

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

2022 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 2022.

The Group's core business is to sell food and beverage ("F&B") products under the brand of "Shilin Taiwan Street Snacks". The business models adopted are self-operated and franchised food and beverage outlets. Our international footprints have spanned across Singapore, Malaysia, Indonesia, United States, Cambodia and Egypt.

The Covid-19 pandemic continued to impose challenges in the F&B industry, but the negative impact was much less severe compared to the preceding years. During the reporting period, the Group has continued its marketing efforts by (i) collaborating with multiple delivery partners to boost sales; (ii) launching new advertising and promotional initiatives; (iii) developing new products and menus; and (iv) expanding its influence on social media through engagement with influencers and celebrities.

We recognise that human capital is the fundamental resource for our business continuity. We have been more committed in protecting the safety and health of our employees working at the outlets and office premises. Food quality and safety remains as the top priority in our business activities. We continuously look for ways to improve the tastes and qualities of our F&B products.

During the reporting period, we also maintained our environmental protection efforts in reduction of greenhouse gases emissions, energy and water consumptions, food wastes generation and plastic packaging usages etc.

We are satisfied with the Group's Environmental, Social and Governance ("ESG") performance in the reporting period. There were 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 overseeing the Group's ESG issues. 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

Fok Chee Khuen

Chairman and Independent Non-Executive Director



Environmental, Social and Governance Report

ABOUT THE REPORT

The Report presents a summary of the Group’s approaches, measures and performances related to its environmental and social issues for the year ended 31 March 2022.

Scope of Reporting

The Report covers the Group’s operating activities under direct management control, including its offices and self-operated outlets in Singapore and Malaysia.

Reporting Framework

The Report has been prepared in accordance with 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 “Listing Rules”).

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 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 strategies and evaluate the ESG performances for the Group. The Group’s ESG taskforce is made up of the key management personnel from key departments. They are responsible for periodic identification, prioritisation and evaluation of the Group’s material ESG issue, reviewing the Group’s ESG performance and assessing whether the internal control system and risk management processes on ESG aspects are appropriate and effective, as well as the collection of ESG data for preparation of the Report. The Board holds annual meeting to discuss and review the Group’s ESG risks and opportunities as well as its progress made against ESG goals and targets with the assistance of ESG taskforce. The Group has engaged an independent professional consultant to 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 taskforce. The ESG 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.



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STAKEHOLDER ENGAGEMENT

The Group recognises the importance of engaging stakeholders regularly to identify material ESG issues. We always maintain close communication with the stakeholders via various channels to understand their expectations and concerns. This has allowed us to implement informed strategies on developing a sustainable business. The following table summarises the communication channels and key concerns for each category of the Group's stakeholders.

Stakeholder	Communication Channels	Key Feedbacks/Issues
Investors and shareholders	Annual General Meeting and other shareholder meetings Annual and interim reports Announcements and circulars	<ul style="list-style-type: none"> • Sustainable profitability and shareholder return • Long term business growth • Transparent and timely disclosure of financial and material information • Strong Corporate governance
Customers	Physical outlets and restaurants Customer service hotline Social media Company website	<ul style="list-style-type: none"> • Food safety • Product and service quality • Timely response to feedbacks and complaints
Franchisees/Licensees	Performance review Regular online meetings and teleconferences	<ul style="list-style-type: none"> • Brand image and portfolio • Timeliness of product supply • Business plan and performance
Suppliers	Regular meetings and teleconferences Email and text message correspondences	<ul style="list-style-type: none"> • Fair and equal treatment • Timely payments
Employees	Regular management meetings Trainings and development programmes Orientation programme for new employees	<ul style="list-style-type: none"> • Occupational health and safety • Remuneration and benefits • Career development • Inclusive and collaborative working environment
Regulators	Correspondences through emails, letters and calls Site visits and inspections	<ul style="list-style-type: none"> • Compliance with relevant laws and regulations, including the Listing Rules
Community, NGOs and Media	Media releases Donation or fundraising activities ESG report	<ul style="list-style-type: none"> • Giving back to society • Environmental protection • Ethical business practices



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MATERIALITY ASSESSMENT

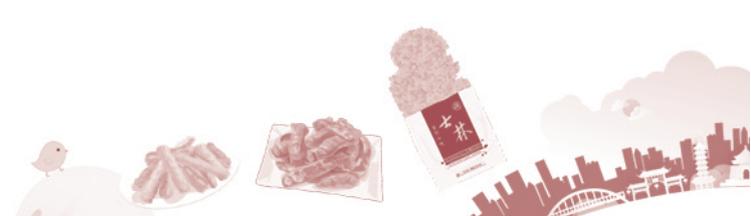
The Board discusses and identifies the Group’s material ESG issues annually. The ESG working group has performed the materiality assessment and collected relevant information from key group of stakeholders.

