.

The Group will make appropriate investments as and when good opportunities come along and where its cash flow position allows.

As for the printing business, as previously announced, the Group has ceased printing internally. The Group has since been exploring ways to adjust the business model moving forward. In June 2019, we started the slitting and rewinding of paper rolls and in October 2019, we started providing sheeting services. Today, we are able to provide a comprehensive suite of paper management services to our clients which are mostly based in Singapore.

To ensure stability and sustainability, Abundance aims to enhance shareholder value by building sustainable, long-term profitability for its shareholders. Profitability is also a key requirement for sustainable development as a responsible company, for customers to trust us, and for our employees to have a stable income.

Please refer to the following sections in our 2019 Annual Report for detailed information on our financial results for FY2019:

- Message to Shareholders, pages 4 - 6
- Financial Highlights, page 10
- Independent Auditor's Report (including notes to the Financial Statements), pages 38 - 123

ENVIRONMENTAL

Supply Chain

We are very selective in choosing our business partners. Our directors have deep business relationships with the majority of our business partners and through that we have developed a mutual sense of trust. As part of our vendor assessment, we carefully check their reputation and to date we have had no cause for concern.

Currently, we outsource all handling, transport and storage of chemical products to carefully selected companies which comply with all necessary safety regulations. This ensures there are economies of scale obtained in the companies managing the chemicals business and also reduces our footprint in emission in managing and transporting the chemical products. We assess and re-evaluate the performance of our business partners regularly. Instant feedback will be provided to our business partners when issues arise. To date we have not had any environmental, social or other issues of concern from any of our longtime trusted business partners.

We believe that securing a pool of like-minded business partners that share our commitment to sustainability will mitigate operational and reputation risk. We will continue the effort of evaluating our business partners to avoid any environmental, social or other issues of concern.

Energy and Material Reduction

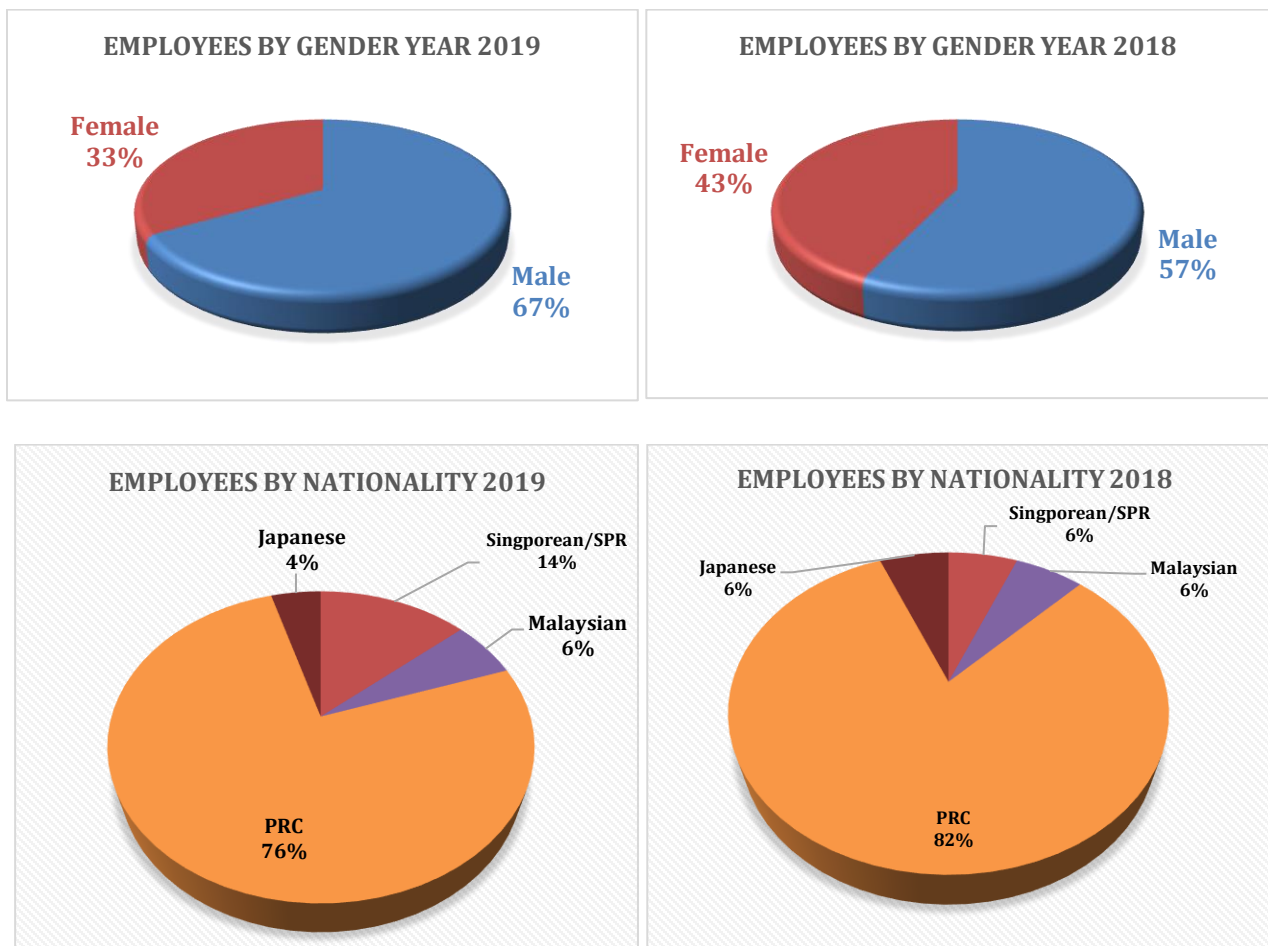
In line with the concerns of global warming, the Group has undertaken environmentally-friendly measures to reduce energy usage and office consumables. Since 2018, we have reduced our usage of paper by printing less documents and relying instead on electronic documents for signing and record purposes. In the future, we are looking to implement additional initiatives to minimise the energy usage and office consumables within the Group. With the scaling up of our paper management business in 2019, we sent the resultant scrap paper waste generated for recycling as far as possible. Please refer to the “**Corporate Social Responsibility**” section on page 35 of our 2019 Annual Report for information on the good environmental practices advocated by the Group.

