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

2021
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental, Social and Governance Report

BOARD STATEMENT

The board (the "Board") of directors (the "Directors") of Snack Empire Holdings Limited (the "Company", together with its subsidiaries, the "Group") is pleased to present the annual Environmental, Social and Governance Report (the "Report") for the financial year ended 31 March 2021.

The Group's core business is operating food and beverage ("F&B") outlets and restaurants under the adoption of both self-operated and license or franchise models. Our international footprints have spanned across Singapore, Malaysia, United States, Indonesia, Egypt and Cambodia.

The global outbreak of the coronavirus disease 2019 ("COVID-19") pandemic in the past year has brought devastating impacts to the F&B industry. The Group has responded swiftly to the challenges with dynamic management measures, such as collaborating with local delivery platforms, launching marketing and promotional initiatives, introducing new menus and product sets, etc.

In light of COVID-19's pervasive health impact, we have been more committed in protecting the health of our employees and customers. We have also placed high priority in our food quality and hygiene management to ensure the safety of our products offered to customers.

In the past year, we continued our environmental protection efforts in reduction of greenhouse gases emissions, energy and water consumptions, food and paper wastes generation, etc.

We are generally satisfied with the Group's Environmental, Social and Governance ("ESG") performance in the past year by achieving the target of zero COVID-19 infection cases and food safety claims. There were also no reported breaches of laws and regulations in Singapore and Malaysia, where the Group's self-operated outlets and restaurants are geographically located.

The Board acknowledges its responsibility for ensuring the integrity of the Report. To the best of our knowledge, the Report adequately addresses the material aspects and presents the key performance indicator ("KPI") data on the Group's ESG performances.

Yours faithfully,
For and on behalf of the Board

Daniel Tay
Chairman and Executive Director

Environmental, Social and Governance Report

ABOUT THE REPORT

The Report provides a summary of the Group's approaches, measures and performances related to environmental and social sustainability. The information presented in the Report covers the reporting period from 01 April 2020 to 31 March 2021.

Scope of Reporting

The Report covers the Group's operating activities under direct management control, including its offices and self-operated F&B outlets and restaurants which are limited to Singapore and Malaysia.

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 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 page 11-21 of the annual report of the Company for the year ended 31 March 2021.

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, persons or entities which have been translated into English or Chinese in the Report for which no official translation exists are for your reference only.

ESG Governance Structure

The Board continues to direct the ESG strategy and evaluate the ESG performances for the Group. The ESG working group that is made up of the Group's key management personnel is responsible for identifying material ESG issues and collecting relevant ESG data periodically. The Group has engaged an independent professional consultant to provide ESG advisory services and assist in drafting the Report.

Approaches to ESG Reporting

The Report is prepared based on the principles of "materiality", "quantitative", "balance" and "consistency". The Board has identified the material ESG issues from the annual materiality assessment exercise that involved the ESG working group. The ESG key performance indicator ("KPI") data are presented in specific and measurable numbers. We endeavour to provide honest and reliable information in the Report.

Reporting principle	The Group's response
Materiality	The Group reports on issues that are considered as posing significant impacts on environment and society and are important to stakeholders. The issues are presented together with Group's management measures in the report.
Quantitative	The Group ensures the KPIs are measurable and accompanied by a narrative explaining its purpose, impacts and calculation methodology.
Balance	The Group is committed to preparing the report on an unbiased basis. The Group ensures achievements the Group has made and the challenges it has faced are both reported.
Consistency	The Group is committed that consistent methodologies will be adopted in the future reports for meaningful comparison on the Group's ESG performance.

Environmental, Social and Governance Report

The Group has adopted the top-down approach with regard to the following sustainability strategies which apply to all levels of the Group:

1. To engage with stakeholders

2. To achieve environmental sustainability

3. To respect human rights and social culture

4. To support our employees

5. To sustain local communities

STAKEHOLDER ENGAGEMENT

We recognise the importance of stakeholders' involvement and feedback in identifying material ESG issues for the Group. In order to understand their expectations and concerns, the Group maintains close communication with the stakeholders by engaging with them on various channels regularly. This has allowed the Group to implement informed strategies on developing a sustainable business.

Stakeholder	Communication Channels	Key Feedbacks/Issues
Investors and shareholders	Annual General Meeting and other shareholder meetings Annual and interim reports Announcements and circulars	• Sustainable profitability and shareholder returns • Long term business growth • Transparent and timely disclosure of financial and material information • Corporate governance
Customers	Physical outlets and restaurants Customer service hotline Social media Company website	• Food safety • Product and service quality • Timely response to feedbacks and complaints
Licensee and franchisees	Performance review Regular meetings and teleconference	• Brand image • Brand portfolio • Business plan and performance
Suppliers	Regular meetings and teleconferences Email and text message correspondences	• Fair and equal treatment of suppliers • Timely payments
Employees	Regular management meetings Trainings and development programmes Induction programme for new employees	• Occupational health and safety • Equal opportunities • Remuneration and benefits • Career development
Regulators	Correspondences through emails, letters and calls Site visits and inspections	• Compliance with relevant laws and regulations, including listing rules in HKEX
Community, NGOs and Media	Media releases Donation or fundraising activities ESG reports	• Giving back to society • Environmental protection • Ethical business practices

Environmental, Social and Governance Report

MATERIALITY ASSESSMENT

The Board discusses and identifies the Group's material ESG issues annually. The ESG working group has participated in the materiality assessment and collected relevant information from key employees and other groups of stakeholders.

