

Snack Empire Holdings Limited

快餐帝國控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1843



**Environmental,
Social and
Governance Report**

Environmental, Social and Governance Report

INTRODUCTION

This Environmental, Social and Governance Report (the “Report”) summarises the environmental, social and governance (“ESG”) initiatives, programmes and performance of Snack Empire Holdings Limited (the “Company”), together with its subsidiaries, (the “Group”) as well as its commitment to sustainability.

The Group is a food and beverage group offering Taiwanese Snacks and Beverages under its Shihlin Taiwan Street Snacks® brand. The core businesses of the Group are principally operating outlets and restaurants through the adoption of two basic models, namely (i) self-operated model, and (ii) franchise and licence model. Since the Group opened its first pop-up store in Singapore in November 2003, its international footprints have spanned across Singapore, Malaysia, Indonesia and the United States.

The Group owns, manages and operates the Self-operated (“operated by our Group”) outlets and restaurants and retains any operating profits generated therefrom. It is solely responsible for all capital expenditures in connection with the opening of all Self-operated outlets and restaurants, as well as all ongoing operating expenses in connection therewith. In contrast with Self-operated outlets and restaurants, the Non-self-operated outlets and restaurants are owned, managed and operated by independent third parties under the franchise or licence arrangements, with technical and operational support from the Group, including training, operations manuals, access to the Group’s supply and distribution network and advertising and promotion assistance. Its franchisees and licensee are solely responsible for all capital expenditures and ongoing operating expenses in connection with the Non-self-operated outlets and restaurants.

In the future, the Group intends to integrate ESG aspects into its risk management system and take corresponding measures in its daily operation and governance perspective.

ESG Governance Structure

The Group conducts a top-down management approach regarding its ESG issues. The board of directors (the “Board”) oversees and sets the ESG strategy for the Group. It is also responsible for ensuring the effectiveness of the Group’s risk management and internal controls.

A working group has been created in order to have systematic management of the Group’s ESG issues. The working group is responsible to collect relevant ESG data and would periodically report to the Board. The Board assesses the Group’s risk management policies and the effectiveness of the Group’s internal control system. The Board examines and evaluates the Group’s ESG performance, including environmental, labour practices, and other ESG aspects. The Group has engaged Roma Risk Advisory Limited (“Roma Risk Advisory”), an independent professional consultant, to provide ESG advisory services and assist in compiling of the Report.



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ABOUT THE REPORT

Scope of Reporting

Unless stated otherwise, the Report covers the Group’s major operating revenue activities under direct management control, including its offices and Self-operated outlets and restaurants which are limited to Singapore and Malaysia. The ESG key performance indicator (“KPI”) data are gathered and are shown in the Report as well as supplemented by explanatory notes to establish benchmarks. The Group will continue to assess the major ESG aspects of different businesses to determine whether they need to be included in the ESG reporting.

Reporting Framework

The Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) as set out in the Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The Group’s governance structure and practices has been set out in the “Corporate Governance Report” on pages 12–23 of the Annual Report 2020.

Reporting Period

The Report describes the ESG activities, challenges and measures taken by the Group during the financial year ended 31 March 2020 (the “Year”).

Language

If there is any inconsistency between the English version of the Report and the Chinese version of the Report, the English version of the Report shall prevail. Names of any laws and regulations, governmental authorities, institutions, natural persons or other entities which have been translated into English or Chinese and included in the Report and for which no official English or Chinese translation exists are unofficial translations for your reference only.

STAKEHOLDER ENGAGEMENT

The Group values its stakeholders and their feedbacks regarding its businesses and ESG aspects. In order to understand and address their key concerns, the Group has maintained close communication with its key stakeholders, including but not limited to investors and shareholders, customers, licensee and franchisees, suppliers, the Group’s employees, the community, non-governmental organisations (“NGOs”) and the media.

The Group takes stakeholders’ expectations into consideration in formulating its businesses and ESG strategies by utilising diversified engagement methods and communication channels, shown as below.

Stakeholders	Communication Channels	Concerns
Investors and shareholders	<ul style="list-style-type: none"> Annual general meeting and other shareholder meetings Financial reports Announcements and circulars 	<ul style="list-style-type: none"> Complying with relevant laws and regulations, including the listing rules Financial results Corporate sustainability
Customers	<ul style="list-style-type: none"> Physical outlets and restaurants Customer service hotline Social media Company website 	<ul style="list-style-type: none"> Food safety Product and service quality
Licensee and franchisees	<ul style="list-style-type: none"> Performance review Regular meetings and teleconference 	<ul style="list-style-type: none"> Brand image Brand portfolio Business plan and performance



