

SK

JEWELLERY GROUP



SUSTAINABILITY
REPORT 2019



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This sustainability report ("Report") has been prepared by SK Jewellery Group Limited (the "Company") and has been reviewed by the Company's sponsor, United Overseas Bank Limited (the "Sponsor") for compliance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst. This Report has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this Report, including the correctness of any of the statements or opinions made or reports contained in this Report. The contact person for the Sponsor is Mr Lim Hoon Khiat, Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, Telephone: +65 6533 9898.



CEO'S STATEMENT



“Moving forward, our continued success is contingent on the ability to keep abreast of global developments, continuous innovation of business processes and meeting the long-term needs of all our stakeholders.”

Mr Lim Yong Sheng
Executive Director & Group CEO

Dear Stakeholders,

From our first humble goldsmith shop in Bedok, we have taken long strides to become one of Singapore's foremost homegrown jewellery brands. Moving forward, our continued success is contingent on the ability to keep abreast of global developments, continuous innovation of business processes and meeting the long-term needs of all our stakeholders.

As we move into the new decade, the topic of sustainability has become increasingly important. In the age of global economic volatility, climate change concerns have come to the forefront of what consumers expect. In our 2019 Sustainability Report, we outline our refreshed sustainability strategy, highlighting some of

the activities our company has done on the economic, social, and environmental fronts.

EMBRACING THE FUTURE WITH SUSTAINABLE PRACTICES

Since the rise of the diamond industry in the 19th century, there has always been a challenge with respect to creating responsible, sustainable jewellery. 2019 marked a significant milestone for SK Jewellery Group Limited (the “Company”, and together with its subsidiaries, the “Group”) as we launched our new product offering – a new diamond. Known as lab-grown diamonds, these diamonds are created without the need for mining, hence contributing towards a more sustainable future.



We strive to offer new-age consumers today the luxury of choice and bring the responsibility ethos forward by being the first jewellery chain retailer in the region to offer this product. Today, our collection of lab-grown diamonds is available in all our boutique stores. We stay committed to finding ways to improve sustainable business models, thereby setting a blueprint for future generations to follow.

A FUTURE-READY AND ADAPTABLE WORKFORCE

As we continue to revitalise and strengthen our business processes and offerings, I move on to our next topic – our people. We hold true to the belief that our people is our strongest asset.

To cope with the rapid technological developments in the retail landscape, we are taking proactive efforts to prepare our workforce for a digital economy. Internally, our information security department conducts a multitude of security awareness training on pertinent issues such as phishing awareness and spoofing threats. These courses imbue within our retail team confidence to deal with unforeseen circumstances with professionalism and poise.

In the modern retail shopping journey, timely communication between our retail shop floor and our headquarters has become increasingly important. As such, we have invested in a new mobile application – Know App, to streamline communication between all our employees. With this application, we are able to digitise crew management, task allocation, company announcements, and efficient form collection amongst our staff.

Moving forward, we will continue to identify strong performers within our team. On top of equipping them with adequate training and resources, they are specially selected to take on challenging projects to help pave the way towards a digitised future of the Group.

STAYING CONNECTED TO OUR COMMUNITIES

Beyond enabling future business growth, we recognise that as one of the homegrown jewellery brands which benefits from our direct community, we should become stewards to facilitate inclusion and progression of the less fortunate.

We continue to partner with Radin Mas CCC Community Development in Project Sayang, organising quarterly outreach efforts to lower income families. In a show of solidarity and traditional kampong spirit, employees of the Group help to provide daily essentials and useful home living supplies to needy families of Radin Mas, Telok Blangah, and Redhill housing estates. To date, our efforts have aided approximately 160 families.

GOING FORWARD

As economic, social, and environmental issues continue to evolve, the need to build a sustainable business model within the economy has never been more important. We will continue to uphold our brand as a vanguard of responsible business, and focus efforts on building our legacy as a luxury jewellery business. Nonetheless, there can be no greater luxury than the ability to positively impact the communities in which we operate.

On behalf of the Board and Management of the Group, we would like to thank all who have been with us through this sustainability journey and continue to look forward to your partnership and support.



ABOUT THIS REPORT

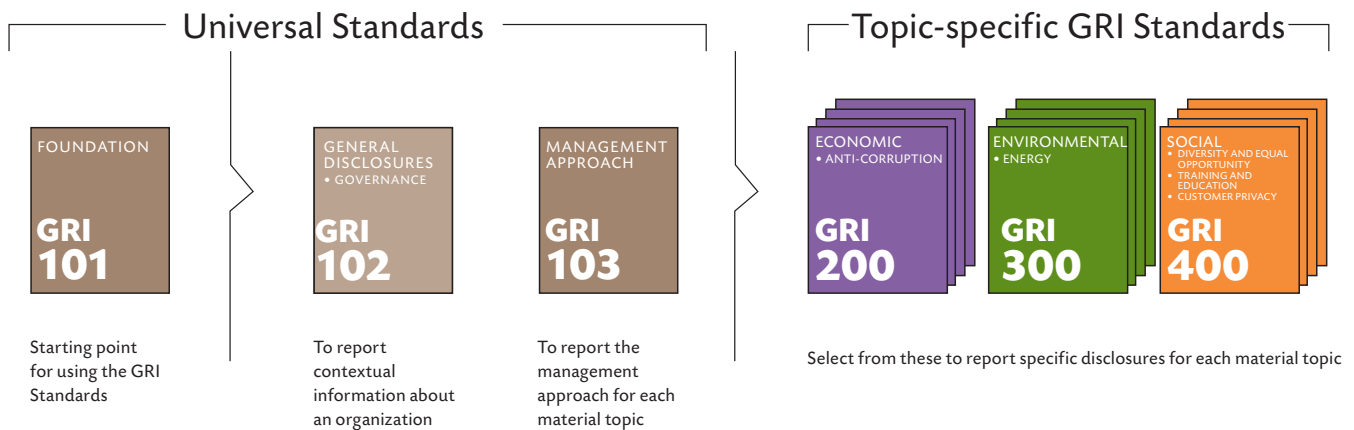
REPORTING PERIOD AND SCOPE

This is SK Jewellery Group Limited (the “Company” and together with its subsidiaries, the “Group” or “we” or “us” or “our”) third sustainability report for the financial year (“FY”) ended 31 December 2019. This report covers data and information from 1 January 2019 to 31 December 2019 pertaining to Singapore context and discusses the Company’s achievements and performance towards Environmental, Social and Governance (“ESG”) issues.

