



# DELFI CARES

Sustainable Value Creation  
Sustainability Report 2020

# BOARD STATEMENT

## GRI DISCLOSURE INDEX

<102-1> <102-14> <102-29> <102-32>

The Board of Delfi Limited (“Delfi”) is pleased to present Delfi’s fourth Sustainability Report. This report provides greater insight into Delfi’s on-going commitment towards sustainability.

At Delfi, we firmly support the United Nations’ view that sustainable development is:

**‘DEVELOPMENT THAT MEETS  
THE NEEDS OF THE PRESENT  
WITHOUT COMPROMISING THE ABILITY  
OF FUTURE GENERATIONS TO MEET  
THEIR OWN NEEDS’<sup>1</sup>**

The Board of Delfi therefore considers sustainability a core part of the Company’s long-term strategy and works closely with Management in shaping our policies and practices. Together we have determined what we call our “Four Sustainability Pillars”. These represent our holistic approach not only towards sustainability but also to encompass our overlapping environmental, social and governance (“ESG”) objectives.

The Four Sustainability Pillars are the themes of social, environmental, economic and governance issues. The Board of Delfi, through the specially constituted Market Sustainability and Strategy Committee (“MSSC”), plays a crucial role in overseeing the management and monitoring the Company’s work in this regard.

Through the Four Sustainability Pillars we believe that we are able to address the needs and sometimes conflicting demands of our various stakeholders: Our employees. Our community. Our customers. Our consumers. Our investors.

In creating value for these stakeholders today, Delfi believes in being responsible and acting responsibly for the needs and aspirations of future generations of stakeholders. Delfi has been creating value for 68 years by creating jobs, livelihoods and profits, by producing enjoyable products, and paying taxes. And doing all this in a way which respects the communities and environment in which we operate.

This year’s Sustainability Report includes an additional section on the Coronavirus Disease 2019 (“COVID-19”). We have elaborated on our mindset, planning, approach and initiatives taken on pages 11 to 14.

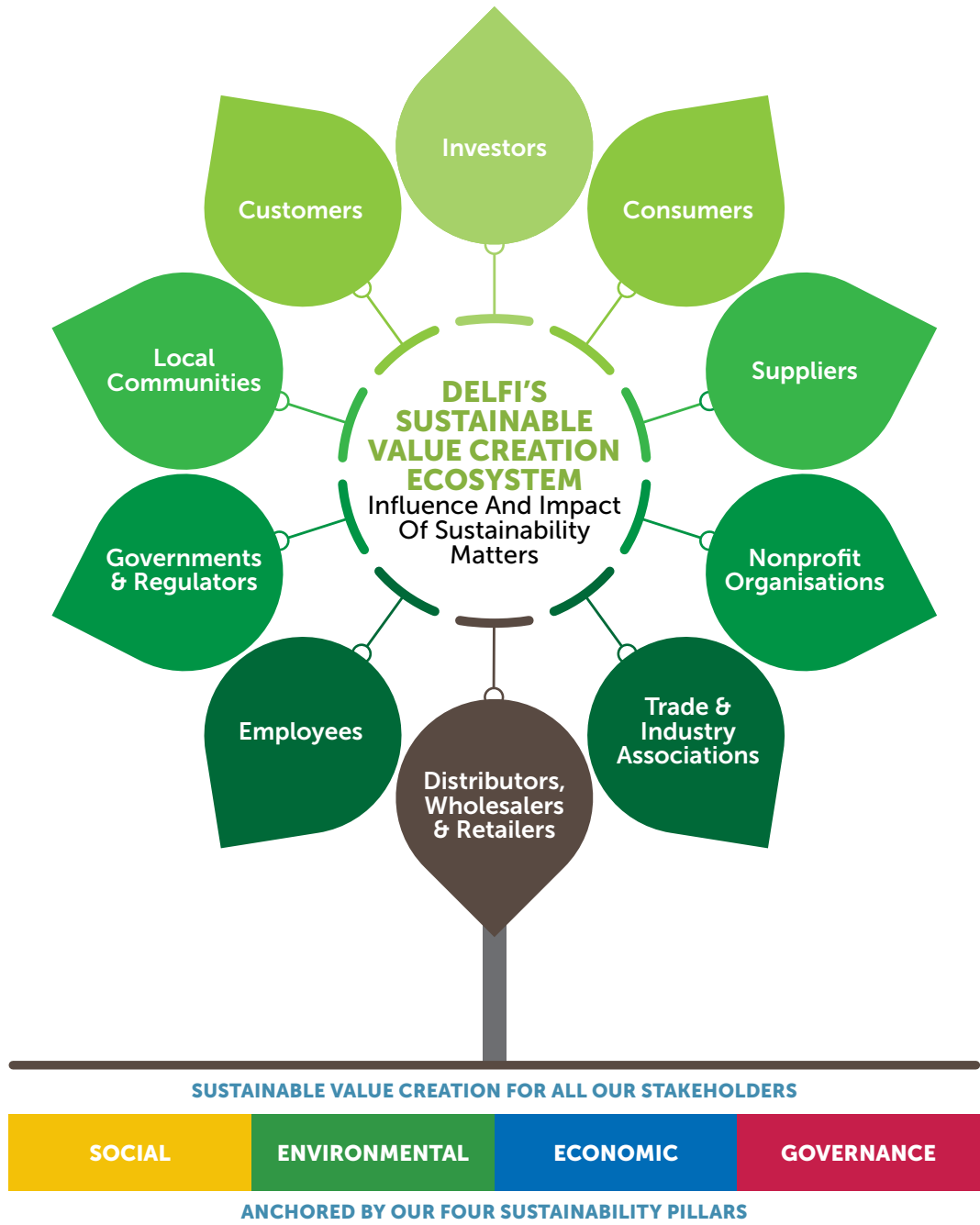
Our Sustainability Report complements Delfi’s other customary and regulatory financial and corporate governance disclosures in our Annual Report. It focuses on the ESG aspects of Delfi’s organisational performance in accordance with the Singapore Exchange Limited (“SGX”) Listing Rules 711A and 711B for Sustainability Reporting. Sustainability Reporting enables Delfi to provide transparency on our business in the context of its potential material impact on sustainability, alongside a phased disclosure of our performance with insights into the opportunities and challenges ahead.

<sup>1</sup> United Nations World Commission on Environment and Development, *Our Common Future* (1987)

# BOARD STATEMENT

## WE CARE AND ARE ALWAYS WITH YOU

At the bedrock of our organisation, are the Four Sustainability Pillars which focus on our social, environmental, economic and governance objectives. Together this provides a framework within which we can formulate our approach to sustainability. With the conviction of growing with our communities and the world, the overarching concept of sustainable value creation underpins all that we do. Akin to the cocoa tree, sustainable growth can be achieved when both our internal and external environments offer an optimal condition for us to thrive. Our key stakeholders are the identified people and groups that can significantly affect or be significantly affected by our organisation. As we flourish, our influence and impact on our stakeholders widens as well. The challenge therein, is for us to consistently propagate the fruits of our labour through value creation, meeting their needs and expectations.



## ABOUT THIS REPORT

This report provides greater detail on Delfi's commitment towards sustainability to our stakeholders.

Businesses can play a key role in sustainable development. At Delfi, we are committed to our sustainability mission and fulfilling our corporate social responsibilities, as we seek to embrace the needs of both the communities we work in and our customers, whilst at the same time caring for the environment and acting in the interests of our stakeholders. The report provides an overview of the progress that Delfi has made towards achieving material sustainability throughout our business.

### REPORTING PERIOD AND SCOPE

<102-45> <102-50> <102-51> <102-52>#

This report consists of information reflecting our sustainability performance in the period 1st January 2020 to 31st December 2020 ("FY2020"), with prior period performance ("FY2019") included for comparison purposes where possible.

The report covers our operations in Singapore, where Delfi is headquartered, and our key subsidiaries in Indonesia, the Philippines and Malaysia. We have included Malaysia to the scope of the sustainability report as part of our phased approach to Delfi's sustainability reporting. Unless otherwise noted, all sustainability data and information relates to the following entities:

Entities	Country	Principal activities
Delfi Limited	Singapore	Marketing and distribution of products, Investment holding
Ceres (International) Marketing Pte Ltd	Singapore	Marketing of products
McKeeson Consultants Private Limited	Singapore	Management consultants
PT Perusahaan Industri Ceres	Indonesia	Manufacturing and marketing of products
PT General Food Industries	Indonesia	Marketing and distribution of products
PT Nirwana Lestari	Indonesia	Marketing and distribution of products
Delfi Foods, Inc.	Philippines	Manufacturing of products
Delfi Marketing, Inc.	Philippines	Marketing and distribution of products
Delfi Marketing Sdn Bhd (Malaysia)	Malaysia	Marketing and distribution of products

As our sustainability reporting matures, we plan to expand our reporting scope to provide greater depth of coverage.

### REPORTING STANDARDS AND GUIDELINES

<102-54>

This report has been prepared with reference to the Global Reporting Initiative ("GRI") Standards: 'Core' option. The GRI Standards was selected because it is a well-respected globally relevant framework that enables a standardised approach for businesses to report on critical sustainability issues as well as encouraging transparency and providing consistency in the data presented. We have applied the GRI Reporting Principles for Defining Report Content and Quality in the overall preparation of this report. Reference has also been made to the Singapore listing rules and its primary components set out in the SGX's Sustainability Reporting Guide.

### INDEPENDENT ASSURANCE

<102-56>

Independent assurance has not been sought for this report. We may consider external assurance as our reporting matures over time.

### FEEDBACK

<102-3> <102-53>

We welcome feedback on this Sustainability Report from our stakeholders. Please email us your views and suggestions at [enquiry@delfilimited.com](mailto:enquiry@delfilimited.com) or send them to:

**Chairman**  
**Market Sustainability and Strategy Committee**  
**Delfi Limited**  
**TripleOne Somerset**  
**111 Somerset Road, #16-12**  
**Singapore 238164**

# ABOUT THIS REPORT

## OUR SUSTAINABILITY PILLARS AND MATERIAL SUSTAINABILITY MATTERS

<102-46> <102-49>

Our Sustainable Value Creation pillars focus on our social, environmental, economic and governance objectives. Within each Pillar we identify our stakeholders and the material sustainability matters that concern them. From this we determine our goals and the initiatives necessary to achieve them.

During the year, we have reviewed each of these Pillars and updated our goals and initiatives where needed.

Our material sustainability matters embodied in the Four Sustainability Pillars comprise all the goals and initiatives necessary to consolidate our sustainability foundation ("Sustainability Foundation").



# INTRODUCTION

## ABOUT DELFI

<102-2> <102-3> <102-4> <102-5> <102-6> <102-7>

Delfi is one of South East Asia's leading players in branded chocolate confectionery. Headquartered in Singapore and listed on the Mainboard of the Singapore Exchange Limited ("SGX") since 2004, our principal activities are marketing and distribution of our own brands of chocolate confectionery products in our core markets namely Indonesia, the Philippines, Singapore and Malaysia. In addition to our own products we also market and distribute a broad portfolio of reputable agency brands to leverage on our multi-layered distribution networks.

Our business is supported by two manufacturing facilities located in Indonesia and the Philippines. Our network comprises third-party distributors, sub-distributors and wholesalers and extends across a wide range of traditional and modern trade retail channels – from corner shops and mini-marts, to supermarkets and hypermarkets. Delfi has been in existence for 68 years, and since our humble beginnings in 1952, we have been creating value for all our stakeholders by creating jobs, livelihood and income. Value creation is our primary responsibility, which we intend to fulfil for many generations to come.

## OUR BRANDS

<102-2> <102-7>

Our main product categories are moulded chocolate, dragées, enrobed wafers, wafers and biscuits. We have a portfolio of over 11 master brands and more than 40 sub-brands that extend across a broad spectrum of categories in the chocolate confectionery market.

Our established portfolio of brands in Indonesia includes "SilverQueen", "Ceres" and "Selamat", which were introduced in the 1950's and "Delfi" in the 1980's. In the Philippines, our flagship brands are "Goya" and "KnickKnacks", which were introduced in the 1950's and the 1980's respectively. With our longstanding presence and legacy in these markets, our chocolates have delighted many generations of Indonesians and Filipinos. To complement our current portfolio of brands, in 2018, we acquired the exclusive and perpetual trademark rights to the "Van Houten" brand name for consumer chocolate products for markets in Asia, excluding India, Korea and the Middle East.



# INTRODUCTION

## 2020 HIGHLIGHTS



### Social

Our employees, customers and consumers

As at end 2020, we have a permanent workforce of 2,688 in the Delfi family, with a ratio of 57 Male to 43 Female.

With respect to occupational health and safety, we achieved our target of zero incidents resulting in fatalities in FY2020. We have also fully migrated to ISO45001 certification.

This year, Delfi successfully upgraded our FSSC 22000 Food Safety System Certification to Version 5. All our products are also free from artificial trans-fats.



### Environmental

Management of our energy usage, water consumption, waste and effluents

#### Achievements

<b>Energy Management</b>	Achieved a 5% decrease in total energy consumption relative to FY2019
<b>Processed water</b>	100% of our water is recycled or reused
<b>Waste Intensity</b>	25% less from 2017

This year, Delfi has made a shift from Bunker Fuel Oil ("BFO") towards Liquid Petroleum Gas ("LPG"), which is a cleaner source of fuel and contributes to cleaner air quality in its operations.

Delfi carried out several environmental retrofits, including the installation of inverters to control speeds of high capacity motors, replacement of fluorescent lamps to light-emitting diode ("LED") lamps and upgrading of chillers to be more energy efficient. We contribute to the community near our Indonesia factory by sharing clean potable water. Further to that, we are pleased to share that the environmental management system at our Indonesia facility was ISO14001:2015 certified in 2020.



### Economic

Compliance with import, export and trade regulations

At Delfi, we believe that our purpose is to sustainably create value for all our stakeholders.