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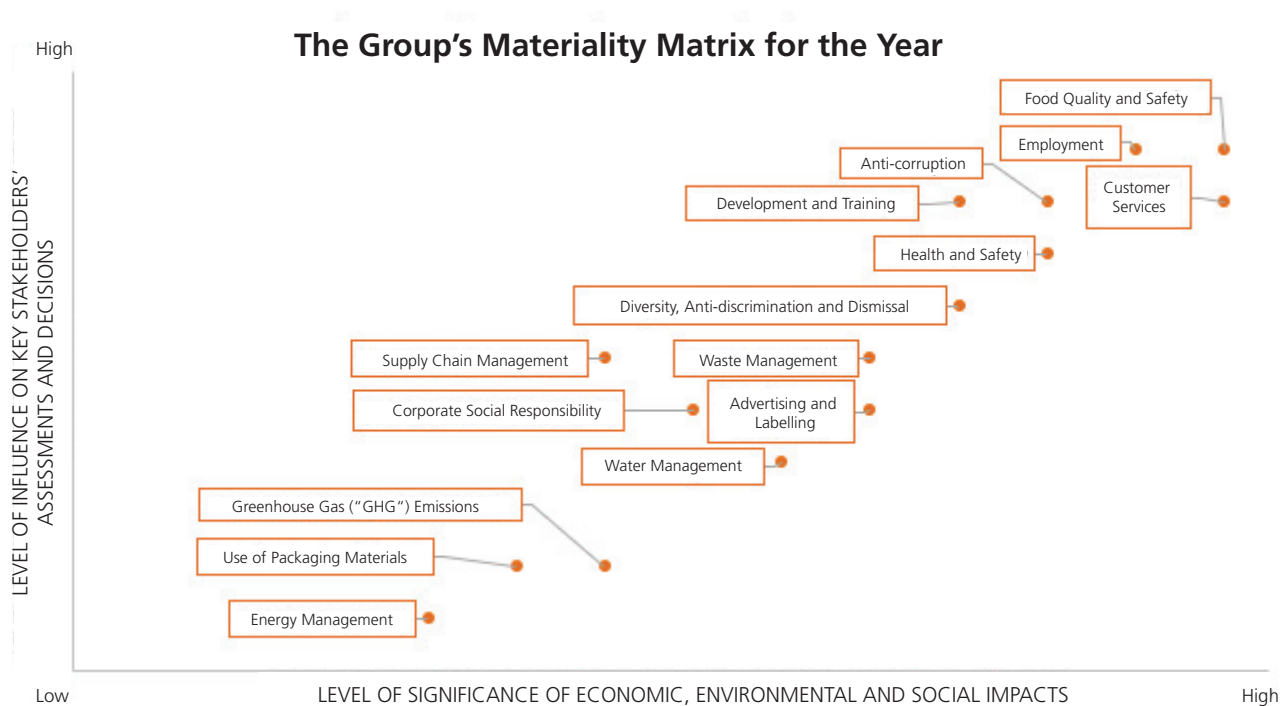
Stakeholders	Communication Channels	Concerns
Suppliers	<ul style="list-style-type: none"> • Regular meetings • Teleconference 	<ul style="list-style-type: none"> • Fair and open procurement • Supply chain management • Food safety
The Group's employees	<ul style="list-style-type: none"> • Regular management meetings • Trainings and workshops 	<ul style="list-style-type: none"> • Occupational health and safety • Equal opportunities • Remuneration and benefits • Career development
The community, NGOs and media	<ul style="list-style-type: none"> • Media releases • ESG reports 	<ul style="list-style-type: none"> • Giving back to society • Environmental protection • Compliant operations

The Group aims to collaborate with its stakeholders to improve its ESG performance and create greater value for the wider community on a continuous basis.

MATERIALITY ASSESSMENT

The management and staff of the Group's major operations have participated in the preparation of the Report to identify relevant ESG issues during the review of the Group's operations. The Group compiled a questionnaire in reference to the identified material ESG issues to collect the information from their key stakeholders.

Feedback from the relevant key stakeholders has been considered in determining the Group's material ESG aspects to be covered in the Report. The Group's materiality matrix for the Year was as follow:



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EMISSIONS

The Group recognise that the long-term viability of the Group's business is being closely linked to the well-being of society. It is committed to promoting green operation by introducing environmentally friendly business practices, educating its employees to enhance their awareness on environmental protection, and complying with relevant environmental laws and regulations. The Group strives to minimise the potential impacts of its business on the environment and society in which it operates so as to fulfil its social responsibility commitment.

By integrating environmental consideration into its decision-making processes, the Group embraces its responsibilities in creating an environmentally sustainable business. This is achieved through implementing measures that promote energy conservation, waste reduction and any other green initiatives across the production of its food products and related services. The Group is also committed to educating its employees to raise their awareness on environmental protection and complying with the relevant environmental laws and regulations.

In order to enhance its environmental governance practices and mitigate the environmental impact produced by the Group's operations, the Group has adopted and implemented environmental related policies and have communicated such policies to employees. The Group applies the waste management principles of "Reduce, Reuse, Recycle and Replace" as well as emission mitigation measures, with an objective of minimising any adverse environmental impacts and ensures the waste disposal or emission generated is conducted in an environmentally responsible manner.

Within its policy framework, the Group continually looks for different opportunities to pursue environmentally friendly initiatives, enhance its environmental performance by reducing energy and use of other resources. As a corporation operating outlets and restaurants to provide retail food and beverage services, the Group's daily operation has limited impact on the environment while its emissions are limited to GHG and non-hazardous wastes. Nevertheless, the Group still focuses on nurturing and strengthening employees' awareness of environmental protection in their daily work process, and actively implement the Group's environmental protection measures, with an aim to lower the emission of GHG and reducing the generation of non-hazardous wastes.

During the Year, the Group was not aware of any material non-compliance with laws and regulations including but not limited to the Environmental Protection and Management Act of Singapore and the Environmental Quality Act 1974 of Malaysia. The Group is not aware of any illegal or hazardous discharge being made into the air, water bodies and/or land, that would have a significant impact on the Group or its environment.

Exhaust Gas Emissions

The nature of the Group's major operating activities are primarily retail and wholesale in nature which does not generate a significant amount of exhaust gas during the operation.

GHG Emissions

As the Group does not own any vehicles or combust any fossil fuels during the operation, no direct GHG emissions (Scope 1) is generated. The major sources of the Group's GHG emissions are limited to energy indirect GHG emissions (Scope 2) from purchased electricity for cooking and operation. The Group actively adopts electricity saving measures to reduce indirect GHG emissions, which are described in the section headed "Energy Management".



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With the implemented measures, employees' GHG reduction awareness has been raised. During the Year, the Group's GHG emissions performance was as follow:

Indicator ¹	Unit	Emissions
Direct GHG emissions (Scope 1)	tCO ₂ e	—
Energy indirect GHG emissions (Scope 2)	tCO ₂ e	527.16
GHG emissions intensity ²	tCO ₂ e/million revenue	21.73

Notes:

1. GHG emissions data is presented in terms of carbon dioxide equivalent and are based on, including but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "Table of Contents for Singapore Energy Statistics 2019" issued by Energy Market Authority, and "2017 CDM Electricity Baseline For Malaysia" issued by Malaysian Green Technology Corporation.
2. For the financial year ended 31 March 2020, the Group's total revenue was approximately S\$24.262 million. This data will also be used for calculating other intensity data in the Report.

