



STEPPING UP

SUSTAINABILITY REPORT 2018

CONTENTS



ABOUT THIS REPORT

Sheng Siong publishes its sustainability report on an annual basis. This is Sheng Siong's second sustainability report which covers the period 1 January to 31 December 2018. The previous annual sustainability report was published in April 2018. This sustainability report covers all of Sheng Siong's operations in Singapore. Sheng Siong does not have any major operations of significance overseas. Our operations in China contributes less than 1% to our revenue and we have excluded them from the scope of this report.

This report has been prepared in accordance with the GRI Standards: Core Option. The GRI Content Index can be found on the online report page 70-76, which can be accessed from our corporate website. We have not sought external assurance for this report. For any questions or comments, please address them to management@shengsiong.com.sg.



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SHENG SIONG GROUP

昇菘集团

OUR VISION

To be the preferred retailer in the market, starting from Singapore and expanding further ashore.

OUR MISSION

To create value in a sustainable manner for our customers in a convenient and comfortable shopping environment with good service and quality products at reasonable prices.

OUR BELIEF

With morality as our bedrock, we continue our legacy by setting self-expectations to walk the talk and to be good examples for others. With this, we will conquer all odds and ensure the continuity of Sheng Siong.

以道德为基础（自我要求，言行一致），
以榜样为传承（走出死亡，永续昇菘）。

OUR VALUES

Be reasonable, harmonious, responsible and dedicated. Be earnest and efficient at work, with no empty promises and excuses.

合理、和谐、尽责、敬业。
认真、快、坚守承诺、决不找借口。

OUR TAGLINE

... all for you!



JOINT MESSAGE FROM THE CHAIRMAN AND THE CEO

DEAR STAKEHOLDERS,

Sheng Siong is a leading retailer of fresh produce and daily essentials in Singapore. To stay relevant and responsive to the needs of our stakeholders, Sheng Siong takes a proactive approach to engage our stakeholders and keep abreast on issues that matter to them. In the process of reviewing and refining our material sustainability issues, we were able to align our business perspectives with that of our stakeholders' and incorporate sustainability as a strategy to manage emerging risks and challenges posed to our business.

Our efforts in adopting sustainable growth strategies and placing sustainability at the heart of our strategy and operations were recognised when we were awarded the Best Inaugural Sustainability Report in the Mainboard category by The Singapore Sustainability Reporting Awards.

We opened ten new outlets in 2018, bringing the Group's total number of retail outlets to 54, further strengthening our foothold in Singapore's heartland. We opened our first retail outlet outside Singapore in November 2017. The store is located

in Kunming, Yunnan, China and has a retail area of approximately 50,000 square feet. We will continue to build the Sheng Siong brand in Kunming and will widen our market coverage by opening a second store, also in Kunming in 3Q2019.

The extension of our central warehouse in Mandai is expected to be completed by end 2019, a delay over the original targeted completion date of 1Q2019.

Contributing to the Group's growth is our commitment to the company's core values and principles in fulfilling the demands of our customers sustainably. Our sustainability journey is built on five key pillars:

1. Business Excellence
2. Care for our Customers
3. Care for our Employees
4. Care for the Community
5. Care for the Environment

Each pillar represents Sheng Siong's commitments to create a sustainable and positive impact in the business, the workplace, the community and the environment.

BUSINESS EXCELLENCE

Our stakeholders view strategic growth, financial performance, capital and risk management, and sound governance as hallmarks of an excellent business. The Group persists in striving for business excellence in our value chain which is critical for the sustainability of our business in a competitive and ever-changing environment. This includes containing and reducing costs via productivity and process improvements and investing in technology. This approach has been accentuated by the need to replace labour with capital and has been validated by the recent tightening of the quotas for the employment of foreign workers by the Government in Singapore.

Since introduced in 2015, we have successfully rolled out our Hybrid Self-Checkout System ("HSCO") in 47 stores and aim for complete implementation by the first half of 2019. The HSCO has allowed us to successfully reduce each customer's waiting time at checkout by more than 30 seconds, and freed up cashiers and tellers to take on roles that enlarge the scope of their responsibilities and skill sets.





JOINT MESSAGE FROM THE CHAIRMAN AND THE CEO

In 2018, we launched the first “recycling” cash withdrawal machine in Singapore, which we call “\$tm”, in our stores at ITE College Central and Block 417 Fernvale Link. We top up the \$tm machines with cash from our supermarkets’ sales, and users can withdraw money from their bank accounts using their DBS, POSB, OCBC or UOB ATM cards. This reduces the amount of cash to be collected daily and deposited at the bank by our cash handling service provider, thereby saving us some cash handling charges. Nationally, this should improve productivity as cash is recycled at our stores, eliminating the leg where it is transferred to the banks and then back to their ATMs. These machines are scheduled to be installed in all of our stores by end May 2019. This may sound counter-intuitive as we move towards a cashless society, but realistically, we think that cash will still be used, albeit with a diminished role.

The Group’s CEO, Mr Lim Hock Chee, has also been a member of the MAS Payment Council since August 2017, helping to steer future e-payment solutions in Singapore. We pioneered to pilot-test some of these solutions such as the NETs QR code in 20 of our stores. The success of this pilot test will see us launch the NETs QR code across all our stores by the first half of 2019. With an additional cashless payment option, we are heeding the call to move towards a cashless society.

Given the size of our retail network, we reap economies of scale from the improvements in operational efficiencies and business processes. This strengthens our commitment to being a forerunner in adopting new processes and technologies that improve productivity and simplify workflow. Our efforts in these areas were acknowledged when we were awarded the SPRING Innovation Excellence Award in 2015.

Along with the digital transformation of our business comes the increasing threat of cyber security vulnerabilities. We recognise the growing risk and have taken steps to secure and protect our digital infrastructure for the viability of our business.



Complete implementation of the HSCO is targeted for the first half of 2019.

CARE FOR OUR CUSTOMERS

“This company does not have a boss; there is only staff. The customer is the real boss. That’s why I have been reminding my working companions not to be mistaken about who their boss is.”

– Mr Lim Hock Chee BBM
CEO

Our customers represent a significant portion of the community at large. They view food and product safety, customer satisfaction, healthy diet options and affordability of daily necessities as the most material aspects of our operations.

Food Safety and Quality

Food safety has always been our main priority. Good maintenance of the cold chain is important for preserving the safety, freshness, shelf life, and quality of fresh and chilled food while reducing wastage arising from spoilage throughout the supply chain.

Not only are our processing departments ISO 22000:2005 Food Safety Management System certified, our management is also well represented in government-initiated working groups, task forces, and committees that keep us updated on new developments in food safety standards and practices.

In 2018, there were a few major food incidents in Singapore that remind us of the increasing needs to improve our safeguards for food safety and security – listeria-contaminated rockmelons and strawberries with pins from Australia, and iceberg lettuce with high pesticide residues from Malaysia. In all these cases, we work proactively with our government to provide information transparently and conduct product recalls. Together with our suppliers, we heighten food safety and security checks and strive to communicate openly with our customers.

Healthy Singapore

According to SingHealth¹, due to environmental and genetic factors, certain health concerns have a higher prevalence rate in Singapore as compared to other countries: myopia, colorectal cancer, nose cancer, Type 2 diabetes and thalassemia. Where health has become an increasing concern, our customers are more discerning with their food choices.

To encourage customers to make healthier choices during their daily grocery shopping, we partner the Health Promotion Board (HPB) in campaigns such as the “Eat, Drink, Shop Healthy Challenge”



where they are awarded Healthpoints with every Healthier Choice Symbol (HCS) product purchased. These points can then be used to redeem grocery shopping vouchers. We plan to expand on the range and selection of our HCS products in the years to come.

Other initiatives that we support to promote a healthy lifestyle include “World No Tobacco Day” and “National Steps Challenge™ Corporate Challenge.”

Affordability of Daily Necessities

We continue to work closely with government agencies in keeping watch on excessive price increases of daily necessities, for example by diversification in our sourcing and procurement strategy to ensure a sustainable supply of food and products at a stable price.

Since 2015, we have supported the SG50 Seniors Programme by giving a special 3% discount every Wednesday for senior citizens aged 60 and above. At Sheng Siong, we strive to provide the best value in a basket of goods.

CARE FOR OUR EMPLOYEES

Employees view competitive reward and recognition of work effort, opportunities for career progression, learning and development, job stability, and good leadership as the important factors to motivate them to outstanding performance.

The three topics covered under this pillar have stood out stronger in this year’s materiality assessment - Employee Engagement and Development, Inclusive Workplace and Occupational Health, Safety and Well-being.

Sheng Siong employs about 2850 employees in Singapore as of 31st Dec 2018, an 11% increase in the workforce as compared to 2017. This is primarily due to the rapid expansion of the Group

¹ <https://www.healthxchange.sg/wellness/health-work/five-health-conditions-singaporeans-risk>

JOINT MESSAGE FROM THE CHAIRMAN AND THE CEO

with an addition of ten new stores in the year. The rapid expansion of the Group coupled with the tightened foreign workers policy has resulted in a manpower strain.

However, Sheng Siong remains committed to the training and skills upgrading of our staff. There is a strong emphasis on on-the-job training due to the nature of our business, and we believe this shall remain the foundation of our training method as learning through role-modelling and from experience is fundamental to our operational effectiveness. That said, we still have improvements to make, and this includes formalising our training procedures and assessment and adopting e-learning as a training platform to be more accessible and effective. We are in the progress of building a training supermarket within the new extension of our HQ cum distribution centre by 2021.

Our employees are our key assets, and it is paramount that their safety, health and well-being are looked after. Workplace Safety and Health (WSH) committees have been established to monitor and address workplace safety and health risks within our company. We continue to pledge our commitment to building an inclusive and familial working environment that is safe for everyone.

We show our appreciation towards our employees via a fair remuneration system and recognition programmes. Last year, our controlling shareholders Mr Lim Hock Eng, Mr Lim Hock Chee and Mr Lim Hock Leng disbursed, out of their own pockets, annual education grants amounting to \$506,800. The beneficiaries were 577 children of our lower-salaried employees.

We were filled with pride when a record-breaking number of 15 employees received their long service award for 20 years of service to the Group in 2018.

CARE FOR THE COMMUNITY

Sheng Siong strongly believes that we should always give back to society with gratitude. Every year, we make an effort to provide financial assistance as well as sponsorships in-kind, lending our hands to those who are less fortunate. The spirit of giving has been well-embraced by the Group through care for the community, for our customers, and our employees. These have been material aspects of our operations since our inception.

Some of our community initiatives last year included the following:

Project R.I.C.E.+ 2018

We supplied about 25,615 hampers of food, toiletries and household items for the needy through Project R.I.C.E.+ 2018. This marked our 6th consecutive year of collaboration with the Red Cross Youth. We assisted in preparing the hampers for distribution to 20,000 beneficiaries from skipped-generation families, single-parent households and low-income households.



Photo credit: Project R.I.C.E.+ 2018

Mother's Day Charity Walk

This is our 3rd year of support for the #ILoveYouMumChallenge campaign organised by Mediacorp. The campaign is a transmedia social movement that aims to strengthen family ties by challenging children of all ages to express their feelings for their mothers via social media video with the hashtag #ILoveYouMumChallenge. This year, the campaign expanded to include the Mother's Day Charity Walk which comprises of a carnival where half of ticket sales proceeds went to AWWA, a beneficiary of Mediacorp Cares.

Organised by:


Presented by:




Sunday, 13 May 2018 • 8am • Marina Barrage

Give the gift of health to your mum! Join us at Singapore's inaugural Mother's Day Charity Fun Walk 2018!

- ★ Sign up and get a fun pack worth over \$100, which includes a dri-fit tee, vouchers and more!
- ★ Complete the walk and get a bonus Sheng Siong grocery pack!
- ★ Join us as we attempt to set a new record in the Singapore Book of Records.
- ★ Prizes worth over \$6,000 to be won!
- ★ Take part in the carnival after the walk for more entertainment, food and shopping! Carnival happens from 9am to 1pm!

CATEGORY	REGISTRATION FEE
Single ticket	\$25
Pair tickets	\$40
Happy Family Bundle (4 tickets)	\$60

Visit toggle.sg/iloveyoumum for more details and to buy your tickets!

Registration closes on **6 May 2018, Sunday**

50% of the ticketing proceeds will be donated to AWWA, a beneficiary under Mediacorp Cares



Photo credit: Mediacorp



The Mother's Day charity walk drew some 3,000 participants.

Photo credit: Mediacorp

Heartwarmers Volunteer Group

In 2018, we continued to partner with Heartwarmers Volunteer Group to build and expand the ground-up initiative called "Project 100=50". This was the second year we participated in the project, which was originally a collaboration between multiple parties, including Henderson-Dawson CCC, Nee Soon Central Grassroots Organisations and Sree Narayana Mission Home, and has since expanded to include Tampines North CCC, Kembangan-Chai Chee Social Team and Jurong Spring CCC. Project 100=50 allows selected beneficiaries to purchase items at a 50% discount, up to a maximum discount of \$50. These invited beneficiaries typically belong to lower middle-income families who require some form of financial help. The programme had helped these beneficiaries save money when buying groceries through discounted prices.

Sheng Siong had supported 45 such events throughout 2018 by setting up booths, providing shopping trolleys, baskets, fridges and shopping bags. Our colleagues from the Housebrand Department have also volunteered their services, contributing about 672 volunteer hours at these events.

JOINT MESSAGE FROM THE CHAIRMAN AND THE CEO

CARE FOR THE ENVIRONMENT

Singapore declared the year of 2018 as the Year of Climate Action. We believe that we have an important role to play when it comes to tackling climate change. In line with the Sustainable Singapore goals, we look at how we can conserve resources and reduce our carbon footprint.

Renewable Energy

In 2013, solar panels spanning an area of about 11,000 square meters were installed on the rooftop of our Mandai Link Distribution Centre. When commissioned in 2014, it was the largest single photovoltaic system in Singapore, with a capacity of 1,200 kilowatts-peak.

In 2018, solar energy contributed about 12.6% of our energy requirements for the distribution centre. This is slightly lower than the 14% last year because some solar panels were removed during the works of building the warehouse extension. Our proactive effort to be environment-friendly was recognised when we were conferred the Singapore Economic Development Board (EDB) Solar Pioneer Award in late 2013.

Conserving Resources

We adopt the 3Rs “reduce, reuse, recycle” principle in the management of our resources. We monitor and measure the usage of our resources and waste streams because we believe that through conserving precious resources, we not only contribute to a more sustainable environment but also reduce costs and create better value for our stakeholders.

Tackling an Array of Environmental Issues

From packaging waste to food waste, water conservation to energy conservation, and sustainable sourcing, these huge and complex issues that we have responsibilities towards cannot be solved on our own. The supermarkets often become the centre of attention because of the high visibility of our business. However, our good business sense tells us that any amount of waste reduced, any volume of water saved, and any amount of energy conserved, all translates to cost savings for our business and higher returns for our stakeholders.

Everyone has a role to play in our fight against climate change. It is paramount that we as a nation build collective actions towards protecting the environment. While we take up the responsibility of supplying responsibly, we hope that everyone as a consumer could consider consuming more responsibly.

We hope our Annual Report and Sustainability Report will, together, provide you with a more holistic perspective of our business. We value your feedback and look forward to making the organisation a more inclusive one with greater integration of the sustainable development issues that you are most concerned about.

Lim Hock Eng ^{PBM}
Executive Chairman

Lim Hock Chee ^{BBM}
CEO

LEADERSHIP COMMITMENTS TO SUSTAINABILITY

For more than 30 years, Sheng Siong has striven to excel in our mission of creating value sustainably for our customers, with a core focus on good service, quality products, and reasonable prices. To achieve this, sustainability is a theme that pervades our business operations and strategy formulations.

Our sustainability journey is built on 5 key pillars. Each pillar represents different sustainability issues that we hold close to our hearts and our commitments to change and/or influence positively in ways that remain relevant and accountable to our stakeholders.



LEADERSHIP COMMITMENTS TO SUSTAINABILITY

CORPORATE GOVERNANCE

The Sheng Siong Board is the highest governance body consisting of the Executive Chairman, Executive Vice-Chairman, CEO, Managing Director, Executive Director, one Non-Executive Director, and four Independent Directors. Our Board of Directors has expertise in the fields of business management, finance, law, real estate, and food safety, and contributes positively to strategy formulation and risk mitigation.

Together, the Board and Management are responsible for overseeing the Group's risk management framework and policies, and reviewing their effectiveness for all economic, environmental and social topics. While the Executive Management meets regularly, the Board reviews our Group's sustainability issues at least once a year.