We continue to achieve our target of zero incidents of non-compliance with applicable import, export and trade regulations.



### Governance

Supplier engagement and assessment

Since the launch of our Supplier Self-Assessment Program, 100% of our new suppliers in FY2020 have undergone this assessment which allows us to evaluate them on their compliance, as well as, management of social and environmental aspects of their business.

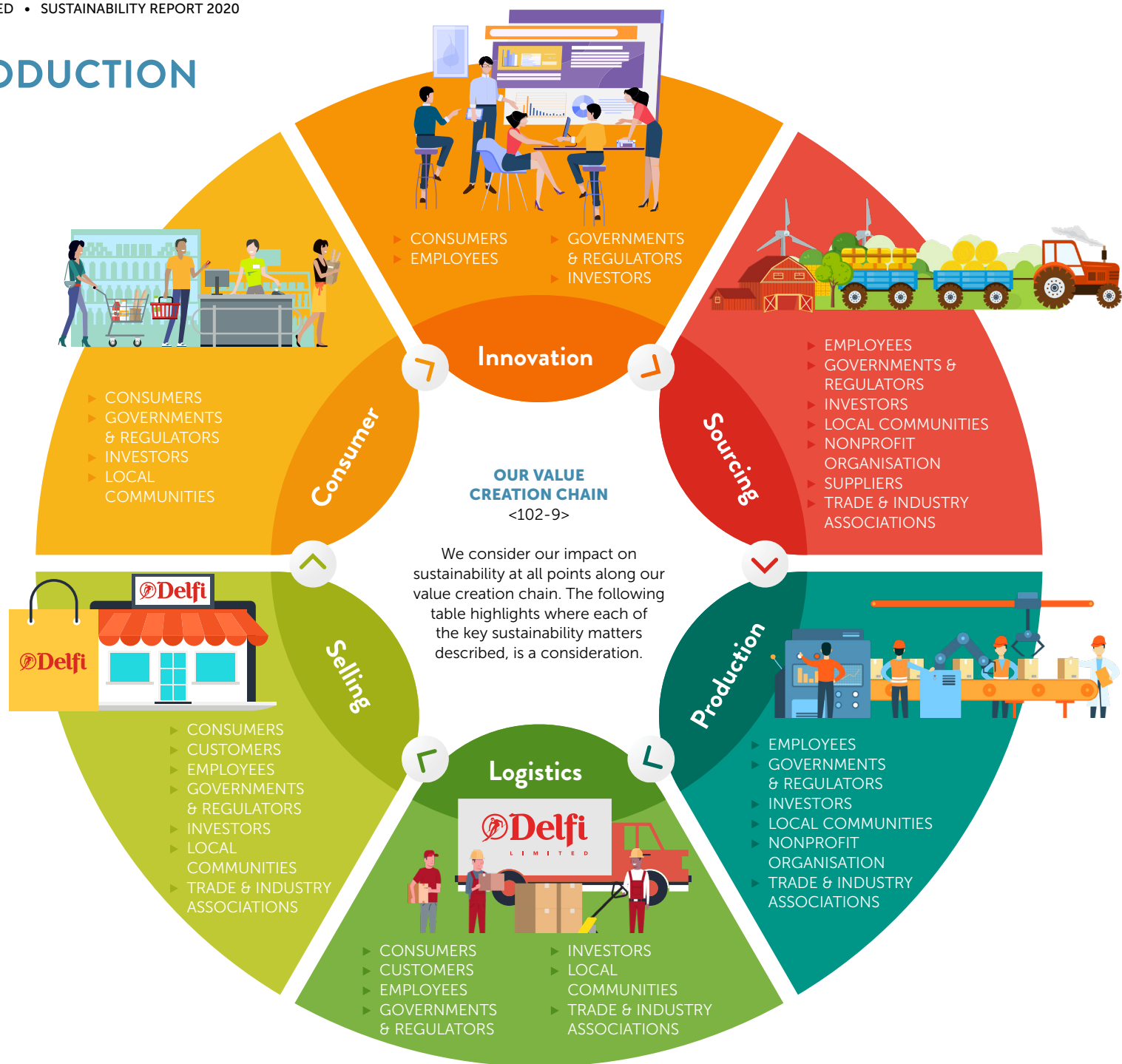
# INTRODUCTION

Our Four Sustainability Pillars comprise the following key sustainability matters and each of them is explored in more detail in this report.

Sustainability Pillars	Key Sustainability Matters	Mapped GRI Standards Topics	Page
<b>Social</b> 	 Employee well-being	GRI 401 : Employment	16
	 Occupational health and safety	GRI 403 (2018) : Occupational health and safety	18
	 Consumer health and safety, and mindful consumption	GRI 416 : Customer health and safety GRI 417 : Marketing and labelling	21
<b>Environmental</b> 	 Energy Management	GRI 302 : Energy	24
	 Responsible water use	GRI 303 (2018) : Water and effluents	26
	 Treatment and disposal of waste and effluents	GRI 306 : Effluents and waste	28
	 Sustainability in securing agricultural products	This is not identifiable under GRI as a topic. Please refer to page 31 for our approach.	31
<b>Economic</b> 	 Compliance with import, export and trade regulations	This is not identifiable under GRI as a topic. Please refer to page 33 for our approach.	33
<b>Governance</b> 	 Supply chain assessment	GRI 308 : Supplier environmental assessment GRI 414 : Supplier social assessment	37



# INTRODUCTION



# INTRODUCTION OUR VALUE CREATION CHAIN (CONT'D)

KEY RESPONSIBILITIES TO STAKEHOLDERS

IMPACT ON OUR SUSTAINABILITY PILLARS AND OUR MATERIAL MATTERS

### Innovation >

- Compliance with all applicable laws and regulations
- Safe work environment for employees and non-employees
- Nutrition and wellness of products

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### Sourcing >

- Compliance with all applicable laws and regulations
- Safe work environment for employees and non-employees
- Responsible sourcing and consideration of social and environmental impacts in supply chain

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### Production >

- Compliance with all applicable laws and regulations
- Safe work environment for employees and non-employees
- Consideration of social and environmental impacts of activities
- Consumer health and safety

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KEY RESPONSIBILITIES TO STAKEHOLDERS

IMPACT ON OUR SUSTAINABILITY PILLARS AND OUR MATERIAL MATTERS

### Logistics >

- Compliance with all applicable laws and regulations
- Safe work environment for employees and non-employees
- Consideration of social and environmental impacts of activities
- Consumer health and safety

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### Selling >

- Compliance with all applicable laws and regulations
- Consumer health and safety
- Safe work environment for employees and non-employees
- Responsible marketing and labelling

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### Consumer >

- Compliance with all applicable laws and regulations
- Consumer health and safety
- Responsible marketing and labelling

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KEY SUSTAINABILITY MATTERS

- Employee well-being
- Occupational health and safety
- Consumer health and safety, and mindful consumption
- Energy management
- Responsible water use
- Treatment and disposal of waste and effluents
- Sustainability in securing agricultural products
- Compliance with import, export and trade regulations
- Supply chain assessment

# STANDING TOGETHER WITH STAFF, STAKEHOLDERS AND FRIENDS TO FIGHT COVID-19

The COVID-19 pandemic has been a defining global health crisis this year, creating social and economic uncertainties and challenges worldwide. With respect to that, Delfi has taken proactive steps to reduce the impact of the pandemic on our business and our stakeholders. The following measures and initiatives taken seek to ensure that our staff well-being is protected and operations are carried out safely and with thought to ensure continuity of our business.

Key highlights of our response towards the Coronavirus Disease 2019 ("COVID-19") for our key stakeholder groups, as driven by Delfi's Group Emergency Management Committee ("GEMC"), are summarised below.

## GROUP EMERGENCY MANAGEMENT COMMITTEE (GEMC)

The GEMC oversees policy, strategy, planning, management, organisation and implementation of the Group's approach and response to any development, risk and/or threat to the Delfi Group and its businesses.

- To ensure a comprehensive, holistic assessment it includes senior business, operations, Management and administration representatives
- Oversees and drives all policies and strategies to address risks and threats to Delfi and its stakeholders
- Ensures our corporate assets, factories, businesses and employees are adequately protected and maintained for business continuity, in the face of any risks or threats.
- Guides the individual Country Emergency Management Committees ("CEMCs") to implement relevant strategies within their respective countries.

### CONSUMERS



Additional measures implemented across our supply chain to ensure that our operations, from production to distribution and sales, are protected from disruptions and consumers' health and well-being are prioritised.

### PARTNERS AND DISTRIBUTORS



Our partners and distributors benefit from the adoption and use of our audit standards, best practices and protocols to ensure safety and business continuity.

### EMPLOYEES

**OVER  
US\$1 MILLION**

invested in manufacturing and operational upgrades, workplace enhancements and protective measures (including equipment) for staff safety and well-being.

### COMMUNITY

**OVER  
18,000 PEOPLE**

in South East Asia benefitted from donations of our Delfi chocolate, local snacks and products together with masks and hand sanitizers in "Delfi care-packs" given to healthcare and frontline staff.

# BATTLING COVID-19

## PROACTIVITY

Delfi has consistently maintained our preparedness for contingencies and “Black Swan” events that could potentially threaten our business, by annually updating and ‘mock testing’ our Group’s Business Continuity Plan (“BCP”). Having already worked through the challenges of SARS and MERS, Management kept a watchful eye on developments on what the world initially described as the ‘Wuhan virus’ in December 2019. It soon became clear to us as events unfolded that it was timely to activate our BCP and we raised our alert level to Level 1 on 21 January 2020 ahead of governmental or regulatory prompting in the region. This was initiated before the virus emerged in South East Asia.

## EARLY RESPONSE – THE GROUP EMERGENCY MANAGEMENT COMMITTEE (‘GEMC’)

Our early adoption of the Level 1 alert status helped drive (a) heightened alert levels, and (b) immediate implementation of planned and documented measures, such as (i) allowing only controlled or approved travel between countries, (ii) safety precautions when travelling, (iii) restricted and/or protective and preventive measures in meeting visitors and guests, (iv) monitoring health and travel declarations for staff and visitors alike, and (v) self-imposed ‘stay-home’ restriction for staff who returned to their home countries after travelling.

The early response enabled our GEMC to provide weekly and sometimes daily guidance to our respective Country Emergency Management Committees (“CEMCs”) in shoring up their resources, capabilities and defenses in the fight against COVID-19. It also allowed the respective Country CEMCs to provide feedback on their response to the anti-COVID-19 measures, and for our GEMC to provide timely advice and direction.

All staff were promptly advised to avoid any travel to Wuhan, China and/or named Middle East countries. If travel to the countries cited was necessary for the business, they were asked to consult their immediate superiors before traveling, so that the necessary precautions could be taken both before they left and upon their return to work. A 14 or 21 day ‘Stay-Home Notice’ and ‘Work-From-Home’ option would normally be imposed on staff who travelled as well as those who were in direct contact with them. As the virus spread in South East Asia and larger parts of the world internationally, we gradually expanded our defensive and protective measures.

## CARING THROUGH PROMPT ACTION – (A) SPLIT TEAMS AND (B) TELECOMMUTING

As the number of COVID-19 cases started to emerge and climb progressively in South East Asia, the GEMC decided that it was time to act swiftly with clear and concrete steps to protect our staff and our business. From 19 March 2020, our GEMC activated split teams across departments within Delfi, and where practicable the ‘Work-From-Home’ option was adopted by staff. Shortly after that, our GEMC and CEMCs collectively adopted the Level 2 alert status, which required stricter measures in observing the split team protocol, and most, if not all staff who could work from home were required to do so.

Our Group BCP provided that depending on the extent of a business interruption, if any, the alert status could be upgraded immediately so that our response may be timely and customised to meet and address the threat or potential business interruption. Our objective would be to achieve ‘business as usual’ insofar as this is reasonably possible and practicable.

## STAFF WELL BEING AND SAFETY – A TOP PRIORITY

Delfi invested more than US\$1 million in operational upgrades, medical and safety equipment, and personal protection equipment (“PPE”) including gloves and hazmat suits for our staff. Our Management’s top priority has always been the well-being and safety of staff involved in the production, distribution, marketing and sales functions, and the anti-COVID-19 measures recommended and adopted by our Group are always targeted at keeping staff safe and healthy.

94 Delfi employees had unfortunately contracted COVID-19 in the past year. They were detected and immediately isolated through our safety nets and processes put in place. We ensure that all affected staff continued to enjoy their income and benefits, as they received medical attention to aid in their recovery and return to their normal lives. Overall, appropriate measures and initiatives have been taken to ensure that our staff well-being is protected and operations are carried out safely and with thought to ensure continuity of our business.

# BATTLING COVID-19

## TEAM SAFETY – ENHANCED BY “COMPARTMENTALISATION”

Staff were divided into separate teams at the Delfi headquarters and country subsidiary company level. Our confectionery production teams went a step further, to ensure that the respective teams were further ‘compartmentalised’. For example, if Team A has 35 people on a production line, Team A would be further sub-divided into separate sections (i.e. compartmentalised), so that even though they belonged to the same team, their work flow, systems, processes and supporting physical structures would be separated by using materials such as polyvinyl chloride (PVC) or acrylic panels (in their respective work stations) and this would enable them to function and operate as separate and independent sections.

One of the key advantages or benefits of compartmentalisation, was that in our Team A example of 35 people, only 7 to 12 members of Team A may be subject to a 14 day quarantine or Stay-Home-Notice, in the event that any one of them was infected with COVID-19, or if a Team member came into contact with a COVID-19 positive patient, and not the whole team of 35.

## QUALITY AND CUSTOMER CARE

All the initiatives taken thus far have allowed Delfi to ensure that our operations, production, distribution and sales would be kept safe and protected from COVID-19. This has enabled us to continue our promise of providing products of quality and safety to our staff, distributors and consumers alike.