Waste Management

The Group adheres to the waste management principles and strives to properly manage and dispose all wastes produced in its business activities. Its waste management practice complies with related environmental protection laws and regulations. The Group maintains a high standard of waste reduction, educates employees about the importance of sustainable development and provides relevant supports in order to enhance their skills and knowledge in sustainability.

Hazardous Wastes

Whilst the Group did not generate any hazardous wastes during the Year due to the Group's business nature, it has established guidelines on governing the management and disposal of hazardous wastes. In the unlikely event where such hazardous wastes are produced, the Group will engage a qualified chemical waste collector to handle and dispose of such wastes in a manner which complies with the relevant environmental rules and regulations.

Non-hazardous Wastes

The Group emphasises carbon and waste reduction with the principle of "Reduce, Reuse, Recycle and Replace" to promote better utilisation of environmental resources. The Group is committed to promoting an environmentally friendly mindset among its employees.

Being a company that is primarily engaged in the provision of wholesale food and beverages, and retail dine in or takeaway food and beverages, non-hazardous wastes generated by the Group mainly include but are not limited to food waste, non-reusable packaging, paper used in offices and other miscellaneous wastes. Considering that food waste is one of the major non-hazardous wastes generated during the Group's business operation, the Group has developed various measures and procedures in managing food wastes. During the food processing, chefs and staff are educated to utilise raw materials optimally to reduce food waste. Food waste separation and waste oil recycling have been emphasised by the management as part of the Group's ESG strategies.



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The Group has launched different reduction initiatives to minimise the environmental impact from generating paper wastes at the office. Such initiatives include:

- Promotes double-sided printing to utilise the use of paper efficiently;
- Uses recycled paper for printing and copying;
- Utilises electronic communication where applicable;
- Distributes office memos to remind staff that only print necessary materials to avoid wastage; and
- Recycles used toner cartridges with respective suppliers.

With the above waste reduction initiatives, employees' waste reduction awareness has been raised. During the Year, the Group's non-hazardous wastes disposal performance was as follows:

Non-hazardous wastes type	Unit	Disposal
Office paper	kg	87.32
Non-hazardous wastes intensity	kg/million revenue	3.60

USE OF RESOURCES

The Group upholds and promotes the principle of effective use of resources, and is committed to optimising the use of resources in all of its business operations. It promotes green office and operation environment, and continues with initiatives to introduce resource efficiency and eco-friendly measures to the Group's operations.

The Group has documented the procedures for the management of energy, water and packaging material in the Operating Manual for Outlets and Restaurants, with reference to the objective of achieving higher efficiency and reducing the unnecessary use of materials.

Energy Management

The Group has developed related energy policy to outline the framework on the efficient use of energy. Employees are required to adopt the related measures and initiatives and be responsible for the Group's overall energy efficiency. By establishing an energy management system, the Group develops and regularly reviews its energy objectives and targets to continuously enhance the Group's energy performance. Unexpected high consumption of energy will be investigated to find out the root causes, corresponding preventive measures will be taken where necessary.

The major energy consumption of the Group is limited to electricity consumption for its operation in Singapore and Malaysia, which is primarily limited to the operations of its Self-operated outlets and restaurants and office use. The Group has introduced various measures and initiatives in its Self-operated outlets and restaurants and offices to achieve the goal of saving electricity and efficient consumption. Such measures and initiatives include but are not limited to:

- Turns off all unnecessary cooking appliances and cleaning devices when they are not in use to avoid wastage of electricity;
- Utilises natural ventilation where possible to minimise the use of electricity and lightings;
- Uses LED lightings in place of traditional light source where possible;
- Enhances the maintenance and overhaul of kitchen equipment, maintaining them in the best condition for effective electricity consumption;
- Regulates the use of air conditioners to prevent wastage of electricity; and
- Posts green messages on the information portal and message board to appeal colleagues for continual support in energy conservation.



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With the above electricity saving measures, employees' energy conservation awareness has been raised. During the Year, the Group's energy consumption performance was as follows:

Energy type	Unit	Consumption
Indirect energy — Electricity	MWh	1,039.31
Energy consumption intensity	MWh/million revenue	42.84

Water Management

Due to the Group's business nature, the use of water is inevitable in maintaining its business operations. In order to reduce and minimise water consumption, the Group has installed filters to the water taps of our outlets and restaurants to regulate water flow.

To encourage employees to develop the habit of conscious water use, the Group has been strengthening its water-saving promotion in various ways, such as posting water-saving slogans near to water outlets in kitchens, washrooms and sink areas, and guiding employees to use water efficiently. Water pipes and water taps are also checked regularly to prevent water leakage. If abnormal conditions are detected, employees are required to report to their department managers.

With the above water saving measures, employees' water conservation awareness has been raised. During the Year, the Group's water consumption performance was as follows:

Indicator	Unit	Consumption
Water consumption	m ³	10,937.00
Water consumption intensity	m ³ /million revenue	450.79

Considering the location of its office as well as Self-operated outlets and restaurants, the Group does not have any issue in sourcing for water that is suitable for its operations.

Use of Packaging Materials

The Group tries to achieve a high level of sustainability via responsible procurement and treatment of its packaging materials through the use of 3Rs (Reduce, Reuse and Recycle), working with sustainable packaging suppliers where possible. For example, to reduce the use of plastic, only the cover lids of the Mee Sua food bowls, carrier bags, drink containers and aiyu jelly containers, are made of plastic to avoid spillage. Customers are encouraged to recycle its plastic products in accordance to the numbers on the recycling triangle printed on them or to reuse them for a second life.

The Group endeavours to work with green sustainable suppliers who will assess the impact of the environment during their product manufacturing and during the end of their product life cycle, and focus on producing packaging products that are recyclable, compostable/biodegradable and or sustainably manufactured.

The Group reviewed the use of its packaging materials and identified that the majority of its packaging materials as green packaging which are either recyclable, compostable/biodegradable and or sustainably manufactured.