Since 2015, the Group has established an Organisational Excellence Committee¹ at the management level to review and discuss topics of innovation and business excellence, including risk management. In 2018, the Group established a Risk and Business Continuity Committee, to dedicate better oversight on risk management and business continuity issues. Both committees report to the CEO.

The Sustainability Committee was set up in 2017 to provide oversight on the Group's material ESG topics. The committee is led by our Executive Director, Lin Ruiwen, and comprises members of the senior management of key business functions such as operations, human resource, quality assurance, finance, procurement, IT and corporate communications. The committee is responsible for formulating sustainability policies, championing sustainability projects, and monitoring their effectiveness and performance targets.

Stakeholder consultation is used in the identification and management of sustainability material issues. Members play the role of champions of sustainability issues within the Group, and meet regularly to review, discuss and identify potential environmental, social and governance risks that Sheng Siong is susceptible to, as well as to monitor our progress and performance. The Executive

Director then evaluates and provides advice and recommendations to the CEO and Board of Directors on the areas for improvements, and possible strategies and actions concerning these topics. The committee is also tasked to work with relevant departments in executing the approved strategies and actions.

SHENG SIONG SUSTAINABILITY COMMITTEE	
1. Lin Ruiwen	Executive Director
2. Wong Heng San	Deputy General Manager <i>International Business Development</i>
3. Jolyn Lim Hui Ling	General Manager <i>Finance</i>
4. Tan Siok Tin	Deputy General Manager <i>Information Technology</i>
5. Leong Weng Fong	General Manager <i>Purchasing</i>
6. Chow Kee Min	Deputy General Manager <i>Marketing & Housebrand</i>
7. Tham Wei Chong	Senior Area Manager <i>Operations</i>
8. Kent Lim	Senior Manager <i>Human Resources</i>
9. Hoong Yuqin	Manager <i>Quality Assurance</i>
10. Teo Zhuan Xin	Manager <i>Corporate Affairs</i>

BUSINESS VALUES AND ETHICS

Our core values were developed over years of engaging with our key stakeholders in fulfilling our mission of serving the needs of our customers and creating value for them sustainably. The 8 core values guide our employees to be reasonable, harmonious, responsible, dedicated, earnest and efficient at work, with no empty promises and excuses. These are the cornerstones of how we conduct ourselves and foster valuable relationships with our stakeholders. We also observe a high level of business ethics by working closely with regulators to ensure we comply with the relevant regulations.

Sheng Siong strives to build trust, transparency, integrity and reliability in our relationships with our stakeholders. Our core values and employee's code of conduct are communicated to our staff through our Employee Handbook which is written in both the English and Chinese language and during regular meetings with our staff and suppliers. These values and code of conduct are regularly reviewed by the management.

Our high regard for ethics is further displayed in our strong organisational culture and belief of unchanging moral principles - *"With morality as our bedrock, we continue our legacy by setting self-expectations to walk the talk and to be good examples for others. With this, we will conquer all odds and ensure the continuity of Sheng Siong"*.

Once a year, key employees are required to declare any potential conflict of interests, and all employees are reminded of the Group's anti-corruption policy on accepting gifts and favours. The Group's conflict of interest policy and anti-corruption policy serve to guide our employees in their conduct of day-to-day business and in managing our trading relationships with suppliers. Our suppliers are also required to sign a Master Agreement which specifies the terms and conditions, and appropriate behaviour when trading with us.

Sheng Siong's whistleblowing policy is championed by the Audit Committee at the board level. Our whistleblowing procedure enables employees or any other persons to raise concerns in confidence, without fear of reprisal in any form. The management places great importance to this so much so that the personal contact information of our senior management, including our CEO's, can be found outside our store for ease of reach.

Our employees can access these policies on Sheng Siong's intranet as well.

¹ The Organisational Excellence Committee is renamed to the Business Excellence Committee in 2018.

OUR APPROACH TO MATERIALITY

STAKEHOLDER ENGAGEMENT

The key stakeholders that we engage are the groups whom our business has a significant impact on, and those which have a high interest in or considerable influence on our business.

As we adopt sustainability perspectives in our management systems and business strategies, we recognise that different stakeholders may have competing priorities. Through our tailored stakeholder engagement approach, we hope to understand their needs and expectations better as well as to communicate on how we are managing the topics of concern.

Through a stakeholder mapping exercise, we have identified the following seven key stakeholder groups.

Stakeholders	Impact & Significance
Customers	Our customers are the foundation of our business success. We strive to create value sustainably for our customers by providing a convenient and comfortable shopping environment with good service and quality products at reasonable prices. We want to be able to be stay relevant and responsive to their evolving needs.
Employees	Our employees' performance is critical to the success of our business. They are part of our human capital and their health, safety and well-being, and competencies are fundamental to Sheng Siong's operational effectiveness. We aim to develop their potential to drive innovation, productivity and organisational excellence through promoting close, transparent and direct communication between employees and higher-level management.
Suppliers	Sheng Siong works closely with partners in our value chain to ensure that food and products are in line with industry safety standards, to improve product range and food and service quality, and to reduce risks related to sustainability issues.
Government Agencies	Besides regulatory compliance, we partner with key government agencies to jointly raise industry standards for food and product safety, food security and other sustainability practices, as well as workplace safety and health standards.
NGOs & Voluntary Welfare Organisations	Our business activities have economic, environmental, and social impacts on the communities where we operate. Therefore, it is critical that we give back to our community and work with industry associations, educational/research institutions as well as not-for-profit bodies to promote sustainability along the Group's value chain. This may range from influencing shopper behaviour to raising industry standards.
Media	News and information outlets are one of the main sources of information for our stakeholders and the public. We aim to engage the media to understand societal expectations of the food retail value chain and to influence shopper behaviour positively.
Shareholders / Investors	Our investors play a vital role in the success and growth of our Group. The investment community is a feedback loop for the Group's formulation of its growth strategies. We strive to maximise shareholder returns, observe good corporate governance and improve levels of transparency through the timely communication of our financial and sustainability reporting.

Table 1: Impact & Significance of Key Stakeholder Groups

In September 2018, a stakeholder engagement survey including internal and external stakeholders was conducted to determine the priority of our material sustainability issues. Their views were incorporated into our materiality assessment, which has informed the development of this report. The Group uses the sustainability report as the primary channel for communicating our sustainability efforts to our stakeholders.

Stakeholders	Mode and Frequency of Engagement	Issues & Concerns	Sheng Siong's Efforts and Achievements
Customers	<ul style="list-style-type: none">• Customer feedback forms (in-store and online)• Customer service hotline and email• Social Media• Market research groups such as Nielsen	<ul style="list-style-type: none">• Competitive product pricing, affordability, and value for money• Product safety and quality• Providing healthier food• Offers high quality premium brands• Customer service and customer experience such as:<ul style="list-style-type: none">» Store accessibility» Fast and helpful cashier service» Range and variety of products» Spacious stores» Store hygiene and cleanliness» Long opening hours» Loyalty program	<ul style="list-style-type: none">• Open new stores in HDB estates, especially in estates where we do not have a presence• Maintain ISO 22000:2005 certification system for Food Safety Management• Maintain Cold Chain Management for fresh food• Ensure products offered comply with local regulations• Shortened cashier queues with innovations such as Hybrid Self-Checkout, Unified POS and adopting more channels of cashless payment methods• Annual improvement in our Customer Satisfaction Index of Singapore (CSISG) score• Launched the first "recycling" cash withdrawal machine in Singapore called "\$tm"• Expand the range of house brand products with a focus on quality and improved nutrition• Extended 3% special discount to senior citizens every Wednesday for another year• Offer more quality fresh produce at affordable prices• 39 out of 54 stores open 24-hours

Table 2: Stakeholder Engagement & Issues of Interest (continues on next page)

OUR APPROACH
TO MATERIALITY

Stakeholders	Mode and Frequency of Engagement	Issues & Concerns	Sheng Siong's Efforts and Achievements
Employees	<ul style="list-style-type: none"> Regular staff meetings and dialogue sessions Orientation programmes for new employees Staff engagement events such as Family Day, Annual CNY Dinner, 7th Lunar Month Festival Grievance/whistleblowing procedures 	<ul style="list-style-type: none"> Competitive rewards and recognition Occupational health, safety and well-being Opportunities for career progression Learning and development opportunities Job stability Good leadership 	<ul style="list-style-type: none"> Committed performance sharing scheme Remuneration and promotion are in line with employee's performance Collaborated with Health Promotion Board on Workplace Health Programme More trainings on workplace and fire safety More inspections on workplace and fire safety Set up an in-house training centre by 2021
Suppliers	<ul style="list-style-type: none"> Regular business review sessions Supplier visits and audits Annual Chinese New Year lunches with key suppliers 	<ul style="list-style-type: none"> Fair trading agreements Short credit terms Punctual payment for supplies Stable, long-term business relations 	<ul style="list-style-type: none"> Continued enhancements to Suppliers' Portal to facilitate business administration, communication, and payment
Government Agencies	<ul style="list-style-type: none"> Regular update meetings Participation in dialogue sessions organised by the authorities Relevant project and engagement meetings 	<ul style="list-style-type: none"> Sustainable sourcing Food safety and security Fair and affordable prices Compliance with industry standards and hygiene practices 	<ul style="list-style-type: none"> Diversify sources of food supply Carry sustainably sourced products in relevant categories such as seafood and paper products
NGOs & Voluntary Welfare Organisations (VWOs)	<ul style="list-style-type: none"> Engagement meetings with VWOs Participation in projects and/or volunteering activities Philanthropy and in-kind sponsorships 	<ul style="list-style-type: none"> Management of negative environmental impacts such as food wastage and packaging waste 	<ul style="list-style-type: none"> Maintain ISO 22000:2005 certification system for Food Safety Management Adopted Cold Chain Management Reduce, Reuse, Recycle approach towards waste management Food waste management initiatives Signatory to the Singapore Packaging Agreement since 2018
Media	<ul style="list-style-type: none"> Media relations engagement Media monitoring 		
Shareholders / Investors	<ul style="list-style-type: none"> Regular investor relations meetings 	<ul style="list-style-type: none"> Financial performance Dividend payout Sound business strategies Risk management Governance and transparency Business continuity 	<ul style="list-style-type: none"> Commitment to business excellence and profitability Consistent dividend distribution momentum Develop talent management program for succession planning

Table 2: Stakeholder Engagement & Issues of Interest

CONTENT TOPIC BOUNDARIES & MATERIALITY ASSESSMENT

Materiality in relation to sustainability is an important principle as it helps us to identify and prioritise the economic, environmental and social topics that impact the success of the business and that matters most to our stakeholders. The outcomes of our materiality assessment will primarily be used to inform our sustainability strategy, management approach and report content.

We periodically review our material issues against the changing business landscape, regulatory environment, emerging global and domestic trends, industry best practices, as well as stakeholder opinions to keep abreast on issues that matter to the business and its stakeholders and to stay relevant and responsive to their needs.

In 2018, Sheng Siong commissioned an independent consultant specialising in sustainability to conduct a materiality assessment, based on current and emerging trends, stakeholder perspectives and our list of previously identified material issues. A three-step approach (shown in figure 3) was adopted in the determination and prioritisation of our material sustainability issues.



OUR APPROACH TO MATERIALITY

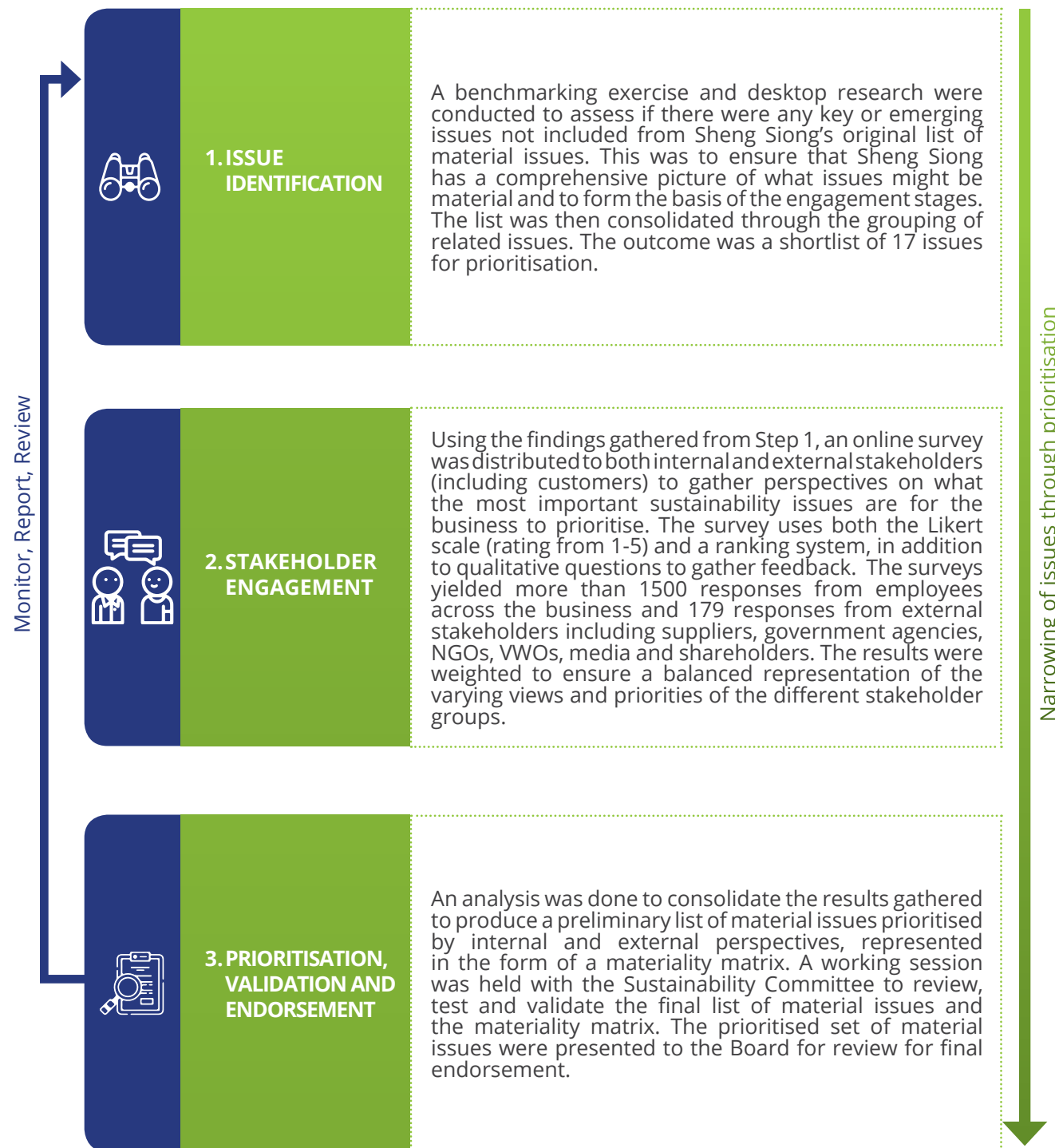


Figure 1: Materiality Assessment Process

The materiality matrix below (Figure 2) shows the output from the materiality assessment. A comprehensive list of 17 material issues considered was plotted against the x-axis, which shows the importance of each issue on the business, and against the y-axis, which shows how important each issue is for Sheng Siong to manage according to external stakeholders.



Figure 2: Materiality Matrix

We have continued to use the percentile methodology for the classification of priority to be consistent with our previous reporting approach. However, the categories have been renamed to Priority (75th percentile), Important (25th to 75th percentile), and Moderate (0 to 25th percentile) instead of 'low' to reflect the relative importance of the issues (with all issues scoring at least a 3 out of 5).

The priority issues are those that internal and external stakeholders view as the highest importance for Sheng Siong to manage and report on. The issues ranked 'Moderate' are less critical and of lower relative importance to both internal and external stakeholders. However, we believe that they remain relevant and should be actively managed and reported to an appropriate degree according to business priorities and stakeholder needs.

Table 3 details the list of materiality issues categorised according to their level of importance.