Our Group’s sustainability report is prepared in compliance with the requirements of Rules 711A and 711B of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalyst (“Catalist Rules”) and with reference to the Global Reporting Initiative (“GRI”) reporting guidelines, “Core” Option.

REPORT BACKGROUND

Increasingly, there is more emphasis placed on long term sustainable practices to create growth and value for all stakeholders. Our Board of Directors (the “Board”) recognises the importance of sustainability in the Group’s business operations and performance. The Board continues to manage



the Group’s sustainability direction. Sustainability efforts are led by our Sustainability Steering Committee that ensures that sustainability practices are embedded in the Group’s business operations and that sustainability goals are aligned with the Group’s overall strategic business direction. Therefore, the Group published its first sustainability report in FY2017, and we continue to communicate with our stakeholders on the Group’s achievements and targets for FY2020.

This report includes management’s approach in integrating sustainability into our policies, structures, practices and future targets. It also continues to discuss the challenges and

material issues that are important to our stakeholders and our strategy in addressing and managing these challenges and issues, and lastly, how the Group has performed in terms of our key performance indicators as compared to the Group’s performance in FY2018.

This report has been prepared using the international reporting framework, GRI Standards: “Core” option, the latest set of standards issued by the GRI Global Sustainability Standards Board. We adopted the GRI reporting framework, for its robust regime and detailed guidance on which offers an internationally-recognised benchmark for the disclosure

ABOUT THIS REPORT



of governance approaches, the environmental, social and economic performances and impacts on organisation.

REPORTING PRINCIPLES

The Group continues to adhere to the GRI Reporting Principles for the definition of the report's content, disclosures and sustainability reporting practices and the management approaches relating to information of the Group. The report contains consolidated environmental and social performance data from our Group and the data is reported in good faith and to the best of our knowledge. To ensure quality of the report, we have applied the GRI Principles of accuracy, balance, clarity, comparability, reliability and timeliness. The GRI Content Index can be found on Pages 30-31 of this report.

No external assurance has been sought for this report and we rely on our internal processes to verify the accuracy of the

ESG, economic performance data and information presented in this report. The Group will review the option of seeking external assurance in the future.

ACCESSIBILITY

In line with our sustainability efforts, we only released this report in electronic edition (pdf format) and it is available for download via our website at <https://www.skjewellerygroup.com>.