During the Year, the Group's use of packaging materials performance was as follow:

Indicator	Unit	Consumption
Total packaging materials	tonnes	99.09
Total packaging materials intensity	tonnes/million revenue	4.08



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THE ENVIRONMENT AND NATURAL RESOURCES

Although the core business of the Group has remote impact on the environment and natural resources, as an ongoing commitment to good corporate social responsibility, the Group recognises the responsibility in minimising the negative environmental impact of its business operations, in order to achieve sustainable development in generating long-term values to its stakeholders and the community.

The Group works tirelessly to mitigate the environmental impact of its activities by adopting industry best practices targeted at environmental protection, reducing resource consumption and wastes disposal. The Group regularly assesses the environmental risks of its business, and adopt preventive measures as necessary to reduce risks and ensure the compliance with relevant laws and regulations. The Group has embedded the culture of environmental protection, resource conservation into its daily operations to achieve environmental sustainability.

Indoor Air Quality

The Group has strict control over its indoor air quality. To ensure hygiene and air quality is maintained, smoking is prohibited in any areas of its operations. Any employees found to have breached the rules will be subjected to disciplinary action, including up to the possible termination of the employment contract with the Group. The Group has also installed exhaust emission systems such as mechanical ventilation equipment in all its Self-operated outlets and restaurants. These measures help to minimise the oil fume emission and odour nuisance produced by the Group’s operations. Regular cleaning of air conditioning systems for filtering pollutants, contaminants and dust particles are conducted as well to sustain a high level of indoor air quality.

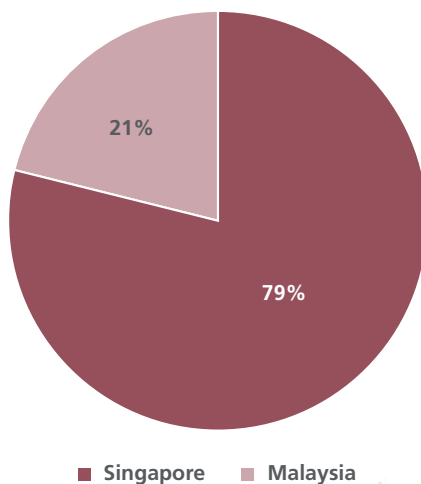
EMPLOYMENT

The Group believes that employees are the most valuable assets of an enterprise and regards human resources as its corporate wealth. To protect its employees’ rights and benefits, the Employee Handbook is formally documented, covering areas such as recruitment, compensation, promotion, working hours, rest periods, diversity and equal opportunity. The Group periodically reviews, and where necessary make revision(s) to the Employee Handbook and related policies to ensure continuous improvements of the Group’s employment standards.

In addition, the Employee Handbook and related policies contain internal rules and guidelines regarding best commercial practice including but not limited to areas such as work ethics, fraud prevention mechanism, negligence and corruption. Regular trainings and resources are also readily available for the employees to familiarise themselves with the Group’s policies.

As at 31 March 2020, the Group employed 164 employees, which 100 of them were full-time employees and 64 of them were part-time employees. In terms of geographical region, 129 employees were hired by the Singapore’s operation, while 35 employees were hired by the Malaysia’s operation.

Employee breakdown by geographical region



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During the Year, the Group was not aware of any material non-compliance with employment-related laws and regulations that would have a significant impact on the Group, including but not limited to the Employment Act of Singapore and the Employment Act 1955 of Malaysia.

Recruitment, Promotion and Remuneration

The Group has standardised its recruitment procedures to regulate the human resource selection process. The Group selects employees based on their merits and suitability for the particular position under its robust and transparent recruitment process to fulfil the Group's current and future needs. The Group ensures that each applicant receives the same treatment, regardless of any potential predispositions.

Promotion and remuneration are based on the said employee's job-related skills, responsibilities, experience and duties. The Group believes that creating a fair and effective promotion ladder is imperative for staff retention, therefore, the promotion process is reviewed regularly. Remuneration package includes annual leave, medical care, dental care, group insurance, government pension fund and discretionary bonus.

The Group respects the rights for employee to rest and take annual leaves. The Group has established related policies to regulate employee's working hours and respect their rights for different rest periods and holidays. The Group also pays wages, overtime compensation and paid leaves in accordance with local regulations.

Communication Channels

To understand the employees job satisfaction, the Group has established various forms of communication channels to collect feedback. The Group encourages open communication where employees can freely voice out concerns or areas of improvements to their direct supervisors or the senior management of the Group. Through regular meetings and discussions, the Group aims to understand employees' opinions on work responsibility, working environment, organisation and employee relationship, compensation and benefits. Management reviews the feedback from these communication channels and implements corresponding improvement actions. The Group believes employees' suggestions are extremely valuable for its continuous improvement.

Diversity, Anti-discrimination and Dismissal

The Group recognises the value of a diversified and skilled workforce and is committed to creating and maintaining an inclusive and collaborative workplace culture in which all can thrive.

The Group is dedicated to providing equal opportunity in all aspects of employment and maintaining workplace that is free from discrimination, physical or verbal harassment against any individual on the basis of race, religion, colour, gender, physical or mental disability, age, place of origin, marital status and sexual orientation. It has adopted the Board Diversity Policy to ensure that the Board has the right balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategies.

The Group also strives to ensure that complaints, grievances and concerns, including whistle-blowing, are dealt with promptly and confidentially. The Group emphatically stresses zero-tolerance towards sexual harassment or abuse of any form in its workplace.

The Group has standardised its procedures for dismissal. In the unlikely event of a dismissal, the Group will ensure that it has exhaust all reasonable forms of solutions including but not limited to nor in any order, warning letters; counselling; retraining; investigative actions or mediations. Employees are required to return all company properties prior to leaving the Group.



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HEALTH AND SAFETY

The Group places great importance in providing every employee with a safe and healthy environment to work in. During the Year, the outbreak of the coronavirus disease 2019 (“COVID-19”) that has spread globally has resulted in a serious health threat. The Group is highly conscious of the potential health and safety impacts that COVID-19 may bring to its employees, and customers.