OUR APPROACH TO MATERIALITY






Ranking	Pillar	Material Issues	Definition	Impact & Boundaries				
				Customers	Employees	Suppliers	Government	NGOs & VWOs
Priority	Care for our Customers	Food and Product Safety	Ensuring food and products are safe for consumption and use, and comply with the relevant standards and certifications.	✓	✓	✓	✓	
	Care for our Customers	Customer Satisfaction	Focusing on customer care and service, and improving the customer experience at all our retail outlets and online store.	✓	✓			
	Business Excellence	Governance and Ethics	Conducting our business activities with integrity, maintaining the highest ethical standards and good governance, and complying with the relevant regulations.	✓	✓	✓	✓	✓
Important	Care for our Customers	Affordable Food	Keeping our products and produce affordable and competitively priced.	✓	✓	✓	✓	✓
	Care for our Employees	Occupational Health, Safety and Well-being	Safeguarding and protecting the health, safety and well-being of our employees. This includes our continued focus on maintaining a safe environment for our employees and customers.	✓	✓		✓	
	Care for our Employees	Employee Engagement and Development	Attracting, retaining and developing our employees. This includes maintaining a fair remuneration system and recognising employee contributions.		✓			
	Care for our Customers	Providing Healthier Choices	Enabling our customers to lead healthier lives. This includes providing healthier food options and improving the nutritional standards of our housebrand products.	✓	✓	✓	✓	✓
	Business Excellence	Productivity and Efficiency	Improving business processes and operational efficiencies, adopting new methods and innovative technologies where feasible.	✓	✓	✓	✓	
	Care for our Customers	Responsible Marketing and Product Labelling	Providing accurate and sufficient product information and ensure responsible marketing practices to help customers make informed purchasing decisions.	✓	✓	✓	✓	
	Care for the Community	Sustainable Supply Chain Management	Ensuring the responsible and sustainable sourcing of goods and services. This includes making sure we have inclusive, fair and transparent processes to select, manage and pay suppliers. It also includes integrating social and environmental considerations when procuring goods and services.		✓	✓	✓	✓
	Care for the Environment	Waste and Packaging	Driving the 3Rs (Reuse, Reduce and Recycle) approach towards waste and packaging, including food waste.	✓	✓	✓	✓	✓
Moderate	Care for our Employees	Inclusive Workplace	Committing to the principles of equality and non-discrimination, and respecting labour rights.		✓		✓	✓
	Care for the Community	Contribution to the Community	Giving back to the local communities where we operate through community initiatives and philanthropic activities.	✓	✓			✓
	Care for our Customers	Customer Privacy and Cyber Security	Protecting customers' rights to privacy and safeguarding important information from the growing risk of cyber threats.	✓	✓		✓	
	Business Excellence	Risk Management	Identifying and managing material risks, and ensuring business continuity and succession plans are in place.	✓	✓	✓	✓	✓
	Business Excellence	Economic Contributions to Society	Generating and distributing economic value to our stakeholders, providing an understanding of the direct monetary contribution to the local economy by the company.		✓	✓	✓	
	Care for the Environment	Energy, GHG Emissions and Water Use	Improving water and energy usage efficiency within our operations, and reducing our GHG emissions.	✓	✓	✓	✓	✓

Table 3: List of Materiality Issues, Definitions, & Boundaries

OUR MANAGEMENT APPROACH: EVALUATION, PROGRESS AND TARGETS




●●●● Early Stages
 ●●●● Further progress needed
 ●●●● Good progress
 ●●●● Goal achieved

The table below provides an overview of our management approach for each material issue, based on the GRI standards 103-1,103-2, and 103-3. References for where the content can be found are also included where applicable. At the same time, to measure our ongoing sustainability performance and drive improvements, we have developed a set of targets related to our material sustainability issues. The progress of these targets will be reviewed and reported on an annual basis.



Pillar	Material Issues	Why are they material?	Management Approach (Refer to indicated chapter)	Evaluation of the Management Approach (Refer to indicated chapter, or otherwise explained here)	Commitments made in 2017	Progress in 2018 ¹	Future Targets	Target Year
 Business Excellence	1. Governance and Ethics	As a responsible business, it is critical that we observe good corporate governance and business ethics in order to achieve our business objectives, build trust among our stakeholders, and drive performance improvements. It also increases the accountability of our company.	<ul style="list-style-type: none"> Leadership Commitments to Sustainability Annual Report 2018 	<ul style="list-style-type: none"> Leadership Commitments to Sustainability Annual Report 2018 	Provide training and education on anti-corruption and anti-competition among our staff and suppliers. Improve our communication procedures on such policies to make sure our policies are read and understood by our key stakeholders.	●●●● ●●●●	Provide training and education on anti-corruption and anti-competition among all our key staff. Ensure all our suppliers are informed of our anti-corruption and anti-competition policies.	2020
	2. Risk Management	The ability to identify, assess, and manage risks is fundamental to weatherproof our business and help us make better decisions for the future.	<ul style="list-style-type: none"> Leadership Commitments to Sustainability Materiality Assessment Annual Report 2018 	<ul style="list-style-type: none"> Leadership Commitments to Sustainability Materiality Assessment Annual Report 2018 	Consider the adoption of ISO9001 Quality Management framework and Enterprise Risk Management framework by 2020.	●●●●	Consider the adoption of ISO9001 Quality Management framework and Enterprise Risk Management framework.	2020
	3. Economic Contributions to Society 	The ability to generate economic contributions for our stakeholders and the society is a crucial component to ensure business longevity and social development.	<ul style="list-style-type: none"> Business Excellence Care for our Employees Care for our Community 	Our Board of Directors meet regularly to discuss and evaluate the business performance of the Group, and to formulate growth strategies. We measure our financial performance against targets set. Our sustainability report is used to account for our contributions towards community initiatives, and our lower salaried employees.	-	-	-	-
	4. Productivity and Efficiency 	Managing productivity and efficiency can help the company better utilise its resources, especially in Singapore, where there is an aging population and tightening of foreign labour policies.	<ul style="list-style-type: none"> Joint Statement Business Excellence 	When new technologies or business processes are adopted, we evaluate productivity base on man-hours saved, level of errors reduced, and/or higher outputs level etc. We also evaluate our financial results to observe improvements in our productivity.	Work closely with key partners to develop and adopt new processes and technology to improve business capabilities. Be a first mover in adoption of innovative technology or solutions to improve the shelf life of products and reduce food wastage.	●●●● ●●●●	Work closely with key partners to develop and adopt new processes and technology to improve business capabilities.	On-going

¹ Details of the progress made in 2018 can be found in the relevant chapters.


OUR MANAGEMENT APPROACH: EVALUATION, PROGRESS AND TARGETS

Pillar	Material Issues	Why are they material?	Management Approach (Refer to indicated chapter)	Evaluation of the Management Approach (Refer to indicated chapter, or otherwise explained here)	Commitments made in 2017	Progress in 2018 ¹	Future Targets	Target Year
 Care for Our Customers	5. Customer Satisfaction	Customers are the foundation of our business and therefore it is imperative to ensure their needs and concerns are properly managed as well as providing better service and experience within stores and online.	• Care for our Customers	<p>Our operations and service team monitors feedback from consumers across different channels such as email, in-store feedback forms, service hotline, social media platforms etc. We strive to respond to this feedback within one working day, and address the issues raised within seven working days.</p> <p>The contact numbers of our senior management are also made available on the notice board of every store to facilitate the ease of reach to address concerns directly.</p>	<p>Meet the evolving needs of our customers.</p> <p>Keep prices competitive and affordable.</p>	<p>●●●●</p> <p>●●●●</p>	We seek to improve our customer satisfaction score (CSIG) year-on-year.	2019
	6. Providing Healthier Choices 	With the increasing awareness and concern on leading a healthy lifestyle in Singapore, we believe we have a role to play in supporting our customers by providing healthier and more nutritional options.	• Care for our Customers	<p>We take the opportunity to review nutritional improvements of our products by paying close attention to market trends and observations.</p> <p>We continue to work closely with suppliers to improve our range and selection of 'healthier choice' and 'trans fat free' products and plan to conduct a stock-take in 2019/2020 to determine the baseline, and subsequently report on increment.</p> <p>We conduct market research regularly to ensure our fresh produce is affordable and competitively priced. We believe that our customers will benefit from a wider range of more affordable fresh produce.</p>	Provide consumers with healthier and safer choices.	●●●●	<p>Conduct a stock take of our range and selection of 'healthier choice' and 'trans fat free' products to determine the baseline for target setting.</p> <p>Continue efforts in developing new housebrand products meeting 'healthier choice' and/or 'transfat free' criteria.</p>	2020 On-going
	7. Affordable Food 	Keeping essential products and produce affordable is critical for Sheng Siong in remaining competitive in the retail industry. As a responsible business, we do not conduct or encourage profiteering or anti-competitive practices.	• Care for our Customers • Care for our Community	We conduct market research regularly to ensure our products and produce are affordable and competitively priced.	-	-	<p>Extend special 3% discount to senior citizens every Wednesday for another year.</p> <p>Continue to practice diversification in our sourcing and procurement strategy to ensure a sustainable supply of food and products at a stable price.</p>	2019 On-going

OUR MANAGEMENT APPROACH: EVALUATION, PROGRESS AND TARGETS




Pillar	Material Issues	Why are they material?	Management Approach (Refer to indicated chapter)	Evaluation of the Management Approach (Refer to indicated chapter, or otherwise explained here)	Commitments made in 2017	Progress in 2018 ¹	Future Targets	Target Year
 Care for Our Customers	8. Customer Privacy and Cyber Security	<p>In light of recent and increasing threats of cyber crimes, customers who entrust their personal data to us would expect that their information is protected and not misused.</p> <p>With the increasing use of technology in the operation of our business, it is critical to safeguard our information technology systems against cyber threats in order to maintain the viability of our business.</p>	<ul style="list-style-type: none"> • Business Excellence • Care for our Customers 	Our IT policy comprises of regular risk assessment that allows us to monitor and establish safeguards within our systems to prevent breaches. We have also established a business continuity plan which focuses on the recovery of technology facilities and platforms, such as critical applications, databases, servers or other required technology infrastructure for the viability of the business.	-	-	<p>Ensure all of our employees are aware of and understand our Group's personal data protection policy (PDPC).</p> <p>Provide education and awareness on Cyber Security among our key employees through talks and workshops.</p>	<p>2020</p> <p>2020</p>
	9. Food and Product Safety 	<p>Safeguarding food and product safety is a basic founding principle of our business, and essential for our success. We recognise our responsibility as the final gatekeeper in the supply chain to safeguard the health, safety and interests of our customers.</p> <p>Building a strong trusting relationship with our customers fosters their loyalty to continue to shop with Sheng Siong.</p>	<ul style="list-style-type: none"> • Care for our Customers 	<p>We adopted Cold Chain Management in the storage and handling of our fresh produce in 2011. Our processes have been HACCP certified since 2013 and ISO 22000:2005 Food Safety Management System certified since 2016.</p> <p>An in-house Quality Assurance Programme has been put in place to ensure that our products meet stringent quality standards, and our stores and processing facilities meet hygiene, sanitation, and processing standards in order to comply with the regulations. Any non-compliance may warrant a warning or fine from the regulatory authorities and is informed through this report.</p>	<p>Work closely with AVA to ensure that our farm fresh produce and processed food products are compliant with Singapore's stringent food safety standards.</p> <p>Work closely with NEA to ensure that our food handling processes comply with the relevant food hygiene standards.</p> <p>Be continually certified by ISO 22000:2005 for food safety management.</p> <p>Improve internal food and product safety and quality assurance programme by setting more measurable targets.</p> <p>Constantly improve processes to reduce risks associated with food and product safety</p>	<p>●●●●</p> <p>●●●●</p> <p>●●●●</p> <p>●●●●</p> <p>●●●●</p>	<p>Work closely with the newly formed Singapore Food Agency to ensure that our farm fresh produce and processed food products are compliant with Singapore's stringent food safety standards, and our food handling processes comply with the relevant food hygiene standards.</p> <p>Be continually certified by ISO 22000:2005 for food safety management.</p> <p>Improve internal food and product safety and quality assurance programme by setting more measurable targets.</p>	<p>On-going</p> <p>2019</p> <p>2020</p>
	10. Responsible Marketing and Product Labelling	Similar to safeguarding food and product safety, the process of building trust and loyalty also includes providing accurate and sufficient product and marketing information for shoppers to make informed choices.	<ul style="list-style-type: none"> • Care for our Customers 	We require all our suppliers to comply with the Singapore Sale of Food Act which includes food labelling requirements. Any non-compliance may warrant a warning or fine from the regulatory authorities and is informed through this report.	-	-	Ensure no incidents of non-compliance concerning product information and labelling.	2019

OUR MANAGEMENT APPROACH: EVALUATION, PROGRESS AND TARGETS

Pillar	Material Issues	Why are they material?	Management Approach (Refer to indicated chapter)	Evaluation of the Management Approach (Refer to indicated chapter, or otherwise explained here)	Commitments made in 2017	Progress in 2018 ¹	Future Targets	Target Year
 Care for our Employees	11. Employee Engagement and Development	Our employees' performance is critical for the success of our business. At Sheng Siong, we seek to attract and retain the best employees through the provision of equal opportunities for growth and development, as well as ensuring that they are recognised for their performance through a fair remuneration and reward system.	• Care for our Employees	<p>We continuously benchmark our remuneration and benefits package against the industry's standards to ensure competitive remuneration.</p> <p>We strive to maintain a fair remuneration system through timely performance appraisals and feedback for our team leaders. Our employees are appraised at least 1-2 times annually for recommendations for promotions.</p> <p>Formal trainings are conducted on a needs basis, and on-the-job trainings are conducted extensively where immediate feedback can be provided by the leadership. We aim to set up a training centre by 2021 to formalise some of these trainings, and work is well underway where our first batch of potential in-house trainers have been identified for training and designing of our training curriculum.</p>	<p>Continue to keep employee monthly turnover rate at below 4%.</p> <p>Set up in-house training centre by 2021.</p> <p>Develop talent management programme for succession planning.</p>	<p>●●●●</p> <p>●●●●</p> <p>●●●●</p>	<p>Keep employee annual turnover rate at below 40%.</p> <p>Set up in-house training centre by 2021.</p> <p>Improve our talent management programme for succession planning.</p> <p>Conduct a review of current employee engagement activities and identify opportunities for the Group to improve.</p>	<p>On-going</p> <p>2021</p> <p>2021</p> <p>2020</p>
	12. Inclusive Workplace	<p>An open and inclusive work culture motivates our employees to perform because they can be themselves and are comfortable in the workplace.</p> <p>Diversity in the workplace also allows for different perspectives to be contributed, thus promoting creativity and innovation</p>	• Care for our Employees	Disclosures in our sustainability report are used to inform the results of our practice.	-	-	-	-
	13. Occupational Health, Safety and Well-being	<p>Employees are key assets of Sheng Siong and it is therefore crucial for the company to enable safe behaviours and environments. This will also indirectly ensure that customers' health and safety are protected when they shop in our stores.</p>	• Care for our Employees	<p>Our workplace safety and health (WSH) management system is developed based on the result of our risk assessment and covers all our employees, business activities, and locations of our business operations. The last risk assessment was conducted in 2017.</p> <p>Our Workplace Safety and Health committees meet regularly to discuss and review related issues and statistics. Suggestions for improvements are then reported to the management for their review and endorsement.</p>	More training on work health and safety related matters.	●●●●	<p>We shall reduce the number of workplace accidents by at least 10%.</p> <p>We shall reduce the number of accidents involving customers by at least 10%.</p> <p>We shall reduce the number of motor accidents caused by our delivery drivers by at least 20%.</p> <p>Continue to raise awareness and understanding of our company's safety and health policies, and where possible organise talks, workshops, and trainings on the topic for our employees.</p>	<p>2019</p> <p>2019</p> <p>2019</p> <p>On-going</p>