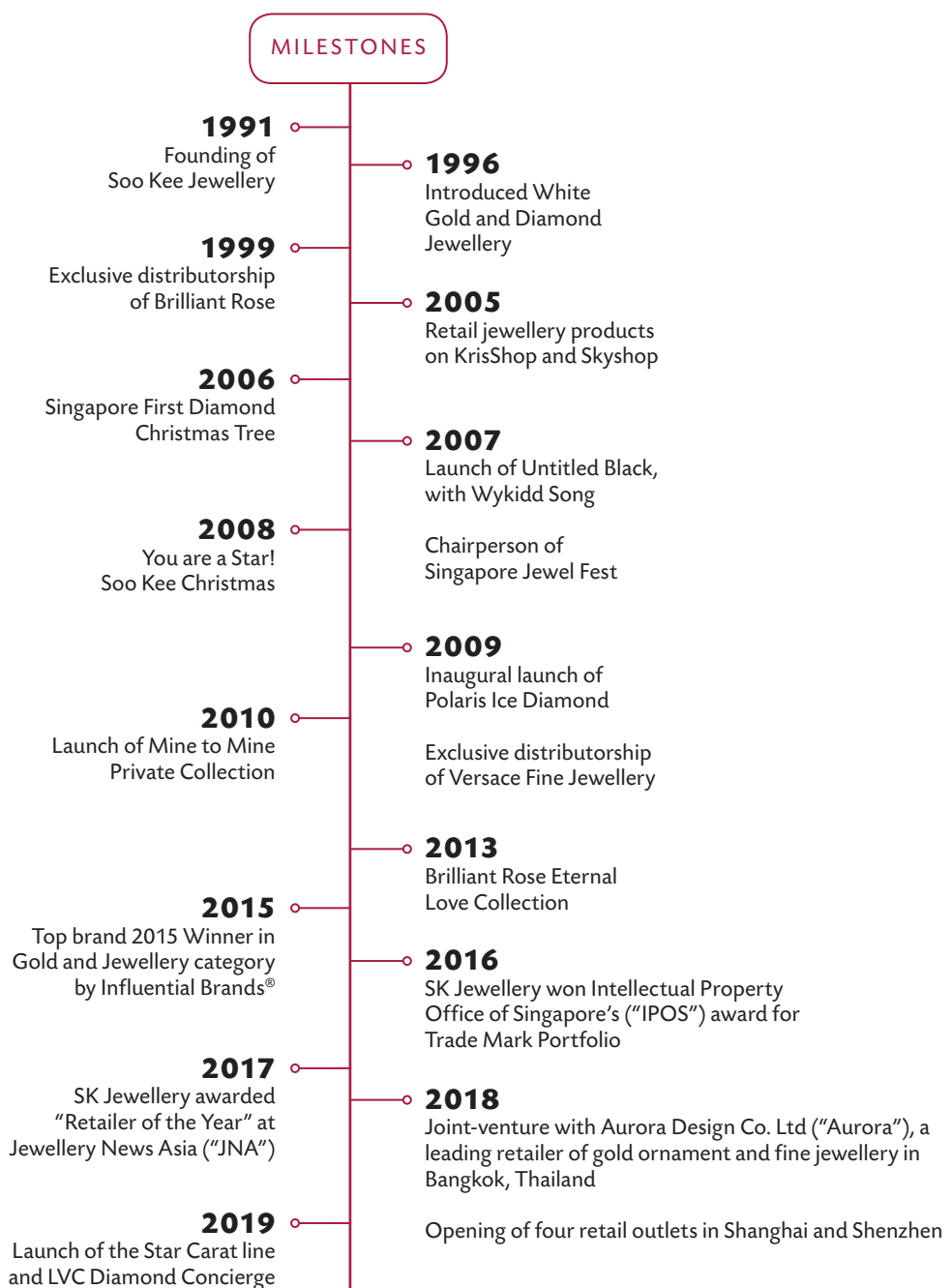
CONTACT

We welcome stakeholders' feedback and suggestions as part of our continued efforts to improve our sustainability journey. If you have any questions about this report, you can reach us at feedback@SKJewellery.com.



ORGANISATIONAL PROFILE

The Group is a leading and established jeweller founded in 1991 and headquartered in Singapore. We have one of the largest retail presence in Singapore today. We are listed on the Catalist of the SGX-ST since 20 August 2015 and our brands have achieved success in Singapore and Malaysia. To date, we have over 60 retail stores, strategically situated in prime shopping malls located in Singapore, Malaysia, the People's Republic of China ("PRC") and Thailand. Our strong retail footprint enables us to present exquisite jewellery products and mementoes to better serve out customers.





OUR BRANDS

The Group offers an extensive range of jewellery products and mementoes through our distinct brands, Soo Kee Jewellery, SK Jewellery, Love & Co. and Star Carat. We offer delicate, elegant luxury jewellery pieces, targeting confident, contemporary women with delicate and discerning tastes. Our products and offerings collections predominantly showcase premium diamonds, coupled with gold or platinum settings whereas our contemporary jewellery showcases precious gemstones and pearls.

Our brands cater to a diverse range of consumer tastes and preferences, occasions and demographics. Each of our brands carries a unique identity, with distinctive branding, marketing efforts and product offerings and we are the exclusive distributor in Singapore and Malaysia for the distinctive Brilliant Rose brand.

SK Jewellery, known as the contemporary jeweller, framed for its high quality and exquisitely beautiful diamond jewellery, was created in putting great emphasis on innovation and design excellence. Our SK Jewellery's exclusive distributorship of the ALLOVE brand of diamonds pushes the boundaries in diamond-cutting techniques with an all-new 81-facet in Singapore and Malaysia, and the innovative Dancing Star and Star Carat collections as well as the SK 999 Pure Gold collection, showcasing bridal jewellery, sculpted art pieces, commemorative gold bars and coins.

LOVE & CO. is a premier jeweller with international standing, specialising in bespoke wedding jewellery and solitaires. Our *LOVE & CO.* brand signatures were the *Lovemarque* and *Lvcpromise* collections as this brand specialises in bespoke bridal jewellery, particularly, made-to-order engagement rings and wedding bands.





OUR MISSION

BUILDING WHAT DREAMS IMAGINE

We pride ourselves on being a visionary company, striving to continually challenge ourselves and going beyond to meet the ever-evolving needs and aspirations of smart, modern and globally-minded customers in Asia.



OUR VISION

GOING BEYOND

We are committed to an active and progressive approach in everything we set out to do. We look ahead and move towards our goals and objectives, with confidence and belief.



OUR CORE VALUES

CUSTOMER-CENTRIC

We celebrate the aspirations and desires of smart, modern and globally-minded customers for creativity and self-expression.

SMART DETERMINATION

We harness our experience, knowledge and capabilities to continually meet ever-changing needs.

CREATIVE INNOVATION

We embrace creativity and innovation to go beyond and inspire.

ORGANISATIONAL PROFILE





ORGANISATIONAL PROFILE

LOVE & CO.

SINGAPORE

CENTRAL

ION Orchard
2 Orchard Turn
#B2-64 ION Orchard
Singapore 238801
Tel: 6509 8633

Plaza Singapura
68 Orchard Road
#01-07 Plaza Singapura
Singapore 238839
Tel: 6835 7533

EAST

Jewel Changi - AL
78 Airport Boulevard #01-258
Jewel Changi Airport
Singapore 819666
Tel: 6970 4233

WEST

Jem
50 Jurong Gateway Road
#01-47
Singapore 608549
Tel: 6734 8033

MALAYSIA

Gurney Plaza
Lot 170-G-47A, 10250 Penang
Tel: +604 227 6911

Johor Bahru City Square
J1-02 Level 1, 80000 Johor
Bahru
Tel: +607 221 3633

One Utama Shopping Centre
Lot G138, 47800 Petaling Jaya
Tel: +603 7733 6266

Sunway Pyramid
Lot 1.75, 47500 Petaling Jaya
Tel: +603 5613 0633

The Gardens, Midvalley City
#Lot F-239A 59200
Kuala Lumpur
Tel: +603 2282 5633

The Mall, Mid Valley Southkey
Lot G-061, 80150 Johor Bahru
Tel: +607 338 4322

THAILAND

CentralWorld
1st Floor, Beacon 3 Zone,
999/9 Rama 1 Road,
Pathunwan, Bangkok
+6622645978