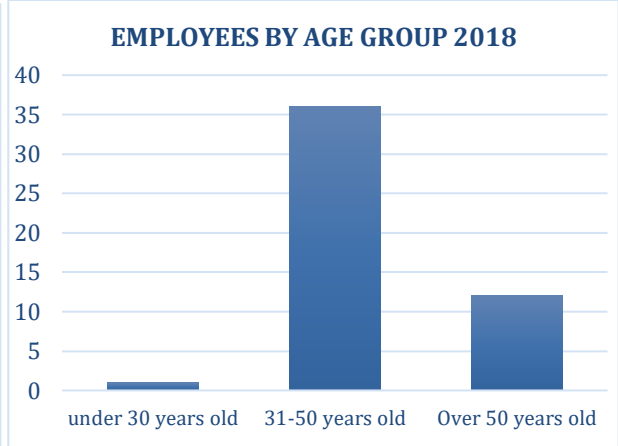
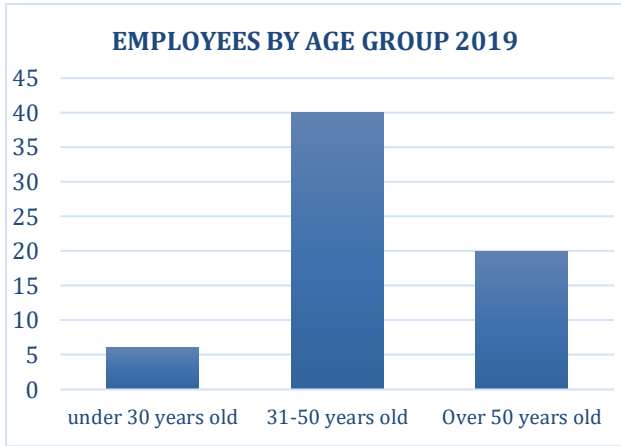
In FY2019, there were no incidences of non-compliance with environmental laws and/or regulations resulting in significant fines and sanctions. We aim to maintain this level of performance.