OUR MANAGEMENT APPROACH: EVALUATION, PROGRESS AND TARGETS

Pillar	Material Issues	Why are they material?	Management Approach (Refer to indicated chapter)	Evaluation of the Management Approach (Refer to indicated chapter, or otherwise explained here)	Commitments made in 2017	Progress in 2018 ¹	Future Targets	Target Year
 Care for the Community	14. Sustainable Supply Chain Management 	<p>Building strong and lasting relationships with our suppliers is essential for the success of our business.</p> <p>With the increasing challenges brought about by issues such as climate change, resource conservation and labour practices, Sheng Siong has a role to play in positively influencing how goods and services are produced and supplied, in order to build a sustainable future.</p>	<ul style="list-style-type: none"> Care for our Community 	<ul style="list-style-type: none"> Leadership Commitments to Sustainability <p>We actively engage with the government, NGOs, and VWOs to discuss about Sheng Siong's role in sustainable sourcing. Our aim is to continue keeping our products and fresh food affordable while exploring ways we can move forward on our sustainable sourcing journey.</p>	<p>Treat our suppliers in a fair and ethical manner.</p> <p>Work with suppliers closely to continually improve our housebrand products to provide consumers with healthier and safer choices.</p> <p>Review and enhance purchasing policies to include sustainability criteria.</p>	<p>●●●●</p> <p>●●●●</p> <p>●●●●</p>	<p>Provide education and training to our procurement team on sustainable supply chain management.</p> <p>Improve the collection of data on our range and selection of 'sustainable' products to determine the baseline for target setting.</p> <p>Review and enhance purchasing policies to include sustainability criteria.</p> <p>Build partnerships to provide education and raise awareness of 'sustainable' products among consumers.</p>	<p>2020</p> <p>2020</p> <p>2021</p> <p>On-going</p>
	15. Contribution to the Community 	<p>Sheng Siong serves consumers of the community where we operate. We believe that as part of the community, it is important that we lend our hands to those who are less fortunate, and champion causes that we believe are essential for sustainable development.</p> <p>It is also critical that our business activities are organised with care for the neighbourhood to mitigate disturbance, pollution, and promote safety and community spirit.</p>	<ul style="list-style-type: none"> Business Excellence Care for our Employees Care for our Community 	<p>Our sustainability report is used to report on our contributions towards community initiatives and philanthropic activities.</p> <p>Our operations and service team regularly monitor feedback from consumers about possible disturbances, and to address the feedback immediately. As a consequence, we may receive warnings or fines from regulators if these issues are not resolved.</p>	<p>Support community activities.</p> <p>Charitable donations and sponsorships to the local community.</p> <p>Continue to work with local town councils to reduce disruption to the minimum.</p>	<p>●●●●</p> <p>●●●●</p> <p>●●●●</p>	<p>Support community activities and make charitable donations and sponsorships to the local community.</p> <p>Founders commit to support the annual Education Grant for children of our lower salaried employees.</p>	<p>On-going</p> <p>On-going</p>



OUR MANAGEMENT APPROACH: EVALUATION, PROGRESS AND TARGETS

Pillar	Material Issues	Why are they material?	Management Approach (Refer to indicated chapter)	Evaluation of the Management Approach (Refer to indicated chapter, or otherwise explained here)	Commitments made in 2017	Progress in 2018 ¹	Future Targets	Target Year
 Care for the Environment	16. Energy, GHG Emissions and Water Use	Conservation of resources is important not only for the preservation of our natural environment, but also for the viability of our business. We also believe that doing so enables us to lower our cost and create greater value for our stakeholders.	• Care for our Environment	<p>We monitor and measure the usage of our resources. The results are informed through the topic specific disclosures in this report. With better collection of data, we strive to improve the quality of our disclosures, and also formulate strategies to support our conservation efforts that are intrinsic to our business priorities while keeping our various stakeholders' interests in view.</p> <p>We continuously engage with suppliers for new conservation technologies, and actively build dialogues and partnerships with government agencies and NGOs on advocating the topic of conservation.</p>	Develop an internal policy framework for energy and water reduction.	●●●●	Develop an internal policy framework for energy and water reduction.	2021
	17. Waste and Packaging 	Waste is a byproduct of our business activities and can have serious impacts on our environment if not managed properly. As a responsible business, Sheng Siong is committed to reducing the amount of waste generated and supporting a circular economy.	• Care for our Environment	<p>We monitor and measure our waste streams. The results are informed through the topic specific disclosures in this report. With better collection of data, we strive to improve the quality of our disclosures, and also formulate strategies to support our waste reduction efforts that are intrinsic to our business priorities while keeping our various stakeholders' interests in view.</p> <p>We continuously engage with suppliers for waste reduction technologies, and actively build dialogues and partnerships with government agencies and NGOs on advocating the topic of waste reduction. In 2018, we became a signatory of the Singapore Packaging Agreement (SPA), a joint initiative by government, industry and NGOs to reduce packaging waste.</p>	<p>Continue to drive Reduce, Reuse, Recycle (3R) approach towards resource and waste management.</p> <p>Develop a systematic approach to tracking and measuring food waste.</p> <p>Collaborate with 3rd party agencies in campaigns to manage food waste.</p> <p>Review internal procedures on use of plastic bags, and collaborate with partners in campaigns to reduce use of plastic bags</p>	●●●● ●●●● ●●●● ●●●●	<p>Continue to drive Reduce, Reuse, Recycle (3R) approach towards resource and waste management.</p> <p>Adopt the newly released Singapore Standard SS 640 : 2018, "Code of practice for food waste management for food retail, wholesale and distribution establishments". Provide a meaningful performance indicator for tracking.</p> <p>Collaborate with partners in advocating waste reduction.</p> <p>Gear up for the Mandatory Packaging Reporting Framework which will come into effect in 2020.</p> <p>Develop a packaging guideline for our suppliers that incorporate the Environmental Code of Practice for the Packaging of Consumer Goods (ECOPP).</p>	On-going 2020 On-going 2020 2021



SHENG SIONG AND THE SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals (SDGs), comprising 17 of the world's most pressing challenges was endorsed by the UN in 2015 to achieve the underpinning 169 targets by 2030. As part of this year's Sustainability Report, Sheng Siong would like to communicate our commitment towards supporting the SDGs.

While Sheng Siong contributes to this holistic and interrelated global framework for sustainable development in several ways, through a review of each of the SDGs based on their opportunities and where our business can make the biggest impact, we have selected 4 goals to focus on. These 4 goals will be used to inform our sustainability strategy and relevant targets going forward and we will report on their progress accordingly. Sustainability is a journey, and we shall remain watchful on the opportunities to incorporate more SDGs as part of our growth strategy.

Care for Sustainability

- Build partnerships for sustainable development



Care for our Customers

- Providing healthier choices
- Providing affordable food
- Ensuring food and product safety

Care for our Community

- Contributions to the Community through community initiatives and philanthropic activities

Care for our Community

- Enhance sustainable supply chain management

Care for our Environment

- Manage waste and packaging

Business Excellence

- Improve economic contributions to society
- Improve productivity and efficiency

Care for our Employees

- Enhance occupational health, safety and well-being
- Build an inclusive workplace

BUSINESS EXCELLENCE

Partnerships for Smart Business



Flawless Perfection - an inconceivable ideal of a summit that may never be surmounted, but which we nevertheless relentlessly pursue. Each milestone crossed emboldens our next stride with earnest zeal, and even missteps can glean guideposts that steer us closer towards the best that we can be.

BUSINESS EXCELLENCE PARTNERSHIPS FOR SMART BUSINESS

A FORERUNNER FOR NEW PROCESSES AND TECHNOLOGY

Sheng Siong strives to be a forerunner in adopting new processes and technologies that improve operational efficiencies and productivity, simplify workflow and enhance our customers' experience to achieve outstanding performance. This earned us the SPRING Innovation Excellence Award in 2015.

We continue to work closely with key partners such as Enterprise Singapore in developing and adopting new processes and technology to improve our business capabilities. This is an important foundation for us in our plan to expand into the international market.

Gaining on the momentum towards building a Smart Nation, we have adopted the following new technologies and made improvements to existing ones.

Enhancements to the Suppliers' Portal

We continue to enhance our suppliers' portal to include new features to facilitate communication with our suppliers and simplify administrative procedures. This allows our clerical staff to be freed up to take on job roles that enlarge the scope of their responsibilities and skill sets.

Integration of Business Processes under the Sheng Siong (SS) Enterprise App

We have started to integrate some of our business processes under the SS Enterprise App which is a mobile application that facilitates operational business functions such as purchase order (PO) approvals, real-time inventory inquiry and sales monitoring, all conducted through the mobile phone. We intend to include more functions in the near future like human resource management, inventory management, logistics management and even supplier management within the app. We think that work will be less desk-bound in the future, and with this new found "freedom" in mobility, we can only imagine the lasting impact on productivity and efficiency.

Improving Product Traceability

In 2018, we conducted a pilot-test on a project to improve product traceability by capturing product expiry information during goods receiving. We believe that this would not only improve our inventory management but would also facilitate stock verification during the storefront, saving significant time and human resources. Although the results of the pilot were unsatisfactory, we will go back to the drawing block and review the gaps identified, and at the same time continue to explore new technologies that could help us advance on this front.

Improve Goods Receiving and Distribution of Fresh Food

The goods receiving and distribution process of fresh produce such as seafood and meat by weight has been time-consuming and prone to errors. The PC-based weighing scale programmed to integrate with our inventory management and distribution systems shortened suppliers' waiting time at delivery, and made our distribution of fresh produce more efficient and accurate. Without a doubt, this also allows us to offer fresher produce to our customers! This new project has been successfully rolled out at our distribution centre and we are expecting to implement it at our purchase station in the Jurong Fishery Port (JFP) by 2019.

Connecting with our Customers through Sheng Siong (SS) Connect

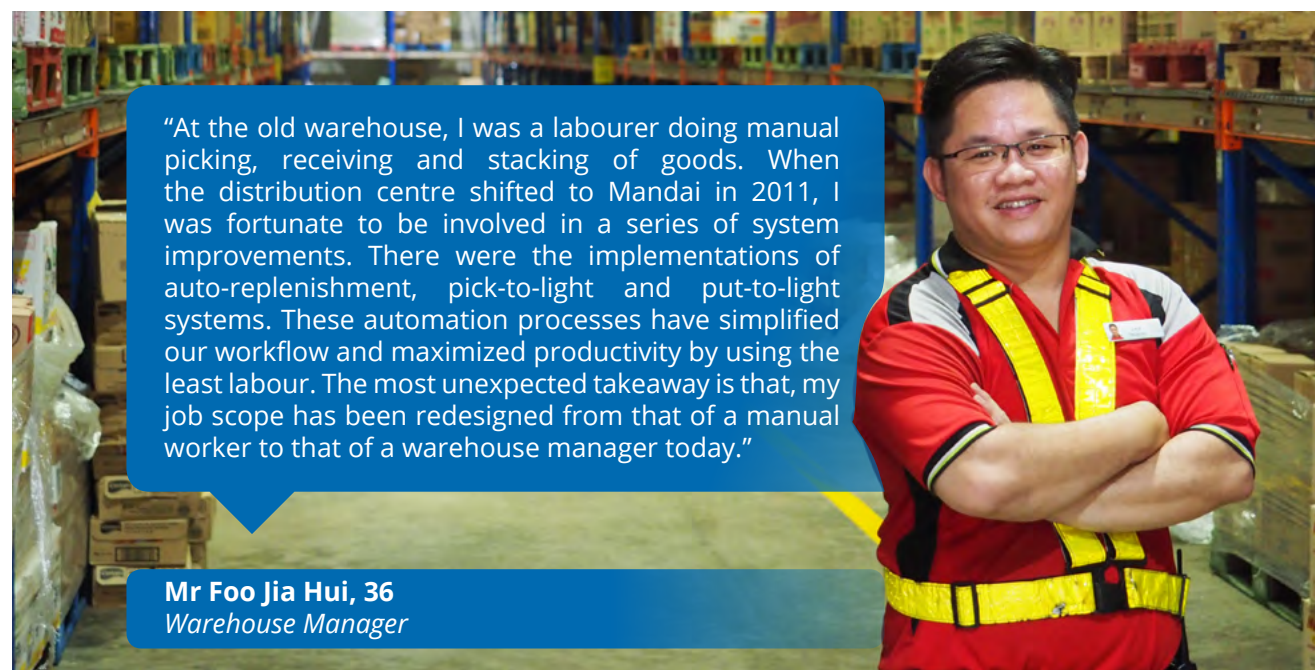
As society becomes more digitally connected, it is paramount that Sheng Siong also explores ways to better connect, communicate and engage with our customers. We created the SS Connect App with this vision in mind. At its pilot stage, we have included features such as in-store promotion alerts, auto-completion of Sheng Siong's mega promotion lucky draw entry form, e-receipts, purchase history records and store locator. We envision SS Connect to play the role of a shopping assistant to our customers and see ourselves adding more exciting functions and features in the near future.

Managing Risk of Petty Theft

Although the ShopWatch Community Safety and Security Programme (CSSP) that we have collaborated with the Singapore Police Force and implemented back in 2015 has come to an end, we have continued to champion the cause to this date. To deter shop theft, Sheng Siong supermarket employees double up as security officers and wear



vests bearing the words "SHOPWATCH". At the same time, they assist our customers with their shopping needs, thus promoting quality customer service. We channelled the financial savings from hiring fewer security officers to our employees and customers as awards for identifying potential petty thefts. Since our official implementation in 2015, the rates of petty theft committed at our stores have been moderate, registering at 248 cases in 2018 versus 250 cases in 2017, despite the opening of 10 more new stores last year.



"At the old warehouse, I was a labourer doing manual picking, receiving and stacking of goods. When the distribution centre shifted to Mandai in 2011, I was fortunate to be involved in a series of system improvements. There were the implementations of auto-replenishment, pick-to-light and put-to-light systems. These automation processes have simplified our workflow and maximized productivity by using the least labour. The most unexpected takeaway is that, my job scope has been redesigned from that of a manual worker to that of a warehouse manager today."

Mr Foo Jia Hui, 36
Warehouse Manager

BUSINESS EXCELLENCE PARTNERSHIPS FOR SMART BUSINESS

PARTNERSHIPS FOR EXCELLENCE

In conjunction with the opening of our 48th store at the Institute of Technical Education (ITE) Headquarters in April 2018, we saw the opportunity and value in enhancing authentic training for students who will form the future workforce in the retail business industry. We signed an MOU with ITE to formalise a partnership in student and staff development through collaborations in areas such as internship opportunities, Scholarships and Course Medal Awards for ITE students, attachments for ITE staff and industry projects related to Sheng Siong's business and operations. We believe that our partnership will bring about opportunities for learning and innovation for both organisations.

PROTECTING OUR DIGITAL INFRASTRUCTURE & INTELLECTUAL PROPERTY

Along with the digital transformation of our business comes the increasing threats of cybersecurity. We recognise the growing risk and have taken steps to secure and protect our digital

infrastructure and intellectual property. Besides regular monitoring and establishing safeguards within our systems to prevent breaches, we have also established a business continuity plan which focuses on the recovery of technology facilities and platforms, such as critical applications, databases, servers or other required technology infrastructure for the viability of the business.

COMMUNICATION AND TRAINING ON ANTI-CORRUPTION AND ANTI-COMPETITION

Our policy on anti-corruption is disseminated to all our employees. We have a set of guidelines specifying the responsibilities of each employee in observing and upholding Sheng Siong's zero-tolerance stance towards all forms of corruption and collusion. It also provides information and guidance to employees on how to recognise, address and prevent instances of corruption and collusion which may arise in the course of their work.

Key personnel identified as holding sensitive positions are also required to declare any conflict of interests and sign an agreement with the company.

In 2018, a total of sixty-three employees of key positions signed the conflict of interest agreement.

In 2018, there were zero incidents of corruption and zero cases of legal actions for anti-competitive behaviour.

Fifty-eight employees attended an outreach talk conducted by the Corrupt Practices Investigation Bureau (CPIB) on the Anti-Corruption law in Singapore, of which forty-three were senior and middle management staff.

Forty employees attended an outreach talk conducted by the Competition & Consumer Commission Singapore (CCCS) on the Anti-Competition Law and Consumer Protection Fair Trading Act in Singapore, of which twenty-seven were senior and middle management staff.

We recognise the importance of conducting an ethical and fair business with our suppliers and strive to improve transparency in our business dealings.



Sheng Siong employees at two outreach talks conducted by the CCCS (top) and the CPIB (bottom).



Our CEO, Mr Lim Hock Chee, and our Executive Director, Ms Lin Ruiwen, with ITE CEO Ms Low Khah Gek at the MOU signing ceremony.

Photo credit: Institute of Technical Education, Singapore



Mr Lim and Ms Low observe a demonstration of a virtual reality Sheng Siong tour app developed by ITE students.

Photo credit: Institute of Technical Education, Singapore



"The outreach talks have been very relevant to my work. The sharing from the Corrupt Practices Investigation Bureau (CPIB) has emphasised on the consequences of corruption, such as how corruption creates unfair competition and increases business costs. As negotiation is a daily affair for a buyer, I have gleaned adequate negotiation skills from the anti-competition talk and what constitutes an abuse of dominance."

Ms Chai Jia Hui, 29
Senior Purchasing Executive



BUSINESS EXCELLENCE PARTNERSHIPS FOR SMART BUSINESS

NOT-SO-PERFECT SCORE

At Sheng Siong, we embrace learning from mistakes and experiences. When we do make mistakes, we want to make sure that they were not made with ill intentions. We investigate and review our business processes, learn from our mistakes, make corrections, communicate about them, put in preventive measures and move on.