To minimize the risk of cross infection, the Group activated its business contingency plan(s). A series of precautionary control measures have been and will continue to be implemented, including remote working arrangements for the bulk of its office team members, and the ring fencing of the retail team members into non-overlapping zones. All staff were split into different teams so as to avoid cross contamination, and to ensure that the business is able to continue as usual should a team be infected. The Group has further achieved a high degree of work from home capability through teleconferencing when the nationwide lock down was imposed in both Singapore and Malaysia where the Group operates predominantly.

During the outbreak, the Group had provided free hand sanitizers and face masks to all staff, and further increased the rate of disinfection of its common areas in both retail outlets and work spaces. Additional pro-active measures to reduce the risk of the spread of COVID-19 were also instituted across the Group, such as the provision of hygiene training and protocols, the provision of personal protective equipment and the pre-screening of visitors to corporate premises.

Employee Safety Management

The Group has adopted an Operation Manual, outlining a series of safety and security procedures to be implemented at each of its Self-operated outlets and restaurants. Safety guidelines include procedures for handling safety issues, accident investigation procedures, protective and remedial measures and accident reporting procedures. The Group carries out regular safety checks at its central kitchen in West Malaysia to ensure that the equipment is thoroughly tested, hygienic, and safe for use. Besides, the Group requires operators of its processing equipment at central kitchen in West Malaysia to attend training sessions on the required safety and hygiene standards.

To ensure compliance with applicable laws and regulations, the Group reviews the above-mentioned Operations, Health and Safety Manual periodically to accommodate material changes to relevant health, safety or environmental regulations in the countries the Group is operating in with commonly adopted market best practices. The management is responsible for the offices’ occupational health and safety monitoring.

Proper lighting and ventilation are in place to safeguard employees’ health. Fire extinguishers and first aid boxes are strategically placed at easily accessible locations in the Group’s offices as well as in its Self-operated outlets and restaurants. The management is responsible for ensuring the supplies inside first aid boxes have not expired and are in usable condition.

Employee Health Management

The Group offers comprehensive health care coverage for all its employee, including health benefits and dental benefits. In order to provide and maintain a safe working environment for the employees and minimise the risks to their health, the Group has also continued to organise work-life balance activities for employees, green projects at its own premises and carried out other activities to promote healthy living practices. Health and safety talks are provided to employees to present the relevant information and to raise awareness of occupational health and safety issues.

During the Year, the Group was not aware of any material non-compliance with health and safety-related laws and regulations that would have a significant impact on the Group, including but not limited to the Workplace Safety and Health Act of Singapore and the Occupational Safety and Health Act 1994 of Malaysia. During the Year, there were no work-related fatalities and no lost days due to work injury recorded.



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DEVELOPMENT AND TRAINING

The Group regards its employees as their most important assets and resources, and it recognises the valuable contribution of their talents to the continued success of the Group. The Group has developed training strategies that focus on creating value and serving the needs of customers, employees and society. In light of this, the Group focuses on the establishment of internal management training and development system which provides comprehensive on-the-job training and clear career paths to employees.

Training Programmes for Employees

The Group understands that training and development is indispensable for its staff to keep abreast of the best quality of service in food and beverage industry. The Group offers a variety of training programmes to employees based on their job duties, such trainings include induction trainings, vocational trainings on food ingredients, food preparation and preservation, flow of food production, hygiene conditions of the kitchen and quality control in different aspects of the restaurant operation. Staff must attend and pass the Basic Food Hygiene Course before being allowed to commence work. The Group also provides trainings to all front-line employees on customer services; posters on appropriate customer service manners are also posted in kitchen areas to remind employees the importance of good customer service. For new-hired employees, the Group provides training and guidance to ensure the standard of newly opened Self-operated outlets and restaurants.

Training for Franchisees and Licensee

To ensure the consistency and quality of its franchisees and licensee, the Group organises trainings for franchisees and licensee key personnel in relevant managerial and operational aspects of the franchise and licence, which aims to enhance their skills and knowledge. The Group's training typically comprises a compulsory 12-day intensive induction training, regular refreshment training sessions, and requisite training on new products it offers before product launch, depending on its manpower and resources at the relevant time. The Group's master franchisees and licensee are required to ensure that there is a trained manager who had been certified to supervise operations at each sub-franchise or sub-licence outlets and restaurants, and ensure employees at each sub-franchise or sub-licence outlets and restaurants must be trained to attain a reasonable level of competency before work. The Group will also consider to conduct additional trainings if it is not satisfied with the quality of key personnel of franchisees or licensees.

LABOUR STANDARDS

Prevention of Child Labour and Forced Labour

The Group complies strictly with national and local employment laws and regulations, and does not condone the employment of child or forced labour in both its Singapore and Malaysia operations.

The Group requires all new employees to provide true and accurate personal information when they join the Group and take reasonable actions to verify the accuracy and authenticity of such information by checking against academic certificate(s), personal identification cards and other official documents to prevent any possible incidental hiring of child labour or possible misfits. The Group has a well-established recruitment process to check the background of its candidates and a formal reporting procedure to deal with any exceptions. The Group also conducts regular reviews and inspections to prevent the instances of any child labour and forced labour in its operations.

Furthermore, employees of the Group only work overtime if necessary and on a voluntary basis. The Group does not condone any negative behaviours such as verbal abuse, physical punishment, physical abuse, oppression, and/or sexual harassment against its employees for any reason.

During the Year, the Group was not aware of any non-compliance with child and/or forced labour-related laws and regulations including but not limited to the Employment Act of Singapore and the Children and Young Person (Employment) Act 1966 of Malaysia.