The material aspects were prioritised in order of their impacts on the Group's business activities and importance to the stakeholders' concerns. The Group's materiality matrix for the reporting period is as follows:

Materiality Assessment

Legend:

Environmental Areas	Social Areas
1. Emissions	1. Employment Practices
2. Waste Management	2. Health and Safety
3. Use of Resources	3. Training and Development
4. Packaging Materials	4. Labour Standard
5. Environmental and Natural Resources	5. Supplier Management
	6. Product Responsibility
	7. Anti-Corruption Practices
	8. Community Investment

Environmental, Social and Governance Report

ENVIRONMENTAL ASPECTS

The Group's business activities in operating F&B outlets and restaurants have limited impact on the environment as the emissions are mainly Greenhouse Gases (GHG) and non-hazardous waste. It does not generate any illegal or hazardous discharges and wastes into the air, water and/or land. Climate-changes related issues also do not have significant impact on the Group's operations.

Nevertheless, the Group endeavours to reduce its environmental impacts and build a sustainable business in the long run. Based on the established environmental policy framework, the Group continues to adopt environmentally friendly measures, enhance employee awareness on responsible use of resources and comply with the relevant environmental laws and regulations. The key environmental initiatives implemented by the Group during our reporting period are relating to emission mitigation, energy and water conservation, waste reduction and air quality controls.

During the reporting period, the Group was not aware of any reported breaches of relevant environmental laws and regulations, including but not limited to the Environmental Protection and Management Act ("EPMA") and the Environmental Public Health Act ("EPHA") in Singapore and Environmental Quality Act in Malaysia.

Material Area 1: Emissions

Due to the Group's business nature, the Group is not involved in any industrial production or possess any manufacturing facilities. The Group does not own any vehicles or combust any fossil fuels in its operational activities. Thus, there are no emissions of air pollutants and direct GHG (Scope 1) being generated.

Th Group's main source of emissions are energy indirect GHG emissions (Scope 2) due to electricity consumption from F&B outlets and restaurants, and office premises. The energy saving measures are illustrated in the section titled "Energy Management".

During the reporting period, the Group's energy indirect GHG emissions (Scope 2) data was as follows:

Indicator[1]	Unit	Emissions (FY2021)
Direct GHG emissions (Scope 1)	tCO_2e	—
Energy indirect GHG emissions (Scope 2)	tCO_2e	631.08
GHG emissions intensity[2]	tCO_2e/million revenue	29.42

Notes:

1. GHG emissions data is presented in terms of carbon dioxide equivalent and are based on "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 2020" 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 2021, the Group's total revenue was approximately SGD 21,451,000. This data will also be used for calculating other intensity data in the Report.

Environmental, Social and Governance Report

Material Area 2: Waste Management

Based on the waste management principle of "Reduce, Reuse, and Recycle", the Group strives to reduce waste generation through planned purchase and efficient utilisation of raw materials in the food preparation and processing activities. The Group also continues to enhance employees' awareness and knowledge in waste reduction behaviours.

Hazardous Waste

Due to the Group's business nature, the Group does not directly generate any hazardous waste in its operation of F&B outlets and restaurants, however, it has formalised the policy on hazardous waste disposal. In the unlikely event of hazardous waste generation, the Group will engage a qualified chemical waste collector to dispose such waste in accordance to the local environmental laws and regulations.

Non-hazardous Waste

The non-hazardous waste generated by the Group's provision of F&B services to dine-in and takeaway customers are mainly food waste and non-reusable packaging waste. The Group has adopted the following measures and procedures to reduce non-hazardous waste generated in the operation of F&B outlets and restaurants:

• Adopt "first-in-first-out" policy in the utilisation of food ingredients to reduce expired products;

• Implement "just-in-time" inventory management and frequent purchases from suppliers to prevent overstocking of fresh ingredients;

• Separate food waste from other type of wastes and practice waste oil recycling;

• Require each outlet and restaurant to report the daily wastes (i.e., chicken and mee sua thrown) due to unsold and expired food products; and

• Periodically monitor the food waste statistics reported by the outlets and restaurants, where the acceptable food waste range is 3% to 5% of sold quantities. Follow-up and remedial actions are to be carried out for the outlets and restaurants that report high food wastage data.

Paper is the major non-hazardous waste generated at the office. The Group has adopted the following initiatives to reduce paper usage:

• Advocate double-sided printing;

• Encourage the use of recycled paper for printing;

• Use electronic communication where applicable; and

• Remind employees to only print necessary work materials to avoid wastage.

During the reporting period, the Group's non-hazardous waste disposal data was as follows:

Non-hazardous waste type	Unit	Disposal (FY2021)
Food waste	kg	20,854.70
Office paper	kg	175.20
Non-hazardous waste intensity	kg/million revenue	980.37

Environmental, Social and Governance Report

Material Area 3: Use of Resources

The Group recognises the importance of use of resources in an effective and responsible manner. It continues to implement new initiatives to achieve higher efficiency and reduce unnecessary use of resources in the Group's operations.