Materiality is a crucial factor in the Group’s sustainability strategy. The material areas were ranked 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:



Legend:

Environmental Areas	Social Areas
<ul style="list-style-type: none"> • Emissions • Waste Management • Use of Resources • Packaging Materials • Environmental and Natural Resources 	<ul style="list-style-type: none"> • Employment Practices • Health and Safety • Training and Development • Labour Standard • Supplier Management • Product Responsibility • Anti-Corruption Practices • Community Investment



Environmental, Social and Governance Report

ENVIRONMENTAL ASPECTS

The Group's business activities did not have significant environmental impacts on the jurisdictions that its F&B outlets are operating. Our air pollution was mainly indirect Greenhouse Gases (GHG) emissions from electricity consumption and the non-hazardous waste generated from our F&B outlets are mainly food wastes. We continue our efforts in adopting environmentally friendly measures in business operations and enhancing employee awareness on responsible uses of electricity and water resources.

During the reporting period, we did not generate any illegal or hazardous discharges and wastes into the air, water and/or land. Climate-change related issues also did not have significant impacts on the Group's business operations in our reporting period. The Group was also 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 ("EPA") in Singapore and Environmental Quality Act in Malaysia.

Material Area 1: Emissions

The Group did not generate air pollutants and direct GHG emissions (Scope 1), as there were no motor vehicles and fossil fuel consumptions in its business operations of F&B outlets.

Our main source of emission was indirect GHG emissions (Scope 2) due to electricity consumptions at the F&B outlets and office premises. The Group's indirect GHG emissions (Scope 2) data for the reporting period was shown as follows:

Indicator	Unit	Emissions (FY2022)
Direct GHG emissions (Scope 1)	tCO ₂ e	—
Energy indirect GHG emissions (Scope 2)	tCO ₂ e	624.52
GHG emissions intensity	tCO ₂ e/million revenue	25.97

Notes:

- 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 2021" issued by Energy Market Authority, and "2017 CDM Electricity Baseline for Malaysia" issued by Malaysian Green Technology Corporation.
- For the financial year ended 31 March 2022, the Group's total revenue was approximately SGD24,051,000. This data will also be used for calculating other intensity data in the Report.

Target setting:

Reduce the Group's GHG emission intensity by 3% over the next three years, with the financial year ended at 31 March 2022 as the base year.



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Material Area 2: Waste Management

Hazardous Waste

The Group did not generate any hazardous wastes from its operations of F&B outlets in Singapore and Malaysia. In the unlikely event of hazardous waste generation, the Group will engage qualified third-party vendors to collect and dispose such wastes in accordance to the local government's hazardous waste management laws and regulations.

Non-hazardous Waste

The main non-hazardous waste generated from the Group's F&B establishments are food wastes. Based on the waste management principle of "Reduce, Reuse, and Recycle", we endeavour to reduce food wastes through effective purchase planning and efficient utilisation of ingredients in the food preparation processes. The following measures have been implemented at our F&B outlets to keep food wastes at the minimum level possible:

- Adopt "first-in-first-out" method in the storage and utilisation of food ingredients;
- Implement "just-in-time" inventory management, where the purchases from suppliers are frequent to reduce overstocking of fresh ingredients;
- Food wastes are segregated from other type of wastes;
- Practice recycling of waste oils;
- Require each outlet to record and report the daily food wastes (i.e., chicken and mee sua) due to unsold and expired food products; and
- Periodically review the food waste statistics reported by the outlets. Follow-up actions shall be carried out by the outlets that report food wastage higher than the acceptable level (i.e., 3% to 5% of sold quantities).

Paper is the major non-hazardous waste generated at the Group's office premises. The following measures have been implemented to minimise paper wastage:

- Advocate double-sided printing;
- Encourage the use of recycled paper for printing; and
- Remind employees to only print necessary work materials to reduce paper usage.

The Group's non-hazardous wastes data for the reporting period were as follows:

Non-hazardous waste type	Unit	Disposal (FY2022)
Food waste	kg	23,469
Office paper	kg	287.82
Non-hazardous waste intensity	kg/million revenue	987.77

Target setting:

Reduce the Group's non-hazardous waste intensity by 3% over the next three years, with the financial year ended at 31 March 2022 as the base year.



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Material Area 3: Use of Resources

Energy Management

We always encourage our employees to consume electricity in an efficient and responsible manner. Majority of the Group's electricity consumption are from its self-operated F&B outlets in Singapore and Malaysia. The following energy saving measures have been implemented across the Group's F&B outlets:

- Turn off cooking appliances and cleaning devices when they are not in use;
- Install energy-saving LED lights at the newly opened outlets;
- Purchase energy efficient electrical applicants at the newly opened outlets;
- Regular maintenance of kitchen equipment to ensure they are in good condition;
- Turn off the air conditioners when the outlets are not in operating hours;
- Keep the refrigerators' doors closed at all times to prevent electricity wastage; and
- Post energy-saving messages on the outlet's board as a constant reminder for employees.