## THE DELFI MINDSET AND STRONG SUPPORT FROM MANAGEMENT

Delfi’s tenacity in adopting the mindset and approach towards the fight against COVID-19 is as important as the actual measures and steps taken. In essence, the courage and commitment of our Management and staff in making big decisions early has increased the chances of these measures being a success.

Our Management’s focus and drive has been primarily on, (I) keeping all staff safe through a range of activities such as (a) the use of ‘split-team’ arrangements, (b) team ‘compartmentalisation’, (c) staggered working hours, (d) modified or customised schedules to enhance safe distancing, (e) the use of PPE, (f) thermal scanners for early detection, and (g) frequent sanitisation as a preventive measure; (II) working in partnership with staff to ensure that production is kept running to fulfil market demand in Indonesia, Malaysia, and the Philippines, and (III) ensuring that all those who can work from home adopted this option.





# BATTLING COVID-19

## CONTACT TRACING

Delfi's GEMC and the respective CEMCs monitor the use of contact tracing diligently. In the event that information emerges that a relative or a close associate (of one of our staff) from the same household is suspected of or has contracted COVID-19, the staff concerned would be put on an immediate quarantine or 'stay-home' notice, and be sent for the required COVID-19 test. He or she would only come back to work upon the expiry of the quarantine or stay-home notice period and the passing of the COVID-19 test.

In addition, other employees within our factory or office who have been in close proximity to or in close contact with the staff in question would also be placed on a stay-home notice for the required period, to ensure that they as well as the respective teams or departments in which they belong to are kept reasonably safe.

## PREPARING FOR THE 'NEW NORMAL'

The initiatives and steps taken have enabled Delfi to prepare for the 'New Normal' scenario post COVID-19. The operations and processes at our factory, offices, external warehouses and marketing and distribution points had to be re-designed to prevent the spread of the virus amidst implementing safety measures. Our constant state of preparedness may be said to be the 'New Normal'. Management has continuously looked to improve the efficiency of our manufacturing, distribution, marketing and sales operations, as well as work on our e-commerce initiatives and platforms which are currently work-in-progress.

## OUR PARTNERS AND ASSOCIATES

As we navigate the COVID-19 pandemic and the challenges it brought with it, Delfi is committed to the safety and well-being of our distributors and associates. Preventing the spread of the virus is paramount. We have implemented additional protocols and measures for our associates in essential facilities and those who are working at home.

## THINKING OF THE COMMUNITY AT LARGE

Delfi reached over 18,000 people in South East Asia by putting together chocolate, confectionery, local delights and other snacks, together with face masks and hand sanitizers into what we called "Delfi care-packs". These were given to healthcare workers and frontline staff at various hospitals, medical centres and healthcare institutions in Indonesia, Malaysia, the Philippines and Singapore, in recognition of those who put themselves at risk daily in the fight against the pandemic.

In our bid to contribute to and render support to the community at large, especially those who are in need and those who are likely to be most affected by the adverse financial impact and effects of a prolonged pandemic, we contributed S\$100,000/- to the Straits Times School Pocket Money Fund. We did this in the hope that our modest contribution would somehow alleviate some of the potential pain or hardship that any student may have to go through if he or she did not have access to the Pocket Money Fund.



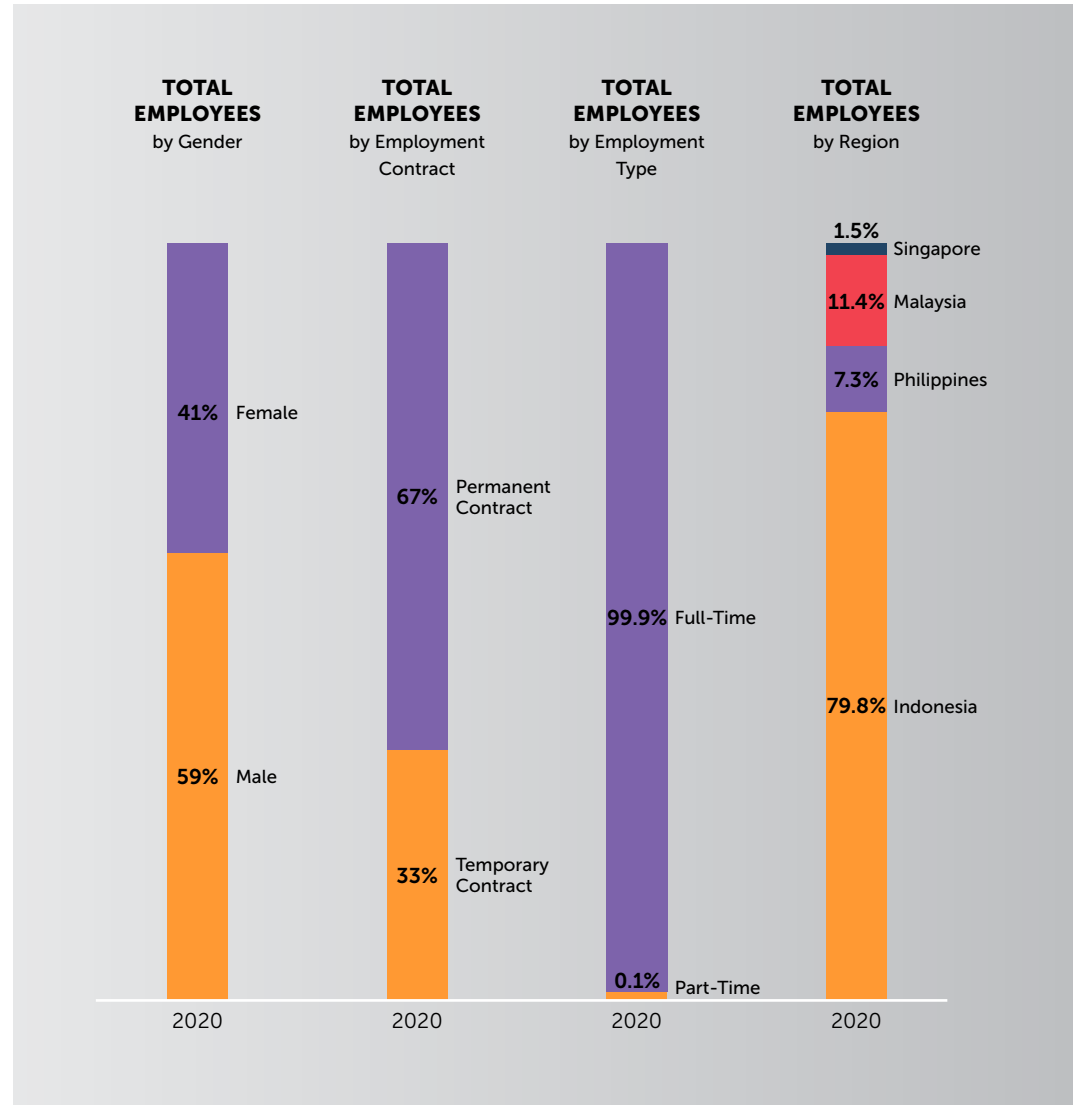
*Delfi donating our "Delfi care-packs" in appreciation and support of frontline workers in healthcare institutions*

# OUR PEOPLE

## PROFILE OF OUR WORKFORCE

<102-7> <102-8>

People are at the heart of our organisation. As of 31 December 2020, we had a total of 4,012 employees across Singapore, Indonesia, the Philippines and Malaysia, of which 2,688 were hired on a permanent contract basis. The average length of service of our permanent staff is about 10.8 years. We hire based on merit and are committed to upholding fair employment practices. No form of discrimination has any place in our organisation and we believe strongly in providing our people with equal opportunities and benefits for them to reach their full potential. We are compliant with all relevant labour laws and regulations in the countries in which we operate. Due to the nature of the manufacturing industry, a large number of roles tend to be more physical, which explains the higher percentage of males within our workforce. The semi-seasonal nature of our work also accounts for the use of temporary workers.



# EMPLOYEE WELL-BEING

## SIGNIFICANCE OF IMPACT

<103-1>

Having sound human resource policies and practices are critical to our organisation. It is important that all our staff are treated well and fairly. It also allows Delfi to attract and retain the right talent to foster growth, development, creativity and value creation. We understand that having the right individual in the right position can have a profound impact on the performance of the Group and generate value. We acknowledge that our continued success is based on the commitment and joint effort of our employees. Similarly, we recognise that the provision of equitable opportunities for personal development and career advancement on top of tailored training to allow our employees to effectively discharge their duties in a safe manner are of equal importance in ensuring the well-being of our employees and further, helping them to fulfil their potential.

## MANAGEMENT APPROACH

<103-2> <103-3>



### POLICY

At Delfi, we believe that effective human resource policies should encompass all aspects from strong hiring practices, employee performance and employee conduct.

Our Hiring & Human Resource (HR) Management policy is in place to ensure that we hire the appropriate number of individuals with the right expertise to ensure the smooth operation of the organisation. In addition, we strongly adhere to the principle of non-discriminatory hiring. For employees, we conduct periodic performance reviews to ensure that every individual has a fair and equitable chance to progress within the organisation and is given room for personal development.

Delfi has a strong Business Ethics & Integrity policy that guides employees on their conduct to ensure that there is no conflict of interest between the employee and the company. Additionally, Delfi has an anti-sexual harassment policy and a code of conduct that promotes racial and religious harmony, as well as anti-bullying, to ensure that such behaviours are not tolerated at the workplace.

We comply with all relevant labour laws and regulations.



### COMMITMENTS & TARGETS

We are committed to building a working environment that is conducive, inclusive and diverse.

In addition, we have the following targets:

Scope	Current Targets	FY2020
Group-level	Conduct yearly performance and career development reviews	Achieved
Group-level	To send staff for regular training and education	Achieved





# EMPLOYEE WELL-BEING

## PRACTICES AND PERFORMANCE

<103-3> <401-1> <401-2>

### New Hires and Turnover<sup>2</sup>

<401-1>

There was sufficient manpower to meet our core operational needs during the year. However, to meet anticipated surges in demand during yearly festive periods such as Ramadan and Christmas, temporary workers are recruited which often include rehiring those familiar with Delfi’s operations and those with a preference for such short-term contracts, thereby accounting for the overall turnover rate and correspondingly, new hire rate of 49.9%. Our permanent staff turnover rate was at about 9.5% for 2020.

### Employee benefits

<401-2>

Delfi cares about its people. Beyond rewarding employees with remuneration that is commensurate with the efforts and performance delivered in helping the business achieve its goals, Delfi is invested in the well-being and morale of our employees. In our belief that happy employees will in turn raise productivity and efficiency, Delfi offers a range of employment benefits tailored for our full-time employees. Apart from the provision of baseline benefits mandated by respective local labour regulations, the HR team works closely with the country units in reviewing the non-monetary performance-based rewards and programs offered. Our benefits package may include life insurance, medical care benefits, disability coverage, parental leave and retirement provisions. We only partner with globally-recognised and reputable third party medical and financial organisations, with the aim to provide quality healthcare services and a holistic coverage for our employees.

### Caring for our employees during COVID-19

In COVID-19 times, our top priority has always been the well-being and safety of our employees, and the anti-COVID-19 measures recommended and adopted by our Group are aimed at keeping our staff safe and healthy. As far as possible, we ensure that employees who can work from home are adopting the telecommute option. Other strategies implemented include the use of ‘split-team’ arrangements, ‘compartmentalisation’, staggered working hours and modified or customised schedules to enhance safe distancing. Further, initiatives and steps such as re-designing of entry and exit points have been implemented at our offices, factories, external warehouses and marketing and distribution points to curb the spread of the virus in preparing for the ‘New Normal’. More information can be found under the “Standing Together with Staff, Stakeholders and Friends to Fight COVID-19” section of this report.

### NUMBER (AND RATE) OF NEW HIRES AND TURNOVER<sup>3</sup> by Gender



	Male	Female
<b>New Hires</b>	<b>1,252</b> 53%	<b>751</b> 46%
<b>Turnover</b>	<b>1,135</b> 48%	<b>675</b> 41%

<sup>3</sup> The total turnover rate of 45.1% illustrated above per the GRI rules, was driven largely by temporary short-term contract workers and part-time workers, who prefer not to be bound by long-term or permanent contracts.

<sup>2</sup> Rates are computed as a percentage of total employee numbers by gender, as at end of financial year 2020.

New hire rates are calculated as: Number of new hires (by gender) / Number of employees as at end of financial year 2020 (by gender)

Turnover rates are calculated as: Number of employees who leave the organisation (by gender) / Number of employees as at end of financial year 2020 (by gender)

# OCCUPATIONAL HEALTH AND SAFETY

## SIGNIFICANCE OF IMPACT

<103-1>

At Delfi, a safety culture is deeply rooted in our organisation and everything we do. Our ultimate aim is for zero accidents. As such we place great emphasis on Occupational Health and Safety (OHS). We are fully aware that in our workplace we are responsible for the health and safety of our employees. We therefore carefully and constantly consider employee safety to prioritise what more can be done to avoid accidents. This includes proper training and identification of workplace hazards to ensure our employees acquire the necessary knowledge for the safe and hygienic performance of their duties. Another key issue is to provide our employees with appropriate protective measures, and enforce their use, so as to minimise risk of accidents and reduce their possible consequences.

## MANAGEMENT APPROACH

<103-2> <103-3> <403-1>



### POLICY

Our workforce is the heart of our operations, and their health and safety is of utmost importance. We meet and strive to exceed the relevant occupational health and safety standards. Our internal OHS policy aims to eliminate workplace hazards and prevent occupational illnesses in compliance with the applicable laws, regulations and other requirements.

In Indonesia's factory site, our employees are also covered by an International Organisation for Standardisation (ISO) 45001:2018 certified OHS Management System which is internally and externally audited on an annual basis.



### COMMITMENTS & TARGETS

We are committed to offer a healthy working environment and strive towards a healthy workforce. We aim for zero incidents resulting in fatalities and to continuously improve our health and safety performance across all our operations. We seek to be fully compliant with all relevant laws and regulations.