SOCIAL

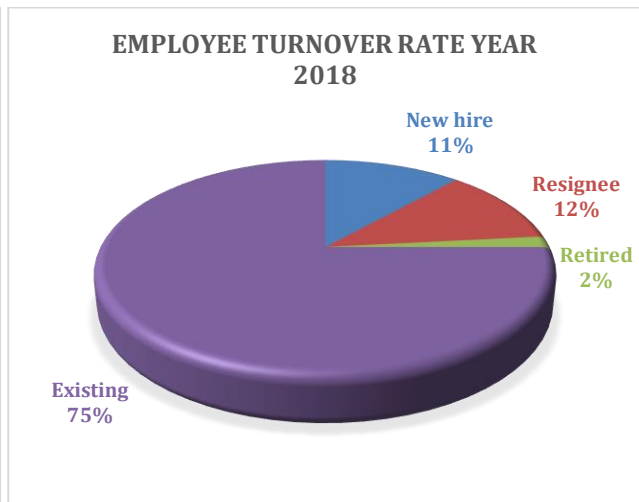
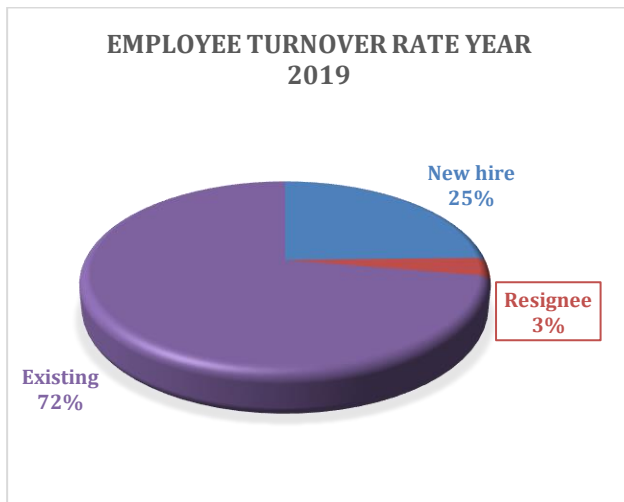
Employment Diversity and Equality

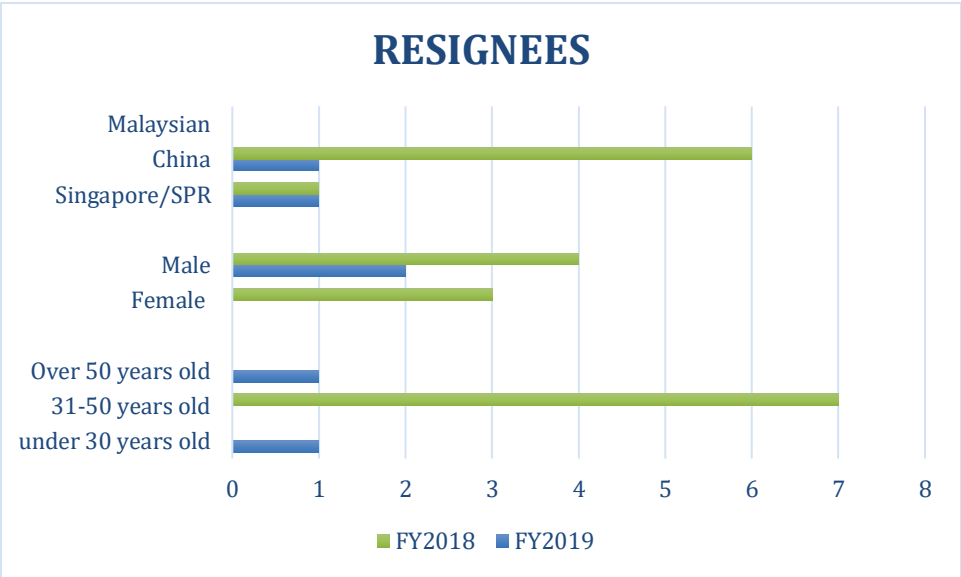
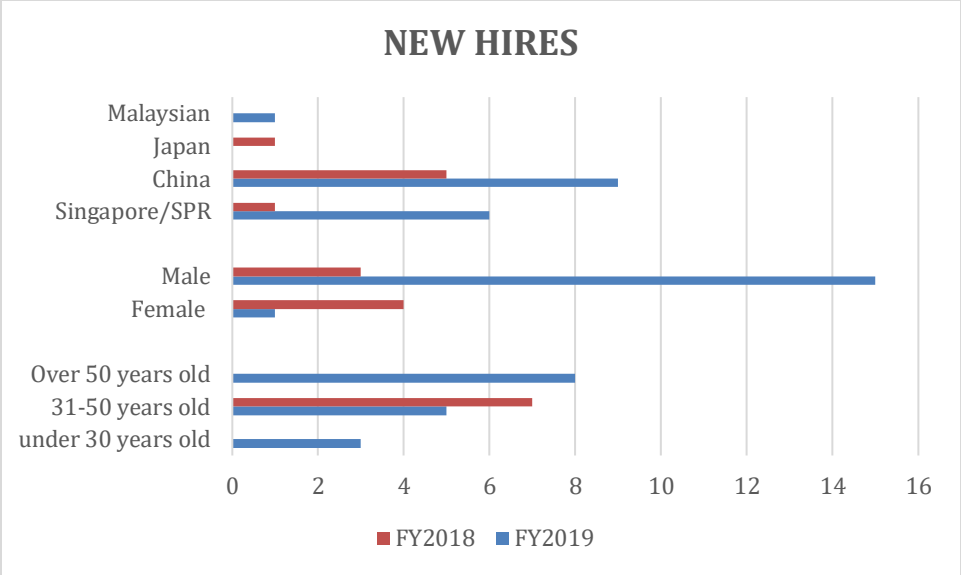
Our employees are a mix of Singaporeans, Malaysians, PRC nationals and Japanese. We have a total of 65 employees as at 31 December 2019. We hire and select our employees on the basis of merit such as skills, experience or ability to perform the job regardless of age, race, gender, religion and or marital status. We view the diversity of our people as a source of strength. We are committed to the promotion of diversity and equality and take our responsibility to promote equality of opportunity and eliminate unlawful discrimination seriously. The Group has an equal remuneration policy regardless of gender and nationality. There was no reported incidence of discrimination by employees in FY2019. We aim to maintain zero incidence of discrimination in this current financial year.