CentralPlaza Rama 3
1st Floor, 79 Sathupradit Road,
Yannawa, Bangkok
+6620613591

CHINA

深圳华强北九方购物中心
深圳市福田区中航路1号
+86 0755 88601813

上海香港广场
上海黄浦区淮海中路283号香港
广场南座一层
+86 021 63390563

世纪汇购物中心
上海市浦东新区世纪大道1192号
+86 021 50756833

上海凯德晶萃广场
上海市黄浦区徐家汇路268号凯
德晶萃广场L1层
+86 021 63590098



SINGAPORE

CENTRAL

Bugis
200 Victoria Street
#01-24 Parco Bugis
Junction
Singapore 188024
Tel: 6337 2933

MBS
10 Bayfront Avenue
#01-03/04 MBS Hotel
Tower
Singapore 018956
Tel: 6688 7833

Nex
23 Serangoon Central
#01-41 Nex
Singapore 556083
Tel: 6634 4733

Vivo City
1 Harbourfront Walk
#01-27A Vivo City
Singapore 098585
Tel: 6376 9433

EAST

Tampines
4 Tampines Central 5
#01-25/26 Tampines Mall
Singapore 529510
Tel: 6782 2933

WEST

JEM
50 Jurong Gateway
#01-18 JEM
Singapore 608549
Tel: 6694 3533

Jurong Point
1 Jurong West Central 2
#01-64/65 Jurong Point
Shpg Ctr
Singapore 648886
Tel: 6791 0233

ORGANISATIONAL PROFILE



SINGAPORE

CENTRAL

Bugis Junction
200 Victoria Street
#01-34/35 Parco Bugis Junction
Singapore 188024
Tel: 6337 1233

ION Orchard
2 Orchard Turn
#B2-61 ION Orchard
Singapore 238801
Tel: 6509 8733

Lucky Plaza
304 Orchard Road #01-56/57/58/59
Lucky Plaza
Singapore 238863
Tel: 6733 5233

People's Park Complex
1 Park Road
#01-52 People's Park Complex
Singapore 059108
Tel: 6538 0933

Plaza Singapura
68 Orchard Road
#01-27/27A Plaza Singapura
Singapore 238839
Tel: 6336 1033

Serangoon Nex
23 Serangoon Central
#B1-60/61
Singapore 556083
Tel: 6634 4533

Vivo City
1 Harbourfront Walk
#02-180 Vivo City
Singapore 098585
Tel: 6376 8033

NORTH

AMK Hub
53 Ang Mo Kio Avenue 3
#B1-11 AMK Hub
Singapore 569933
Tel: 6554 1433

Causeway Point
1 Woodlands Square
#01-K01 Causeway Point
Singapore 738099
Tel: 6893 7533

Compass One
1 Sengkang Square
#01-42 Compass One
Singapore 545078
Tel: 6386 9633

Hougang Mall
90 Hougang Avenue 10
#01-22/23/24 Hougang Mall
Singapore 538766
Tel: 6288 0433

Junction 8
9 Bishan Place
#01-43 Junction 8
Singapore 579837
Tel: 6250 5033

Northpoint
930 Yishun Avenue 2
#01-27 Northpoint Shpg Ctr
Singapore 769098
Tel: 6759 2733

Northpoint City
1 Northpoint Drive #01-179/180
Northpoint City
Singapore 768019
Tel: 6484 2033

Waterway Point
83 Punggol Centre #01-48
Waterway Point
Singapore 828761
Tel: 6385 9633

EAST

Bedok Mall
311 New Upper Changi Road
#01-42/43/44 Bedok Mall
Singapore 467360
Tel: 64478733

Changi Airport T3
Departure Check-in Hall Ctr
#02-84 Changi Airport T3
Singapore 819663
Tel: 6242 3433

Tampines Mall
4 Tampines Central 5
#01-19/20 Tampines Mall
Singapore 529510
Tel: 6260 0133

Star Carat Shop
7 Changi Biz Park Vista
#01-01 Soo Kee HQ
Singapore 486042
Tel: 6280 0733

WEST

Choa Chu Kang Lot 1
21 Choa Chu Kang Avenue 4
#01-19B Lot 1 Shopper's Mall

Singapore 689812
Tel: 6769 2433

IMM Building
2 Jurong East Street 21
#01-26/27 IMM Building
Singapore 609601
Tel: 6569 3733

Jurong Point
1 Jurong West Central 2
#01-29/29A Jurong Point Shpg Ctr
Singapore 648886
Tel: 6792 2933

Jurong Point
63 Jurong West Central 1
#01-53/54 and #01-83/84 The Centris
Singapore 648886
Tel: 6794 3133

The Clementi Mall
3155 C'wealth Ave West
#03-43/44/45 The Clementi Mall
Singapore 129588
Tel: 6570 3133

MALAYSIA

AEON Bukit Indah
Lot G31
No 8 Jalan Indah 15/2 Bukit Indah
81200 Johor
Tel: +607 236 6933

City Square
Lot J1-04
108 Jalan Wong Ah Fook
80000 Johor
Tel: +607 221 6933

City Square
Lot M1-02
108 Jalan Wong Ah Fook
80000 Johor
Tel: +607 223 7933

KSL City
Lot G-32
No.32 Jalan Seladang ,Taman Abad
80250 Johor
Tel: +607 3331 933

The Mall Mid Valley Southkey
1st Floor, F-020
No. 1, Persiaran Southkey 1
Mid Valley Southkey
80150 Johor
Tel: +60 7-338 3611

AEON Bandaraya Melaka
Lot G75
No 2 Jalan Lagenda, Taman I-Lagenda
75400 Melaka
Tel: +606 283 9933

Dataran Pahlawan Melaka Megamall
Lot G-006 & BX-003A
Upper Ground Floor & Lower Ground Floor
Jalan Merdeka, Bandar Hilir
75000 Melaka
Tel: +606 283 6633