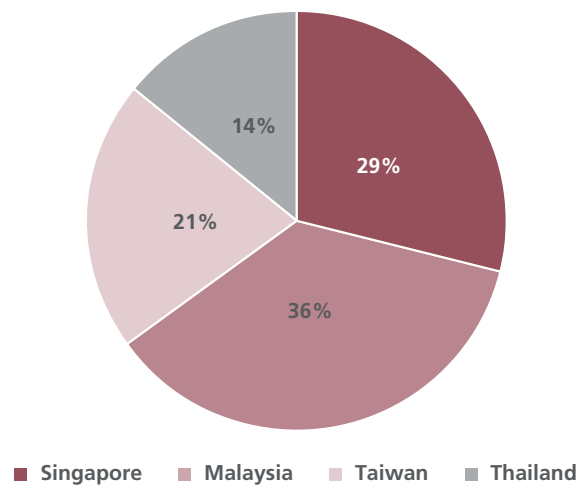
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SUPPLY CHAIN MANAGEMENT

Sourcing capability plays an important role in the management of an outlet or a restaurant operation, and an effective supplier selection procedure is considered as an essential element for the Group's business operation. The Group procures raw materials and most of its semi-processed food products from its major suppliers, which mainly consisted of food suppliers and food processing companies. The Group has maintained long term and stable relationships with its major suppliers. All suppliers are evaluated carefully and are subjected to regular monitoring and assessment.

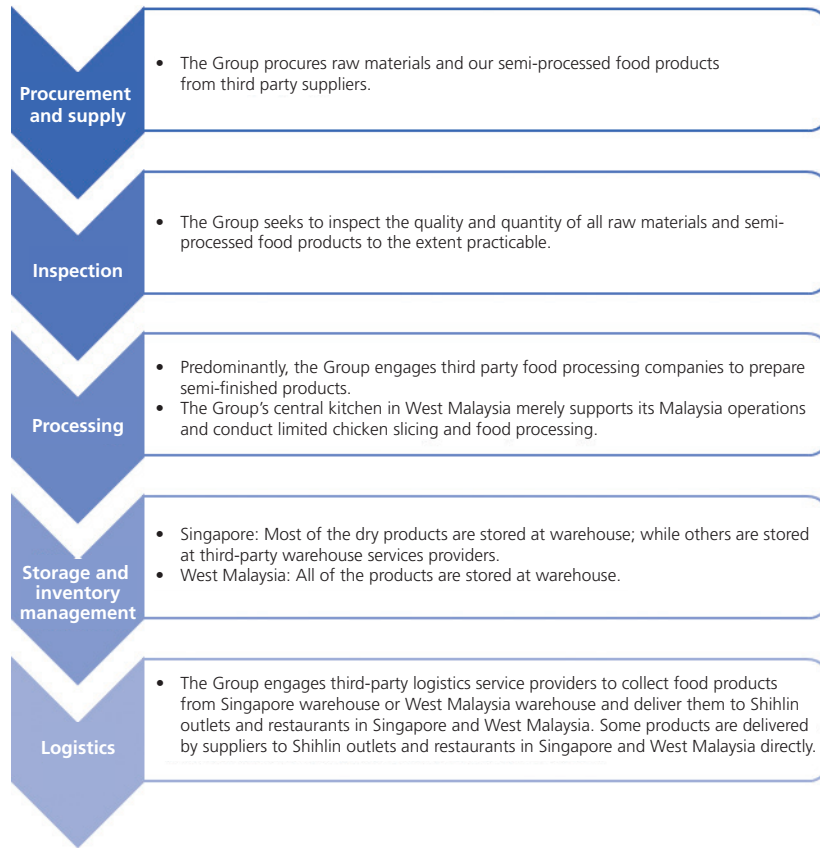
During the Year, the Group partnered with 14 food suppliers and 3 food processing companies. While all of the food processing companies located in Singapore, the geographical locations of the food suppliers were as follow:

Food suppliers breakdown by location



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The following flow chart presents the stages from procurement of raw materials and semi-processed food products to the delivery of the Group’s food products:



Supply Chain Management

The Group sets up a supplier management system to closely evaluate and monitor suppliers regularly. It has adopted and maintained certain procedures in the selection and management of suppliers to ensure that raw materials used are of the highest quality. The Group only selects suppliers who can satisfy its internal standardised criteria. Prior to placing a purchase order from a new supplier for the supply of raw materials, quality control personnel may conduct on-site inspection of suppliers’ facilities and production process to ensure that food products supplied meets its internal quality standard. Furthermore, the Group periodically evaluates the performance of suppliers, including conducting on-site supervision and inspection or as appropriate, and will remove suppliers who fail to meet its quality criteria from approved supplier list.



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Environmental and Social Risk of Suppliers

The Group is aware of the importance in managing environmental and social risks for its supply chain and has put forward requirements to suppliers in managing environmental and social risk. The Group has embedded environmental and social consideration in its procurement process and supplier communication. The Group will continue to monitor its supply chain regarding the environmental and social concerns.

During the Year, the Group was not aware of any key suppliers that had any actions or practices which have a significant negative impact on business ethics, environmental protection, human rights and/or labour practices.

Fair and Open Procurement

The Group has formalised rules to ensure that suppliers could participate in its procurement in an open and fair way. The Group does not differentiate or discriminate any suppliers. It would strictly monitor and prevent all kinds of business bribery. To the best of the Group's knowledge, there are no material transactions between the Group and its suppliers that shares a common interest with our employees.

PRODUCT RESPONSIBILITY

The Group places high importance on food quality, corporate reputation, therefore the quality of services. During the outbreak of COVID-19, the Group explored further opportunities on food delivery platforms to mitigate the impact brought on its business and to encourage social distancing by reducing the need for customers to travel for food. The Group further enhance its operating hygiene by encouraging frequent wash of hands, use of hand sanitizers, face masks, gloves and frequent sanitisation of commonly touch surfaces so as to ensure a safe environment in its Self-operated outlets and restaurants.

During the Year, the Group was not aware of any non-compliance with laws and regulations concerning health and safety, advertising, labelling and privacy matters relating to products and services and methods of redress that would have a significant impact on the Group, including but not limited to the Sales of Food Act and the Personal Data Protection Act of Singapore, as well as the Personal Data Protection Act 2010 and the Copyright Act 1987 of Malaysia. During the Year, there were no product recalls for safety and health reasons.