	2017	2018	Corrective Actions & Management Approach
No. of Incidents of Corruption	0	0	-
No. of Cases of Legal Actions for Anti-Competitive Behaviour	0	0	-
No. of Incidents of Non-Compliance with Environmental Law and Regulations.	Mosquito Breeding - 0	*Mosquito Breeding - 2	<ul style="list-style-type: none"> • Immediate clean-up of mosquito breeding area. • Conduct more regular inspections especially during rainy seasons. • Improve training and awareness of mosquito breeding problems.
No. of Incidents of Non Compliance with Laws and Regulations in the Social and Economic area.	Fire Safety - 0 *Obstruction and misuse of common spaces - 14 ¹	*Fire Safety - 8 *Obstruction and misuse of common spaces - 6 Others - 2 • The Group was fined S\$19,662.26 for mistakes made in our GST reporting. • The group was fined S\$2,000.00 for non-compliance concerning workplace safety.	<ul style="list-style-type: none"> • Improve the training of our employees in fire and workplace safety. • Spaces were reverted to their original purpose of use. • Improve training of accounting staff on GST reporting.
No. of Incidents of Discrimination	0	0	-
No. of Incidents of Non-Compliance concerning the Health and Safety Impacts of Products and Services	*2 fines 3 warnings 2 internal findings	*4 fines 2 warnings 1 internal finding	<ul style="list-style-type: none"> • Enhance Internal Quality Assurance Program
No. of Incidents of Non-Compliance concerning Product and Service Information and Labelling	0	2 warnings	<ul style="list-style-type: none"> • Improve checks of product labels.
No. of Incidents of Non-Compliance concerning Marketing Communications	0	0	-
No. of Substantiated Complaints concerning Breaches of Customer Privacy and Losses of Customer Data	0	0	-

* No significant monetary fine was imposed. Significant monetary fines are defined as being greater than \$1,000 per incident.

¹ The disclosure in 2017 should have read "14 incidents" instead of 1 due to the surfacing of new available data.

EXTERNAL INITIATIVES

Sheng Siong is committed to food and product standards and quality management systems that reflect our values and meet the demand of our customers and other stakeholders. We continuously challenge ourselves to be better – a better retailer, a better employer, and a better organisation. Here is a list of external initiatives that we subscribe to or endorse:

- Singapore Code of Corporate Governance (2012)
- Singapore Quality Class
- ISO22000:2005 Food Safety Management
- Singapore Standard for Cold Chain Management for Vegetables SS585: 2013
- Singapore Standard Code of practice for cold chain management of chilled pork SS552: 2016
- Singapore Standard Code of practice for cold chain management of milk and dairy products SS621: 2016
- Singapore Standard Code of practice for food storage in warehouses – Ambient / air-conditioned SS629: 2017
- Tripartite Guidelines on Fair Employment Practices (TAFEP)
- Forest Stewardship Council

Singapore Packaging Agreement

The Singapore Packaging Agreement (SPA) is a voluntary agreement and joint initiative by government, industry, and NGOs to reduce packaging waste in Singapore. We became a signatory of the Agreement in 2018.

Climate Action SG: Switch and Save - Use LED

"Switch and Save – Use LED" (SSUL) is a Climate Action SG initiative that started in August 2018 to encourage households living in 1 and 2-room HDB flats to use LED lights. Eligible households will receive a \$25 voucher by the government to purchase LED lights from participating retailers. Sheng Siong has pledged our support for the initiative and is one of the partnering retailers accepting the SSUL vouchers.



Singapore Healthier Choice Symbol Programme

We grew from having twenty-five products in 2017 to sixty-five products under our housebrands carrying the Healthier Choice Symbol (HCS). These are mainly brown rice, red rice, cooking oil and include red cargo rice vermicelli, baked beans, sardines in tomato sauce and wholemeal bread products.

NS Mark Accreditation

We have pledged and signed the declaration of support for National Service and Total Defence 2017-2020.

MEMBERSHIP OF ASSOCIATIONS

We are a member of the following associations:

- Food Drinks & Allied Workers Union (FDAWU)
- Corporate Member of Singapore Chinese Chamber of Commerce and Industry (SCCCI)
- Singapore Business Federation
- Consumer Goods Forum (since September 2018)



Care for our Customers

A Responsible Retailer



We've served you for over 30 years, and yet each meeting between familiar faces never ceases to enkindle a radiant warmth that brings inspiration and renewal to our commitment to you.

CARE FOR OUR CUSTOMERS

A RESPONSIBLE RETAILER

GATEKEEPER OF CONSUMER HEALTH & SAFETY

As Singapore's 3rd largest supermarket operator, we recognise our responsibility as the final gatekeeper in the supply chain to safeguard the health, safety and interests of our customers. Our promise to our customers is based on three core pillars: Quality, Service and Price. We take responsibility in providing accurate and sufficient product and marketing information for shoppers to make informed choices. We also protect the privacy of personal information that customers entrust to us.

In the supermarket retail business, the supply chain is a long and complex one. We work with over 1,000 local and international suppliers ranging from farmers, manufacturers, local distributors, concessionaires to importers and exporters. They supply to us a wide range and variety of groceries, household products and fresh produce.

As we work with various types of suppliers, the boundaries for some of these material topics may be beyond our reasonable purview. However, we seek to improve our selection procedures of our suppliers and products continuously and to monitor our suppliers' standards of operations. We recognise our ability to influence the supply chain, and shall within reasonable means, strive to influence positively continually.

CUSTOMER SATISFACTION

Sheng Siong's tagline "All for you" reflects our organisation's focus on customer care and service. It is one of the Group's key objectives to improve consumer experience at all our retail outlets constantly. Sheng Siong's score on the Customer Satisfaction Index of Singapore (CSISG) has improved consistently over the last few years to 72.4 in 2017 and 73.1 in 2018, making the largest improvements among supermarket operators. 326 employees were rewarded for good service rendered to our customers in 2018 as compared to 284 employees in 2017.

To fulfil the evolving needs of our consumers, we operate 39 stores (out of 54 as at end 2018) 24-hours. During the 2018 Chinese New Year, 19 of our stores remained open during the two public holidays. Besides, we continue to offer our e-commerce "allforyou.sg" online grocery shopping service to customers who prefer the alternative shopping platform. We will continue to explore various technologies in improving picking efficiencies and last-mile delivery.

Last year also saw us re-launching the Sheng Siong Facebook page, which allows us to communicate and engage with our customers better, and provides customers with more accessibility for after sales care. However, the improved accessibility also meant we received more feedback in 2018, bringing our complaint to compliment ratio to 1.3.

We continue to collaborate closely with government agencies such as the Singapore Food Agency (SFA) and SingStat to monitor excessive price increases in daily necessities to address profiteering and anti-competitive practices in Singapore. Diversification is also practised in our sourcing and procurement strategy to ensure a sustainable supply of food and products at a stable and affordable price. Regular market research and benchmarking are conducted to ensure that Sheng Siong provides the best value in a basket of essential goods.

Our market share of Singapore's grocery shopping industry has grown from about 14% in 2017 to about 15% in 2018 and is a good proxy indicator for our success in improving customer satisfaction notwithstanding the increase in store count.

Besides, we also implemented the following initiatives to enhance customer satisfaction in 2018:

- Extension of 3% Special Discount for Senior Citizens every Wednesday.
- Extension of Hybrid Self-Checkout systems that shorten customers' queue time.
- Continue to reward our lucky customers for their loyalty through the Sheng Siong Mega Promotion Campaign (The Sheng Siong Show).
- Pilot test the NETs QR Code as an alternative cashless payment method.

CARE FOR OUR CUSTOMERS A RESPONSIBLE RETAILER



HEALTHIER DIET CHOICES, HEALTHIER SINGAPORE

We care about our impact on consumer health. That is why we aim to improve the health and nutritional standards of processed food products under our housebrands continuously. This is in line with the Nation's movement towards leading a healthier lifestyle, which saw the Health Promotion Board introduce the Healthier Choice Symbol (HCS) programme for packaged food products to help consumers make healthier choices in their grocery shopping.

A selection of our products which have recently received the Healthier Choice Symbol.



In 2018, two products - Happy Family Kopi-O Kosong and Happy Family Kopi-O were reviewed for possible nutritional improvements and were successfully reformulated to replace margarine with corn oil when roasting the coffee beans. The two products now meet the nutritional standards set by HPB and carry the HCS logo.

For new products, we have set our mind to develop them in consideration of meeting the nutritional standards of the HCS. For example, we launched Happy Family Instant Paste in 2018, a series of instant paste (e.g. Chicken Curry, Rendang, Assam Fish, Tom Yum) which is not only quick and convenient to cook, but also uses healthier ingredients by lowering the percentage of sugar and sodium in the products. In September 2018, we launched two new olive oil products – classic and extra virgin under our housebrand “Heritage Farm”. Again, these products were specially formulated to meet the nutritional standards of the HCS programme.

Taking stock, we now have sixty-five housebrand products carrying the HCS logo, a stark increase from twenty-five last year, and 186 housebrand products that are trans fat free. These include canned seafood, canned vegetables, canned fruit, rice, confectionaries, cooking oil, titbits, instant beverages, canned tuna and condiments. We will continue relentlessly to work with our suppliers to expand the range and selection of healthier choice products.

Since 2017, we partnered the Health Promotion Board in the “Eat, Drink, Shop Healthy Challenge” to encourage consumers to make healthier choices during their daily grocery shopping. For every HCS product purchased, customers can scan the QR code generated on their receipts to be awarded Healthpoints. These Healthpoints can be used to redeem grocery shopping vouchers.

FRESH AND SAFE

Maintenance of the cold chain is important for preserving the safety, freshness, shelf life and quality (including nutritional value and sensory characteristics) of fresh produce while reducing wastage arising from spoilage throughout the supply chain. We adopted Cold Chain Management in the storage and handling of our fresh produce in 2011. This covers major supply chain links including transportation, distribution as well as storage at our logistics centre and retail outlets.

As part of our Quality Assurance Programme, we have a self-test programme to check and review products that are prone to food safety issues. We send samples of products and fresh produce from our logistics centre regularly to an external lab for tests on microbial, chemical and pesticide residue levels.

To promote food safety among our customers, we collaborated with AVA in organising a series of food safety campaigns comprising of roadshows at our stores during the Food Safety month in July.



We worked together with AVA to raise food safety awareness amongst our customers.

CERTIFICATIONS

- HACCP certified since 2013
- ISO 22000:2005 Food Safety Management System certified since 2016.

NON-COMPLIANCE

In 2018, we had seven incidents relating to food safety, of which six were raised by the authorities, and one was raised internally. Whenever such incidents arise, our suppliers are immediately informed, and the products recalled and disposed of. We received two warnings and four non-significant monetary fines*. We have since taken actions to prevent such lapses.

We received two warnings for non-compliance concerning product and service information and labelling. There has been no case of non-compliance concerning marketing communications that have resulted in a fine or penalty or warning.

*Significant monetary fines are defined as being greater than \$1,000 per incident.

WE RESPECT CUSTOMER PRIVACY

Every year, there are two seasons of our weekly “Sheng Siong Show” where customers can participate for prizes by submitting their receipts at our retail outlets. To protect our customers’ right to the privacy of their personal data, receipts which contain customers’ personal particulars are shredded fortnightly.

Sheng Siong complies with the Personal Data Protection Act (PDPA) which governs the collection, use and disclosure of personal data that took effect since 2014. Our IT policy comprises of regular risk assessment that allows us to monitor and establish safeguards within our systems to prevent breaches. There were zero substantiated complaints received concerning breaches of customer privacy or loss of customers’ data.



Care for our Employees

A Responsible Employer



Driven and steadfast, our employees dedicate themselves to elevate the Sheng Siong brand. Our imperative, in turn, is to see to it that we nurture and develop our own, and that we support the growth of purposeful, fulfilling lives both in and out of the store.

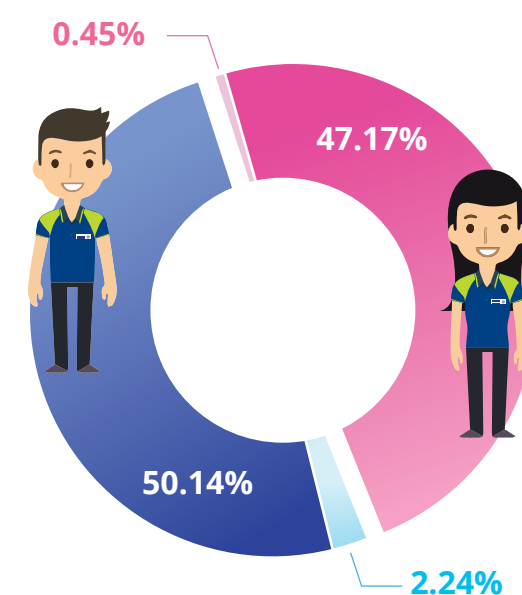
CARE FOR OUR EMPLOYEES

A RESPONSIBLE EMPLOYER

INCLUSIVE WORKPLACE

We value and recognise the contributions of our colleagues, and strive to provide a safe and conducive working environment based on an inclusive, productive, innovative and ownership-driven culture. We observe the Tripartite Guidelines on Fair Employment Practices and are committed to the principles of equality and non-discrimination, and strive to employ based on merit regardless of gender, age, race or religion.

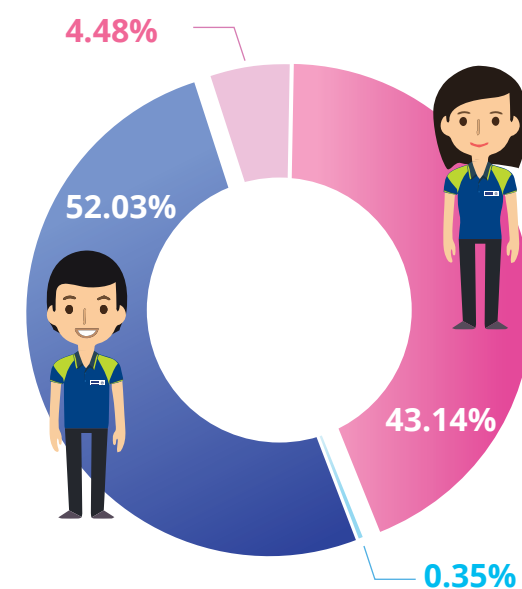
Sheng Siong employs about 2850 employees as of 31st Dec 2018 with a healthy gender distribution of about 50:50. Most of our employees are engaged on a full-time basis in Singapore.



Distribution of Sheng Siong Employees Based on Gender and Employment Type

As at 31 December 2018

- Female Regular
- Female Contract
- Male Regular
- Male Contract



Distribution of Sheng Siong Employees Based on Gender and Employment Status

As at 31 December 2018

- Female Full-Time
- Female Part-Time
- Male Full-Time
- Male Part-Time

Our operations in China started in mid-November 2017. As of 31 December 2018, our staff strength for our China supermarket was 82.

CARE FOR OUR EMPLOYEES A RESPONSIBLE EMPLOYER

EMBRACING DIVERSITY

Sheng Siong's flat corporate hierarchy fosters close, transparent and direct communication between employees and high-level management. We are family-friendly, approachable and have an open-door work environment.

Our whistleblowing policy offers a channel for our employees to raise sensitive issues without the fear of retaliation. Proper procedures have been established to address complaints with regards to abusive, fraudulent, unethical behaviour and misconduct of our employees.

We have encountered zero cases of incidents relating to discrimination.

Composition of Board of Directors

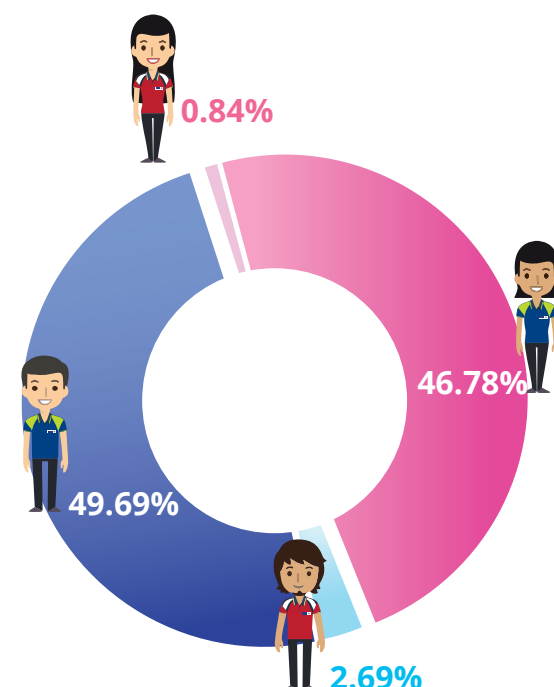


Composition of Board by gender

8 Males
2 Females

Composition of Board by age

2 30-50 years old
8 over 50 years old

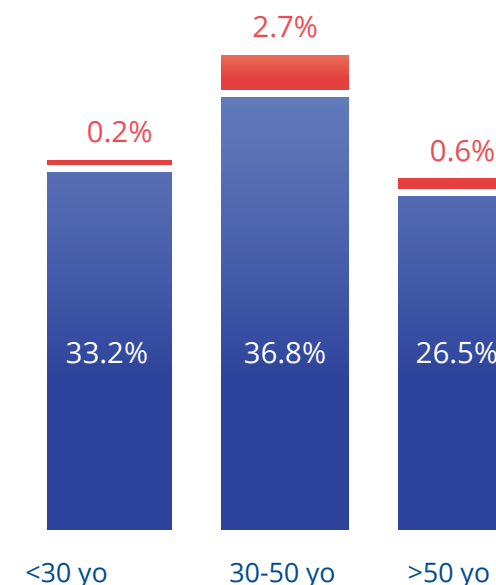


Employee by category (managerial/non-managerial)¹ by gender

As at 31 December 2018

Female Non-Managerial
Female Managerial
Male Non-Managerial
Male Managerial

¹ The managerial category is made up of staff from the rank of "assistant manager" and above.