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

Energy type	Unit	Consumption (FY2022)
Indirect energy — Electricity	MWh	1,238.72
Energy consumption intensity	MWh/million revenue	51.50

Water Management

Water consumption is essential in the Group's business operation of F&B outlets. The Group does not have any issues in sourcing for water for its office premises and self-operated F&B outlets in Singapore and Malaysia.

We always educate the employees to develop good water conservation habits. The following water saving measures have been adopted across the Group's F&B outlets:

- Install filters to the water taps in the outlets;
- Regular inspection of the water pipes and taps, and repair leakages timely to minimise water wastages;
- Use water intensive machines efficiently (e.g., use dish washers only when it is fully loaded); and
- Post water-saving messages in the outlet's kitchen, washroom and sink areas as constant reminders for employees;

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

Indicator	Unit	Consumption (FY2022)
Water consumption	m ³	14,944.10
Water consumption intensity	m ³ /million revenue	621.35



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Target setting:

Reduce the Group's energy and water consumption intensity by 3% over the next three years, with the financial year ended at 31 March 22 as the base year.

Material Area 4: Packaging Materials

The Group's packaging materials are used to package food and beverage items for customer take aways. They are usually in plastic and paper which include food bowls, paper wraps, drink containers and carrier bags etc. The Group has adopted the following practices to reduce usage of plastic packaging materials across the F&B outlets:

- Plastics material in product packaging are used only when necessary (e.g., cover lids of Mee Sua food bowls, carrier bags, drink containers are made of plastics to avoid spillage);
- Encourage customers to recycle the plastic packaging based on the number of recycling triangles printed on them or to reuse them; and
- Purchase from suppliers for packaging materials that are recyclable, compostable/biodegradable and or sustainably manufactured.

The Group's packaging material consumption data during the reporting period was as follows:

Indicator	Unit	Consumption (FY2022)
Total packaging materials	tonnes	64.68
Total packaging materials intensity	tonnes/million revenue	2.69

Material Area 5: Environmental and Natural Resources

The Group's business operations in F&B industry do not have significant impacts on the environment and natural resources, but we are aware of the social responsibility to enhance environmental sustainability in our communities. Thus, we regularly assess the environmental risks of our business activities and adopt eco-friendly practices to reduce air pollution, resources consumption, waste generation and plastic usages. We are committed to develop a long-term sustainable business to benefit our shareholders and the communities.

Indoor Air Quality

The Group has implemented the following air quality control practices in the F&B outlets :

- Smoking is strictly prohibited, where disciplinary actions including possible employment termination are to be taken against any employees who are found to be smoking in the outlets;
- Exhaust emission systems (e.g., mechanical ventilation equipment) which help to minimise oil fume emission and odour nuisance have been installed in the outlets; and
- Regular cleaning of air condition systems for filtering of pollutants, contaminants and dust particles.



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SOCIAL ASPECTS

We believe that employees are one of the most valuable assets for our business to achieve continuous success. The Group conducts regular training programmes to employees for their personal learning and development and for providing high quality service to our customers.

The Group places high priority in product safety to ensure the food and beverage products served to our customers are clean, safe, fresh and healthy. We are also committed in providing a safe and healthy working environment for our employees, especially in view of the fast spread of COVID-19 pandemic during our review period.

Material Area 6: Employment Practices

The Employee Handbook and Human Resources Policy have been established to govern the Group's staff employment and management related practices, such as:

- Contracts of employment, such as recruitment, confirmation and resignation;
- Performance appraisal, bonus, promotion and salary adjustment;
- Payroll processing and disbursement, include overtime and expense reimbursements;
- Attendance and leave benefits, such as medical leave, annual leave, medical benefits;
- Standards of conduct, such as confidentiality, press communication;
- Working hours, rest days, holidays and overtime pays; and
- Disciplinary procedures, such as employee grievances and termination.

As at 31 March 2022, the Group's total headcount is 163 and employees' profile breakdowns were as follows:

Recruitment statistics	No. of Headcount	Percentage (%)
By Gender		
Male	72	44.2%
Female	91	55.8%
By Employment Type		
Full-time	98	60.1%
Part-time	65	39.9%
By Geographical Region		
Singapore	126	77.3%
Malaysia	37	22.7%

During the reporting period, the Group was not aware of any reported breaches 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 adopting a fair and merit-based approach in hiring human capital. New talents are selected based on their experiences and suitability under transparent and robust recruitment processes. We provide equal employment opportunities for individuals in all job positions, regardless of their race, gender, age, religion, marital status, sexual orientation, pregnancy, political beliefs or other basis protected by law.



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Retention

The Group regularly reviews its salary structure and compensation packages offered to employees in order to stay competitive in the labour market. Promotions and salary increment opportunities are fair and transparent, determined based on employees' performances and potentials in their career development. We are committed to maintain a protected and free of harm working environment with our zero tolerance stand towards any form of discrimination, physical or verbal abuse, sexual harassment against employees.

Dismissal

The Group does not practice unfair dismissal of employees without valid reasons. Termination of employees only occur when there are criminal wrongdoings, severe misbehaviours/breaches of the Group's standards of conduct, etc. For employees reported with misconducts, we would carry out disciplinary actions before coming to the decision of dismissal, such as counselling, retraining, verbal and written warning, investigative actions, etc.