In addition, we have the following targets:

Scope	Current Targets	FY2020
Group-level	Zero work-related fatalities, yearly	Achieved
Facility-level (Indonesia)	To complete migration from OHSAS 18001:2007 to ISO 45001:2018 by FY2020	Achieved

# OCCUPATIONAL HEALTH AND SAFETY

## PRACTICES AND PERFORMANCE

<103-3> <403-2> <430-3> <403-5> <403-7>

As an employer, Delfi recognises that with optimisation of the work environment, we inevitably promote the mental and physical well-being of all people. In our ongoing pursuit to achieve an accident-free workplace, we commit ourselves to internal and external audits that enable us to identify violations and areas for improvement. We constantly encourage our people to flag any unsafe working conditions and practices across our operations. Comprehensive training and education programmes are conducted, in several languages including Bahasa Indonesia and Filipino to facilitate better understanding, awareness and expectations of our safety culture across all sites. Further to that, all employees are required to maintain a strict adherence to procedures when operating specific machines and equipment to safeguard them and their co-workers from any unexpected issues that may arise.

## Access to Health Services

<403-6>

Delfi safeguards the physical and mental health of our employees by ensuring that health services are readily accessible. All employees are also covered under our group hospital and medical insurance plans, and undergo an annual medical check-up provided by certified healthcare practitioners. Regular announcements are made to remind and update employees of the health benefits that they are entitled to. Transport to medical facilities is arranged readily where necessary, while the Philippines manufacturing facility has an internal clinic manned 24/7 by qualified nurses during work-week operations to serve the needs of our employees.

## Worker participation, consultation, and communication

<403-4>

All employees, including workers, supervisors and managers are involved in risk analysis processes. The Safety Committee, comprising of observers from both Management and workers, meets monthly to monitor recent safety performances and to discuss any recent incidents and implement any action plans to mitigate future occurrences. We also implemented the "Near Miss" system that encourages all employees to report near miss incidents they encounter such as unsafe conditions, acts and safety suggestions. Additionally, an initiative – "Safety Wednesday" has recently been launched as an avenue to encourage the communication and facilitation of ideas between staff and supervisors in a joint effort to build a safer work environment for all.

## OCCUPATIONAL HEALTH AND SAFETY

### PERFORMANCE

<403-8> <403-9> <403-10>

Delfi targets the goal of being 'accident free' and in this direction, we have upheld our zero work related fatalities for FY2020. There were six recordable work-related injuries. At Delfi, we regard all cases as important. Documentation of the incident is detailed in a corrective action report post-investigation and subject to further review and approval by a Safety and Health Coordinator. Subsequent follow-up is conducted to ensure the implementation of corrective and preventive measures, such as activity-based audits, enhancement of Lock-out/Tag-out (LOTO) procedures and risk assessment training.

This year, the slight increases in injury rates, lost day rates and absentee rates correspond with the decrease in the number of working hours due to the unprecedented impacts of COVID-19 on production capacity and precautions taken to reduce physical contact at our facilities. We will continue to assess the safety aspects of our facilities and stay proactive in the implementation of projects and initiatives to drive workplace safety results.

	FY2019	FY2020
Delfi's Employees	Total	Total
<b>Work-related fatalities</b>	0	0
<b>Injury rate<sup>4</sup></b>	0.12	0.17
Injury rate (Male)	0.18	0.18
Injury rate (Female)	0.05	0.15
<b>Lost work day incident rate<sup>5</sup></b>	0.04	0.03
Injury rate (Male)	0.07	0.05
Injury rate (Female)	0	0
<b>Occupational disease rate<sup>6</sup></b>	0	0
<b>Lost day rate<sup>7</sup></b>	0.22	0.57
Lost day rate (Male)	0.39	0.92
Lost day rate (Female)	0	0
<b>Absentee rate<sup>8</sup>(%)</b>	1.28	1.76
Absentee rate (Male)	1.37	1.94
Absentee rate (Female)	1.17	1.49

### Case Study: Safety Wednesday

In our continuous bid to ensure a safe workplace and conducive environment for our employees, a new initiative - 'Safety Wednesday', was launched to complement efforts revolving around the existing safety awareness programme which awards points to employees for exemplary safety behaviour using the 'Behaviour Based Safety Card ("BBS Card")'.

'Safety Wednesday' aims to empower staff and encourage collaboration between divisions in developing ideas and make improvement decisions to work processes and to physical premises for the mitigation or prevention of occupational hazards. This has become an important avenue for staff to communicate any concerns and suggest ideas given their direct on-the-ground experience to enhance the work environment and experience for everyone.



<sup>4</sup> Injury rate is calculated as: Number of recordable incidents x 200,000, to total hours worked

<sup>5</sup> Lost work day incident rate is calculated as: Number of lost work day incidents x 200,000, to total hours worked

<sup>6</sup> Occupational disease rate is calculated as: Number of occupational disease incidents x 200,000, to total hours worked

<sup>7</sup> Lost day rate is calculated as: Number of lost man-days x 200,000, to total hours worked

<sup>8</sup> Absentee rate is calculated as: Number of absentee days, to total days scheduled to be worked

# CONSUMER HEALTH AND SAFETY, AND MINDFUL CONSUMPTION

## SIGNIFICANCE OF IMPACT

<103-1>

The food and beverage industry landscape continues to advance and evolve. Consumers today are calling for greater transparency in disclosure of raw material origins, employee welfare, food safety programs and processes. A sizeable group of consumers are now looking beyond the traditional concerns of food safety – the effects of food-borne contamination or immediate physical affliction. These individuals are increasingly mapping their buying decisions to potential long-term health and wellness impacts as well as the environmental impact of sourcing and manufacturing food products. Fuelled by these increasing stakeholder expectations, government regulations and innovation, the realities call for Delfi to sharpen its focus and awareness on consumer health and safety as a key sustainability matter.

As an established chocolate and confectionery company, Delfi strongly believes in having the social responsibility to promote mindful consumption of our products – especially in our young consumers. We continually allocate resources in food science research and product innovation to design a wider range of healthier treats for the world to enjoy.

In our commitment to provide healthier products for our customers, we are working to gradually switch to the use of natural food colouring, as well as,

production of products with less sugar while also making sure that the taste profile of our chocolate confectionery remains attractive and appealing to our loyal consumers.

In 2018, the World Health Organization (WHO) announced its intention to eliminate the use of artificial trans fats, otherwise known as partially hydrogenated oils (PHOs), from the global food supply chain. They estimated that more than 500,000 deaths a year could be attributed to cardiovascular diseases in which trans-fat intake plays a significant role<sup>9</sup>. In light of the adverse impact caused by artificial trans fats, Delfi voluntarily committed to and achieved the removal of artificial trans fats across the full range of our manufactured products in 2019. This year, Delfi has begun exploring the incorporation of healthy ingredients such as grains and real fruits to provide added nutritional benefits for our consumers. We are also pleased to share the launch of our SilverQueen variant “SilverQueenVery Berry” which is filled with yoghurt, real fruit and natural colour.

Increased emphasis has been placed on the welfare of our consumers. We have since implemented additional layers of preventive measures across our production, distribution and sales processes, as guided by Delfi’s New Product Development and Quality Assurance Team as well as best practices in the market, to ensure the unwavering quality of our products which are fit and safe for consumption.

## MANAGEMENT APPROACH

<103-2> <103-3>

**POLICY**

Consumer health and safety, and mindful consumption are a priority for Delfi. We are proud of our Food Safety Management System that we have designed, developed, and implemented to ensure compliance with international and local food safety standards and recommendations.

Our policy on the quality of our products emphasises the following:

- ▶ Consistency in quality
- ▶ Microbiologically safe
- ▶ No foreign materials and no contamination
- ▶ Hygienically packed and sealed

Our Food Safety Management System is certified in accordance with internationally recognised standards (e.g. the FSSC 22000 Food Safety System Certification is internally and externally audited on an annual basis.)

**COMMITMENTS & TARGETS**

We are committed to deliver our brand promise of quality and safety to our consumers. We seek to be fully compliant with all relevant consumer health and safety laws and regulations.

In addition, we have the following targets:

Scope	Current Targets	FY2020
Group-level	No incidents of material non-compliance with applicable laws and regulations for consumer health and safety	Achieved
Group-level	No incidents of material non-compliance with applicable laws and regulations for product information and labelling	Achieved

<sup>9</sup> World Health Organization, “WHO plan to eliminate industrially-produced trans-fatty acids from global food supply (May 2018)

# CONSUMER HEALTH AND SAFETY, AND MINDFUL CONSUMPTION

## PRACTICES AND PERFORMANCE

<103-3> <416-2> <417-2>

### Delfi's Food Safety Management System

As part of our overall Food Safety Management System, we have made significant investments in quality assurance systems in order to consistently achieve high manufacturing standards. The manufacturing standards which the Group follows include:

### Good Manufacturing Practice ("GMP")

GMP was established by the Food and Drug Administration in the USA in 1967 under the authority of the Federal Food, Drug and Cosmetic Act. The GMP is based on international hygiene standards and promotes a quality approach to manufacturing. GMP guidelines provide minimum requirements that a food product manufacturer must meet to ensure that the products are of high quality and do not pose any risk to the consumer or the public. The regulations are relatively general and allow the Group to decide individually how to best implement the necessary controls to achieve goals such as cleanliness, equipment verification and process validation. In doing this, the Group takes into account the specific needs of its consumers.

### Hazard Analysis and Critical Control Point ("HACCP")

HACCP was adopted by the Group as a comprehensive step-by-step food safety program for its production process. Assessments are made of the hazards applicable to microbiological, chemical, physical, food safety and quality standard risks. Based on such hazard assessments, the critical control points are determined within the production process to control identified hazards. Procedures for monitoring and taking corrective actions are established for each control point. Therefore, any problem is traceable to a specific point in the production process and/or the specific raw material utilised.

The Group conducts process testing to ensure the quality and specifications of our products are consistent and meet the exacting standards of our consumers. Such in-process testing involves performing tests on samples of products to determine if there are any quality defects. In addition, the Group conducts microbiological tests on samples to ensure that its strict specifications regarding microbiological content are adhered to so that its products are always safe for human consumption.

Each delivery of products is given a unique lot identification code printed on the individual packing and accompanying documents which incorporates the date of manufacture. It can be used to trace the complete production history of the product starting from the source of raw materials. Any delivery breaching the Group's quality standards can thus be identified and stopped before it is delivered to its customers and consumers.

### FSSC 22000 Food Safety System Certification

FSSC 22000 provides a framework for effectively managing the Group's food safety responsibilities. FSSC 22000 is fully recognised by the Global Food Safety Initiatives ("GFSI") and is based on existing ISO Standards. It demonstrates that the Group has a robust Food Safety Management System in place. The FSSC 22000 system uses a management systems approach to food safety, using ISO 22000 for the management system requirement and ISO Technical Standards or Publicly Available Specifications (PAS) for prerequisite program requirements. Our manufacturing facilities in Indonesia and the Philippines have successfully upgraded FSSC 22000 certification to version 5 in FY2020.

# CONSUMER HEALTH AND SAFETY, AND MINDFUL CONSUMPTION

## HIGH HYGIENE STANDARDS

Delfi observes high hygiene standards. Regular training and checks are conducted on our personnel at our facilities. These include stringent requirements on attire, footwear and personal hygiene.

## INNOVATION AND TECHNOLOGY

We draw on innovation and technology to improve our food safety standards. For example, we have made significant strides in improving our packaging materials to strengthen protection against the external environment. We have also rolled out X-ray machines to enhance our foreign material detection systems across our facilities.

## LABELLING AND COMMUNICATION

The display and provision of information on our products is important to our consumers as well as being the subject of many regulations. To that end, we strive to provide transparent access to reliable and accurate information on our products through responsible labelling. Our labels advise on the expiry, recommended storage conditions, allergen declaration, ingredients, nutritional value, etc. We continuously seek to improve the contents of our product labels with greater emphasis on the sustainability impact of our products.

## CUSTOMER CARE PORTAL

We value feedback from our customers. We ensure that all customers and consumers can be heard through the launch of our customer care and feedback portal. In 2020, we have updated labels across all our products manufactured in Indonesia and the Philippines to bear the address of the portal (<https://www.delfilimited.com/custcare/> and/or <https://www.vanhoutenchocolates.com/custcare/>). This provides a direct avenue for all customers to reach out to Delfi and is also a central system for the business to maintain an overview of the quality of the products, service delivery and feedback received.

## PRODUCT STORAGE

Our prescribed standards and best practices for storage in our value chain, ensures that our products are safe and fit for human consumption, as well as fresh enough for our customers to enjoy our products.

In 2020, we have met our target of no incidents of material non-compliance with applicable laws and regulations for consumer health and safety as well as for product information and labelling.





# ENERGY MANAGEMENT

## SIGNIFICANCE OF IMPACT

<103-1>

Energy is necessary for Delfi's sourcing and production processes. As a responsible steward of the environment, Delfi recognises that optimising the use of our energy sources can reduce greenhouse gas emissions, and our actions can make an impact on the wider environment and play a part in combating wider environmental issues such as global warming and air pollution. Efficient energy usage remains key in our planning and operations, and we will continue to keep a close eye on our monitoring systems to ensure we do not use more than we need, reducing variable consumption where practicable. Delfi continually strives to seek opportunities to improve our energy efficiency across our business operations by exploring the use of energy efficient systems, products and technology.

## MANAGEMENT APPROACH

<103-2> <103-3>



### POLICY

Delfi understands the importance of saving energy to the company and the environment and has adopted an approach that is focused on the efficient use of our energy sources. We have in place internal energy management policies related to energy reduction that seek to fully comply with the relevant laws and regulations. As a testament to our commitment, we have further obtained ISO14001:2015 certification over the environmental management system at our Indonesia facility in 2020 to ensure proper governance and oversight over environmental matters.