Employee by category (managerial/non-managerial) by age group

As at 31 December 2018

Managerial
Non-Managerial

Sheng Siong practices transparency and equal treatment in remuneration and promotion prospects. There is no disparity in pay scale and career opportunity for reasons arising from gender, religion, and race in each employee category.



"I joined Sheng Siong in November 2017, returning to the workforce after being a stay-at-home mum for 7 years. Initially, I was quite worried about returning to work and fitting into the workplace. But Sheng Siong is like a big family and I have never felt out of place. My youngest daughter has benefited from the education grant last year. It is good that our company is concerned about its staff and I hope our children are appreciative of the company for what has been done for their parents."

Mdm Rozni Binte Jumaat, 46 (right)
Cashier

CARE FOR OUR EMPLOYEES

A RESPONSIBLE EMPLOYER

EMPLOYEE RIGHTS

Sheng Siong complies with Singapore’s Employment Act for the minimum notice period of termination to affected employees. At least two weeks’ notice period or two weeks’ salary in lieu of notice is given to an affected employee of a non-managerial role who has served for a minimum of two years.

At least one month’s notice period or one month’s salary in lieu of notice is given to an affected employee of a managerial position.

Other changes to employment arrangements such as change of work shifts and location of work are discussed amicably with the employee such that an agreement is reached.

84.8% of total employees are covered by collective bargaining agreements. The notice period and provisions for consultation and negotiation are specified in the collective agreements and are binding for three years. Both parties may commence negotiation for a new collective agreement three months before the current agreement expires.

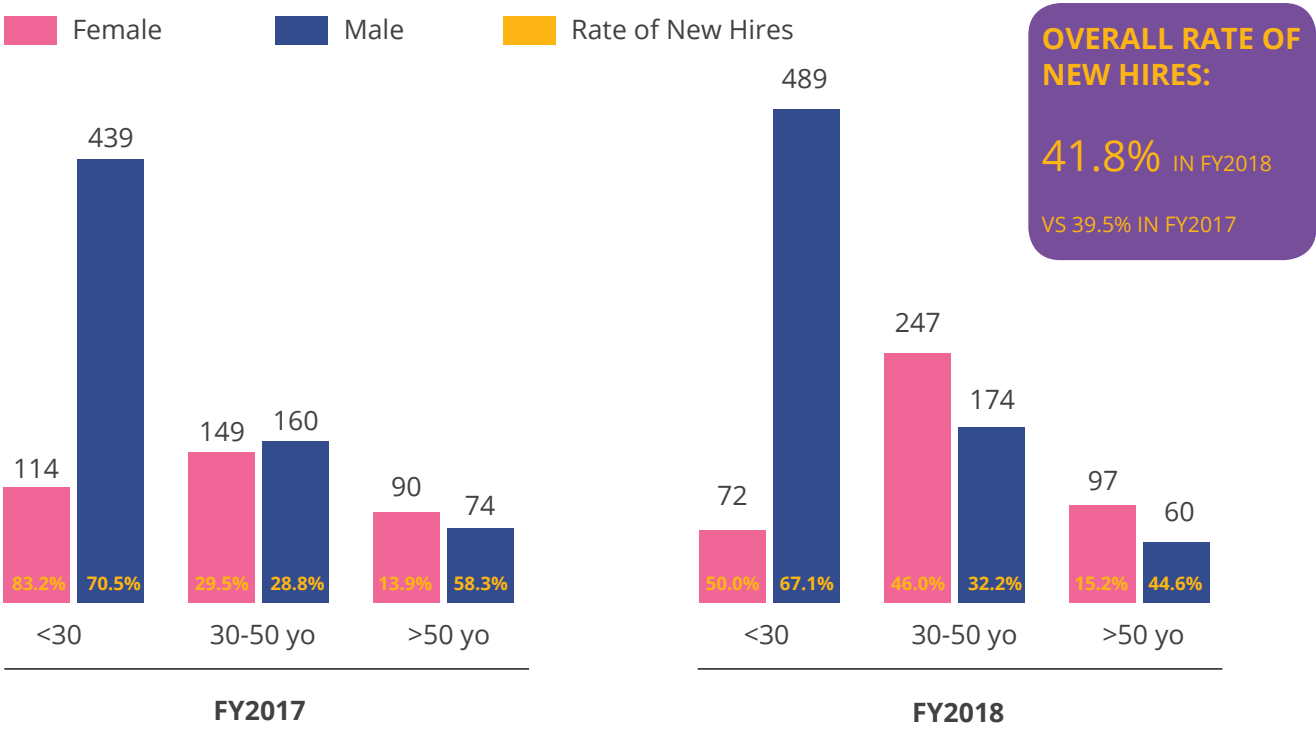
WE REWARD WORK EFFORT AND EXCELLENCE

We strongly believe that our employees play a critical role in the success of our business and in providing due recognition for their excellence. Besides the common remuneration benefits, we have committed to a profit-sharing scheme to reward our employees’ good performance.

We also reward our employees based on the following merits:

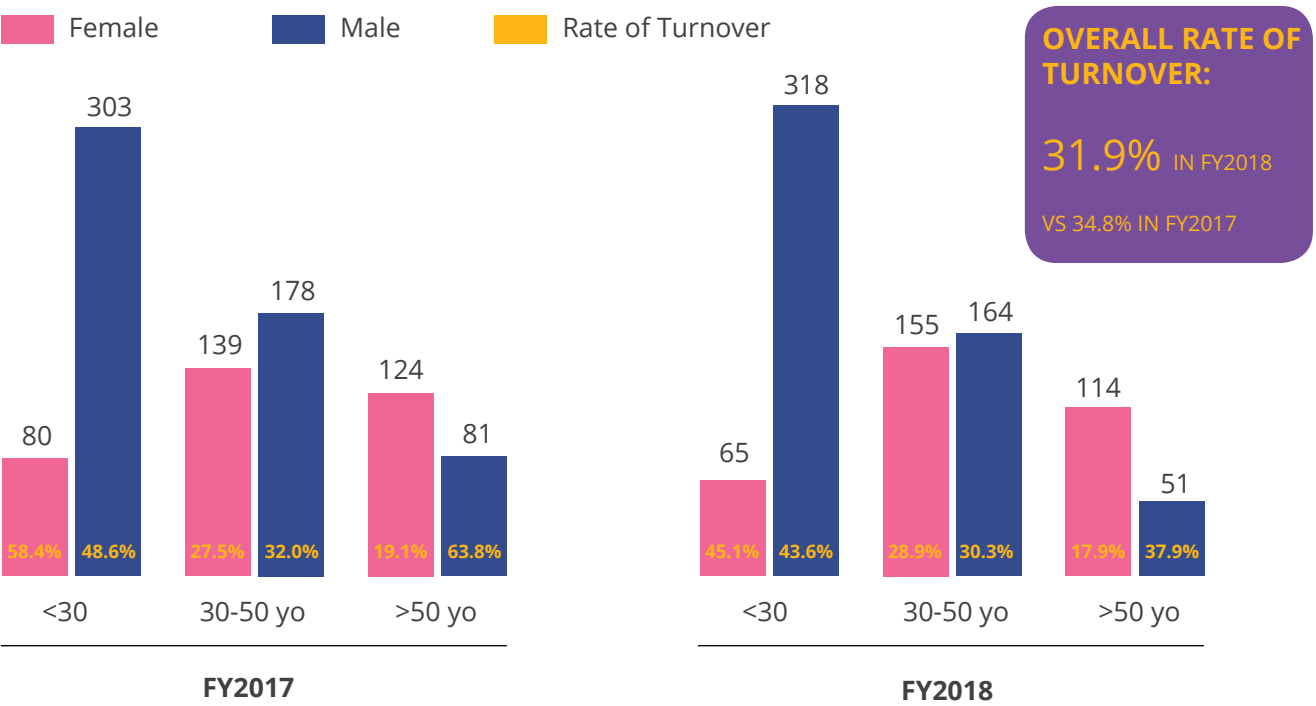
- Long service
- Innovation
- Making recommendations for new products
- Excellent service
- Reporting theft - Everyone is an effective “security officer.”
- Workplace safety

² Total number and rate of new hires by age group and gender in FY2017 and FY2018



² A wrong methodology was adopted in the calculation of the number and rate of new hires and turnover for FY2017. We have restated the information here.

Total number and rate of employee turnover by age group and gender in FY2017 and FY2018



WE BELIEVE IN STAFF TRAINING

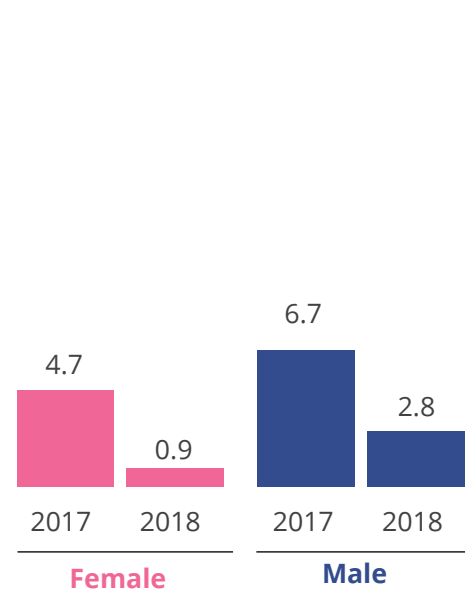
At Sheng Siong, new employees are welcomed into the company through a one-day orientation programme. We place a strong emphasis on on-the-job training as it assimilates a new employee into his or her job’s role and responsibilities more quickly.

The service training programme conducted in collaboration with the Singapore Institute of Retail Studies (SIRs) ended in 2017. The rapid expansion of the Group coupled with the tightening of foreign labour policy has resulted in a manpower strain allowing little resources for formal training. However, Sheng Siong remains committed to the training and skills upgrading of our staff. There is a strong emphasis for on-the-job training due to the nature of our business, and we believe this shall remain the foundation of our training method as learning through role modelling and from experience is fundamental to our operational effectiveness.

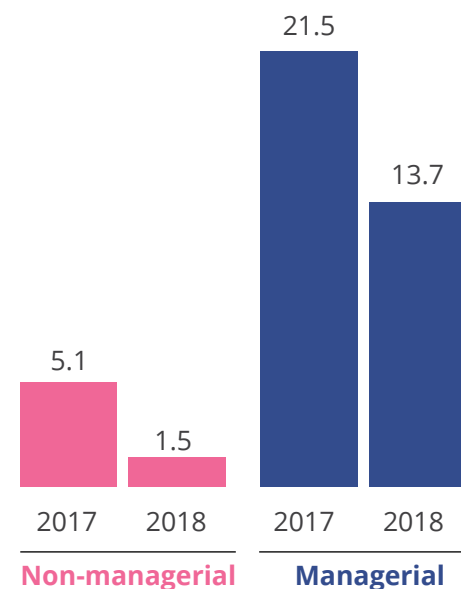
We will continue to set up a more structured approach to our training and explore the adoption of on-the-go e-learning as a training platform that can be more accessible and receptive among our employees. We are building a training supermarket within the new extension of our HQ cum distribution centre by 2021.

CARE FOR OUR EMPLOYEES A RESPONSIBLE EMPLOYER

⌚ Average training hours per head by gender



⌚ Average training hours per head by employee category



Our employee upgrading courses include the following:

- Frontline cashier skills
- Proficiency in the English language
- Management trainee programme
- Ongoing product knowledge workshops such as excursions to learn about organic farming or nutritional benefits of fruits and vegetables.
- First-Aid
- Workplace & Fire Safety
- Food Safety & Hygiene
- Digital & Social Marketing
- Others



"I am the Site Incident Controller (SIC) in our Company Emergency Response Team. My responsibilities are to assume command and control of the emergency response incident scene, coordinate the activities of all emergency responders and provide support to the Singapore Civil Defence Force (SCDF) in the mitigation of the emergency situation. The training has enabled us to set up internal fire safety procedures to competently prevent any emergency from escalating into a major disaster."

Mr Goh Boon Khiong Stephen, 36
Warehouse Manager

WORKPLACE SAFETY AND HEALTH

Our Workplace Safety and Health (WSH) management system is developed based on the result of our risk assessment and covers all our employees, business activities and locations of our business operations. The last risk assessment was conducted in 2017. Our WSH policies comply with the Singapore Workplace Safety and Health Act. As part of compliance, the Group is required to set up a Workplace Safety and Health Committee. We also abide by the Fire Safety Act and have developed an Emergency Response Plan (ERP) and established a Company Emergency Response Team (CERT).

The committee will

- Meet monthly to discuss matters related to WSH and Fire Safety.
- Conduct monthly workplace inspections and provide reports documenting the observations and recommendations on remedial actions required.
- Investigate and report on accidents and recommend actions to be taken.
- Promote WSH among colleagues.
- Collect feedback on WSH related issues from employees.
- Conduct regular WSH related training and staff briefings.

100% of our workforce is represented by the two joint management-worker Workplace, Safety and Health Committees – one for our warehousing and distribution centre, and the other for our stores. The committee reports to the Risk Management and Business Continuity Committee that is chaired by the Executive Director.

We have been working with a professional WSH consultant since 2015 to advise us on our Group's WSH related issues. Regular review meetings are also conducted with our insurance brokerage firm which also provides advice on risk management.

The most common causes of our workplace injuries include:

- Cut or laceration
- Slipped, tripped, fell
- Hit by objects
- Over-exertions

Our employees are encouraged to report on potential WSH hazards and may report these anonymously through our feedback box. Our whistleblowing procedure allows our employees to raise their concerns in confidence and remain protected against reprisals.

Our sub-contractors make up less than 0.5% of our workforce and are required to comply with our WSH policies. Their management is given direct access to provide feedback to our Group's management.

Sheng Siong has not gone on to manage our suppliers' responsibilities towards their employees' safety and health. This information is currently unavailable. We shall continue to explore how the Group can play a positive role in fostering workplace safety and health along the supply chain.



CARE FOR OUR EMPLOYEES A RESPONSIBLE EMPLOYER

WORKPLACE SAFETY TRAINING & EDUCATION

Annually we conduct two refresher trainings on the use of forklifts and electronic power jacks at our distribution centre. In 2018, we provided more training in the area of:

- First Aid
- Fire Safety
- Emergency Response

A group sharing channel is also established to send regular safety reminders, to promote learning from accidents that have occurred within the Group, and sharing of best safety practices.

PROVIDING MORE HEALTHCARE BENEFITS

We partner government agencies and NGOs to promote workplace health and safety. From 2014 to 2018, we partnered the Singapore Health Promotion Board (HPB) to roll out impactful targeted interventions for the retail workers at our outlets. In 2018, the focus was changed to the back-of-house supporting employees. The workplace health promotion programme consisted of health screening, health and ergonomic coaching and enhancement of our company's meals by adopting less oil, less salt and less sugar in our food preparation.

In 2018, we also participated in the National Steps Challenge™ organised by the HPB in a bid to encourage our employees to lead a healthier lifestyle by being more physically active.

We offer medical benefits by reimbursing our employees their medical consultation fees charged by government polyclinics or hospitals. Employees who face financial difficulties and challenging medical conditions may also apply to the Company for financial assistance.

Our founders also generously distribute healthcare equipment such as electronic toothbrushes and massage pads to our employees to promote preventive care and healthy living.



CARE FOR EMPLOYEES

To ease the rising cost of living and encourage our employees to eat better and healthier, we introduced in 2017 a staff purchase scheme for groceries and fresh produce at our stores. Last year, the scheme paid out more than \$310,000 in benefits, an increase of 43.6% as compared to 2017.