During the reporting period, the Group did not have any employment retrenchment or restructuring activities. The total number of employee resignations were 177 in the year, the breakdowns were shown as follows:

Turnover statistics	No. of Resigned employees	Percentage of resigned employee (%)
By Gender		
Male	106	147.2%
Female	71	78%
By Geographical Region		
Singapore	133	105.6%
Malaysia	44	118.9%

Employee feedback and grievance

The Group recognises the importance of listening to grievances and feedbacks from employees in creation of a high morale working environment for employees. We have various communication channels established for employees to raise their concerns, feedbacks and suggestions to the Group's management team for a more effective and inclusive working culture.

Material Area 7: Health and Safety

Covid-19 safety management measures

The Group always conforms to the local government's advisory guidelines on COVID-19 pandemic for its operations of F&B establishments in Singapore and Malaysia. During the reporting period, the Group was not aware of any reported breaches with COVID-19 related rules and regulations in Singapore and Malaysia.

For employees working at the Group's F&B outlets and office:

- Outlet employees are required to wear the badge that records his/her name and temperature of the day;
- Disinfection of the high touch point areas in the outlets three times a day and frequent sanitisation of the office premises;
- Split team arrangement for office employees who come to office in alternate week;
- Mandatory mask wearing at all times during working hours;
- Encourage employees to take the vaccination doses and keep track of employees' vaccination status;
- Employees are required to take ART test weekly and the ART test kits are provided to employees for free;



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- Visitors to the Company's office are restricted to the meeting room, and they are required to submit the ART test results and declaration forms;
- For employees that are tested COVID-19 positive and have close contact with COVID-19 patients, they are required to be self-isolated for seven days. Recovered employees need to take the ART test again before they can come back to work at the F&B outlet;
- For employees that have close contact with positive COVID-19 patients in the past one week, they are required to take ART test daily for the subsequent seven days; and
- Provide health supplements and fruits to keep employees healthy.

For customers:

- Floor markings at the outlets for customers to keep safe distancing in the queues;
- Hand sanitisers are placed at the front counter for customers to use; and
- Remind customers in the queue to put on their masks properly if they have not done so.

Workplace safety and health

The Group's Outlet Operations Manual has included hygiene and safety guidelines, which were constantly communicated to employees working at the F&B outlets. The Group's operation team also conducts regular outlet inspections to review the employees' safety practices in food preparation, outlet cleanliness and housekeeping matters.

Some examples of the Group's workplace health and safety measures at the F&B outlets are as follows:

- Floors and kitchen must 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;
- Wearing of proper personal protective equipment ("PPE") when dealing with boiling waters, heated oils and hot food;
- Usage of disposable gloves and clean utensils by all food handlers;
- Regular cleaning and sanitising of floor, kitchen, equipment and appliances;
- Cleaning schedule checklists are regularly reviewed by outlet supervisors; and
- Housekeeping inspections of the outlets are conducted regularly by the operation team.

In addition, fire extinguishers and first aid boxes have been placed in the Group's office premises, F&B outlets, central kitchen and warehouses to deal with emergency cases. The Group has established the procedures to handle severe workplace safety incidents, such as the immediate response actions, escalation and reporting, investigation procedures, remediation actions, etc.

During the reporting period, there was one case of work-related accident that resulted in 4 lost working days of the injured employee. During our reporting period, the Group was 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.

There were no work-related fatalities which occurred in the past 3 years.



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Material Area 8: Training and Development

Training Programmes for Employees

We always prioritise the need for regular and continuous training programmes to our employees so as to provide the best quality of food and service to customers. The major types of internal training programmes provided to our employees working at the F&B outlets include induction training for new hires, new menu training for food handlers and counter staff, customer service trainings for existing employees, refresher training for food handlers regarding food preparation and preservation processes, refresher training for existing employees regarding hygiene and quality control in outlet management, etc.

Our employees and franchisees shall also attend compulsory training courses required by the local government authorities, including Basic Food Hygiene Course in Singapore and Food Handler Training Course in Malaysia.

Total of 126 employees have attended training programmes during the reporting period, breakdowns of the training data were as follows:

Employees Receiving Training	No. of headcount	Percentage %
By Gender		
Male	54	43%
Female	72	57%
By Employment Category		
Managers	19	15%
Staff	107	85%

During the reporting period, total employee training hours were 378.5 hours and the average training hours per employee was 2.32 hours, breakdowns of the average training hours per employee were as follows:

Average Employee Training Hours	No. of hours
By Gender	
Male	2.46
Female	2.21
By Employment Category	
Managers	3.92
Staff	2.59

Training for Franchisees

To achieve consistency in food and service quality under the Group's brand name, regular training programmes are conducted for the franchisees. During the reporting period, the training programmes provided to the franchisees include induction training for new franchisees, regular refresher training and customer service trainings for existing franchisees, and training on new menus before product launching.