### COMMITMENTS & TARGETS

Delfi is committed to managing our carbon footprint by investing in energy efficient products and technologies, as well as, making the shift to cleaner fuels across our operations. We seek to be fully compliant with all relevant laws and regulations.

In addition, we have the following targets:

Scope	Current Targets	FY2020
Group-level	5% decrease in total energy consumption relative to FY2019	Achieved
Facility-level (Philippines)	70% reduction in the use of bunker fuel oil by end of FY2020	Achieved





# ENERGY MANAGEMENT

## PRACTICES AND PERFORMANCE

<103-3> <302-1> <302-3>

At Delfi, we believe there is an opportunity for us to be an environmentally-conscious contributor towards a more sustainable food system. Constant monitoring of consumption is done to ensure optimisation of the use of our energy sources. We have appointed certified energy managers with the relevant expertise to oversee and manage environmental matters and performance at our manufacturing facilities in Indonesia.

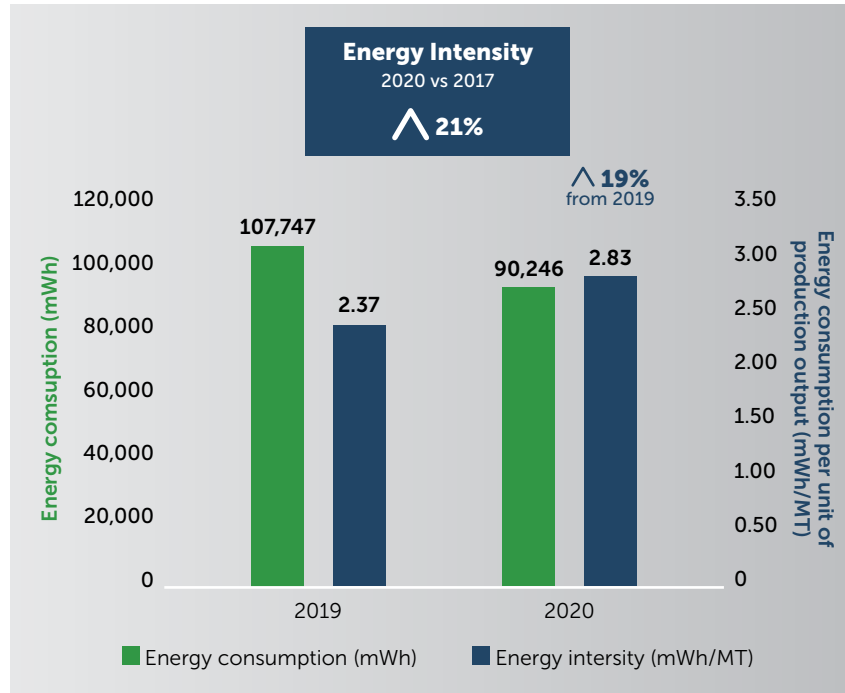
During the year, several retrofits were carried out in our commitment to reduce our energy consumption levels. They include the installation of inverters to control speeds of high capacity motors, replacement of fluorescent lamps with LED lamps and optimising our chillers with technologies that are more energy efficient.

At Delfi, sources of energy consumption come mainly from fuel in our manufacturing facilities in Indonesia and the Philippines, specifically electricity usage, liquified petroleum gas (LPG), bunker fuel oil ("BFO") (Philippines only) and natural gas (Indonesia only). To that end, we have reduced the use of BFO significantly for a cleaner source of fuel, LPG, at our manufacturing facility in the Philippines, as LPG is a lower-carbon alternative.

In Indonesia, Delfi consulted industry experts in implementing an energy-saving system at our manufacturing facility. Energy consumed by us at the facility was reduced as a result.

In 2020, our total internal energy consumption, including both fuel and electricity usage, amounted to 90,246 mWh, a fall of 16% from the 107,747 mWh consumed in 2019. Our conservation efforts and established control procedures to limit unnecessary energy usage have contributed to the fall in energy consumption across both our manufacturing facilities, and we have also met our target of achieving a 5% reduction in total energy consumption.

On a per metric ton basis, the total amount of energy consumed for 2020 was 2.83 mWh/MT, which was an increase of 19% from 2019. This increase was mainly due to a fall in production output across our manufacturing facilities due to the unprecedented impacts of COVID-19 as we prioritised strict compliance with safe distancing measures and split teams this year, resulting in inevitable inefficiencies in our operations. Delfi has already implemented several initiatives to mitigate the long-term impacts of COVID-19 (see "Standing Together with Staff, Stakeholders and Friends to Fight COVID-19"), and moving forward, Delfi will continue to invest in efforts to reduce our fixed energy consumption<sup>10</sup>.



<sup>10</sup> Fixed energy consumption refers to consumption that occurs regardless of production output levels.

# RESPONSIBLE WATER USE

## SIGNIFICANCE OF IMPACT

<103-1>

As a responsible guardian and steward of the environment, Delfi practices responsible water usage. Water is precious in every sense of the word, for human life, the well-being of individuals and the health of the community as a whole. With this in mind, we at Delfi exercise utmost care in managing our access to and usage of water. We are conscious of using only what the Group needs and engage in recycling at every available opportunity so as not to strain the water supply or unnecessarily tap into the water-table. Delfi is careful in looking after the availability of this precious resource, at every step of the value-chain, so that this 'balance' in the ecosystem is preserved, soothed and allowed to perform its functions for the people in the community and the environment at large. We are of the view that management of our water access and usage play a significant role in our role as a good corporate citizen.

## MANAGEMENT APPROACH

<103-2> <103-3>



### POLICY

We believe in investing in good environmental housekeeping practices and technologies designed to enable sustainable water security for both the business and people who depend on water availability in the long-term. Our water management policies seek to fully comply with relevant laws and regulations.



### COMMITMENTS & TARGETS

We are committed to responsible water use across all our operations. We seek to be fully compliant with all relevant laws and regulations.

In addition, we have the following target:

Scope	Current Target	FY2020
Facility-level	We continuously seek to reduce our water consumption as a percentage of production	Not achieved



# RESPONSIBLE WATER USE

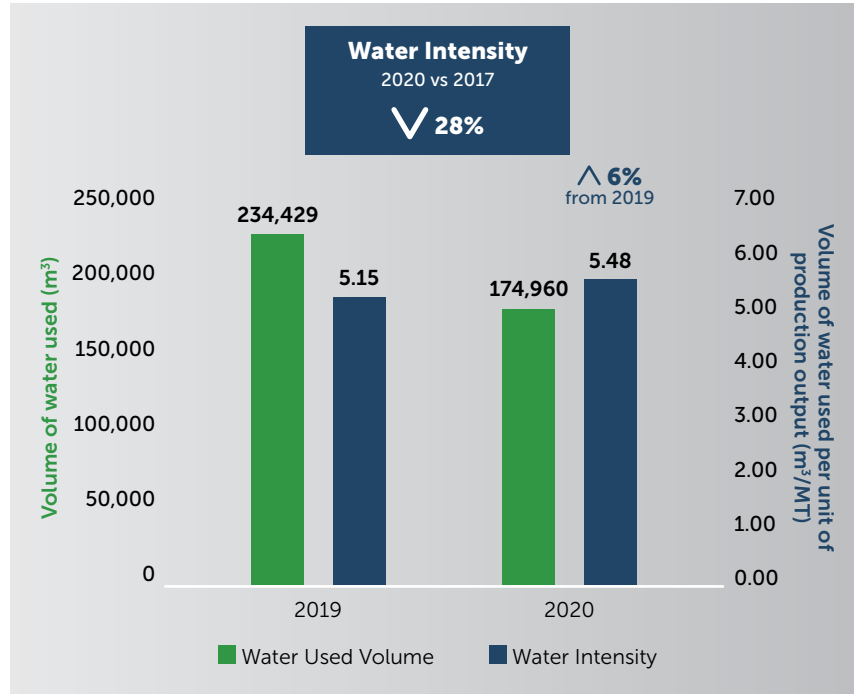
## PRACTICES AND PERFORMANCE

<103-3> <303-1> <303-2> <303-3>

We seek to ensure that our operations use water<sup>11</sup> responsibly and efficiently. We rely on locally-sourced groundwater (as well as the municipal water supply in the Philippines) for our needs, drawing water within the permissible daily limits granted by the relevant governing agencies. Recognising water is a precious and scarce resource in regions where we operate, we therefore continue to manage our water usage consciously and ensure that we do not use more than we need. When there is a surplus in our water storage, we would also share this with our neighbouring local community.

In 2020, the overall volume of water used amounted to 174,960 m<sup>3</sup> in Indonesia and the Philippines, which was a 25% reduction from the 234,429 m<sup>3</sup> consumed in 2019. Our Indonesia facility withdrew 155,643 m<sup>3</sup> from groundwater amounting to 89% of the total water used, while the remaining 11% is attributed to our facility in the Philippines, with 607 m<sup>3</sup> from municipal water supply and 18,710 m<sup>3</sup> from groundwater. This achievement was largely due to conservation efforts and control procedures established to limit unnecessary water use during production at our facilities. More notably, our commitment to increase the use of treated water that has undergone processing by our wastewater treatment plant at our facilities continues to play a significant part in reducing our consumption from external sources.

On a per metric ton basis, the total volume of water used for 2020 was 5.48 m<sup>3</sup>/MT, which was an increase of 6% from 2019. This increase was partly due to a fall in production output across our manufacturing facilities due to the unprecedented impacts of COVID-19 this year, as well as, the implementation of increased frequency of disinfection and cleaning at our facilities as a form of prevention, which resulted in higher water usage per unit of production output. Delfi has already implemented several initiatives to mitigate the long-term impacts of COVID-19 (see "Standing Together with Staff, Stakeholders and Friends to Fight COVID-19"), and moving forward, Delfi will continue to invest in efforts to reduce our water usage and safeguard this precious resource.



### Case Study: Delfi's clean water supply contribution to the community

Beyond our customers, consumers and business partners, Delfi recognises the importance of enriching lives and building sustainable relationships with the communities in which we operate.

One of our key contributions is the supply of clean water (estimated at 70m<sup>3</sup> per day) to the community living close to the factory in Indonesia. Water that is supplied to the surrounding communities undergoes treatment and meets the clean water standards of Indonesia - Permenkes 492 / MENKES / PER / IV / 2010. This ensures that water received by the local communities is potable and their basic welfare and needs are met.



<sup>11</sup> Water sourced and used in our operations has Total Dissolved Solids (TDS) equal to or below 1,000 mg/litre i.e. freshwater.

# TREATMENT AND DISPOSAL OF WASTE AND EFFLUENTS

## SIGNIFICANCE OF IMPACT

<103-1>

Waste and effluents management are critical for global sustainable development. Proper sanitation, clean water and air are important for human health and the environment. As part of the food processing sector, we understand the importance in managing and reducing the waste and effluents generated throughout our operations. For our communities to prosper and enjoy a high quality of life, we have to conscientiously monitor our discharge into the environment and seek to eliminate or at least reduce any ecological impact. It is thus vital to prioritise waste disposal methods that minimise any such impacts, such as reusing, recycling and recovery. Treatment of our effluents is also crucial in ensuring that hazardous substances do not leach into ecosystems and undergo bio-amplification along the food chain. Managing waste also brings about potential cost-savings to our organisation. Looking into resource efficiency in our production will enable us to create more with less and deliver greater value to our stakeholders.



## MANAGEMENT APPROACH

<103-2> <103-3>



### POLICY

We believe in investing in good environmental housekeeping practices that will minimise our environmental footprint. Our waste and effluent management policies seek to fully comply with relevant laws and regulations.



### COMMITMENTS & TARGETS

We are committed to an efficient use of resources and reduction of waste and pollution. We seek to be fully compliant with all relevant laws and regulations.

In addition, we have the following targets:

Scope	Current Targets	FY2020
Facility-level	By end 2020, to achieve zero processed water discharge	Achieved
Facility-level	We continuously seek to reduce waste as a percentage of produce.	Not achieved
Facility-level (Indonesia)	In 2020, we will continue to implement the steps needed to achieve a "PROPER <sup>12</sup> " Green rating through improving our environmental management procedures beyond the expected compliance level.	In progress (achieved "PROPER" Blue rating)

<sup>12</sup> Indonesia's Program for Pollution Control, Evaluation, and Rating ("PROPER") is a national-level public environmental reporting initiative. The objective of this regulatory tool is to promote industrial compliance with pollution control regulations, facilitate and enforce the adopt of practices contributing to clean technology, and to ensure a better environmental management system. The program uses a five colour-coded performance rating – gold (excellent), green, blue, red and black (poor).

# TREATMENT AND DISPOSAL OF WASTE AND EFFLUENTS

## PRACTICES AND PERFORMANCE

<103-3> <303-4> <306-2>

### Effluents

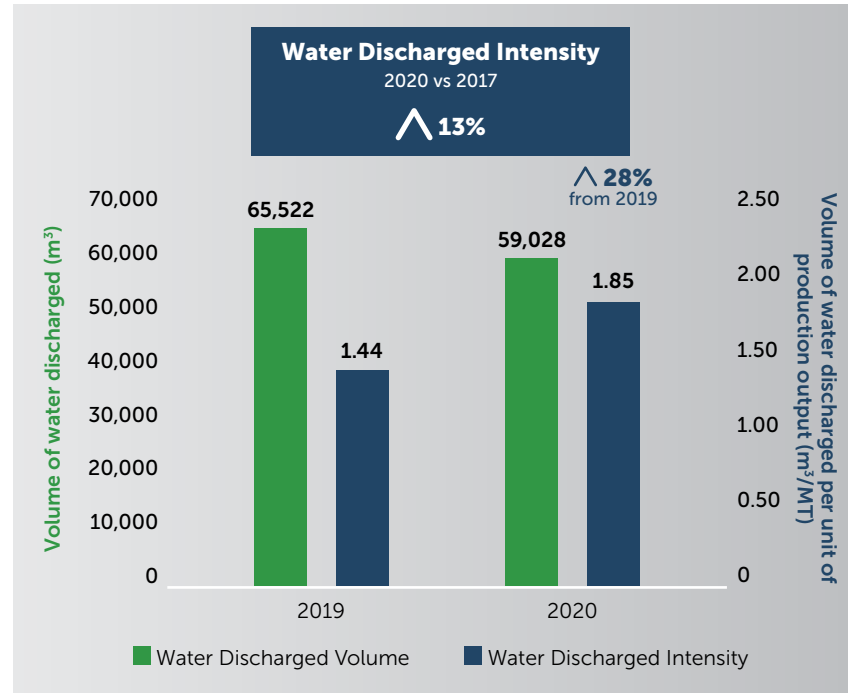
<303-4>

We closely monitor our water discharge in both our manufacturing facilities in Indonesia and the Philippines. The wastewaters from our facilities are biologically treated and tested before being discharged into the city sewers or nearby rivers as freshwater. We utilise wastewater quality indicators to measure and ensure that wastewater quality is in a generally acceptable range<sup>13</sup> before discharge into the natural environment. In Indonesia, our manufacturing plant is ISO14001 certified, and has been assigned a “Blue” (Adequate) rating under the PROPER scheme which promotes compliance with existing water pollution regulations. We are in progress towards achieving a “Green” (Good) rating by improving our environment management procedures beyond the expected compliance level.