Food Quality and Safety

The Group has set up quality control policy and food safety management system to ensure safe and high-quality food and beverages. It keeps developing and refining food safety policies and procedures according to the standards set by the government authorities or the industries best practices. Quality control team is responsible for formulating, managing and supervising quality control system, as well as supervising the food safety of snacks and beverages.

With a view to improve the provision of its services, the Group keeps exploring and securing a reliable supply of fresh and quality food ingredients for its outlets and restaurant operations. Food selections are carefully made with origin, nutritional value, freshness and consumption safety taken into consideration. Suppliers who provide the raw materials and ingredients are chosen and approved by the Group's senior management. To ensure the freshness and quality, raw materials are inspected regularly, the Group would cease sourcing from suppliers who fail to provide quality food ingredients that meets the Group's quality specification.

With respect to the storage issues, the Group preserves food properly according to the manufacturer's recommended storage method for different kinds of foods. For the Singapore operation, most of the dry products are stored at its warehouse, while others are stored with third party warehouse services providers. For the West Malaysia operation, all of the products are stored at its warehouse. The Group further ensures that all the cold store facilities possesses a cold store licence, that meets the regulations of Singapore Food Agency ("SFA").



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When outlets and restaurants receive the food products and ingredients, its outlets and restaurants staff will conduct on-site inspections in accordance with the food quality control measures and procedures. To ensure that food hygiene and safety as well as the cleanliness of each outlets and restaurants meets the Group's quality control system, which is documented in the Operating Manual of Outlets and Restaurants, which covers quality control from food processing, cooking, packaging, to serving customers, food products that are in order will be stored while defective food products will be returned and the Group will investigate the cause for the defect. All the chefs and staff working in the outlets and restaurants are required to strictly adhere to the procedures and measures adopted by the senior management of the Group. They receive on-the-job training related to food preparation and preservation, flow of food production, hygiene conditions of the kitchen and quality control through visual inspection.

Intellectual Property ("IP") Rights

The Group believes the Shihlin brand is an extremely valuable asset to its business and strikes to safeguard its brand and protect the Group's rights. Brand, trademarks, copyright, designs and other IP rights are crucial to the Group's business. During the Year, the Group registered 13 trademarks which the Board considers to be material to its business.

The Group mainly relies on master franchisee and licensee to protect its IP rights in the relevant geographic region by ensuring proper use of its IP rights as permitted and to identify any infringements in the local region where they operate. The Group will be informed by master franchisee and licensee of the proposed use of its IP rights upon the opening of any outlets and restaurants. The Group also requires master franchisee, master licensee and all franchisees to report to the Group of their respective uses of its brand from time to time upon request. In addition, all sub-franchisees and sub-licensees are required via the master franchisee and the master licensee to seek the Group's approval in respect of any use of its IP rights which substantially deviates from the proposed use as informed upon the opening of the outlets and restaurants or is inconsistent with the relevant franchise agreement or licence agreement.

Customer Services

The Group believes that its customers are at the core of its business and raising customers' confidence in food and service satisfaction will help strengthen the Group's price-value proposition, branding and reputation. The Group strives to understand customers' needs and enhance their experience with its services.

With detailed procedures and policies, sales management team uses consumer service website feedback to receive consumer inquiries, feedback and complaints. Frontline service staff are trained to handle every request, enquiry or complaint of customers in a professional manner. The Group records complaints received, including information regarding the relevant products involved, such as packing list or receipt number. Customer service officers are responsible for complaints in their respective regions, and they subsequently contact the consumers and collect additional information regarding their complaints. Based on the information collected by customer service officers, the relevant departments responsible for production, quality control and/or logistics are notified about any reported product defects and carry out remedial measures as necessary. Customer service team is responsible for following up complaints to ensure that they have been dealt with appropriately. Complaints are addressed in a variety of ways, including communicating with consumers or giving them credit note(s) or gift voucher(s) for use at Shihlin outlets and restaurants.

The Group may issue credit note(s) or gift voucher(s) on a goodwill basis after due consideration and investigation of the complaint(s). In such event, a credit note or gift voucher will be issued in an amount equivalent to the purchase amount for future purchase.

During the Year, the Group received 66 cases in total for its outlets and restaurants in Singapore and Malaysia, averaging 2 cases of feedback per store per year. Most of the feedback relates to service lapses such as waiting duration and imprecise order received. All of the feedback was handled according to the above-mentioned procedures, and the Group's management will review policies on relevant issues in order to improve products and services to better meet its customers' expectations.



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Customer Privacy Protection

As a corporation operating outlets and restaurants to provide dining or takeaway services, the Group has limited involvement in handling customers' privacy and personal data. However, the Group is still committed to protecting customers' privacy during operation and strictly abides to privacy-related laws and regulations.

Advertising and Labelling

The Group discourages the use of misleading advertisement, and claims or illustrations that are invalid. It adopts various marketing initiatives in Singapore and West Malaysia to promote brand identity and corporate image. The Group places advertisements on traditional media such as banner and digital screen within the shopping malls to enhance brand awareness. The Group is active on social media, and makes available updates on latest promotional offers, menu and new outlets and restaurants openings. It also works alongside some of the shopping malls where its outlets and restaurants are located, by working with them in joint marketing activities such as game sponsorships, corporate social responsibility sponsorships and seasonal campaigns. Ensuring corresponding regulations and laws are complied, the Group places great emphasis in ensuring that its advertisement is truthful, fair and reasonable, with the elimination of misleading elements to protect consumers' interests.

Predominantly, advertising and marketing campaigns are launched in Singapore and West Malaysia. The master licensee and master franchisee will be responsible for the advertising and marketing campaigns within Indonesia, East Malaysia and Northern California, respectively, including the associated costs and expenses. Samples of advertising and marketing materials are provided to them to be used as reference while they prepare their local versions. In order to preserve brand image, they are required to submit details of the proposed advertising and marketing campaigns for prior approval.

ANTI-CORRUPTION

The Group values and upholds integrity, honesty and fairness in how it conducts business. It values the importance of anti-corruption work and does not tolerate any corruptions, frauds and all other behaviours violating work ethics.