In view of travel restrictions due to COVID-19 pandemic, trainings for overseas franchisees were conducted virtually via electronic meeting platforms. During the reporting period, the total training hours were 1,896 hours for 77 franchisee employees.

In addition, the master franchisees in overseas countries (i.e., Indonesia) have employed certified managers to supervise the operations at sub-franchisees' outlets and provide trainings to sub-franchisees' employees.



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Material Area 9: Labour Standard

Prevention of Child Labour and Forced Labour

The Group strictly prohibits the hiring of full-time employees below the age of 18 and part-time employees below the age of 16 for its business operations in Singapore and Malaysia. We also believe that employees should not be forced to work against their wills through any forms of threat, intimidation or coercion.

The Group takes reasonable efforts to verify the accuracy of new hires' personal information and prevent incidental hiring of child labours, such as check to the original copies of the passport or identification card, make reference calls to the Ministry of Manpower, etc. In addition, the management team conducts regular inspections at the self-operated and franchised outlets for any sign of child and forced labour and forced labour.

During the reporting period, the Group was not aware of any breaches with the 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.

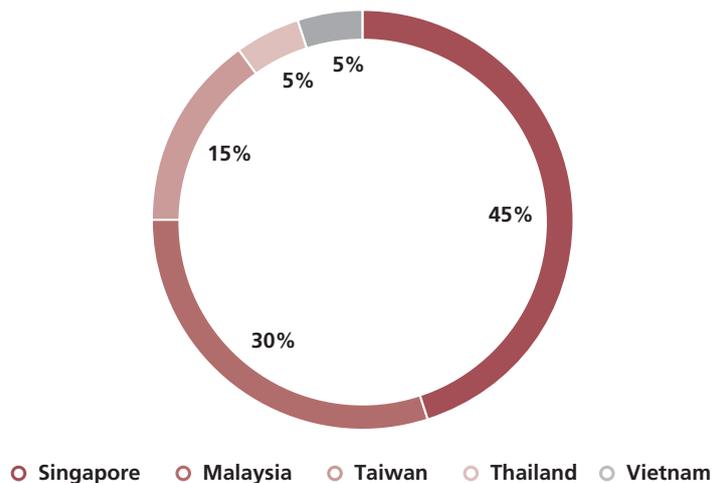
Material Area 10: Supplier Management

Geographic Span of Suppliers

Supply chain management is one of the key cornerstones for the Group's continuous success in the F&B industry. The freshness, safety and tastes of food ingredients and semi-processed products purchased from suppliers are fundamental in determining the final quality of food and beverage products delivered to the customers under the Group's brand name.

As at 31 March 2022, the Group has a total of 20 approved food suppliers. Majority of the food suppliers are sourced from Singapore; the geographical location breakdown was as follows:

Geographic locations of suppliers



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Supply Chain Management

The Group has rigorous controls over its supply chain management system, such as selection and acceptance of new suppliers, receiving and quality inspection of food ingredients and semi-processed products from suppliers, storage and maintenance of food products in warehouse and outlets and monitoring and evaluation of supplier performances etc.

The Group always sources for reliable suppliers of food ingredients and semi-processed products based on stringent criteria such as country of origin, freshness, taste, nutritional value and safety for consumption etc. Before the commencement of purchasing relationship with a new supplier, the management performs site visits to the suppliers' production facility, observe and evaluate the supplier's quality control processes, and perform sample testing of supplier's products to ensure the food quality can meet the Group's requirement.

The Group requires the receiving parties to perform quality checks on each batch of the food products delivered to the warehouses and F&B outlets. The Group also regularly reviews the supplier performances from aspects of quality, freshness, pricing, delivery timeliness, etc. Suppliers that fail to satisfy the performance evaluation criteria will be removed from the Group's approved suppliers list.

During our reporting period, the Group experienced slight delay of delivery from overseas suppliers amidst the COVID-19 pandemic. Nevertheless, the Group has mitigated potential disruption by working with alternative suppliers that are locally located in Singapore.

Environmental and Social Risk of Suppliers

The Group tends to select new suppliers that produce environmentally friendly products, especially suppliers of packaging materials. The Group also monitors the food suppliers' environmental and social risks on a continuous basis. When the Group is aware of any suppliers that have been reported and fined on environmental pollution, illegal employment practices and food safety incidents etc, the Group will discontinue purchasing relationships with them 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 conducts its purchasing activities in a fair and open manner that does not tolerate preference over suppliers that are owned, controlled or managed by the Group's controlling shareholders, directors and employees. We have zero tolerance attitude towards any forms of bribery, kick-backs and corruption practices in dealing with suppliers.

During the reporting period, the Group was not aware of any material transactions that had conflict of interests between the employees (including management team and directors) and the suppliers.

Material Area 11: Product Responsibility

Food Quality and Safety

Food quality and safety is always the priority in our business of providing food and beverage products to customers. The Group has established and regularly reviewed the food quality control system and food safety and hygiene guidelines in the Outlet Operations Manual.