In formulating employment policies, we are guided by the relevant legislation in establishing our employees' contracts. Our goal is to develop and maintain a healthy and positive working environment, which creates mutual respect and dignity and enables everyone to realise their full potential. Continuing open dialogue among the teams and employees is the main platform used to engage our employees. By conducting these dialogues informally and in an open environment, we encourage our employees to raise any issues to the management. We believe that this provides a more interactive and direct channel for any form of feedback. We want to avoid any discontentment in our working environment that will hinder the progress of our employees. In FY2019, we have achieved the target to reduce the employee turnover rate in 2019 by 5%. We aim to keep the employee turnover rate low at not more than 5% next year. We will continue to strive to make sure that everyone feels confident and comfortable and maintain a low turnover rate.





Employee Training and Education

It is our strong belief that long-term success is dependent on the strength and depth of our talent pool. We believe that it is in our best interest to invest in the career of our employees through continuous learning. We do this by providing ample on-the-job training for employees as and when needed, as well as exposing them to development opportunities where they can get to undertake challenging projects or assignments. We have also sent our employees to attend relevant courses relating to the business. We will continue to monitor and maintain the skill sets of all our employees with regular performance and career development reviews.

Workplace Health and Safety

Staff safety is of utmost important to us. We strive to provide and maintain a healthy and safe working environment to minimise the likelihood and impact of hazards occurring. In Singapore, we appointed a part time Fire Safety Manager and formed our Company Emergency Response Team in compliance with the Fire Safety Act (Cap. 109A) of Singapore. Fire and evacuation drills are conducted at least once a year to ensure that the staff are familiar with the building's emergency evacuation procedures and use of different types of fire extinguishers. We have also purchased insurance to cover workplace injuries in accordance with the Work Injury Compensation Act (Cap. 354) of Singapore.

In FY2019, there were no workplace health and safety issues raised by our employees and no workplace injuries or work-related fatalities in our operations. We aim to continue to achieve zero incidences of health and safety issues.

Child Labour and Forced Labour

We will not tolerate the use of child labour and forced labour, in any of our operations and facilities or within our supply chain. We are firmly opposed to all forms of child exploitation and forced labour. Our operations are mainly office-based and therefore forced labour is not a significant risk to us. Having said that, we are committed to prevent and eliminate child labour and forced labour wherever it occurs in our supply chain. We do not deal with supply chain partners who do not share our views on zero tolerance for child labour.

GOVERNANCE

Corporate Governance and Compliance

The Board of Directors and senior management will ensure that the Group's governance framework is compliant with the principles of the Singapore Code of Corporate Governance 2018 which took effect for financial years starting after 1 January 2019 and will continue to review its practices on an ongoing basis. Please refer to the “**Report on Corporate Governance**” section on pages 12 to 33 of our 2019 Annual Report for information on the Group's corporate governance practices.

The Group has obtained and maintained all licences required for the conduct of its chemicals business. In FY2019, there were no incidences of non-compliance with laws and/or regulations resulting in significant fines and sanctions. We aim to maintain this level of performance.

Risk Management

The Group has in place several risk management measures to manage its exposure to risks that are associated with the conduct of its business. For example, our Managing Director receives weekly reports on the market price of our inventories relative to the purchase cost. Please refer to the “**Report on Corporate Governance**” section on pages 25 to 27 of our 2019 Annual Report for more details. Going forward, we will consider developing our risk management measures further as our business expand.