AEON Bkt Tinggi
Lot G33 No.1
Persiaran Batu Nilam 1/KS6
Bandar Bukit Tinggi 2
41200 Klang, Selangor
Tel: +603 3326 2933

Paradigm Mall
Lot GF07
No. 1, Jln SS 7/26A, Kelana Jaya
47301 Petaling Jaya, Selangor
Tel: +603 7887 9733

Sunway Pyramid
Lot LG2.149
No.3, Jln PJS 11/15, Bandar Sunway,
46150 Petaling Jaya, Selangor
Tel: +603 5631 9033

Sunway Velocity Mall
Lot G48, Lingkaran SV,
Jalan Peel, Maluri
55100 Kuala Lumpur
Tel: +603 92029363

AEON Ipoh Station 18
Lot G15
No 2 Susuran Stesen 18,
Station
18 31650 Ipoh, Perak, Malaysia
Tel: +605 322 0633

Plaza Gurney
Lot 170-G-46A
Persiaran Gurney
10250 Penang
Tel:+6 04 229 1633

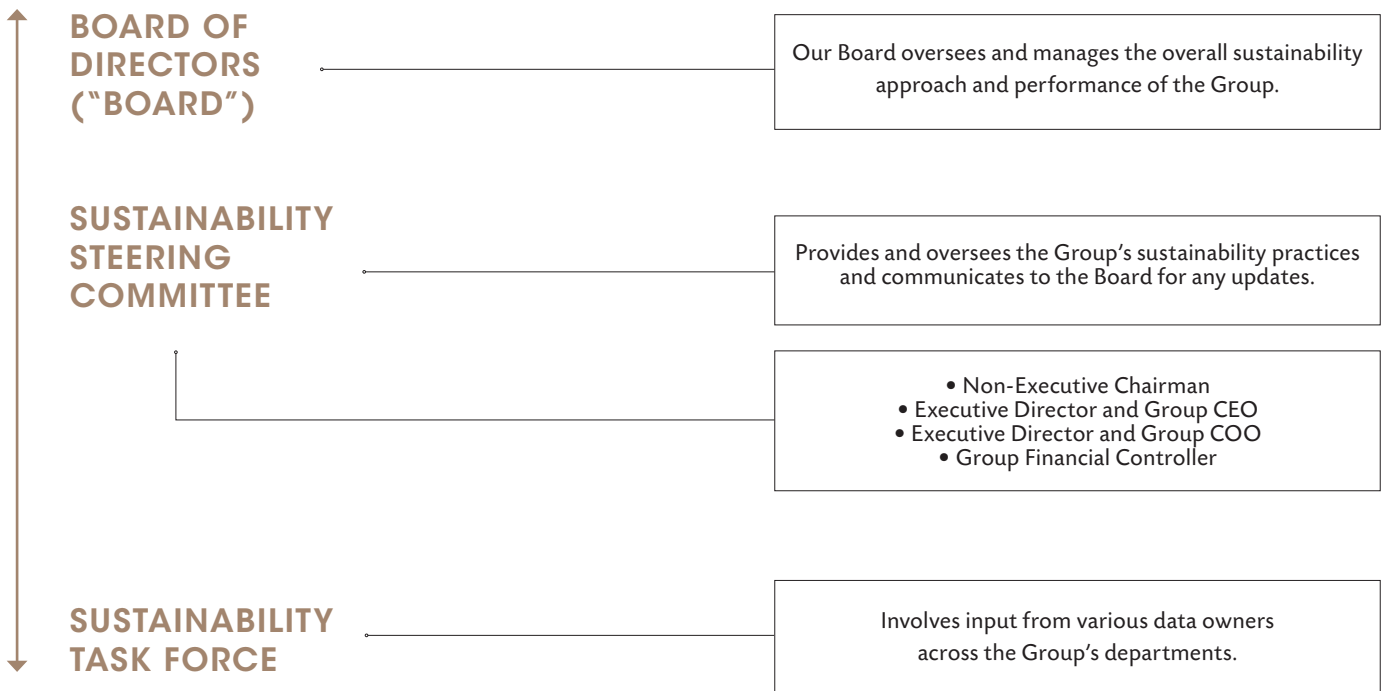


GOVERNANCE

SUSTAINABILITY APPROACH

Stakeholders can identify organizational and operational inefficiencies and highlight opportunities for better performance from their unique and diverse perspectives. Thus, we seek to understand the concerns and opinions of our key stakeholders through various engagement activities which will be explained in the next section of the report.

Our Group values the relationship with all our stakeholders and recognises the importance of communication and understanding the needs and concerns from our stakeholders. Thus, we strive to design a framework which will incorporate their needs and expectations together with the ESG factors identified and present them in this report. Through this process, we will build mutually beneficial relationship which will benefit the Group.



GOVERNANCE

STAKEHOLDERS ENGAGEMENT

We engage our stakeholders on a regular basis via multiple platforms and channels for them to provide their feedback and voice out any concerns. Each key operating subsidiary has various community development programs and many of these programs are carried out annually.