During the Year, the Group was not aware of any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering that would have a significant impact on the Group, including but not limited to the Prevention of Corruption Act of Singapore and the Anti-Corruption Commission Act 2009 of Malaysia. During the Year, there were no legal cases regarding corrupt practices brought against the Group or its employees.

Corporate Governance Function

The Board is responsible for ensuring that the Company maintains and implements comprehensive corporate governance practices and procedures, while the Audit Committee is responsible to review the Company's financial information and significant financial reporting judgment in respect of financial reporting and oversee the financial reporting system, risk management and internal control procedures of the Company.



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Whistleblowing System

In order to further achieve and maintain the highest standards of openness, probity and accountability, the Group has also implemented a whistleblowing system. The system allows stakeholders to raise concerns in confidence, with the Audit Committee about possible improprieties in any matter related to the Group to set out an investigative procedure(s). The whistle blowing system is available to all stakeholders, including but not limited to employees, shareholders, customers and suppliers. Employees are encouraged to report any suspected financial malpractice, impropriety, fraud, management override of controls, regulatory non-compliance, criminal activities, improper conduct or unethical behaviours to the whistle blowing system.

COMMUNITY INVESTMENT

The Group is committed to emboldening and supporting its employees with rising social participation and contribution as part of its strategic development, and to nurture the corporate culture and practices of corporate citizen in its employees' daily work life throughout the Group. It aims to promote the stability of society, to support the underprivileged and to improve their quality of life.

Corporate Social Responsibility

During the year, the Group has collaborated with The Food Bank Singapore a charity to provide 150 cups of boba drinks for Singapore healthcare workers as an appreciation for their tireless contribution against COVID-19. The Group maintains an open communication channel with local charities to understand its community's needs. By fulfilling its social responsibilities, it can connect with the local community and build a mutually beneficial relationship with society as a whole.

In Malaysia, the Group donated 150 Happy! Ricebox value set meal packages to Buku Jalanan Chow Kit, a charity organisation which helps the B40 community, during the Ramadan season. Buku Jalanan Chow Kit, is a dedicated safe space and school for displaced and undocumented children in poverty.

Social Responsibility Education

The Group encourages all employees to contribute to the community by participating in charitable events such as environmental protection, donation and volunteering organised by recognised institutions, in order to help the needy during leisure time.

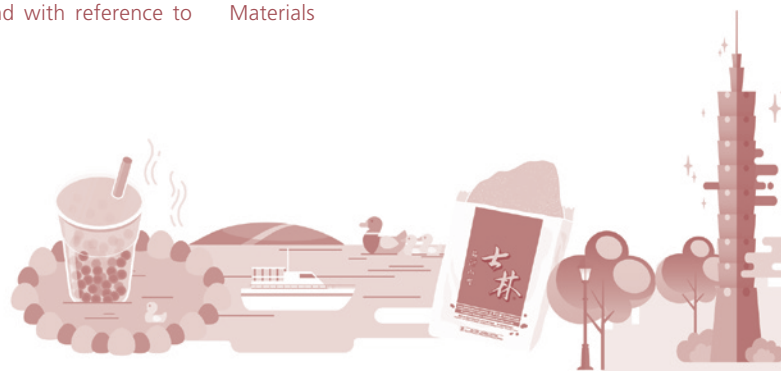
The Group believes through returning value to the community, employees' sense of social responsibility and civic awareness can be raised, while positive values can be established.



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THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to Exhaust Gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1 (comply or explain)	The types of emissions and respective emissions data.	Emissions — Exhausted Gas Emissions (Not applicable — explained)
KPI A1.2 (comply or explain)	GHG emissions in total (in tonnes) and intensity.	Emissions — GHG Emissions
KPI A1.3 (comply or explain)	Total hazardous waste produced (in tonnes) and intensity.	Emissions — Wastes Management (Not applicable — explained)
KPI A1.4 (comply or explain)	Total non-hazardous waste produced (in tonnes) and intensity.	Emissions — Wastes Management
KPI A1.5 (comply or explain)	Description of reduction initiatives and results achieved.	Emissions
KPI A1.6 (comply or explain)	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Emissions — Wastes Management
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1 (comply or explain)	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources — Energy Management
KPI A2.2 (comply or explain)	Water consumption in total and intensity.	Use of Resources — Water Management
KPI A2.3 (comply or explain)	Description of energy use efficiency initiatives and results achieved.	Use of Resources — Energy Management
KPI A2.4 (comply or explain)	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Use of Resources — Water Management
KPI A2.5 (comply or explain)	Total packaging material used for finished products (in tonnes) and with reference to per unit produced.	Use of Resources — Use of Packaging Materials



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Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1 (comply or explain)	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources — Indoor Air Quality
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.	Employment
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1 (recommended disclosure)	Number and rate of work-related fatalities.	Health and Safety
KPI B2.2 (recommended disclosure)	Lost days due to work injury.	Health and Safety
KPI B2.3 (recommended disclosure)	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training



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Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
KPI B4.1 (recommended disclosure)	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards — Prevention of Child Labour and Forced Labour
KPI B4.2 (recommended disclosure)	Description of steps taken to eliminate such practices when discovered.	Labour Standards — Prevention of Child Labour and Forced Labour
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1 (recommended disclosure)	Number of Suppliers by geographical region.	Supply Chain Management
KPI B5.2 (recommended disclosure)	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1 (recommended disclosure)	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
KPI B6.2 (recommended disclosure)	Number of products and service related complaints received and how they are dealt with.	Product Responsibility — Customer Services
KPI B6.3 (recommended disclosure)	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility — IP Rights



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Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
KPI B6.4 (recommended disclosure)	Description of quality assurance process and recall procedures.	Product Responsibility — Food Quality and Safety
KPI B6.5 (recommended disclosure)	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product Responsibility — Customer Privacy Protection
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1 (recommended disclosure)	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
KPI B7.2 (recommended disclosure)	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption — Whistle-blowing Policy
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1 (recommended disclosure)	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment — Corporate Social Responsibility