Delfi has also implemented a Zero Processed Water Discharge project this year, focusing on recovery of processed water at both our Indonesia and Philippines manufacturing facilities. This project aims to ensure that 100% of the process wastewater produced by our facilities are treated and repurposed for use in toilets or gardening purposes.

In 2020, a total volume of 59,028 m<sup>3</sup> water was discharged in Indonesia and the Philippines. Our Indonesia facility discharged 13,594 m<sup>3</sup> into a treatment facility and 35,582 m<sup>3</sup> into nearby rivers. Our facility at the Philippines discharged 7,358 m<sup>3</sup> into the city sewers and 2,494 m<sup>3</sup> into a nearby river. The volume of water discharged in 2020 fell by 10% from 65,522 m<sup>3</sup> in 2019.

On a per metric ton basis, the total volume of water discharged for 2020 was 1.85 m<sup>3</sup>/MT, which was an increase of 28% from prior year. This increase was mainly due to a fall in production output across our manufacturing facilities driven by the unprecedented impact of COVID-19 as we prioritised strict compliance with safe distancing measures, split teams this year and more safety and hygiene practices, resulting in higher usage of water per unit of production output and some inevitable added costs to our operations. Delfi has already implemented several initiatives to mitigate the long-term impact of COVID-19 (see “Standing Together with Staff, Stakeholders and Friends to Fight COVID-19”), and moving forward, Delfi will continue to invest in efforts to better manage our water discharge volume.



<sup>13</sup> Generally acceptable ranges of our water quality indicators include Chemical Oxygen Demand (COD) below 100 mg/litre, Biochemical Oxygen Demand (BOD) below 50 mg/litre, Total Suspended Solids (TSS) below 70 mg/litre, pH of 6.5 to 9.0, Total Dissolved Solids (TDS) equal to or below 1,000 mg/litre.

# TREATMENT AND DISPOSAL OF WASTE AND EFFLUENTS

**Waste**  
<306-2>

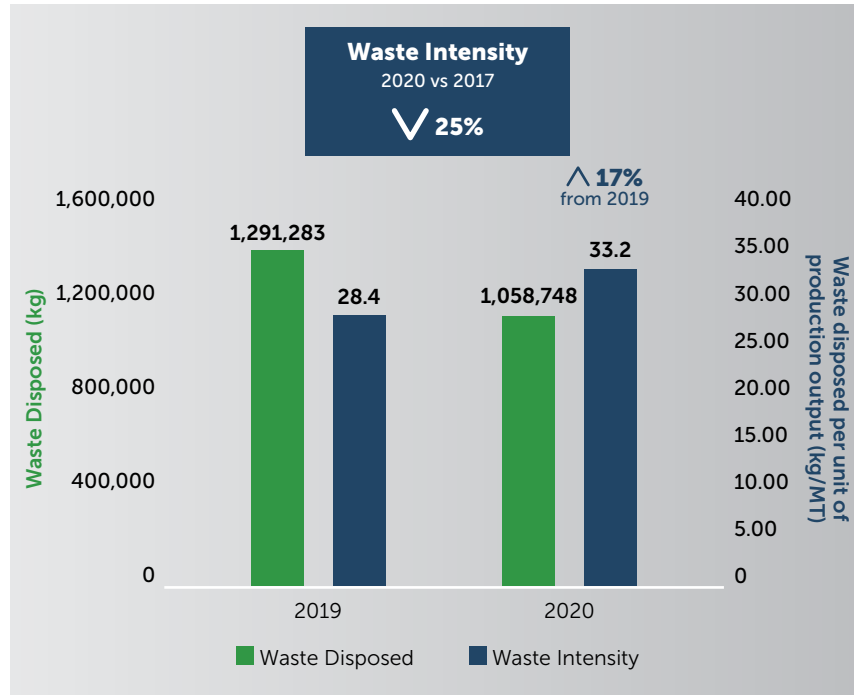
At Delfi, we ensure that our waste is safely disposed of to ensure that we do not contaminate our environment. All our waste is managed by authorised waste contractors, which is in line with regulatory requirements. The terms, hazardous and non-hazardous waste, are terms used in accordance with GRI Standards.

In 2020, the volume of overall waste amounted to 1,058,748 kg in Indonesia and the Philippines, a reduction of 18% from 1,291,283 kg in 2019. This fall in volume was achieved through close monitoring and a maintenance regime, to ensure optimal operating conditions.

On a per metric ton basis, the volume of overall waste for 2020 was 33.2 kg/MT, which was a 17% increase from the prior year. This increase was mainly due to a fall in production output across our manufacturing facilities due to the unprecedented impact of COVID-19 this year. Delfi has already implemented several initiatives to mitigate the long-term impact of COVID-19 (see "Standing Together with Staff, Stakeholders and Friends to Fight COVID-19").

Non-hazardous waste consisted of packaging and production peripherals comprising of paper, plastic and metallic materials. In 2020, absorber waste, also known as residual waste sludge produced as a by-product of the wastewater treatment process, was assessed to be non-hazardous for our Indonesian manufacturing facility by the local authorities, the Indonesian Ministry of Environment and Forestry. Hazardous waste relates to waste from our analytical laboratory (e.g. laboratory chemicals) and maintenance activities (e.g. transformer oil).

In respect of our overall non-hazardous waste produced, which made up 99.2% of our total waste, 75.9% was recycled, 3.7% was accounted for through recovery, 2.2% was reused, 18.1% was composted and the remaining 0.1% was disposed by contractors in compliance with local regulations. Our hazardous waste, which amounted to 0.8% of our total waste, was managed and disposed of in compliance with local regulations by authorised waste contractors.



# SUSTAINABILITY IN SECURING AGRICULTURAL PRODUCTS

## SIGNIFICANCE OF IMPACT

<103-1>

At Delfi, we understand that agricultural practices can potentially bring about adverse environmental impacts. It is therefore a key objective for our sourcing function that all the agricultural products used are derived sustainably and purchased responsibly along our direct supply chain. Delfi practices due diligence in our operations in ensuring minimal adverse environmental impacts, such as engaging with partners who believe in the same sustainability agenda as we do, and continuously improving our sourcing approach to advance our sustainability vision.

Details of the management approach, practices and performance are disclosed under the Supply Chain Assessment Section.



## ECONOMIC

Value creation for all our stakeholders has always been integral to our business and viewed with priority here at Delfi. We have been positively impacting the community by creating jobs over our 68 years in existence, enhancing livelihood and providing a source of stable income, and we aim to achieve even more in the future, in line with our emphasis on value creation. We support over 4000 jobs within our operations across Singapore, Indonesia, the Philippines and Malaysia.





# COMPLIANCE WITH IMPORT, EXPORT AND TRADE REGULATIONS

## SIGNIFICANCE OF IMPACT

<103-1>

Delfi is a responsible organisation – Through our value creation chain, our resources, materials and products move across borders from country to country on a daily basis. Any lapses or failures in compliance with import, export and trade regulations would directly impact our organisation and may lead to socioeconomic, civil or even criminal penalties. Non-compliance could also cause significant business disruption such as loss of business opportunities, custom clearance and shipment delays, container abandonment or government sequestration. Such disruptions would ripple across our organisation – affecting our production and delivery schedules, greatly impacting our stakeholders across the value chain and our brand reputation. On a financial level, these costs collectively would have a significant bearing on our financial bottom line.

## PRACTICES AND PERFORMANCE

<103-3>

Our cross-functional teams support one another in ensuring that our approach towards being fully compliant remains robust. We conduct regular internal meetings to update each other on any changes to the relevant laws and regulations at the local, national and international level. These laws and regulations are complex, dynamic and require close monitoring.

We work closely with Badan Pengawas Obat dan Makanan ('BPOM') Republik Indonesia and participate in BPOM's focus group discussions for the formulation of regulations. This has strengthened our channels of communication with BPOM, providing us an official platform to directly engage and build on good sector practices shared in enhancing our compliance track record for food safety and quality.

In 2020, there were zero material incidents of non-compliance with applicable import, export and trade regulations.

## MANAGEMENT APPROACH

<103-2> <103-3>



### POLICY

To ensure smooth cross-border operations, we continuously update and refine our compliance systems and processes to ensure compliance with the relevant laws in all jurisdictions that we do business.



### COMMITMENTS & TARGETS

We are committed towards full compliance with all applicable import, export and trade regulations in all the countries that we operate in.

In addition, we have the following target:

Scope	Current Target	FY2020
Group-level	Zero material incidents of non-compliance with applicable import, export and trade regulations, yearly	Achieved

### Categories of laws and regulations that impact Delfi's internal policies, procedures and practices

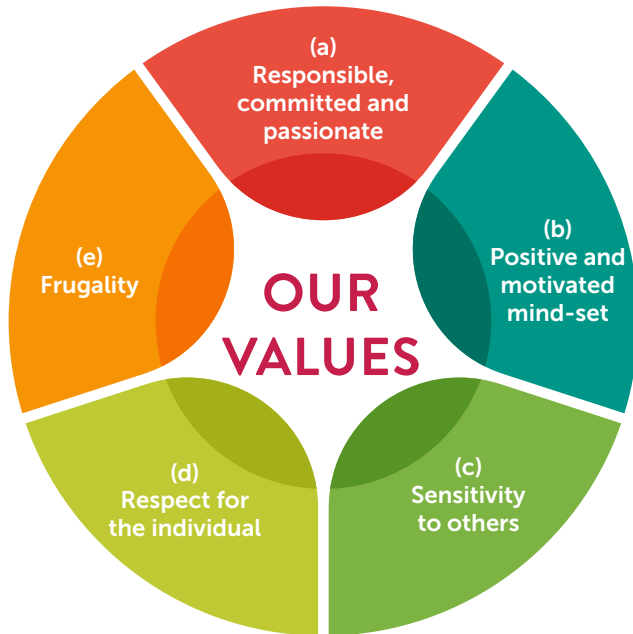
Free trade agreements	Transactions and tax regulations	Cargo security	Customs regulations	Import valuation and classification	Export control regulations	Trade embargoes and economic sanctions
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# GOVERNANCE

## OUR VALUES

<102-16>

Integrity, excellence and commitment, are values that guide all of us at Delfi as we seek to enhance our organisation’s development, performance and growth. These core values are embedded within our concept of corporate governance and form an integral part of Delfi’s ethos, business, systems, processes and operations. Our mission is to delight customers and consumers with superior chocolate confectionery products and services.



Delfi’s Code of Conduct provides a framework for ethical decision making and good conduct for the Group. The Code contains important core values and principles of the Company’s professional conduct and governance. The Board of Directors, Management and all employees are dedicated to upholding the Code.

## CODE OF CONDUCT

<102-17>

Delfi has an Ethics Code, within our Code of Conduct, to which advice on matters of ethical concerns and grievances may be sought by our internal and external stakeholders. These matters will be handled objectively and subject to further investigation, disciplinary action/s or legal process, where justified and necessary. A link to the Code may be found at [http://www.delfilimited.com/NewsRoom/20190401-Code\\_of\\_Conduct-Delfi.pdf](http://www.delfilimited.com/NewsRoom/20190401-Code_of_Conduct-Delfi.pdf).

In addition, Delfi has a whistle blowing mechanism and policy that seeks to encourage reporting in good faith, of matters which may comprise misdemeanours, misconduct, fraud, corruption, illegal acts, etc. The mechanism and policy seek to provide for reporting in confidence that stakeholders are treated fairly and shielded from any reprisal.

In regard to issues relating to our ESG concerns, external stakeholders can also file their feedback, concerns or grievances through our general corporate relations channels. Internal stakeholders can do so through human resources / union-management channels. We seek to investigate, address and resolve all confirmed cases as soon as practicable. All grievance proceedings and records will be kept in confidence.

## CORPORATE GOVERNANCE

<102-18> <102-23>

The Board of Delfi comprises a healthy well-balanced mix of entrepreneurs, professionals and corporate expertise. Out of a total of 8 Directors, our Board comprises 3 executive Directors and 5 non-executive independent Directors. There is a clear separation of the role of the Chief Executive Officer and the Chairman. One of our 3 executive Directors serves as CEO and Managing Director. The Board meets regularly and is provided with timely updates and information. As and when there are urgent commercial or other corporate matters, Board meetings are convened to seek guidance from the Board or to elicit a decision. All Directors are expected to act in good faith, and to act in the interests of all Delfi shareholders. The Board is supported by the Executive Committee, the Audit Committee, the Remuneration Committee, the Nominating Committee, the Risk Management Committee and the Market Sustainability and Strategy Committee. These committees (with the exception of the Executive Committee) provide guidance and regularly review matters within their purview.

A full report on our corporate governance practices in compliance with the Code of Corporate Governance 2018 can be found under our Corporate Governance Report in our Annual Report 2020.