The table below sets out our engagement with our stakeholders:

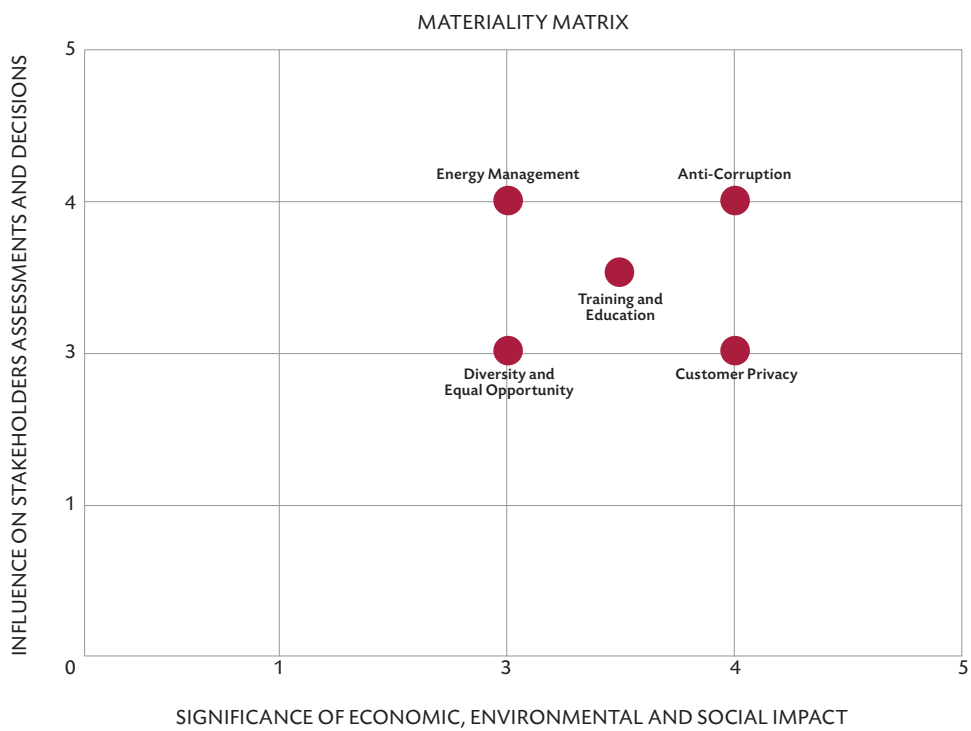


STAKEHOLDER GROUP	ENGAGEMENT ACTIVITIES	STAKEHOLDER EXPECTATIONS
CUSTOMERS	<ul style="list-style-type: none"> • Feedback channels • Email queries 	Excellent customer service and good quality products and offerings
BUSINESS PARTNERS	<ul style="list-style-type: none"> • Regular dialogue sessions • Established channels of communications 	Trustworthy, excellent and cohesive working relationships
EMPLOYEES	<ul style="list-style-type: none"> • Induction programme • Performance appraisals • Training and development 	Staff rights and welfare, personal development, conducive working environment
INVESTORS	<ul style="list-style-type: none"> • Annual reports • Annual general meetings • SGXNet announcements • Informal discussions 	Profitability, transparency, timely reporting, fair purchasing practices
GOVERNMENT	<ul style="list-style-type: none"> • Meetings and dialogue sessions • Regular reports 	Environmental-friendly business approach, compliance with relevant rules and regulations, timely reporting and resolution of issues
COMMUNITIES	<ul style="list-style-type: none"> • Corporate giving and activities • Engagement with community projects and charities 	Helping the underprivileged, giving and contributing back to the society

GOVERNANCE

MATERIALITY MATRIX

Based on the feedback and reviews gathered from our stakeholders, we have evaluated and identified material topics factors which would have significant economic, environmental and social impacts to the organisation and stakeholders. We continue to report on the five material topics previously identified and disclosed. A detailed explanation on the factors, together with its performance indicators and targets were discussed in the subsequent sections of this report.



SELECTED SUSTAINABILITY TOPICS:

- Anti-Corruption
- Energy Management
- Diversity and Equal Opportunity
- Training and Education
- Customer Privacy

GOVERNANCE

SUPPLY CHAIN MANAGEMENT

Being in the retail industry, our Group's performance is dependent on customer service and customer satisfaction. Our Group believes that in order to achieve customer satisfaction, product responsibility is essential at the start of the supply chain. Through responsible management on supply chain, key stakeholders of our business, in particular our customers, will establish confidence in our products. We also recognise that the quality of our products hinges on us engaging reliable and quality suppliers. Thus, we carry out due diligence in the selection of our suppliers.

Our material purchases are high quality diamonds and gold where each purchase is made with carefully assessed and selected suppliers, which are selected based on, amongst others, their experience, expertise, service quality and past performance. To ensure our products are of highest level of quality and safety for our customers, and to encourage sustainable business practices, we continue to assess the quality of our suppliers on a regular basis.

In FY2019, we launched the Star Carat line, which features state-of-the-art laboratory grown diamonds. Star Carat diamonds are carbon-copies of mined diamonds which are precisely grown in a high-tech lab, utilising cutting-edge technology to simulate the geological conditions required for diamonds to form naturally over billions of years. Unlike natural diamonds that have a lengthier supply chain which requires the laborious process of having them mined, lab-grown diamonds forgo the mining process, requiring less labour and hence a reduction in costs. Due to the difference in production, lab-grown diamonds are also environmentally friendlier. To ensure quality, all Star Carat diamonds are graded and certified using the same process as natural diamonds, from certification houses such as International Gemological Institute.



Our Group's supply chain remains functional amidst the global outbreak of the COVID-19 pandemic. Apart from India, our Group's key suppliers in Japan, Hong Kong and the People's Republic of China are currently operational and were not significantly affected by the COVID-19 pandemic. Our Group's online retail business remains operational. Given minimal impact to our Group's inventory, we continue to be able to fulfil orders made prior to the period where our retail outlets closed and also able to fulfil our online orders.

GOVERNANCE

SUPPLIER COMPLIANCE

Our Group aims to engage suppliers that have the same sustainability beliefs as ours. We work together with our suppliers to achieve sustainable and responsible business practices by seeking for opportunities to integrate sustainable practices across our supply chain.

We do this by actively monitoring and ensuring that our suppliers comply with the relevant regulations such as Best Practice Principles (BPP) of De Beers, Responsible Jewellery Council (RJC), World Diamond Council (WDC) and World Jewellery Confederation (CIBJO). We monitor compliance measures implemented by our suppliers such as know-your-customer to establish identity ownership to ensuring diamonds sourced are conflict-free and uphold responsible and ethical practices within the industry.