Anti-Corruption

We do not engage in bribery or any form of financial crime. We must never offer, promise or give bribes in connection with our business and we must never ask for or accept bribes. We strive to uphold all laws aimed at countering corruption in all jurisdictions in which we operate.

To reinforce a culture of good business ethics and governance, we have a whistle blowing policy to provide well-defined and accessible channels in the Group through which employees of the Group may raise their concerns and highlight possible improprieties, fraudulent activities, malpractices within the Group. Please refer to page 29 to 30 of our 2019 Annual Report for information on the Group's whistle blowing policy.

We have formalised our anti-corruption policy and have disseminated the same to all our employees. It provides the Group's anti-bribery stance and position on gifts and hospitality and requires all employees of the Group to avoid any conflict between their personal interests and interests of the Group in dealing with suppliers, customers and other third parties.

Over the reporting period, there was no incident of corruption. It is our goal to maintain zero incidents of corruption. We will regularly review our anti-corruption policy so as to preserve our corruption free culture.

GRI Content Index: Core Option

Disclosure Reference	Disclosure Title	Reporting section/ Notes
GRI 102: General disclosures		
Organization Profile		
102-1	Name of the organization	Board Statement, Cover page
102-2	Activities, brands, products, and services	Economic Performance
102-3	Location of headquarters	Economic Performance
102-4	Location of operations	Economic Performance
102-5	Ownership and legal form	Economic Performance
102-6	Markets served	Economic Performance
102-7	Scale of the organisation	Economic Performance, Employment Diversity and Equality
102-8	Information on employees and other workers	Employment Diversity and Equality
102-9	Supply chain	Economic Performance, Supply Chain
102-10	Significant changes to the organisation and its supply chain	Not applicable; no significant change to the Organization's size, ownership, or supply chain
102-11	Precautionary principle or approach	Management Approach
102-12	External initiatives	Not applicable; we did not subscribe to or endorse any external initiatives
102-13	Membership of Associations	Identification of stakeholders
Strategy		
102-14	Statement from senior decision-maker	Board Statement
Ethic and Integrity		
102-16	Values, principles, standards, and norms of behavior	Corporate Governance and Compliance
Governance		
102-18	Governance structure	Corporate Governance and Compliance
Stakeholder Engagement		
102-40	List of stakeholder groups	Identification of stakeholders
102-41	Collective bargaining agreements	Not applicable; no collective bargaining agreements are in place
102-42	Identifying and selecting stakeholders	Identification of stakeholders
102-43	Approach to stakeholder engagement	Identification of stakeholders
102-44	Key topics and concerns raised	Identification of stakeholders
Reporting Practice		
102-45	Entities included in the consolidated financial statements	Page 80 of our 2019 Annual report
102-46	Defining report content and topic Boundaries	About the Report
102-47	List of material topics	Materiality
102-48	Restatements of information	Not applicable; no restatement of information

Disclosure Reference	Disclosure Title	Reporting section/ Notes
102-49	Changes in reporting	Not applicable; no significant change from previous reporting periods in the list of materiality topics and topic Boundaries
102-50	Reporting period	Board Statement
102-51	Date of most recent report	3 May 2019
102-52	Reporting cycle	About the Report
102-53	Contact point for questions regarding the report	About the Report
102-54	Claims of reporting in accordance with the GRI Standards	Board Statement
102-55	GRI content index	GRI content index
102-56	External assurance	About the Report – Abundance has not sought external assurance for this report
GRI 103: Management Approach		
103-1	Explanation of the material topic and its Boundary	Economic, Environmental, Social, Governance
103-2	The management approach and its components	Economic, Environmental, Social, Governance
103-3	Evaluation of the management approach	Economic, Environmental, Social, Governance
Topic-Specific Disclosures		
Economic Performance		
201-1	Direct economic value generated and distributed	Economy performance
Environmental		
307-1	Non-compliance with environmental laws and regulations	Energy and Material Reduction
Social		
401-1	New employee hires and employee turnover	Employment Diversity and Equality
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Workplace Health and Safety
404-3	Percentage of employees receiving regular performance and career development reviews	Employee Training and Education
405-1	Diversity of governance bodies and employees	Employment Diversity and Equality
406-1	Incidents of discrimination and corrective actions taken	Employment Diversity and Equality
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Child Labour and Forced Labour
Governance		
205-3	Confirmed incidents of corruption and actions taken	Anti-Corruption