The Group has formalised procedures for efficient use of energy, water, and packaging materials in the Operational Manual for Outlets and Restaurants. Employees are educated to adhere to the procedures to be responsible for the Group's overall resource efficiency. The Group also monitors its utility performance (i.e., electricity and water) regularly. Investigative actions and preventive measures are performed for unexpected high consumption of utilities observed if any.

Energy Management

The Group's energy consumption is mainly due to electricity utilisation in F&B outlets and restaurants, and the office premises of Singapore and Malaysia. The Group has adopted the following energy saving measures to reduce the consumption of electricity:

- Turn off unnecessary cooking appliances and cleaning devices when they are not in use;

- Adopt natural lighting whenever possible;

- Use LED lights in some outlets and restaurants;

- Enhance maintenance of kitchen equipment in the outlets and restaurants, to ensure they are in good condition for effective electricity consumption;

- Regulate the usage of air conditioners to reduce wastage;

- Post green messages on information portal and message board to remind employees on energy saving practices in daily operations;

- Purchase energy efficient electrical appliances for the outlets and restaurants; and

- Practice good refrigerator habits by keeping door closed at all times to prevent wastage.

The Group's electricity usage for the reporting period was as follows:

Energy type	Unit	Consumption (FY2021)
Indirect energy — Electricity	MWh	1,251.65
Energy consumption intensity	MWh/million revenue	58.35

Water Management

The use of water is necessary in the Group's daily operation of F&B outlets and restaurants. The Group is committed to improving water usage efficiency and developing good water conservation habits among the employees. The following water saving measures have been adopted:

- Install filters to the water taps in the outlets and restaurants;

- Regularly check water pipes and taps, and repair leakages timely to minimise water wastage;

- Operate water intensive machines efficiently (e.g., use dish washers only when it is fully loaded);

- Post water-saving messages in the kitchen, washroom and sink areas to encourage employees to use water consciously; and

- Regularly review utility bills to identify any spike in water consumption and investigate to rectify any inadequate maintenance.

Environmental, Social and Governance Report

The Group's water consumption for the reporting period was as follows:

Indicator	Unit	Consumption (FY2021)
Water consumption	m³	12,699.18
Water consumption intensity	m³/million revenue	592.01

Due to the geographical locations of the Group's office and restaurants, the Group does not have any issues in sourcing for water for its office and self-operated outlets and restaurants in Singapore and Malaysia that is fit for purpose.

Material Area 4: Packaging Materials
The Group's consumption of packaging material is mainly for customers to take away their food and beverages from the outlets and restaurants. The packaging materials include food bowls, carrier bags, drink containers, etc.

The Group endeavours to purchase and utilise packaging material in a sustainable manner by adopting the 3Rs (Reduce, Reuse and Recycle) measures. The Group has taken the following eco-friendly practices to reduce usage of plastic packaging materials:

- Plastic products are used when necessary (e.g., cover lids of Mee Sua food bowls, carrier bags, drink containers and aiyu jelly containers are made of plastics to avoid spillage);

- Encourage customers to recycle the plastic products based on the number of recycling triangles printed on it or to reuse them; and

- Purchase from green sustainable suppliers for packaging materials that are recyclable, compostable/biodegradable and/or sustainably manufactured.

During the year, the reported packaging material consumption level was as follows:

Indicator	Unit	Consumption (FY2021)
Total packaging materials	tonnes	56.20
Total packaging materials intensity	tonnes/million revenue	2.62

Material Area 5: Environmental and Natural Resources
The Group's business operation has limited impact on the environmental and natural resources, but it still recognises the social responsibility of operating business in a sustainable manner to minimise negative impacts on the environment and the community.

The Group regularly assesses the environmental risks of its business activities, adopts industry best practices to reduce air pollution, resources consumption and waste disposal, and ensures compliance with relevant laws and regulations. The Group has embedded environmentally friendly practices in its daily operations in developing a long-term sustainable business.

Indoor Air Quality
To maintain hygiene and air quality in the outlets and restaurants, the Group has adopted the following air quality control practices:

- Smoking is strictly prohibited in any areas of the outlets and restaurants. Disciplinary actions (including possible employment termination) will be taken against any employees who are found to have breached the rules;

- Exhaust emission systems such as mechanical ventilation equipment, which aid in minimising oil fume emission and odour nuisance have been installed in all outlets and restaurants; and

- Regular cleaning of air condition systems for filtering pollutants, contaminants and dust particles.

Environmental, Social and Governance Report

SOCIAL ASPECTS

The Group believes that employees are the most valuable assets of its business to achieve continuous success. The Group provides various training opportunities to employees for their continued learning and skills development, as well as to service the needs of customers with greater productivity.

The Group places the highest priority in product safety to ensure the food and beverage products served to customers are clean, safe and at highest quality standard. The Group also endeavours to provide a safe and healthy environment for its employees and customers, especially in view of the detrimental health impact of the COVID-19 pandemic.

Material Area 6: Employment Practices

The Group has formally established the Employee Handbook and Human Resources Policy to govern employment related practices, as follows:

Employee Handbook

- Standards of Conduct including code of conduct, confidentiality at work etc.

- Leave benefits such as annual leave, medical leave, maternity leave, marriage leave, etc.

- Working hours, rest days, holidays, and overtime pays.

- Employee benefit such as medical insurance, dental care, government pension funds.

- Disciplinary procedures for misconduct.