# GOVERNANCE

## SUSTAINABILITY GOVERNANCE

<102-18> <102-32>

The Board, supported by the Market Sustainability and Strategy Committee ('MSSC'), is collectively responsible for Delfi's sustainability policy. It provides strategic direction and specifically considers sustainability as part of its strategy. The charter requires the MSSC to be composed of 3 or more directors, with a majority of whom shall be independent directors. Its mandate is as follows:

- Promoting, developing and advancing market strategies and/or initiatives for market development, sustainability and growth. For the purpose of the MSSC Charter, 'sustainability' shall mean and be deemed to include, sustainability in respect of the business, people, corporate culture, environment and social responsibility
- Fostering ideas and the understanding application and use of market knowledge and market development initiatives
- Encouraging and nurturing network development and market development regionally and globally in the furtherance and advancement of the Company's interests
- Benchmarking the priorities and responsibilities outlined in (1) to (3)
- The Chairman or CEO, or the Board may in their discretion assign the Committee to assist in reviewing and/ or advising on any tie-up, venture, acquisition or divestment as the case may be

The Board works closely with Management in determining and overseeing the management and monitoring of Delfi's material sustainability matters. The Board has the ultimate responsibility for Delfi's sustainability reporting process.

# GOVERNANCE

## CORPORATE SOCIAL RESPONSIBILITY

Beyond our customers, consumers and business partners, Delfi recognises the importance of enriching lives and building sustainable relationships with the many communities we serve.

### Delfi Limited Bursary

The Delfi Group believes that where possible we should support deserving students who are unable to achieve their academic potential just because they lack adequate funding. No person should be left behind for want of financial means to benefit from a good education. In the same vein, Delfi believes in the importance of nurturing and grooming the next generation as strong ethical leaders. Through the bursaries awarded to students of Singapore Management University (SMU), Delfi hopes to empower exceptional students to strive for excellence. There are 3 students on this programme for the academic year 2019/2020.

### Delfi's Milk Drinking Movement

Delfi partnered with an elementary school, Andir 01 Elementary School, in Bandung, Indonesia in September 2018 to bring the Milk Drinking Movement (Gerakan Minum Susu) to life. The Milk Drinking Movement is expected to benefit the students in giving them their nutritional needs for growth. Our work under this movement is expected to be carried out monthly over a 3-year continuous period. To supplement our contribution to the children under this initiative, we try to liven the spirits of these children by providing them with additional chocolate treats to reward them for their efforts at school.

The initiative is in keeping with Delfi's regulatory commitment with Indonesia's Ministry of Agriculture, to help energise and contribute to the development of the domestic fresh milk industry locally. To spread the joy that Delfi's Milk Drinking Movement brings, we have expanded our reach to include other schools in Bandung, Indonesia, namely, SDN Dayeuhkolot 07.

Due to the COVID-19 pandemic in 2020, the Milk Drinking Movement has been put on hold this year to protect the health and safety of the people involved. We look forward to continuing this initiative in the years ahead.



# SUPPLY CHAIN ASSESSMENT

## SIGNIFICANCE OF IMPACT

<103-1>

Securing socially and environmentally sustainable agricultural products is important to Delfi and our stakeholders. We recognise that our impact on people and the environment extends beyond our own business activities. These impacts can occur as a result of our business relationships throughout our supply chain. Therefore, due diligence is expected of Delfi in taking concrete steps to prevent and mitigate all forms of adverse social and environmental impacts that are directly linked to our operations and products. To that end, we seek to drive the sustainability agenda along our supply chain and collaborate with like-minded business partners to mutually advance our shared sustainability vision.

## MANAGEMENT APPROACH

<103-2><103-3>



### POLICY

Our emphasis is to actively seek out and work with suppliers that support sustainable practices. Sustainability is a core criterion in our supplier evaluation, and we are continuously improving our procurement and sourcing approach to drive the sustainability agenda.

Delfi's Prescribed Standards, Requirements & Practices comprise our minimum requirements relating to the Environment, Social & Working Conditions, in purchasing products, materials and services. Our approach is based on international laws, regulations and the core conventions as defined in the fundamental principles of Human Rights at work, namely:

- ▶ The Universal Declaration of Human Rights (UN, 1948)
- ▶ Convention on the Rights of the Child (UN, 1989)
- ▶ ILO Declaration (ILO, 1998)
- ▶ The Rio Declaration on Environment and Development (UN, 1992)
- ▶ The Ten Principles of the UN Global Compact Framework (UN, 2000)
- ▶ The Johannesburg UN World Summit on Sustainable Development (UN, 2002)

Delfi has a sustainable sourcing strategy for the acquisition of raw materials that is aligned with UTZ certification requirements.



### COMMITMENTS & TARGETS

We are committed to sustainable procurement and in promoting positive socioeconomic and environmental impact through our supply chain.

In addition, we have the following targets:

Scope	Current Targets	FY2020
Group-level	All new potential suppliers to complete the Supplier Self-Assessment Program based on revised evaluation matrix.	Achieved
Group-level	All existing suppliers to complete the Supplier Self-Assessment Program based on revised evaluation matrix.	In progress



# SUPPLY CHAIN ASSESSMENT

## PRACTICES AND PERFORMANCE

<103-3><308-1><414-1>

### Delfi Limited's Prescribed Standards

We urge all our partners and suppliers to uphold the Delfi Limited's Prescribed Standards, Requirements and Practices for the Environment, Social and Working Conditions ("Delfi's Prescribed Standards").

We recognise that our business has an impact on people and the environment locally, globally and especially in the countries in which we operate and do business in. We believe that we are empowered to choose to act responsibly, with integrity and to do good while fulfilling our intent of being a good business partner. Upholding this principle is a pre-condition to our future growth; a growth that will be achieved along with other like-minded responsible business partners and suppliers who share and identify with our vision, mission and approach to doing business.

As a result, Delfi requires business partners and suppliers to acknowledge and agree to our Delfi's Prescribed Standards, for the Environment, Social & Working Conditions for the management of businesses, the purchase, and/or acquisition of products, materials and/or the delivery of services. Ultimately, it is the spirit of the Delfi's Prescribed Standards that is important to us, and it is with this spirit that we consistently urge our business partners and suppliers to stand shoulder to shoulder with us in upholding the Delfi's Prescribed Standards. Likewise, in our bid to uphold ethical business practices and supply chain transparency, Delfi's Indonesia facility undergoes yearly SMETA audit, which is an ethical audit format which reports on the Sedex pillars of Labour, Health and Safety, Environment and Business Ethics. Delfi is a member of Sedex – one of the world's leading ethical trade membership organisations.

The following table summarises the elements covered in the Delfi's Prescribed Standards.

Summary of elements in Delfi's Prescribed Standards, Requirements & Practices for the Environment, Social & Working Conditions		
<p><b>ENVIRONMENT</b></p> <ul style="list-style-type: none"> <li>▶ Air pollution</li> <li>▶ Noise pollution</li> <li>▶ Water and ground pollution</li> <li>▶ Energy reduction</li> <li>▶ Reduction of other environmental impacts</li> <li>▶ Storage, transportation and handling of chemicals</li> <li>▶ Storage, handling and transportation of hazardous and non-hazardous waste</li> </ul>	<p><b>SOCIAL</b></p> <ul style="list-style-type: none"> <li>▶ Health and safety</li> <li>▶ Safety hazards and fire prevention</li> <li>▶ Housing facilities and accomodation</li> <li>▶ Wages, benefits and working hours</li> <li>▶ Child Labour</li> <li>▶ Forced and bonded labour</li> <li>▶ Discrimination</li> <li>▶ Freedom of association</li> <li>▶ Harrassment, abuse and disciplinary action</li> </ul>	<p><b>GOVERNANCE</b></p> <ul style="list-style-type: none"> <li>▶ Legal compliance</li> <li>▶ Confidentiality and intellectual property</li> <li>▶ Ethics and business</li> </ul>

In 2020, in response to the COVID-19 crisis, Delfi remained cognizant and alert to the potential adverse impact to the supply chain. As such, Delfi implemented practices and procedures to ensure efficient stock and raw materials management and control, keeping a watchful eye on key ingredients, and where appropriate or necessary nurturing or keeping 'back-up' supplies and suppliers who would be able to meet our needs. We did this to stay ahead of the curve. There was no material negative or adverse impact on our supply chain as a result of COVID-19.



# SUPPLY CHAIN ASSESSMENT

## LAUNCH OF SUPPLIER SELF-ASSESSMENT (“SSA”) PROGRAM

Aside from Delfi’s Prescribed Standards that our suppliers are encouraged to adhere to, we have rolled out the SSA program which incorporates social and environmental criteria as part of our evaluation matrix used to assess new potential suppliers, as well as our existing suppliers in a phased-approach on their compliance and competence in managing ESG-related aspects across their value chain. The SSA questions are based on internationally recognised standards such as but not limited to ISO14001 Environmental Management Systems, SEDEX membership and OSHAS, whilst taking into consideration the respective countries’ environmental conservation laws to assess suppliers on their attitude towards environmental and social responsibility.

In 2020, 100% of our new suppliers have completed the SSA. We are still in the process of assessing our existing suppliers using the revised SSA, in line with our phased approach.

## UTZ CERTIFICATION

UTZ is an internationally renowned certification program for sustainable farming of coffee, tea, cocoa and hazelnuts, and it affirms to consumers that products have been sourced in a sustainable manner. The program is part of the Rainforest Alliance, an international non-profit organization that aims to protect forests, promote the rights of farmers and forest communities, and adapt to the climate crisis by making responsible business the new normal.

To demonstrate our commitment towards better and more sustainable supply chains, Delfi obtained the UTZ certification in 2020. The UTZ certification is helpful in that it is an assurance from an independent non-governmental organisation that Delfi has a sustainable sourcing strategy for the acquisition of raw materials. Delfi would also be able to show that it is able to supply UTZ certified products to some customers.

## SUSTAINABILITY PROJECTS AND INITIATIVES










Delfi believes in collaborating with businesses, communities, governments and non-governmental organisations (‘NGOs’) to tackle systemic sustainability concerns that may be prevalent in our sector. So, for example, in the chocolate industry and the cocoa ingredients industry, it is imperative that we do our part in helping to address these concerns and work against known ills such as child labour, forced labour, human rights violations, cruelty against animals, deforestation, and pollution, while we also focus on promoting good policies and practices in employment, health, safety and governance.

# STAKEHOLDER GOALS

## GOALS FOR OUR STAKEHOLDERS

<102-40> <102-42> <102-43> <102-44>

At Delfi, passion for people has always been at the heart of what we do. Focusing our connections with all our stakeholders is vital for us to constantly meet and hopefully exceed their expectations. Our conversations with our stakeholders allow us to understand their key concerns and respond accordingly. Our sustainability approach draws upon these outcomes. We connect with our stakeholders through various modes of regular engagement including meetings, briefings, phone calls and other forms of communication.

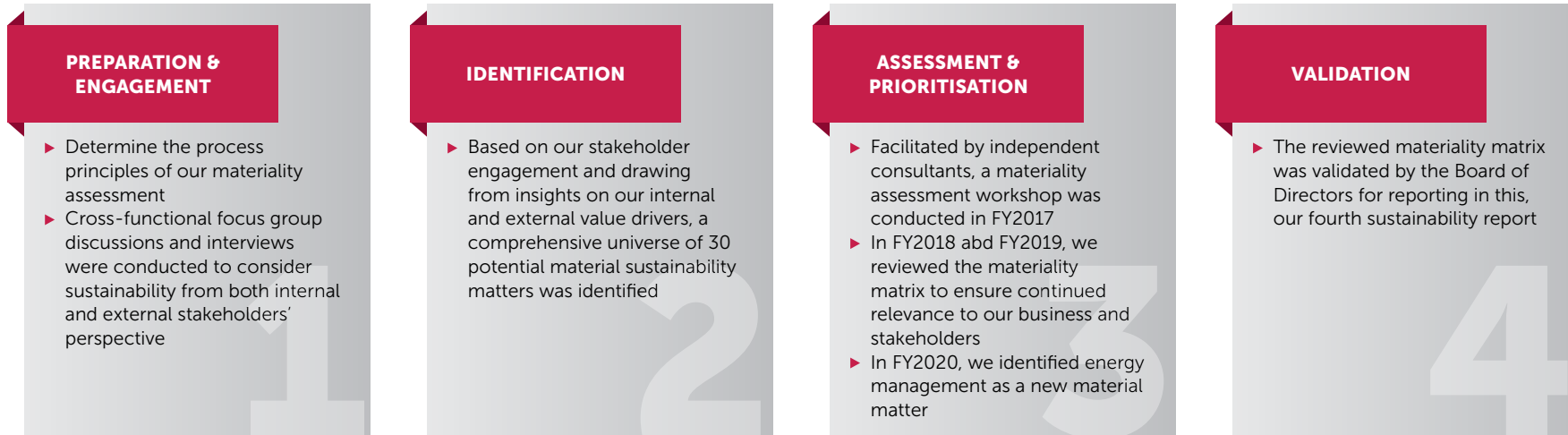
 <p><b>Investors</b></p> <p>We aim to promote investors' understanding of Delfi's strategy and performance through timely, appropriate and accurate dissemination of corporate information.</p> <p>In the long-term, we seek to build trust-based relationships with our investors through our emphasis on governance structures and collaborative dialogue.</p>	 <p><b>Consumers</b></p> <p>We are committed to going the extra mile to consistently provide superior quality for our consumers – many of whom have been with us across generations – with a superior Delfi experience.</p> <p>We emphasise continuous product development and quality enhancement in our journey to meet the needs of our broad range of consumers.</p>	 <p><b>Employees</b></p> <p>We provide a livelihood for our employees. Our aspiration is to create a workplace that all our employees and workers are proud of – a true Delfi family.</p> <p>Our focus is on treating our employees and workers fairly, fostering close labour union relations and advocating excellence in occupational health and safety.</p>
 <p><b>Local Communities</b></p> <p>We respect the communities we operate in, and are keen to advance the interests of the Company and the community in lockstep.</p> <p>As a good corporate citizen, we aim to achieve our goals through actively shaping and participating in community programs and initiatives.</p>	 <p><b>Suppliers</b></p> <p>As we view our suppliers as business partners, our objective is for mutual growth through fair and transparent dealings in compliance with relevant laws and regulations.</p> <p>We are also increasingly seeking out and working with suppliers that subscribe to our sustainability agenda. We audit our original product manufacturers and key suppliers for sustainable value creation.</p>	 <p><b>Customers</b></p> <p>At Delfi, we see distributors, wholesalers and retailers as our customers as well as our partners in expanding our reach to our consumers, and ultimately driving sales for the company.</p> <p>Our goal is to create a fair and mutually beneficial arrangement, through clear and open communication lines on expectations.</p>
 <p><b>Governments &amp; Regulators</b></p> <p>We have the utmost respect for the rule of law, and continually extend our cooperation with governments and regulators.</p> <p>It is our priority to ensure compliance with the relevant laws and regulations in the jurisdictions in which we do business.</p>	 <p><b>Trade &amp; Industry Associations</b></p> <p>Our goal is to play an active role in the trade and industry associations of which we are members, to help further the interests of the group.</p> <p>We hope to lend our support and contribute to the various initiatives that will help advance our sustainability agenda.</p>	 <p><b>Non-profit Organisations</b></p> <p>We seek to constructively engage non-profit organisations, align on common social causes and explore models for further partnership where feasible.</p>



# MATERIALITY ASSESSMENT

<102-46> <102-47> <102-49>

At Delfi, we believe that our Sustainability Mission is built on the four intertwined themes of social, environmental, economic and governance issues which we call our "Four Sustainability Pillars". The sustainability matters within each of these Pillars are the ones that we have focused on as we believe them to be the most relevant to our business and our key stakeholders.