Other employee benefits that promote work-life balance and a pro-family culture include:

- Annual family day
- Family care leave
- Marriage leave and a congratulatory gift are given to eligible staff to prepare for their wedding or honeymoon.
- A newborn care package is presented to female employees and the wives of our male employees who have given birth.
- Bereavement contributions to employees for the loss of their loved ones.
- Flexi-work arrangements were introduced back in 2015. Our employees are allowed to take half-day leave. We also provide them with flexibility in work-time arrangements as required.

A record-breaking number of 15 employees received their long service award for 20 years of service to the Group.

NON-COMPLIANCE

In 2018, the Group was fined for a sum of S\$2,000.00 for failure to comply with Section 4(2) of the Workplace Safety and Health Act (Risk Management) where the existing risk control measures on the process for safe operation of the electric pallet jack were not effectively implemented and resulted in an accident that injured a worker. Gaps were immediately identified in our risk management of the use of this piece of equipment and appointed employees who operate the electric pallet jack were briefed again on the safety procedures. The incident was also shared during staff briefings with the greater group of employees, and everyone was strongly reminded to follow established safety procedures.



"I have joined Sheng Siong 20 years ago as a cashier and worked my way up to a supervisor. There are many benefits that the company provides, which are not available elsewhere. I have been given a necklace and 2 gold medallions during my 5th, 10th and 15th year of service. Last year, I received a Rolex as part of my Long Service Award (20 years). My bosses are very supportive of older employees like us. So long as I am able, I will continue to work and contribute to the society."

Mdm Quah Yew Inn, 63
Supervisor

CARE FOR THE COMMUNITY

Care for our Home



一只蜂酿不成蜜
一颗米熬不成粥
Honey cannot be made from a single bee
Nor porridge, from a single grain
- Chinese Proverb

Through a collaborative joint effort, we can realise something more worthwhile. Having benefitted greatly from the Singapore customer base and community, we also strive to play to our strengths as a major retailer and do what we can to reciprocate and enrich the lives around us.

CARE FOR THE COMMUNITY

CARE FOR OUR HOME

GIVING BACK TO THE COMMUNITY

Sheng Siong has a significant market presence in Singapore, where 99% of our managerial staff are Singapore Citizens or Permanent Residents. It is our policy to give back to the local community where we operate, through supporting our employees and their family, community initiatives organised by NGOs and educational institutions and our suppliers.

The Group made charitable contributions of \$49,844 to community initiatives in 2018. This may not seem like a significant amount, but we believe that charitable contributions should go beyond the monetary form. Therefore, when it comes to giving back to the community, Sheng Siong's focus has consistently been a contribution of resources such as space, time, effort and labour.

The supermarket is a space where the community congregates and we believe that we have an important role to play in promoting the community spirit, racial harmony and neighbourliness, as well as supporting conversations on what matters to our community and environment.

In addition to the examples raised in the Joint Message from the Chairman and the CEO, we also supported the following initiatives in 2018:

- SGX Bull Run
- Food waste reduction campaigns
- SEC #onelessplastic campaign
- SEC World ECO-label Day
- AVA Food Safety Month campaign
- Switch&Save – Use LED (SSUL) Campaign

Our approach to community contribution and philanthropic activities are in line with our core mission of value creation for our stakeholders.

HELPING WITH RISING COST OF LIVING

While Sheng Siong strives to keep essential products affordable, we also believe in extending our helping hand to special groups of people within our community. In 2018, we extended our special

3% senior citizen discount programme for another year, which cost the Group about S\$1 million. We also work closely with community centres to organise trips for senior citizens to watch the live telecast of the Sheng Siong Show at MediaCorp which could be a privilege for some.

EDUCATION GRANTS FOR LOWER-SALARIED EMPLOYEES' CHILDREN

Our lower-salaried staff receive an education grant for their children. The Annual Education Grant is fully paid for by the three founders of the Group, who are also major shareholders.

Last year, we showed our care for our employees by disbursing annual education grants amounting to \$506,800. The beneficiaries were 577 children of our lower-salaried employees.

A total of \$2.9 million has been disbursed since the inception of the Grant in 2013. The three founders are committed to supporting the philanthropic activities of the Group and have contributed to causes such as the President's Challenge 2018, Singapore Road Safety Council, Chinese Development Assistance Council and Zhong Hua Cultural Society Singapore.



Beneficiaries at our 2018 Education Grant ceremony.



"My elder daughter is pursuing her tertiary education while my younger daughter will be enrolling in university this year. I have been working in Sheng Siong as a storekeeper for 11 years, bringing up my two children single-handedly as my husband had passed away more than 10 years ago. It has not been easy but the education grant and childcare allowance have come timely in lessening my burden. For the past few years, the kids had used the education grant to pay for their school fees and books."

Mdm Chan Yoke Lee, 53
Storekeeper

CREATING JOB OPPORTUNITIES FOR MINDS' TRAINEES

Since 2014, we have collaborated with the Movement for the Intellectually Disabled of Singapore (MINDs) through their enclave work model. We host 10 MINDs beneficiaries to work at our vegetable packing department. They work alongside our staff, dine with us for lunch at our canteen, and are invited to our company's annual family day event to socialise with our employees.

A MORE VIBRANT SINGAPORE

Singapore imports more than 90% of our food sources. To remain competitive and create more value for our shoppers, our Group has adopted a direct sourcing strategy over the years, especially for our fresh food category. This has not only shortened the supply chain and improved savings but also helped us to have better oversight on food quality, food safety and food security issues. Sheng Siong also practises diversification in sourcing to keep supplies of our products stable and affordable throughout the year and in times of crisis.

We work with more than 1150 suppliers in our supply chain, where 80% of them are locally registered companies and represent about 92% of our total purchases. We support our locally registered suppliers by improving communications and business administration procedures through our suppliers' portal and bulk handling of their products.

SUPPORTING LOCAL FARMS

In the recent 2019 Budget announcement, Singapore targets to produce 30 per cent of Singapore's nutritional needs locally by 2030 in a bid to strengthen food security amidst increasing threats from climate change. Here are two examples of local farms whom we support among others:

Quan Fa Organic Farm (全发有机农业) is an organic farm located in Lim Chu Kang near Singapore's western water catchment area. By carrying Quan Fa's organic farm produce at our selected retail outlets, we join the government's efforts to make Singapore a more vibrant society. We hope that the presence of organic produce at Sheng Siong's mass market distribution channels will encourage venture capital interest for the support of farms in Singapore's rural areas.

Yili Vegetation & Trading Pte Ltd is a local farm for leafy vegetables producing some of Singaporean's favourite vegetables like Xiao Bai Cai, Kang Kong, and Cai Xin. By carrying Yili's vegetables in our stores, we hope to help them to build a value brand of safe, quality, and affordable locally produced vegetables and improve demand among our customers.



Photo credit: N&N Agriculture



SUPPORTING A LOCAL EGG FARM

N&N Agriculture is a egg producer which operates its own egg laying farm in Singapore. For over a decade, Sheng Siong has been stocking up fresh eggs from this homegrown producer. Today, all our stores carry local eggs packed by N&N.

Since 2017, Sheng Siong has also worked with N&N to produce our housebrand "Heritage Farm Fresh Eggs (10s)". Besides playing our part to support local produce, we are also mindful of reducing our carbon footprint by distributing the eggs through our central distribution centre to all our stores.

"Sheng Siong has taken the lead in supporting local eggs, creating the sales channel for our eggs to be sold in Singapore across its retail network. As the market is very competitive, we appreciate having this platform to retail our eggs to local consumers.

By arranging for our eggs to be delivered to its distribution centre, Sheng Siong has provided a one-stop service, saving us the effort of delivering to all its stores, which in turn creates manpower savings and efficiency for us."



Mr Ma Chin Chew
CEO, N&N Agriculture





CARE FOR THE COMMUNITY

CARE FOR OUR HOME

SUSTAINABLE SOURCING

We are committed to promoting sustainability along our value chain and intend to enhance our purchasing policies to address our material topics with our suppliers. We are mindful of our customers' needs, and while we strive to source more sustainably, it is our goal to continue to keep our products and produce affordable and competitively priced.

92%¹ of our housebrand paper products are certified under the Forest Stewardship Council (FSC). We have also increased our selection of sustainable seafood which now includes the Norwegian salmon, Norwegian mackerel, live Boston lobsters and live oysters.

SAFE NEIGHBOURHOODS

In 2017, we partnered with the Singapore Police Force to roll out the ShopWatch Community Safety and Security Programme (CSSP) at all our stores, after successful implementation at two-thirds of our stores in 2015. Sheng Siong has continued to champion the cause to this date. To deter shop theft, Sheng Siong supermarket employees wear vests bearing the words "SHOPWATCH. May I help you?" that signals our employees are present to deter theft. On the other hand, it is also a non-intrusive way of offering assistance for shopping needs, thus promoting quality customer service.

We recorded 248 cases of customer thefts in 2018 versus 250 cases in 2017 despite the addition of 10 new stores.

QUIET NEIGHBOURHOODS

To play our part in promoting the quality of life in the heartlands, we worked with town councils to restrict delivery times by food suppliers to mitigate noise disturbance in the HDB neighbourhoods. Special delivery arrangements are made to ensure deliveries to the stores are at appropriate timings, and extreme care is taken during loading and unloading with noise reducing equipment such as noise absorbing pallet jacks to mitigate the disturbance.

In 2018, we improved our categorisation of feedback and started to monitor the types of feedback collected - a total of 12 instances of feedback was received on noise disturbances.

CLEAN NEIGHBOURHOODS

We play our part in contributing to the cleanliness of the community we operate in. Pest control programmes are in place to alleviate the risk of pest infestations.

CARE FOR THE ENVIRONMENT

Conserving Resources



The pressing call for greater attention to environmental issues rings loud and clear. We take initiatives to review and moderate our environmental impact, and to help foster an environmentally-conscious mindset amongst society at large. With only one Earth between us, it's up to us to play our part for a sustainable living space.

¹ The disclosure in 2017 should have been reported as 90% instead of 96% due to an error made in classification of the products.



CARE FOR THE ENVIRONMENT CONSERVING RESOURCES

In 2016, Singapore joined 170 other countries in signing the Paris Agreement. The Sustainable Singapore Blueprint was then developed to guide our nation towards the goal of building a more liveable and sustainable Singapore. 2018 was declared as the Year of Climate Action. Sheng Siong recognises its responsibility to contribute towards this goal.

Sheng Siong has viewed the conservation of resources as a key business objective. We adopt the 3Rs “reduce, reuse, recycle” principle in the management of our resources and waste. We monitor and measure the usage of our resources and waste streams because we believe that through conserving precious resources, we not only contribute to a more sustainable environment but also lower cost and create value for our stakeholders.

REDUCE

Reduction of Carbon Footprint

To reduce our carbon footprint and our electricity consumption from the grid, a major photovoltaic system was installed in 2013 on the rooftop of our Mandai Link Distribution Centre. The panels occupy an area of about 11,000 square metres, making full use of its available roof area. Upon commissioning in 2014, the installation was the largest single photovoltaic system in Singapore with a capacity of 1,200 kWp (kilowatt-peak). Our proactive effort to be environmental friendly was recognised and led the Group to become a recipient of the Singapore Economic Development Board (EDB) Solar Pioneer Award. In 2018, our PV (Solar) system supplied about 12.6% of our total energy usage at our distribution centre.

Our distribution centre has been awarded the BCA Green Mark Compliance for 100% use of LED lights, a cold storage heat recovery system, and its rainwater recovery system. Recovered rainwater is used for toilets, general washing and gardening on its premises.

The completion of our distribution centre in 2011 enabled us to improve our capacity and ability in the bulk handling of products for our suppliers.

By switching from a direct store delivery model to a centralised distribution model, we successfully reduced the number of trips our suppliers have to make to deliver to our stores -from 50-60 deliveries per day per store in the past to 5-6 deliveries per day directly from our distribution centre today, and hence the overall carbon footprint. Our warehouse is equipped with efficient inventory and distribution management systems that allow us to exercise better control over our logistics operations.

Sheng Siong owns a fleet of 70 delivery vehicles. Since 1 January 2018, the National Environment Agency of Singapore (NEA) requires all new diesel vehicles to meet the Euro VI emission standard. Our fleet replacement policy is to choose vehicles that come with engineering solutions that adhere to the latest emission standards.

All our 54 stores have been fitted with LED lights. LED bulbs are the most efficient lighting choice, using only a third of the energy of fluorescent lights and potentially reducing our lights’ energy consumption by up to 80%.

Driving Behavioural Change

In 2018, with the support of the Building and Construction Authority (BCA) and Singapore Green Building Council (SGBC), we conducted a first-of-its-kind Behavioural Change Pilot Programme to drive energy consumption changes among our staff and customers.

The bottom-up approach saw us getting our operational team to contribute ideas in reducing energy consumption within their outlet. The ideas and feedback were used to develop a behavioural change campaign plan, tailored for specific Sheng Siong outlets, to tackle these actions.

Key Actions Taken During the Campaign:

- Pulling down fridge blinds 15 minutes earlier before store closing
- Setting at higher temperature set-point for the air-conditioning system
- Improving distribution of cooled air by removing the clutter near air-con diffusers
- Turning off appliances (e.g. cashiers and payment counters) 15 minutes earlier before store closing

- Engaging customers on green messages through Facebook posts and in-store posters and mini-games

Through the campaign held from June to July, close to thirty employees played their part which led to an average of 12% reduction in the monthly electricity consumption. At the same time, five employees were also trained up in behavioural change knowledge and techniques.

Learning from the pilot, we have identified gaps and also opportunities for improvements. In 2019, we will continue to work with BCA and SGBC to extend the pilot test to more stores.

Managing Food Waste

In 2017, close to 810 million kilograms of food was wasted in Singapore. This is a big problem for land-scarce Singapore because we will soon run out of space for landfills. Besides, when we waste food, it is not just the food that is thrown out, but also the resources and effort devoted to nurturing, delivering and marketing it.

At Sheng Siong, we are extremely concerned about the need to reduce and manage food waste and believe that we need to do it right from the start. We have put in place sound purchasing and inventory management policies, excellent storage and food handling standards and systems, and adopted state-of-the-art packaging and processing techniques in prolonging the shelf life of our products and produce.

We have participated in Food Waste Reduction Campaigns headed by the NEA, putting up posters and signage in our stores to raise awareness and educate consumers to handle our fresh produce with care. Earlier in 2018, we also worked with a group of NTU students in the ‘Unfiltered Food’ Campaign which aims at correcting misperceptions about “ugly food” and educates consumers on ways of reducing food waste.

“Reduced to Clear” sections have been introduced since 2011, where fresh produce that is slightly blemished but still wholesome, or that are close to expiry are sold at reduced prices.



Since 2017, we have collaborated with NEA on a food waste co-digestion project where source-segregated food waste collected from 13 of our stores and our distribution centre was sent to a demonstration facility located at the Ulu Pandan Water Reclamation Plant for co-digestion with used water sludge daily. The process could yield more biogas from the anaerobic digestion process compared to the treatment of used water sludge alone, thereby enhancing energy recovery. In 2018, the project was extended incrementally to all 54 stores, and an estimated 2,340 tonnes of food waste generated was successfully diverted.

The Group is also represented as a member in the Working Group for the Singapore Standard for Food Waste Management for Food Retail Establishments and Wholesalers/Distributors by the Singapore Standards Council which completed its work in 2018. We target to adopt the standard by 2019/2020.

Reducing Packaging & Plastic Waste

Plastics are now one of the most common and persistent pollutants in our oceans today. Even when disposed properly, they take many years to decompose and break down, generating large amounts of garbage over long periods. If not disposed of properly, the bags can pollute waterways, clog sewers and have been found in oceans affecting the habitat of animals and marine creatures.

CARE FOR THE ENVIRONMENT

CONSERVING RESOURCES

Sheng Siong’s plastic bags have been made partially from recycled plastic. According to a life cycle study conducted by the Finnish Environment Institute (SYKE) back in 2009, plastic bags made from recycled plastic may be the lesser evil of other forms of carriers including a reusable cotton bag unless it has been reused enough times. However, the issue of excessive usage and proper disposal remains a key problem for our environment.

In another recent study commissioned by the NEA in 2016 and released in 2018, it was concluded that because Singapore incinerates our waste, promotion of certain types of disposables like those made of paper or biodegradable materials may not be better for the environment. Instead, the better option is for Singapore consumers to reduce their impact on the environment by opting to use reusable bags and food containers, instead of disposables. Therefore, a more sustainable approach is to tackle the excessive consumption of all types of disposables.