Human Resources Policy

- Recruitment, confirmation, resignation and termination.

- Performance appraisal, bonus, promotion and salary adjustment.

- Employee grievance and appeal.

- Overtime and incentive payment.

- Payroll processing and disbursement.

Environmental, Social and Governance Report

As at 31 March 2021, the Group's employee headcount is 200 and the employee profile is as follows:

Recruitment statistics	No. of Headcount	Percentage (%)
By Gender		
Male	99	49.5%
Female	101	50.5%
By Employment Type		
Full-time	103	51.5%
Part-time	97	48.5%
By Geographical Region		
Singapore	164	82.0%
Malaysia	36	18.0%

During the reporting period, the Group was not aware of any reported non-compliance with employment related laws and regulations, including but not limited to the Employment Act and Employment of Foreign Manpower Act in Singapore and the Employment Act 1955 in Malaysia.

Recruitment

The Group has been practising a fair and merit-based approach in recruitment. Employees are hired based on their experiences and suitability under the robust and transparent recruitment processes to fulfil the Group's needs for human capital. The Group also provides equal employment opportunities for qualified individuals in all job positions regardless of their race, gender, age, religion, marital status, mental disability, pregnancy, sexual orientation, political beliefs or activity or other basis protected by law.

Retention

The Group regularly reviews its salary structure and compensation packages (leave benefits, medical insurance, overtime payment, discretionary bonus, etc.) to stay competitive based on industry standards. Promotions and salary increment opportunities are fair and regular for employees and determined based on employees' performances in their job responsibilities. Performance appraisals are also conducted regularly to recognise employees' good performance and identify gaps for continuous improvement.

To create a diversified and inclusive workforce for employees, the Group has zero tolerance towards any form of discrimination, physical or verbal abuse, sexual harassment against employees.

Dismissal

The Group does not tolerate unfair or wrongful dismissal of employees. Termination of employees only occurs when there are instances of criminal wrongdoings, serious misbehaviour or breach of the Group's standards of conduct. For inappropriate conduct of employee, the Group will pursue disciplinary actions first before coming to the decision of dismissal, through measures such as counselling, verbal and written warning, retraining, investigative actions, etc.

Environmental, Social and Governance Report

During the reporting period, there were zero case of employee retrenchment due to the economic impact of the COVID-19 pandemic. The number of employee resignations totalled to 119 during the year, with the following breakdown:

Turnover statistics	No. of Resigned employees	Percentage of resigned employee (%)
By Gender		
Male	74	74.8%
Female	45	44.6%
By Geographical Region		
Singapore	99	60.4%
Malaysia	20	55.6%

Employee feedback and grievance

The Group recognises the importance of listening to grievances and feedbacks from employees in creation of a harmonious working environment. It has established various communication channels for employees to voice out their concerns, opinions and feedbacks to supervisors and management team regarding the working environment. The Group values employees' suggestions for continued improvement in employment practices.

Material Area 7: Health and Safety

The Group is committed to providing a healthy and safe working environment for all employees.

COVID-19 safety management measures

For F&B establishments, the local governments of Singapore and Malaysia have imposed stringent safety management guidelines to curb the spread of the COVID-19 pandemic. Some key measures implemented by the Group to comply with the governmental regulations and to minimise risk of infection by its employees and customers are as follows:

For employees working at the F&B outlets and restaurants:

- Split employees to different teams to avoid cross contamination;

- Mandatory mask wearing at all times during working hours;

- Distribution of hand sanitisers and to be placed at the front pocket of employee's apron;

- Frequent handwashing (once every 30 to 60 minutes) with anti-bacterial hand wash;

- Take temperature thrice daily and employees with temperature above 37 degree Celsius are required to be reported to operations team immediately;

- Disinfect the common areas in the outlets and restaurants at least twice daily;

- Update operation team on the reasons of taking medical leave. For employees with fever or flu symptoms, the operation team will follow up with them before allowing them to come back for work; and

- Supervisors in Malaysia are required to go for routine COVID-19 swab test every 2 weeks.

Environmental, Social and Governance Report

For customers:

- Safe distancing measures (i.e., customers are required to keep one meter apart from each other) at the outlets and restaurants;

- Remind customers in the queue to put on their masks properly if they have not done so;

- Hand sanitisers are placed at the front counter for customers to sanitise their hands; and

- Collaborate with food delivery platforms to deliver customer orders to their doorsteps, as such to minimise human contacts with customers.

During the reporting period, the Group was not aware of any employees in Singapore and Malaysia who have been tested positive for COVID-19.

Workplace safety and health

The Group has established an Operations Manual that includes a set of workplace safety guidelines to be taken up by employees in the F&B outlets and restaurants. The Group also reviews the manual periodically to adopt industry best practices and accommodate to changes in the health, safety or environmental regulations in the countries that the Group operates in.

Some key workplace health and safety measures implemented by the Group are as follows:

For F&B outlets and restaurants:

- Personal hygiene must be practiced by employees at all times;

- Floors and kitchen should be kept dry at all times to prevent slip and fall hazards;

- Mandatory wearing of covered shoes that are slip resistant;

- Properly geared uniform with apron, hat, gloves and service masks for all employees;

- Usage of disposable gloves and clean utensils for all food handlers;

- Regular cleaning and sanitising of floor, kitchen, equipment and appliances;

- Weekly cleaning schedule checklist to be reviewed by outlet supervisors; and

- Housekeeping inspections to be conducted regularly by the operation team.