# GRI CONTENT INDEX

&lt;102-55&gt;

**Reference:****SR** – Delfi's Sustainability Report 2020**AR** – Delfi's Annual Report 2020

Delfi's Sustainability Report 2020 references the following disclosures from GRI Standards 2016 and 2018:

GRI Standards Disclosures		Reference(s) or Reasons for Omission (if applicable)
<b>General Disclosures 2016</b>		
<b>Organisational Profile</b>		
102-1	Name of the organisation	Board Statement ( <b>SR</b> Pg 2)
102-2	Activities, brands, products, and services	Introduction ( <b>SR</b> Pg 6)
102-3	Location of headquarters	Introduction: About Delfi ( <b>SR</b> Pg 6); About this report: Feedback ( <b>SR</b> Pg 4)
102-4	Location of operations	Introduction: About Delfi ( <b>SR</b> Pg 6)
102-5	Ownership and legal form	Introduction: About Delfi ( <b>SR</b> Pg 6)
102-6	Markets served	Introduction: About Delfi ( <b>SR</b> Pg 6)
102-7	Scale of the organisation	Our People: Profile of our Workforce ( <b>SR</b> Pg 15); Introduction ( <b>SR</b> Pg 6); Five-Year Financial Highlights & Review ( <b>AR</b> Pg 10)
102-8	Information on employees and other workers	Our People: Profile of our Workforce ( <b>SR</b> Pg 15)
102-9	Supply chain	Introduction: Our Value Creation Chain ( <b>SR</b> Pg 9-10)
102-10	Significant changes to the organisation and its supply chain	Business Review: Key Developments in 2020 ( <b>AR</b> Pg 17)
102-11	Precautionary principle or approach	Corporate Governance Report: Principle 9 – Risk Management and Internal Controls ( <b>AR</b> Pg 64)
102-12	External initiatives	Not applicable
102-13	Membership of associations	Delfi is a member of the following: <ul style="list-style-type: none"> <li>Southeast Asia Alliance on Sustainable Palm Oil (<b>SASPO</b>)</li> </ul> For more information, refer to: <a href="http://www.delfilimited.com/corporate_sustainability.html">http://www.delfilimited.com/corporate_sustainability.html</a>
<b>Strategy</b>		
102-14	Statement from senior decision-maker	Board Statement ( <b>SR</b> Pg 2)
<b>Ethics and Integrity</b>		
102-16	Values, principles, standards, and norms of behavior	Governance: Our Values ( <b>SR</b> Pg 34)
102-17	Mechanisms for advice and concerns about ethics	Governance: Code of Conduct ( <b>SR</b> Pg 34); Corporate Governance Report: Whistle Blower Protection Mechanism & Policy ( <b>AR</b> Pg 66)

# GRI CONTENT INDEX

&lt;102-55&gt;

GRI Standards Disclosures		Reference(s) or Reasons for Omission (if applicable)
<b>General Disclosures 2016</b>		
<b>Governance</b>		
102-18	Governance structure	Governance: Corporate Governance (SR Pg 34); Governance: Sustainability Governance (SR Pg 35); Board of Directors (AR Pg 26); Corporate Governance Report: Principle 1 – The Board’s Conduct of Affairs (AR Pg 52)
102-23	Chair of the highest governance body	Governance: Corporate Governance (SR Pg 34); Corporate Governance Report: Principle 1 – The Board’s Conduct of Affairs (AR Pg 52)
102-25	Conflicts of interest	Corporate Governance Report: Principle 2 – Board Composition and Guidance (AR Pg 57); Principle 5 – Board Performance (AR Pg 59); Disclosure under SGX-ST Listing Manual Requirements – (e) Interested person transactions and conflicts of interest (AR Pg 177)
102-29	Identifying and managing economic, environmental, and social impacts	Board Statement (SR Pg 2); Corporate Governance Report: Principle 1 – The Board’s Conduct of Affairs (AR Pg 52)
<b>Stakeholder Engagement</b>		
102-32	Highest governance body’s role in sustainability reporting	Board Statement (SR Pg 2); Governance: Sustainability Governance (SR Pg 35)
102-40	List of stakeholder groups	Stakeholder Goals (SR Pg 40)
102-41	Collective bargaining agreements	There are no collective bargaining agreements in place
102-42	Identifying and selecting stakeholders	Stakeholder Goals (SR Pg 40)
102-43	Approach to stakeholder engagement	Stakeholder Goals (SR Pg 40)
102-44	Key topics and concerns raised	Stakeholder Goals (SR Pg 40)
<b>Reporting Practice</b>		
102-45	Entities included in the consolidated financial statements	About this Report: Reporting Period and Scope (SR Pg 4)
102-46	Defining report content and topic Boundaries	About this Report: Our Sustainability Pillars and Material Sustainability Matters (SR Pg 5); Materiality Assessment (SR Pg 41)
102-47	List of material topics	Materiality Assessment (SR Pg 41)
102-48	Restatement of information	The water discharge volume for Indonesia in FY2017 has been restated upon further review from 27,083m <sup>3</sup> to 65,624m <sup>3</sup> . This has an impact to the percentage change in water discharge intensity levels calculated between FY2020 and FY2017, as disclosed under Treatment & Disposal of Waste & Effluents (SR Pg 29).
102-49	Changes in reporting	About this Report: Our Sustainability Pillars and Material Sustainability Matters (SR Pg 5); Materiality Assessment (SR Pg 41)
102-50	Reporting period	About this Report: Reporting Period and Scope (SR Pg 4)
102-51	Date of most recent report	About this Report: Reporting Period and Scope (SR Pg 4)
102-52	Reporting cycle	About this Report: Reporting Period and Scope (SR Pg 4); Delfi to perform sustainability reporting on an annual basis.
102-53	Contact point for questions regarding the report	About this Report: Feedback (SR Pg 4)
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared with reference to GRI 2016 Standards.
102-55	GRI content index	GRI Content Index (SR Pg 42)
102-56	External assurance	About this Report: Independent Assurance (SR Pg 4)

# GRI CONTENT INDEX

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GRI Standards Disclosures		Reference(s) or Reasons for Omission (if applicable)
<b>Material Topic: Energy Management</b>		
<b>Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Energy Management (SR Pg 24)
103-2	The management approach and its components	Energy Management (SR Pg 24)
103-3	Evaluation of the management approach	Energy Management (SR Pg 24-25)
<b>Energy 2016</b>		
302-1	Energy consumption within the organisation	Energy Management (SR Pg 25)
302-3	Energy intensity	Energy Management (SR Pg 25)
<b>Material Topic: Responsible Water Use</b>		
<b>Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Responsible Water Use (SR Pg 26)
103-2	The management approach and its components	Responsible Water Use (SR Pg 26)
103-3	Evaluation of the management approach	Responsible Water Use (SR Pg 26-27)
303-1	Interactions with water as a shared resource	Responsible Water Use (SR Pg 27)
303-2	Management of water discharge-related impacts	Responsible Water Use (SR Pg 27)
<b>Water and Effluents 2018</b>		
303-3	Water withdrawal	Responsible Water Use (SR Pg 27)
<b>Material Topic: Treatment and Disposal of Waste and Effluents</b>		
<b>Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Treatment & Disposal of Waste & Effluents (SR Pg 28)
103-2	The management approach and its components	Treatment & Disposal of Waste & Effluents (SR Pg 28)
103-3	Evaluation of the management approach	Treatment & Disposal of Waste & Effluents (SR Pg 28-30)
<b>Water and Effluents 2018</b>		
303-4	Water discharge	Treatment & Disposal of Waste & Effluents (SR Pg 29)  The water discharge volume for FY2019 excludes water used for domestic purposes at our Philippines facility due to data unavailability. As we strive to meet the GRI 2018 Water and Effluents disclosure which was adopted for reporting this year, the Group has implemented the tracking of data beginning FY2020.
<b>Effluents and Waste 2016</b>		
306-2	Waste by type and disposal method	Treatment & Disposal of Waste & Effluents (SR Pg 30)
<b>Material Topic: Sustainability in Securing Sustainable Agricultural Products</b>		
<b>Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Sustainability in Securing Sustainable Agricultural Products (SR Pg 31) Supply Chain Assessment (SR Pg 37)
103-2	The management approach and its components	Supply Chain Assessment (SR Pg 37)
103-3	Evaluation of the management approach	Supply Chain Assessment (SR Pg 37-38)

# GRI CONTENT INDEX

&lt;102-55&gt;

GRI Standards Disclosures		Reference(s) or Reasons for Omission (if applicable)
<b>Material Topic: Supply Chain Assessment</b>		
<b>Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Supply Chain Assessment (SR Pg 37)
103-2	The management approach and its components	Supply Chain Assessment (SR Pg 37)
103-3	Evaluation of the management approach	Supply Chain Assessment (SR Pg 37-39)
<b>Supplier Environmental Assessment 2016</b>		
308-1	New suppliers that were screened using environmental criteria	Supply Chain Assessment (SR Pg 37) Introduction: 2020 Highlights (SR Pg 7)
<b>Supplier Social Assessment 2016</b>		
414-1	New suppliers that were screened using social criteria	Supply Chain Assessment (SR Pg 37) Introduction: 2020 Highlights (SR Pg 7)
<b>Material Topic: Employee Well-being</b>		
<b>Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Employee Well-being (SR Pg 16)
103-2	The management approach and its components	Employee Well-being (SR Pg 16)
103-3	Evaluation of the management approach	Employee Well-being (SR Pg 16-17)
<b>Employment 2016</b>		
401-1	New employee hires and employee turnover	Employee Well-being (SR Pg 17)
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Well-being (SR Pg 17)
<b>Material Topic: Occupational Health and Safety</b>		
<b>Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Occupational Health & Safety (SR Pg 18)
103-2	The management approach and its components	Occupational Health & Safety (SR Pg 18)
103-3	Evaluation of the management approach	Occupational Health & Safety (SR Pg 18-19)
403-1	Occupational health and safety management system	Occupational Health & Safety (SR Pg 18)
403-2	Hazard identification, risk assessment, and incident investigation	Occupational Health & Safety (SR Pg 19)
403-3	Occupational health services	Occupational Health & Safety (SR Pg 19)
403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Health & Safety (SR Pg 19)
403-5	Worker training on occupational health and safety	Occupational Health & Safety (SR Pg 19)
403-6	Promotion of worker health	Occupational Health & Safety (SR Pg 19)
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health & Safety (SR Pg 19)
<b>Occupational Health and Safety 2018</b>		
403-8	Workers covered by an occupational health and safety management system	Occupational Health & Safety (SR Pg 20)
403-9	Work-related injuries	Occupational Health & Safety (SR Pg 20)
403-10	Work-related ill health	Occupational Health & Safety (SR Pg 20)

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GRI Standards Disclosures		Reference(s) or Reasons for Omission (if applicable)
<b>Material Topic: Consumer Health and Safety, and Mindful Consumption</b>		
<b>Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Consumer Health & Safety, and Mindful Consumption (SR Pg 21)
103-2	The management approach and its components	Consumer Health & Safety, and Mindful Consumption (SR Pg 21)
103-3	Evaluation of the management approach	Consumer Health & Safety, and Mindful Consumption (SR Pg 21-23)
<b>Customer Health and Safety 2016</b>		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Consumer Health & Safety, and Mindful Consumption (SR Pg 22-23)
<b>Marketing and Labeling 2016</b>		
417-2	Incidents of non-compliance concerning product and service information and labeling	Consumer Health & Safety, and Mindful Consumption (SR Pg 22-23)
<b>Material Topic: Compliance with Import, Export &amp; Trade Regulations</b>		
<b>Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Compliance to Import, Export & Trade Regulations (SR Pg 33)
103-2	The management approach and its components	Compliance to Import, Export & Trade Regulations (SR Pg 33)
103-3	Evaluation of the management approach	Compliance to Import, Export & Trade Regulations (SR Pg 33)
--	Incidents of non-compliance concerning import, export and trade regulations	Compliance to Import, Export & Trade Regulations (SR Pg 33)