Employees working for the Group's F&B outlets are required to adhere to the established Operations Manual in areas of food storage and preservation, food processing and cooking, food packaging, customer servicing, cleanliness and hygiene of outlet areas, etc. Regular outlet inspections for compliance are conducted by the Operations Team for both the self-operated and franchised F&B outlets in Singapore and Malaysia.

We ensure that food handlers working for our self-operated and franchised F&B outlets in Singapore and Malaysia are holding valid food safety and hygiene certificates issued by the local government authorities. We also have in place proper escalation and handling procedures for emergency situations relating to food safety and quality issues, such as food borne illness complaints from customers, physical hazard found in food products, etc.



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The Group has established storage methods to best preserve the freshness and quality of food ingredients and semi-processed products in the warehouses and F&B outlets, and more importantly during transportation to the franchised outlets located overseas. For the receipt of food ingredients and semi-processed products at the F&B outlets, employees are required to check for product expiry dates, temperature of products, intact packaging, freshness of the food condition, etc. Defective food products received shall be returned immediately to the suppliers for exchange.

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 no product recalls due to health and safety reasons during the reporting period.

Customer Services

We believe that customer satisfaction is the key to our success in the sustainable future. It is important to understand customers' complaints, understand the areas of improvement and deliver better services for customers.

The Group has established a corporate website, telephone hotlines and social media platforms (e.g., Facebook) 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 free prepaid card vouchers to use at any of the Group's F&B outlets. The customer service officers would also communicate customer complaints to relevant departments responsible for production, purchase, logistics, outlet operations to carry out remediation actions and reduce the risk of similar complaints.

During the reporting period, the Group has received and handled 163 cases of customer complaints for its F&B outlets in Singapore and Malaysia, average 4.4 cases per store per year. Customer feedbacks are mainly regarding the long waiting time, service attitude, inaccurate order processed, unsatisfactory food taste and quality etc. All customer complaints received have been handled promptly in accordance to the Group's established procedures.

Intellectual Property ("IP") Rights

The brand of "Shilin Taiwan Street Snacks" is a unique and valuable asset to the Group's business as it is well recognised by consumers in Singapore and Malaysia. It is important to protect the Group's IP rights, which are 14 trademarks in total as at 31 March 2022. During our reporting period, there were only renewal of trademarks but no registration of new trademarks.

For geographic locations other than Singapore and Malaysia, the Group relies on master franchisee and licensee to protect the usage of its IP rights. The proposed use of its IP rights must be pre-approved by the Group before the opening of new outlets in the overseas countries. If the franchisees and licensees need to use the IP rights in ways which deviate from the proposed uses or not consistent with the franchisee and licensee agreement, consents and approvals must be sought from the Group. During the reporting period, the Group was not aware of any cases of IP infringements by third parties.

Customer Privacy Protection

Personal data such as the name, email and contact numbers are collected from customers who subscribe to the Group's prepaid card membership programme. Customer data are maintained in the membership system and are only accessible to the advertising and promotional team for marketing efforts, such as quarterly electronic direct emails to customers that subscribed to this service. Customer data are ceased to be retained by the Group when the validity period of prepaid card lapse without renewal or when customers wish to unsubscribe from the membership programme.

During the reporting period, the Group was not aware of any reported breaches to personal data protection related laws and regulations in Singapore and Malaysia.



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Advertisement efforts

We always pay attention to the advertisement and promotional information to ensure they are true, fair and do not mislead the customers. We hold regular promotional campaigns at our outlets during launch of new products and special event days (i.e., Lunar Chinese New Year Day, Christmas day, National Day, Father's Day, Mother's Day). The Group spent more efforts to strengthen its social media presence during the reporting period, such as engaging influencers and celebrities to market the Group's new product offerings, promotional campaigns, etc. The Group collaborated with another food brand to cross-market each other's brand products in their retail outlets and social media. The Group also worked with shopping malls and delivery partners for advertising spaces to market its brand and products.

For geographic locations other than Singapore and Malaysia, the master franchisee and licensee are responsible for the advertising and marketing activities. To preserve the Group's brand image, the advertising and marketing materials must be provided by the master franchisee and licensee to obtain pre-approval by the Group.

Material Area 12: Anti-Corruption Practices

We always emphasise the importance of integrity, honesty and fairness in cultivating an ethical working culture in the Company. We have zero tolerance towards bribery, fraud and any other corruption behaviours.

During the reporting period, the Group was not aware of any reported non-compliance with relevant laws and regulations of 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. There was no legal case regarding corrupt practices brought against the Group or our employees during the reporting period.

Anti-corruption training

The Group's Code of Conduct and Anti-Corruption, Anti-Fraud and Anti-Money Laundering policies and procedures are communicated to the new employees and directors during onboarding orientation. The Board of Directors have attended the training course regarding the 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 an independent and confidential whistleblowing system that allows individuals to report any suspected unlawful conduct, financial malpractice, override of control, unethical behaviours and etc. without the fears of unfair treatments against them. All stakeholders i.e., employees, shareholders, customers and suppliers have access to the whistleblowing channel where their reports are directly received by the Group's Audit Committee and investigated with the help of professional service providers. During the reporting period, there was no whistleblowing case received by the Group's Audit Committee.