Our Group generally does not put itself in long-term exclusive agreements with any of our suppliers as this provides us with the opportunity and flexibility to evaluate and select other suppliers in accordance with our Group's policy and criteria which were mentioned above. We believe that our business and profitability are not materially dependent on any industrial, commercial or contract with any supplier and will not be materially affected by the loss of any single supplier.



GOVERNANCE

MEMBERSHIP OF ASSOCIATION

We strive to maintain positive working relationship with the associations and strengthen our capabilities in order to deliver excellent service to our consumers who trusted in us. Therefore, we are actively involved in projects, dialogues and is committed in several industry associations as follows:



SINGAPORE JEWELLERS ASSOCIATION (SJA) – MEMBER SINCE 1991

We are an Executive Committee Member of the Singapore Jewellers Association (SJA) which is the only non-profit organisation representing jewellery operators in Singapore. Currently, there are about 360 corporate members which include most of the reputable and long-established jewellers in Singapore.



DIAMOND EXCHANGE OF SINGAPORE (DES) – MEMBER SINCE 2003

The Diamond Exchange of Singapore (DES) is the consolidated voice of the diamond industry in Singapore. It provides regulation and support for the members and help maintain professional and ethical standards in the trade so as to reinforce consumer confidence in diamonds and jewellery. It is an affiliate member of the World Federation of Diamonds Bourses (WFDB) since 1980 and the members are bound by the high standards of the WFDB trading rules and code of business practice.



SINGAPORE BULLION MARKET ASSOCIATION (SMBA) – MEMBER SINCE 2016

SMBA is a non-profit organisation established to represent the interests of industry stakeholders of the precious metals market. As a member, we engage with other industry, governmental and non-governmental players regularly, and strive to build Singapore into a global precious metals trading hub.



SINGAPORE BUSINESS FEDERATION (SBF) – MEMBER SINCE 2014

SBF is a business board championing the interests of the Singapore business community in the areas of trade, investment, and industrial relations. It represents the interests of 25,800 companies, as well as key local and foreign business chambers.



CASETRUST – CERTIFIED SINCE 2015

We are a member of CaseTrust, the accreditation arm of the Consumers Association of Singapore (CASE), Singapore’s de facto standard for fair and transparent trading standards. This represents our commitment to high quality business practices.



AWARDS AND ACCREDITATIONS

Our Group has received various awards and accreditations, which include:

- i. JNA Award – Young Entrepreneur of the Year 2019 (age 40 and below);
- ii. JNA Award – Retailer of the Year 2017 (450 outlets and below);
- iii. JNA Award – Outstanding Enterprise of the Year 2016 (ASEAN Category);
- iv. JMA International Jewelry Design Competition 2016;
- v. WIPO-IPOS Award 2016 – IPOS Award for Trade Mark Portfolio

GOVERNANCE

CORPORATE GOVERNANCE

In FY2019, there were no major changes to our Governance structure. We remain committed to ensuring a high standard of corporate governance through adequate controls and policies and procedures in place to guide employees, safeguard against fraud and protect the interests of our stakeholders.

Our Group has adopted a framework of corporate governance policies and practices in line with the principles and guidelines set out in the Code of Corporate Governance 2018. These principles and guidelines serves as a basis to the Board's commitment in having effective corporate practices to safeguard against fraud and dubious financial transactions, with the aim of protecting shareholders' interests and to promote confidence from our shareholders, which plays a vital role in the Group's long term success.

We recognise the importance of ensuring a healthy and safe work environment for our employees. To effectively implement our sustainability approach and demonstrate accountability to our stakeholders, we place emphasis on accountability, being transparent and conduct our business in an ethical manner. Employees of our Group are always expected to exhibit highest standards of integrity and trust in all business relationships and dealings. To achieve these, our Group established policies for conflict of interest, insider trading and fraud and whistleblowing.





CONFLICT OF INTEREST POLICY

A conflict of interest policy was established to help our employees in understanding the procedures when his or her personal interest conflicts with those of our Group. Conflict of interest is defined broadly in the policy to refer to any situation where an employee has a personal interest that is sufficient to influence, or appears to influence, the objective exercise of his official duties. The conflict of interest policy will require employees to declare real or perceived conflicts of interests in accordance with documented procedures and to comply with the actions recommended by our management to address such conflicts.

All our key management personnel, including our Executive Directors and Executive Officers, must complete annual declaration of conflict of interest to the Board.

FRAUD AND WHISTLEBLOWING POLICY

Our Group has zero tolerance towards dishonesty and corrupt practices. Thus, we have adopted a fraud and whistleblowing policy that provides an avenue for employees and external parties to raise concerns in confidence and report any possible improprieties in financial reporting, fraud, corruption, bribery, and any non-compliance with laws and regulations. A dedicated secured email address has been set up to allow whistle blowers to contact the chairman of the Company's Audit Committee ("AC") directly. This offers assurance that they will be protected from reprisals or victimization for whistleblowing in good faith.

In FY2019, there were no lapses with requirements under the Catalist Rules leading to reprimands from the SGX-ST, and there were no whistle-blowing reports received.

ECONOMIC

ANTI-CORRUPTION AND ANTI-MONEY LAUNDERING POLICIES

INDICATOR	PERFORMANCE 2018	TARGET 2019	PERFORMANCE 2019	TARGET 2020
Confirmed incidents of corruption and money laundering and actions taken	Zero confirmed incidents of corruption and money laundering	Zero confirmed incidents of corruption and money laundering	Zero confirmed incidents of corruption and money laundering	Zero confirmed incidents of corruption and money laundering

Our Group strives to foster an environment where integrity and honesty are the basic values that we embed in our daily operations. To safeguard shareholder’s interest in the Group, we aim to maintain the highest standards in our business operations and have zero tolerance towards unethical behavior. We refrain from and opposes all forms of bribery and money laundering activities, and we abide by the rules of fair competition.