Shoppers in Singapore have become increasingly concerned about the excessive consumption of plastic bags, while some remain resistant. The possibility of the government implementing a plastic bag surcharge seems bleak, but steps have been taken with the introduction of the mandatory reporting framework for packaging by 2020. In gearing up to this new compliance requirement, we became a signatory of the Singapore Packaging Agreement in 2018. Some of the initiatives we have taken include:

1. Reviewing the packaging of our housebrand products - the packaging our housebrand products fall within the “Lightest” to “Median” range of the Packaging Benchmarking Database developed by the SPA where information about the packaging of the product is available.
2. Making a conscientious effort in the design and choice of packaging when developing a new housebrand product.
3. Working with suppliers to replace styrofoam packing with alternatives wherever possible:
 - Replaced majority of styrofoam tray packing with skin packaging since 2016 for fresh meat and seafood products.
 - Replaced majority of styrofoam tray packing with plastic tray/box since 2017/18 for fresh fruits and vegetables.
 - Replaced some styrofoam cartons with paper cartons for transport packaging of fresh vegetables.
4. Reducing the use of pallet stretch film by switching to one of different material specifications.
5. First internal review of the use of single-use plastic bags in our stores has been completed and will form the baseline for target setting by 2020.
6. First dialogue session was conducted with Cashiers in 2018 to understand their challenges in reducing the use of single-use plastic bags, and promoting the use of reusable bags.
7. Partnered the Singapore Environmental Council in the #onelessplastic campaign

At Sheng Siong, we recognise our ability to influence our consumers’ and suppliers’ choices positively. We have taken a more pro-active stance in campaigning for lesser use of plastic bags among our shoppers and will continue to review our operational procedures on the bagging of products at the checkout counters and weighing stations.



Customers participating in a Singapore Environment Council One Less Plastic campaign roadshow at our store.

Photo credit: Singapore Environment Council

To date, we continue to retail some basic food ingredients like potatoes, onions, and ginger on loose display. However, certain fresh produce is better sold pre-packed in consideration of hygiene, preservation of their freshness and shelf life, and reduction of food wastage caused by inappropriate handling by consumers. As the supermarket is air-conditioned, fresh fruits and vegetables tend to lose moisture easily. Hence moderate packaging can retain the moisture content in fresh produce and prevent cross-contamination. We work closely with our suppliers to avoid unnecessary packaging or use environmentally friendly materials while keeping food competitively priced and affordable.

It is clear that everyone has a role to play in reducing waste, and greater and more concerted efforts from the government, businesses and the community are necessary to overcome this challenge.

REUSE

We partner a handful of our suppliers in reusing plastic crates for the supply of our fresh vegetables, fruits, seafood and eggs. Styrofoam boxes that are typically used by suppliers to supply temperature-sensitive products are also washed, sanitised and reused internally. Excess boxes are collected to be recycled.

RECYCLE

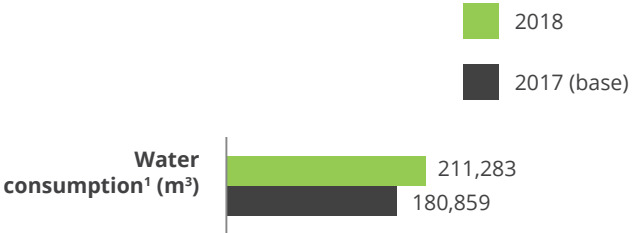
We sort our waste conscientiously for recycling. A paper compacting machine is used to compact our products’ carton boxes (collected from the stores) into cubes to reduce the space required for delivery to the recycling plant. We recycle food waste, plastic, wooden pallets, stretched films, styrofoam boxes, cans and metals.

WATER

Water is a scarce resource in Singapore. Our water at the Distribution Centre and retail outlets are supplied by the public utility company and is used mainly in general cleaning, food processing, and meal preparation.

Sheng Siong complies with the NEA’s Environmental Protection and Management (Trade Effluent) Regulations which regulates the quality of trade effluent discharge in Singapore.

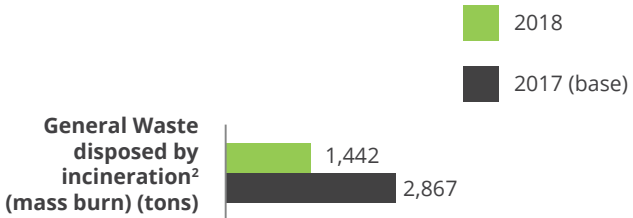
Water Consumption



WASTE

The company does not produce any hazardous waste. Our waste is directly disposed of by the company, except for general waste from the supermarkets that are collected by the public waste management companies.

General Waste disposed by incineration (mass burn)

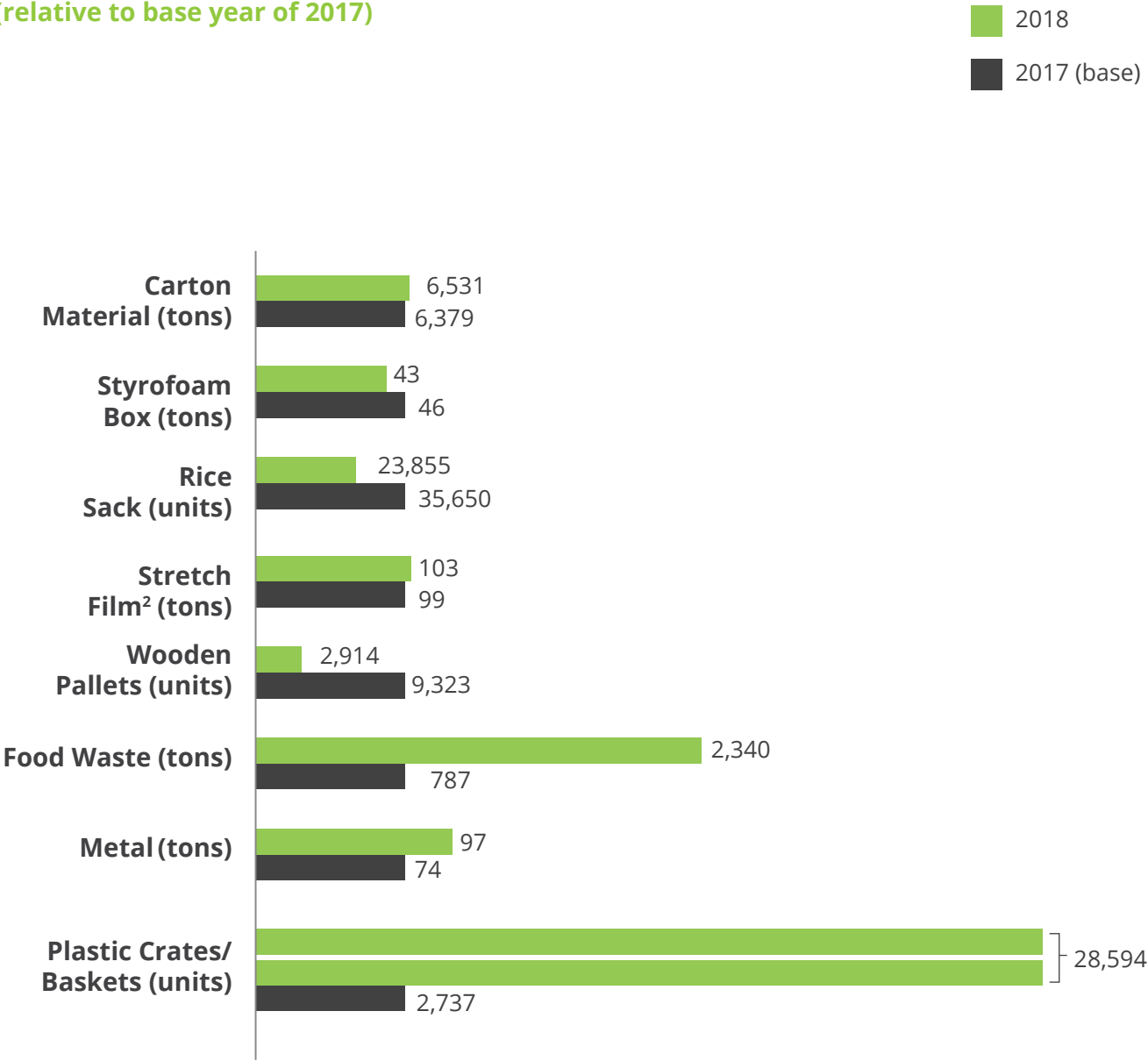


¹ Data on water consumption is collected through monthly utility bills. The figure excludes rainwater recovered at our distribution centre.
² Excludes general waste generated by the supermarkets that are collected by the public waste management companies. This data is not available.

CARE FOR THE ENVIRONMENT

CONSERVING RESOURCES

¹Recycled Waste within Sheng Siong in 2018
(relative to base year of 2017)



¹ Errors are retrospectively corrected.
² In 2017, we disclosed that 288 tonnes of stretch film and plastics were recycled. We wish to add that of the 288 tonnes, 98.9 tonnes were plastic stretch film and the rest are other form of plastic packaging such as transport packaging of canned and bottled drinks. Due to the unavailability of data on the other form of plastic packaging, we have excluded this piece of data for reporting in 2018.

Energy Intensity
(Megajoules per \$ revenue)



Greenhouse Gas Emissions Intensity
(kg CO₂e per \$ revenue)

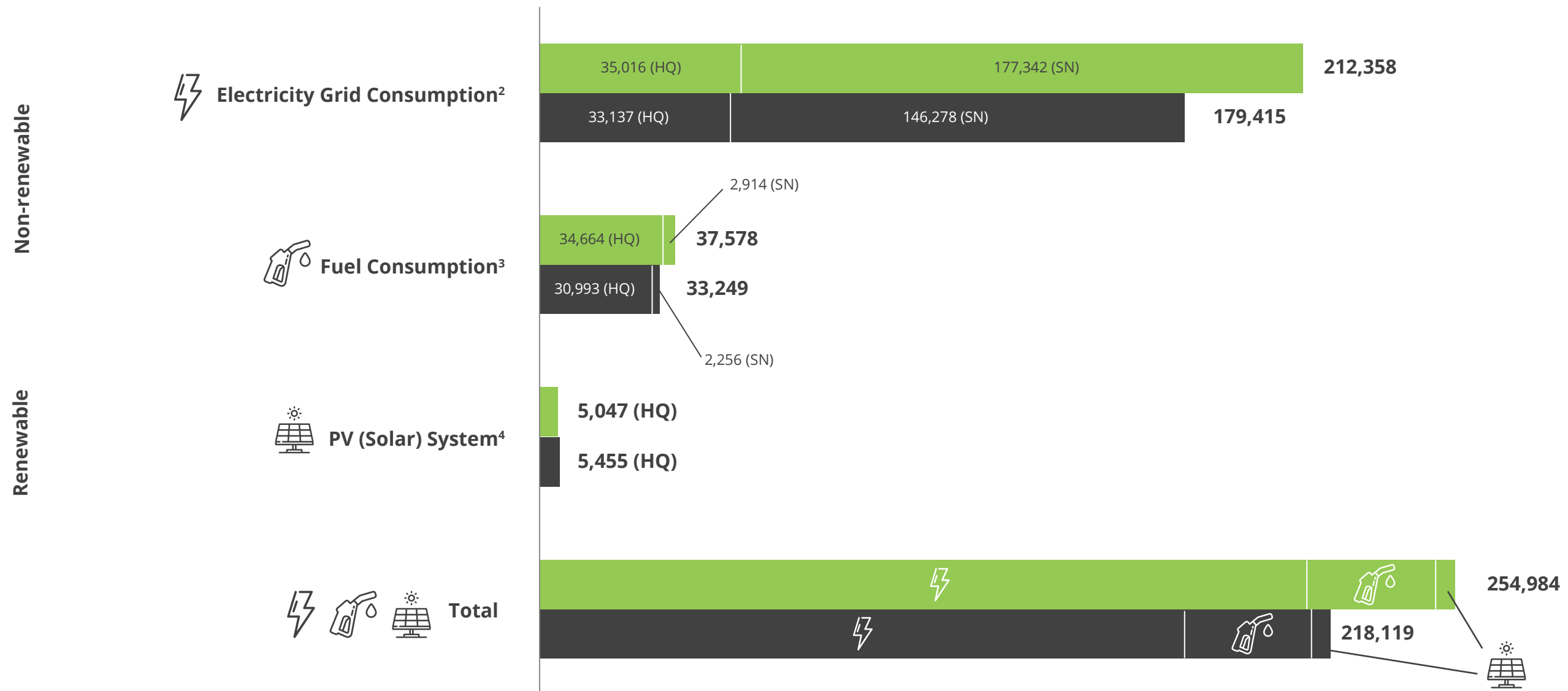




CARE FOR THE ENVIRONMENT CONSERVING RESOURCES

Energy Consumption within Sheng Siong (gigajoules)¹

2018 HQ - Mandai Link HQ cum Distribution Centre
2017 SN - Store Network



¹ Source: https://www.eia.gov/energyexplained/index.cfm?page=about_energy_conversion_calculator

² Data on energy consumption is collected through monthly utility bills.

³ Sheng Siong Group's own fleet of delivery trucks.

⁴ A monitoring system is installed with our PV (Solar) System and provides the daily generation of energy.



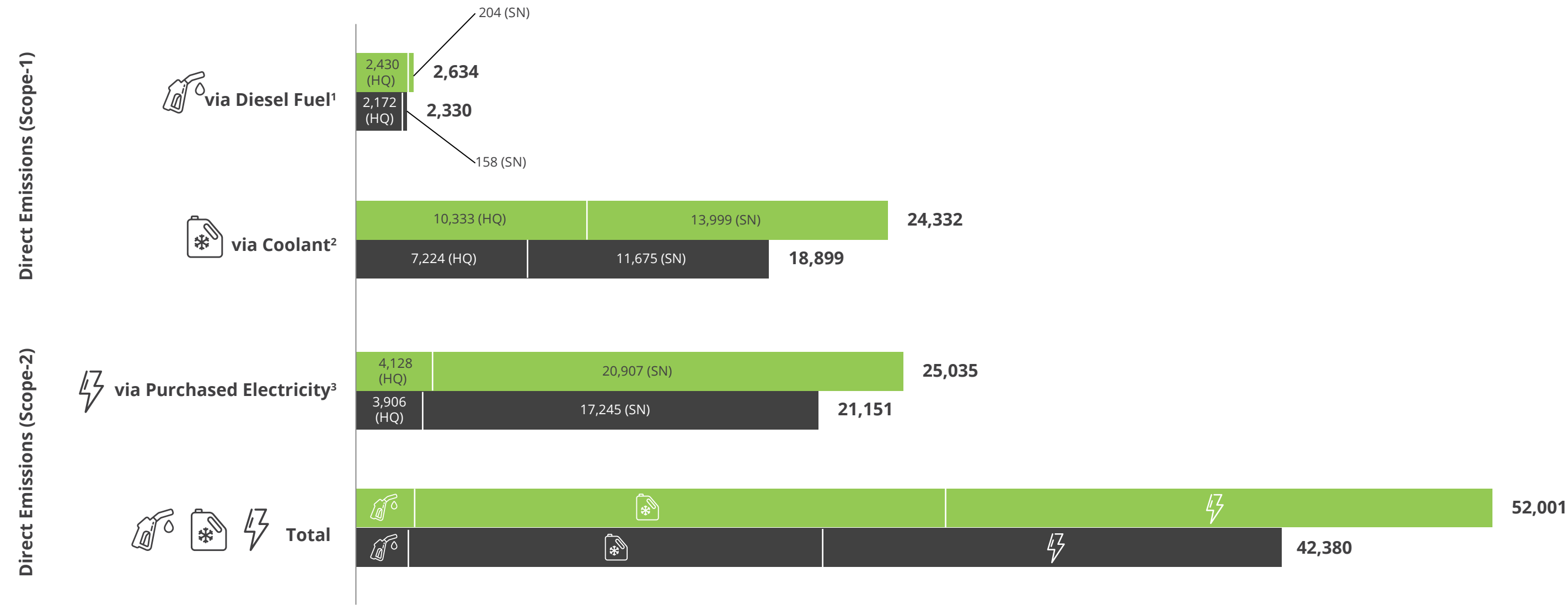
CARE FOR THE ENVIRONMENT

CONSERVING RESOURCES

Greenhouse Gas Emissions (tons)

2018

2017



¹ Source: https://www.eia.gov/environment/emissions/co2_vol_mass.php

² Source: <https://www.epa.gov/sites/production/files/2015-07/documents/fugitiveemissions.pdf>
United States Environmental Protection Agency, Greenhouse Gas Inventory Guidance Direct Fugitive Emissions from Refrigeration, Air Conditioning, Fire Suppression, and Industrial Gases Nov 2014

³ Source: https://www.ema.gov.sg/cmsmedia/Publications_and_Statistics/Statistics/18RSU.pdf
Electricity Grid Emissions Factors and Upstream Fugitive Methane Emission Factor



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