Material Area 13: Community Investment

We recognise the importance of helping the underprivileged in our communities. We always encourage our employees to make donations, perform volunteer work, participate in community events to strengthen their sense of social responsibility. However, due to restrictions imposed by COVID-19 pandemic, the Group did not make any community contributions during the reporting period.



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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 Listing Rules.

Disclosure Reference	Description	Section/Declaration
Part B of Appendix 27: Mandatory Disclosure Requirements		
Governance Structure	<ul style="list-style-type: none"> A statement from the board containing the following elements: <ol style="list-style-type: none"> a disclosure of the board's oversight of ESG issues; 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 how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses. 	<ul style="list-style-type: none"> Board Statement
Reporting Principles	<ul style="list-style-type: none"> A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG Report: <ol style="list-style-type: none"> Materiality Quantitative Balance Consistency 	<ul style="list-style-type: none"> About The Report
Reporting Boundary	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> About The Report
Part C of Appendix 27: "Comply or explain" Provisions		
Aspect A1: Emissions	<ul style="list-style-type: none"> General Disclosure Information on: <ol style="list-style-type: none"> the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer 	<ul style="list-style-type: none"> Material Area 1: Emissions
KPI A1.1	<ul style="list-style-type: none"> Types of emissions Respective emissions data 	<ul style="list-style-type: none"> Not applicable as the Group's operation did not generate air pollutant emissions in the reporting period.



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Disclosure Reference	Description	Section/Declaration
KPI A1.2	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Material Area 1: Emissions
KPI A1.3	<ul style="list-style-type: none"> Total hazardous waste produced (in tonnes) Intensity (e.g., per unit of production volume, per facility) where appropriate 	<ul style="list-style-type: none"> Not applicable as the Group's operation did not product hazardous waste in the reporting period.
KPI A1.4	<ul style="list-style-type: none"> Total non-hazardous waste produced (in tonnes) Intensity (e.g., per unit of production volume, per facility) 	<ul style="list-style-type: none"> Material Area 2: Waste Management
KPI A1.5	<ul style="list-style-type: none"> Description of emissions target(s) set Steps taken to achieve them 	<ul style="list-style-type: none"> Material Area 1 and 2: Emission and Waste Management
KPI A1.6	<ul style="list-style-type: none"> Description of how hazardous and non-hazardous waste are handled Description of reduction target(s) set and steps taken to achieve them 	<ul style="list-style-type: none"> Material Area 2: Waste Management
Aspect A2: Use of Resources	<ul style="list-style-type: none"> General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials 	<ul style="list-style-type: none"> Material Area 3: Use of Resources
KPI A2.1	<ul style="list-style-type: none"> 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) 	<ul style="list-style-type: none"> Material Area 3: Use of Resources
KPI A2.2	<ul style="list-style-type: none"> Water consumption in total Intensity (e.g., per unit of production volume, per facility) 	<ul style="list-style-type: none"> Material Area 3: Use of Resources
KPI A2.3	<ul style="list-style-type: none"> Description of energy use efficiency target(s) set Steps taken to achieve them 	<ul style="list-style-type: none"> Material Area 3: Use of Resources
KPI A2.4	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Material Area 3: Use of Resources
KPI A2.5	<ul style="list-style-type: none"> Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced 	<ul style="list-style-type: none"> Material Area 4: Packaging Materials
Aspect A3: The Environment and Natural Resources	<ul style="list-style-type: none"> General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources 	<ul style="list-style-type: none"> Material Area 5: Environmental and Natural Resources
KPI A3.1	<ul style="list-style-type: none"> Description of the significant impacts of activities on the environment and natural resources Actions taken to manage them 	<ul style="list-style-type: none"> Material Area 5: Environmental and Natural Resources