For central kitchen in Malaysia:

- Regular safety inspection to ensure that equipment is tested, hygienic and safe for use;

- Regular training sessions to educate the operators of processing equipment on the required safety and hygiene standard.

In addition, there are fire extinguishers and first aid boxes placed in the Group's office premises, F&B outlets and restaurants, central kitchen and warehouses to deal with emergency cases. The Group has also formalised the procedures to handle workplace health and safety emergencies, such as immediate follow-up actions, escalation and reporting, investigation procedures, protective and remedial measures, etc.

During the reporting period, there were no cases of work-related fatalities and lost days due to work injuries. The Group was also not aware of any reported breaches with the health and safety related laws and regulations, including but not limited to Workplace Safety and Health Act in Singapore and the Occupational Safety and Health Act 1994 of Malaysia.

Environmental, Social and Governance Report

Material Area 8: Training and Development
The Group has developed training and development systems for employees, franchisees and licensees.

Training Programmes for Employees
The Group recognises the importance of continuous training and development programmes for employees to provide the best quality of food and service to customers. The office executives are sent for external trainings to keep them abreast of the relevant industry standards and practices. The internal training programmes provided to employees who work for the Group's F&B outlets and restaurants are as follows:

• Induction training for new hires;

• New product training for employees;

• Vocational training for food handlers regarding food ingredients, food preparation and preservation, and food production procedures;

• Vocational training for employees regarding hygiene and quality control in different aspects of the outlet operation;

• Retail service guide are posted and stored in the outlets and restaurants to remind employees on the importance of good customer service; and

• A new customer service training programme was launched during the reporting period, which requires front-line employees to watch the service training video three times a day and conduct monthly refresher training via virtual meeting on the retail service guide and customer service video.

In addition to internal training programmes, it is compulsory for outlet employees to attend training courses required by local authorities before they are allowed to commence work, including Basic Food Hygiene Course in Singapore and Food Handler Training Course in Malaysia.

A total of 74 employees have attended trainings during the reporting period and the breakdown of the statistics was as shown below:

Employees Receiving Training	No. of headcount	Percentage %
By Gender		
Male	46	62%
Female	28	38%
By Employment Category		
Directors	2	3%
Managers	4	5%
Executive	1	1%
Staff	67	91%

Environmental, Social and Governance Report

During the reporting period, total employee training hours for the year were 553.5 hours and the average training hours per employee was 2.77 hours. The breakdown of the average training hours per employee is summarised below:

Average Employee Training Hours	No. of hours
By Gender	
Male	3.47
Female	2.08
By Employment Category	
Directors	1.50
Managers	0.57
Executive	1.29
Staff	3.39

Training for Franchisees and Licensees

To achieve consistency in food quality and service provided to customers, the Group also provides training programmes for franchisees and licensees to improve their skills and knowledge in management and operation of F&B outlets and restaurants.

The training programmes are mainly made up of induction training for new franchisees and licensees, regular refresher training for existing franchisees and licensees, and training on new products before product launches. In view of travel restrictions in the reporting period due to global outbreak of the COVID-19 pandemic, trainings for franchisees and licensees have been conducted virtually via electronic meeting platforms. During the reporting period, the total training hours for franchisees and licensees were approximately 811 hours.

In addition, the master franchisees and licensees need to ensure that there is a trained manager who has been certified to supervise operations at sub-franchisees and sub-licensees' outlets and restaurants, and employees hired by each sub-franchisee or sub-licensee must be trained to achieve a reasonable standard of competency.

Material Area 9: Labour Standard
Prevention of Child Labour and Forced Labour

As a law-abiding business, the Group adopts a zero-tolerance stance towards child or forced labour for its operations in Singapore and Malaysia. The Group requires all newly recruited employees to provide authentic personal information and takes reasonable actions to verify the accuracy of such information, such as checks against the personal identification cards, reference and background checks with educational institutions and governmental institutions to prevent incidental hiring of child labour.

In addition, the management team conducts regular inspections at F&B outlets and restaurants to prevent practices of child labour and forced labour. The Group has established procedures in place to eliminate illegal labour practices if discovered, including escalation, investigation, reporting to authorities, rectification actions, etc.

For the reporting period, the Group was not aware of any non-compliance with laws and regulations on child and forced labour, including but not limited to the Employment (Children and Young Persons) Regulations 2000 and the Prevention of Human Trafficking Act 2014 in Singapore, the Children and Young Person (Employment) Act 1966 and Anti-Trafficking in Persons & Smuggling of Migrants 2010 in Malaysia.

Environmental, Social and Governance Report

Material Area 10: Supplier Management

Supply chain management is a key component for the Group's successful operations of F&B outlets and restaurants, as the raw materials and semi-processed food products are procured from suppliers. As at 31 March 2021, the Group has a total of 20 food suppliers. Majority of the suppliers are sourced from Singapore, and the geographical location breakdown of suppliers is as follows:

Geographical locations of the Group's suppliers

- 45% Singapore
- 30% Malaysia
- 15% Taiwan
- 10% Thailand

■ **Singapore** ■ **Malaysia** ■ **Taiwan** ■ **Thailand**
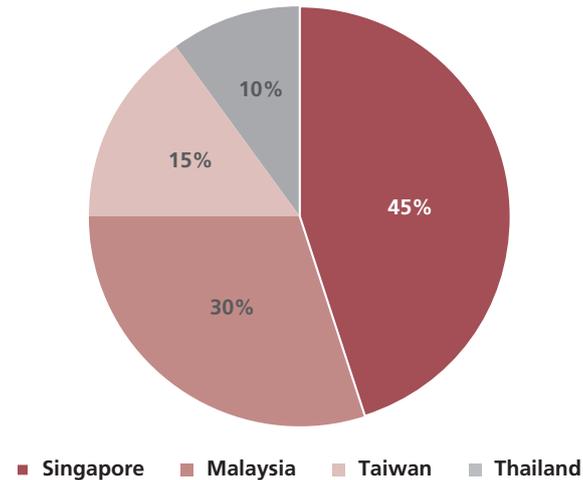
Supply Chain Management

The Group has stringent controls over its supply chain management system in areas of supplier selection and acceptance, supplier monitoring and evaluation, quality inspection etc.

The Group keeps sourcing for reliable suppliers of food ingredients based on stringent criteria such as origin, nutritional value, freshness and safety for consumption. Suppliers of key ingredients and raw materials must be evaluated rigorously and approved by the Group's senior management. Prior to issuing purchase orders to a new supplier, site visits to the supplier's facility and testing of sample products are carried out to ensure the supplier's food products meet the Group's quality standard.

The Group also performs quality checks on each batch of the food products delivered to the warehouses and F&B outlets and restaurants. Furthermore, the Group periodically reviews the supplier performance in terms of quality, freshness, pricing, delivery timeliness, etc. Suppliers that fail to meet the evaluation criteria will be removed from the Group's approved vendor list.

Environmental and Social Risk of Suppliers

The Group has included environmentally preferable products as one of its criteria in supplier selection and evaluation. For example, the Group strives to work with suppliers that offer biodegradable packaging. The Group also monitors the environmental and social risks of suppliers on an ongoing basis. When the Group is alerted of suppliers that have been reported and fined on environmental pollution, illegal employment practices, food safety incidents etc. will be removed from the Group's approved vendor list immediately.

During the reporting period, the Group was not aware of any suppliers that had reported issues on business ethics, environmental protection, human rights or employment practices.

Fair and Open Procurement

The Group does not differentiate or discriminate against any suppliers and has established procedures for its procurement activities to be carried out in a fair, open and competitive manner. The Group adopts a zero-tolerance stance towards any type of bribery or corruption practices. During the reporting period, the Group was not aware of any material transactions that had conflict of interest between its employees and suppliers.

Environmental, Social and Governance Report

Material Area 11: Product Responsibility

The Group places the highest priority on food quality and safety due to the nature of its business in provision of food and beverage products to customers.

During the reporting period, the Group was not aware of any reported breaches with laws and regulations on health and safety, advertising, labelling and privacy matters relating to products and services provided, including but not limited to Sales of Food Act and the Personal Data Protection Act in Singapore, Food Act 1983 and the Personal Data Protection Act 2010 in Malaysia. There were also no product recalls due to health and safety reasons during the reporting period.

Food Quality and Safety

Food quality control system as well as food safety and hygiene guidelines have been formalised in the Group's Operations Manual, which was reviewed periodically to keep up with the industry best practices or changes in the standards set by the government authorities.

The Group ensures that all employees working at its F&B outlets and restaurants are holding valid certifications issued by the local government authorities to handle food in a safe and hygienic manner. The Group also equips employees with knowledge to handle emergency situations relating to food safety and quality issues, such as food borne illness complaints from customers, physical hazard found in food, etc.

Furthermore, the Group has set up a robust food quality control system for food sourcing, storing at warehouse, and receiving at F&B outlets and restaurants. The stringent controls over sourcing of food ingredients from suppliers have been discussed in the supply chain management section.

The Group recognises the importance of proper storage to best preserve the freshness of food. In Singapore, most of the dry products are stored in its warehouse while others are stored with third party warehouse service providers. For Malaysia, all products are stored in the warehouse. For all cold store facilities, the Group also ensures that they possess relevant cold store licenses that are issued by the local government authorities.

For receipt of food ingredients and products at the F&B outlets and restaurants, employees are required to check for accuracy of quantity, product expiry dates, temperature of received products, intact packaging, freshness of the food condition, etc. Defective food products received shall be returned immediately to the suppliers for exchange. The F&B outlet and restaurants also adhere to the Group's strict quality control system in food preparation and preservation, food processing and cooking, food packaging and serving customers, hygiene conditions of the kitchen.

Customer Services

The Group believes that customer satisfaction is the key to business success in the long run. It is important to understand customer concerns and deliver better services to them.

The Group has established a corporate website and social media platform to receive customer inquiries, feedbacks and complaints. The customer service officers are responsible for recording customer feedbacks, contacting customers to collect additional information, providing customers with credit notes or gift vouchers to use at the Group's F&B outlets and restaurants. The customer service officers would also communicate customer complaints to relevant departments responsible for production, quality control and/or logistics, for them to carry out remediation actions and prevent product defect cases from happening again.