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Disclosure Reference	Description	Section/Declaration
Aspect A4: Climate Change	<ul style="list-style-type: none"> General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer 	<ul style="list-style-type: none"> Not applicable as there were not any significant climate-related issues that may impact the Group in the reporting period.
KPI A4.1	<ul style="list-style-type: none"> Description of the significant climate-related issues which have impacted Actions taken to manage them. 	<ul style="list-style-type: none"> Not applicable as the Group did not encounter any significant climate-related issues in the reporting period.
Aspect B1: Employment	<ul style="list-style-type: none"> General Disclosure Information on: <ol style="list-style-type: none"> the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer 	<ul style="list-style-type: none"> Material Area 6: Employment Practices
KPI B1.1	<ul style="list-style-type: none"> Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region 	<ul style="list-style-type: none"> Material Area 6: Employment Practices
KPI B1.2	<ul style="list-style-type: none"> Employee turnover rate by gender, age group and geographical region 	<ul style="list-style-type: none"> Material Area 6: Employment Practices
Aspect B2: Health and Safety	<ul style="list-style-type: none"> General Disclosure Information on: <ol style="list-style-type: none"> the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer 	<ul style="list-style-type: none"> Material Area 7: Health and Safety
KPI B2.1	<ul style="list-style-type: none"> Number and rate of work-related fatalities occurred in each of the past three years including the reporting year 	<ul style="list-style-type: none"> Material Area 7: Health and Safety
KPI B2.2	<ul style="list-style-type: none"> Lost days due to work injury 	<ul style="list-style-type: none"> Material Area 7: Health and Safety
KPI B2.3	<ul style="list-style-type: none"> Description of occupational health and safety measures adopted How they are implemented and monitored 	<ul style="list-style-type: none"> Material Area 7: Health and Safety
Aspect B3: Development and Training	<ul style="list-style-type: none"> General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities 	<ul style="list-style-type: none"> Material Area 8: Training and Development
KPI B3.1	<ul style="list-style-type: none"> The percentage of employees trained by gender and employee category (e.g. senior management, middle management) 	<ul style="list-style-type: none"> Material Area 8: Training and Development
KPI B3.2	<ul style="list-style-type: none"> The average training hours completed per employee by gender and employee category 	<ul style="list-style-type: none"> Material Area 8: Training and Development



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Disclosure Reference	Description	Section/Declaration
Aspect B4: Labour Standards	<ul style="list-style-type: none"> General Disclosure Information on: <ol style="list-style-type: none"> the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour 	<ul style="list-style-type: none"> Material Area 9: Labour Standard
KPI B4.1	<ul style="list-style-type: none"> Description of measures to review employment practices to avoid child and forced labour 	<ul style="list-style-type: none"> Material Area 9: Labour Standard
KPI B4.2	<ul style="list-style-type: none"> Description of steps taken to eliminate such practices when discovered 	<ul style="list-style-type: none"> Material Area 9: Labour Standard
Aspect B5: Supply Chain Management	<ul style="list-style-type: none"> General Disclosure Policies on managing environmental and social risks of the supply chain 	<ul style="list-style-type: none"> Material Area 10: Supplier Management
KPI B5.1	<ul style="list-style-type: none"> Number of suppliers by geographical region 	<ul style="list-style-type: none"> Material Area 10: Supplier Management
KPI B5.2	<ul style="list-style-type: none"> Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored 	<ul style="list-style-type: none"> Material Area 10: Supplier Management
KPI B5.3	<ul style="list-style-type: none"> Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored 	<ul style="list-style-type: none"> Material Area 10: Supplier Management
KPI B5.4	<ul style="list-style-type: none"> Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored 	<ul style="list-style-type: none"> Material Area 10: Supplier Management
Aspect B6: Product Responsibility	<ul style="list-style-type: none"> General Disclosure Information on: <ol style="list-style-type: none"> the policies; and 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 	<ul style="list-style-type: none"> Material Area 11: Product Responsibility
KPI B6.1	<ul style="list-style-type: none"> Percentage of total products sold or shipped subject to recalls for safety and health reasons 	<ul style="list-style-type: none"> Not applicable as the Group did not have product recalls due to safety and health reasons in the reporting period.
KPI B6.2	<ul style="list-style-type: none"> Number of products and service-related complaints received and how they are dealt with 	<ul style="list-style-type: none"> Material Area 11: Product Responsibility
KPI B6.3	<ul style="list-style-type: none"> Description of practices relating to observing and protecting intellectual property rights 	<ul style="list-style-type: none"> Material Area 11: Product Responsibility



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Disclosure Reference	Description	Section/Declaration
KPI B6.4	<ul style="list-style-type: none"> Description of quality assurance process and recall procedures 	<ul style="list-style-type: none"> Material Area 11: Product Responsibility
KPI B6.5	<ul style="list-style-type: none"> Description of consumer data protection and privacy policies, and how they are implemented and monitored 	<ul style="list-style-type: none"> Material Area 11: Product Responsibility
Aspect B7: Anti-corruption	<ul style="list-style-type: none"> General Disclosure Information on: <ol style="list-style-type: none"> the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering 	<ul style="list-style-type: none"> Material Area 12: Anti-Corruption Practices
KPI B7.1	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored 	<ul style="list-style-type: none"> Material Area 12: Anti-Corruption Practices
KPI B7.3	<ul style="list-style-type: none"> Description of anti-corruption training provided to directors and staff 	<ul style="list-style-type: none"> Material Area 12: Anti-Corruption Practices
Aspect B8: Community Investment	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Material Area 13: Community Investment
KPI B8.1	<ul style="list-style-type: none"> Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport) 	<ul style="list-style-type: none"> Not applicable as the Group did not contribute to local community in the reporting period.
KPI B8.2	<ul style="list-style-type: none"> Resources contributed (e.g., money or time) to the focus area 	<ul style="list-style-type: none"> Not applicable as the Group did not contribute to local community in the reporting period.