During the reporting period, the Group has handled 93 cases of customer complaints for its F&B outlets and restaurants in Singapore and Malaysia, average 2.51 cases per store per year. Majority of the customer feedbacks are regarding the service quality such as long waiting duration, inaccurate order processed, etc. All customer complaints received were handled promptly in accordance to the Group's established procedures.

Environmental, Social and Governance Report

Intellectual Property ("IP") Rights

Shihlin brand is a valuable asset to the Group's business as it is well recognised by consumers in Singapore and Malaysia. Other IP rights such as trademarks, designs, copyrights are also important for the Group. As of 31 March 2021, the Group has 14 registered trademarks that are material to the business.

The Group relies on master franchisee and licensee to protect the usage and identify any infringement of its IP rights in the geographic regions that they operate. The master franchisee and licensee are required to inform the Group of the proposed use of its IP rights upon the opening of new F&B outlets and restaurants. If the sub-franchisees and sub-licensees are to use the IP rights in ways which substantially deviate from proposed use or are inconsistent with the relevant franchise or license agreement, they are required to seek approval from the Group.

During the reporting period, there were no cases of IP infringement encountered by the Group.

Customer Privacy Protection

The Group adopts a zero-tolerance stance towards breach of customer privacy and strictly abides to privacy related laws and regulations in Singapore and Malaysia. The Group only collects data from customers who have registered as members and subscribed for the Shihlin prepaid card service. Customer data is maintained in the Group's membership system and is accessible to the marketing team only for advertising and promotional purpose (e.g., sending electronic direct mails to customers). Customer data are retained for two years during the membership validity period or until the member unsubscribes from the prepaid card service, after which customer data will be ceased to exist in the membership system.

Advertisement efforts

The Group always pays attention to the advertisement and promotional information to ensure they are true, fair and reasonable to safeguard consumers' interests. It takes up various marketing measures to promote brand image in Singapore and Malaysia. The Group focuses on strengthening its social media presence to reach out to a wider customer base, such as offering giveaways, promotional offers, updates of new product offerings to customers. The Group also works with shopping malls where the F&B outlets and restaurants are located and the local delivery platforms for joint marketing events and promotional activities, such as festive special events and seasonal campaigns.

The master franchisee and licensee are responsible for advertising and marketing campaigns in the geographic locations where they operate, such as Indonesia and United States. To preserve the Group's brand image, samples of advertising and marketing materials are provided to the master franchisee and licensee for reference and the details of their advertising and marketing campaigns must be pre-approved by the Group.

Material Area 12: Anti-Corruption Practices

The Group is committed to upholding high standards of integrity, honesty and fairness in its business conduct. It has zero tolerance towards corruption, fraud and any other unethical behaviours.

During the reporting period, the Group was not aware of any cases of non-compliance with relevant laws and regulations regarding bribery, extortion and money laundering, including but not limited to the Prevention of Corruption Act in Singapore and Anti-Corruption Commission Act 2009 of Malaysia. During the reporting period, there were zero legal cases regarding corrupt practices brought against the Group or its employees.

Environmental, Social and Governance Report

Anti-corruption training

The Group has established Code of Conduct and Anti-Corruption, Anti-Fraud and Anti-Money Laundering Policies. These policies are communicated to new employees and directors during orientation programme.

The Group's Directors (i.e., two Executive Directors and three Independent Non-Executive Directors) have attended the training course regarding the ongoing obligations and duties of directors of a listed company prior to the Group's Initial Public Offering on the Hong Kong Stock Exchange.

Whistleblowing system

The Group has established a whistleblowing system that allows stakeholders to report concerns over any suspected regulatory non-compliance, financial malpractice, fund misappropriation, management override of control, criminal practices, wrongful doings or unethical behaviours. All stakeholders, such as employees, shareholders, customers and suppliers can access to the whistle blowing system where their reports will be directly received and investigated by the Group's Audit Committee. During the reporting period, there were zero whistleblowing cases received by the Group's Audit Committee.

Material Area 13: Community Investment

The Group recognizes the importance of contributing back to the society and supporting social initiatives to help the underprivileged in the society. It also encourages employees to participate in charitable events during leisure time to foster their sense of social responsibility. However, due to restrictions during the COVID-19 pandemic, the Group did not engage in any community initiatives during the reporting period.

Environmental, Social and Governance Report

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

The Report is prepared in accordance with the ESG Reporting Guide as set out in Appendix 27 to the Rules Governing the Listing of Securities.

Disclosure Reference	Description	Section/Declaration
Part B of Appendix 27: Mandatory Disclosure Requirements		
Governance Structure	• A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	• Board Statement
Reporting Principles	• A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG Report: (i) Materiality (ii) Quantitative (iii) Balance (iv) Consistency	• About The Report
Reporting Boundary	• A narrative explaining the reporting boundaries of the ESG Report and describing the process used to identify which entities or operations are included in the ESG Report. • If there is a change in the scope, the issuer should explain the difference and reason for the change.	• About The Report
Part C of Appendix 27: "Comply or explain" Provisions		
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	• Material Area 1: Emissions
KPI A1.1	• Types of emissions • Respective emissions data	• Not applicable as the Group's operation did not generate air pollutant emissions in the reporting period.

SNACK EMPIRE HOLDINGS LIMITED

Environmental, Social and Governance Report

Disclosure Reference	Description	Section/Declaration
KPI A1.2	• Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) • Intensity (e.g., per unit of production volume, per facility) where appropriate	• Material Area 1: Emissions
KPI A1.3	• Total hazardous waste produced (in tonnes) • Intensity (e.g., per unit of production volume, per facility) where appropriate	• Not applicable as the Group's operation did not product hazardous waste in the reporting period.
KPI A1.4	• Total non-hazardous waste produced (in tonnes) • Intensity (e.g., per unit of production volume, per facility)	• Material Area 2: Waste Management
KPI A1.5	• Description of emissions target(s) set • Steps taken to achieve them	• Material Area 1 and 2: Emission and Waste Management
KPI A1.6	• Description of how hazardous and non-hazardous waste are handled • Description of reduction target(s) set and steps taken to achieve them	• Material Area 2: Waste Management
Aspect A2: Use of Resources	• General Disclosure • Policies on the efficient use of resources, including energy, water and other raw materials	• Material Area 3: Use of Resources
KPI A2.1	• Direct and/or indirect energy consumption by type (e.g., electricity, gas or oil) in total (kWh in '000s) • Intensity (e.g., per unit of production volume, per facility)	• Material Area 3: Use of Resources
KPI A2.2	• Water consumption in total • Intensity (e.g., per unit of production volume, per facility)	• Material Area 3: Use of Resources
KPI A2.3	• Description of energy use efficiency target(s) set • Steps taken to achieve them	• Material Area 3: Use of Resources
KPI A2.4	• Description of whether there is any issue in sourcing water that is fit for purpose • Water efficiency target(s) set • Steps taken to achieve them	• Material Area 3: Use of Resources
KPI A2.5	• Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	• Material Area 4: Packaging Materials
Aspect A3: The Environment and Natural Resources	• General Disclosure • Policies on minimising the issuer's significant impacts on the environment and natural resources	• Material Area 5: Environmental and Natural Resources
KPI A3.1	• Description of the significant impacts of activities on the environment and natural resources • Actions taken to manage them	• Material Area 5: Environmental and Natural Resources

Environmental, Social and Governance Report

Disclosure Reference	Description	Section/Declaration
Aspect A4: Climate Change	• General Disclosure • Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	• Not applicable as the Group did not encounter any significant climate-related issues in the reporting period.
KPI A4.1	• Description of the significant climate-related issues which have impacted • Actions taken to manage them	• Not applicable as the Group did not encounter any significant climate-related issues in the reporting period.
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	• Material Area 6: Employment Practices
KPI B1.1	• Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region	• Material Area 6: Employment Practices
KPI B1.2	• Employee turnover rate by gender, age group and geographical region	• Material Area 6: Employment Practices
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	• Material Area 7: Health and Safety
KPI B2.1	• Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	• Material Area 7: Health and Safety
KPI B2.2	• Lost days due to work injury	• Material Area 7: Health and Safety
KPI B2.3	• Description of occupational health and safety measures adopted • How they are implemented and monitored	• Material Area 7: 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	• Material Area 8: Training and Development
KPI B3.1	• The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	• Material Area 8: Training and Development
KPI B3.2	• The average training hours completed per employee by gender and employee category	• Material Area 8: Training and Development

Environmental, Social and Governance Report

Disclosure Reference	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	• Material Area 9: Labour Standard
KPI B4.1	• Description of measures to review employment practices to avoid child and forced labour	• Material Area 9: Labour Standard
KPI B4.2	• Description of steps taken to eliminate such practices when discovered	• Material Area 9: Labour Standard
Aspect B5: Supply Chain Management	• General Disclosure • Policies on managing environmental and social risks of the supply chain	• Material Area 10: Supplier Management
KPI B5.1	• Number of suppliers by geographical region	• Material Area 10: Supplier Management
KPI B5.2	• Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	• Material Area 10: Supplier Management
KPI B5.3	• Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	• Material Area 10: Supplier Management
KPI B5.4	• Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	• Material Area 10: Supplier 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	• Material Area 11: Product Responsibility
KPI B6.1	• Percentage of total products sold or shipped subject to recalls for safety and health reasons	• Not applicable as the Group did not have product recalls due to safety and health reasons in the reporting period.
KPI B6.2	• Number of products and service-related complaints received and how they are dealt with	• Material Area 11: Product Responsibility
KPI B6.3	• Description of practices relating to observing and protecting intellectual property rights	• Material Area 11: Product Responsibility

Environmental, Social and Governance Report

Disclosure Reference	Description	Section/Declaration
KPI B6.4	• Description of quality assurance process and recall procedures	• Material Area 11: Product Responsibility
KPI B6.5	• Description of consumer data protection and privacy policies, and how they are implemented and monitored	• Material Area 11: Product Responsibility
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	• Material Area 12: Anti-Corruption Practices
KPI B7.1	• 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	• Not applicable as there were not any legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period.
KPI B7.2	• Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	• Material Area 12: Anti-Corruption Practices
KPI B7.3	• Description of anti-corruption training provided to directors and staff	• Material Area 12: Anti-Corruption Practices
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	• Material Area 13: Community Investment
KPI B8.1	• Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport)	• Not applicable as the Group did not contribute to local community in the reporting period.
KPI B8.2	• Resources contributed (e.g., money or time) to the focus area	• Not applicable as the Group did not contribute to local community in the reporting period.