The Fraud and Whistleblowing Policy was put in place to guide our employees to report incidents of fraud or malpractice to their immediate supervisor or any of our Executive Directors or Executive Officers through a safe avenue. A dedicated secured email address has been set up to allow whistle blowers to contact the AC chairman directly. Any confirmed instances of such malpractices would be handled accordingly.

The anti-money laundering procedures that we have in place are aligned with the Financial Action Task Force (FATF) to prevent money laundering cases. For instance, we are required to file a completed Form NP 759, with particulars of the consumer, to the Suspicious Transaction Reporting Office (STRO) and submit a Cash Transaction Report (CTR) for all cash sales transactions above SGD 20,000.

The management will conduct preliminary investigations on suspected illegalities, dishonesty or improper activities. Should further investigation or disciplinary action be required based on results from management’s preliminary investigations, the matter would be escalated to the local authorities.

Concerns such as utilising synthetic diamonds to pass off as authentic diamonds, mixing goods to disguise country of origin, could be faced by our stakeholders, especially our customers. This was addressed by our Group through our combined effort with our audit team to rigorously review and verify the quality

and authenticity of the diamonds as well as the diamonds supply documentations. Therefore, apart from delivering the best diamonds to our consumers, we aim to be transparent about the diamond’s origin and authenticity.

In FY2019, our Group provided additional forms of training regarding anti-corruption policies and procedures, where the internal audit team conducted an in-person training to all the head retail managers.

There were no confirmed incidents of corruption and money laundering for FY2019. The Group will continue to assess our internal controls relating to corruption and we hope to achieve zero confirmed incidents of corruption and money laundering for the subsequent sustainability reports.



ENVIRONMENTAL

OUR ENVIRONMENT

Environmental sustainability is one of the biggest issues faced by the mankind at present. Therefore, our Group views environment as one of the key sustainable factors for future generations to come. In order to reduce the constraint placed on the environment, we promote environmental protection and sustainable development in our daily operations. From our Group's perspective, we advocate environmental protection through our waste management and conserving energy by minimising energy usage at our head office and retail outlets.

ENERGY MANAGEMENT

Our Group believes that the usage of energy efficiently can help to fight climate change and reduce our overall environmental footprint. To achieve this, we constantly seek new initiatives to improve energy efficiency and we frequently monitor our energy consumption.

Our main energy consumption comes from purchased grid electricity. Our energy management initiatives include reducing consumption by switching off lights and air-conditioning in offices when they are not in use. Our Group installed motion sensor lighting in public areas of the head office to help to conserve electricity. In addition, since the main energy used by our head office comes from our air-conditioning, our Group has collaborated with district cooling systems developer and service provider Keppel DHCS to save energy consumption as compared to buildings with conventional in-building chilled water production.

Since 2018, our head office has been using the building management system (BMS) that controls and monitors the building's ventilation, lighting and power system. This helps to regulate the office temperature at comfortable levels and at the same time reduce overall energy consumption. The BMS also allows us to better monitor trends in our energy usage and identify fault in system that could result in increased use of energy.

One of the examples on how the Group makes use of the BMS is that our head office adopted the use of doubled glazed glass panels to reduce ultraviolet and infrared radiation, so as to reduce the indoor temperature. The reduction of ultraviolet and infrared radiation will reduce the electricity consumption of air-conditioners.

Our Group's performance for 2018 and 2019 below includes both Singapore and Malaysia offices and outlets.

INDICATOR	PERFORMANCE 2018	TARGET 2019	PERFORMANCE 2019	TARGET 2020
Head Office – Building Energy Intensity	About 912 mWh	Maintain building energy intensity at equal or below 2018 intensity for head office and outlets.	Due to COVID-19 circuit breaker measures, our head office and retail outlets are closed in order to curb the spread of COVID-19. As such, data on energy usage for FY2019 is not available at the time of publishing this report. We will disclose the data in FY2020 report.	Maintain building energy intensity at equal or below 2018 intensity for head office and outlets
Outlets – Building Energy Intensity	About 1,116 mWh (36 mWh per store)			

EMPLOYEE DEVELOPMENT AND DIVERSITY

PEOPLE

Our Group believes that our employees are our most valued asset and we invest in their progress and growth. We recognise that attracting, retaining and development talents within the Group is the key to our success. Therefore, we value and implement employee welfare such as fair employment practices, competitive benefits to employees and strategic reward system.



EMPLOYEE WELFARE

Our Human Resource management polices were established based on fair employment practices and we recruit employees based on their talent rather than class privilege and wealth. In order to retain such talents, we treat them fairly with due respect and provide them with employee benefits. We provide them with equal opportunities for growth through trainings and development. We reward them through their performance and abilities.

Competitive benefits such as Central Provident Fund, annual leave, insurance coverage, medical benefits, maternity and paternity leave are provided to our full-time employees. These benefits are in accordance with the recommendations of the Ministry of Manpower of Singapore and in line with market practices.

We conduct appraisals with all our employees to enable us to assess and recognise their abilities and contributions. Through assessment of their performance, we identify areas for improvement and put in place action plans to develop their skills and knowledge through relevant trainings catered for them. In addition, we have a strategic reward system in place to recognise top performing employees that have made contributions to the Group.

To appreciate and show our appreciation towards our dedicated, loyal and performing employees, who stayed with the Group and played a vital role in helping us achieve our corporate milestones, we present the Long Service Award to them.





DIVERSITY AND EQUAL OPPORTUNITY

Our Group recognises the importance of developing a harmonious work environment where employees accept diversity and eliminate discrimination. Thus, we promote diversity and inclusion in our workforce. We oppose discriminatory treatment on the basis of gender, race, marital status, religion, age, ethnicity and disability.

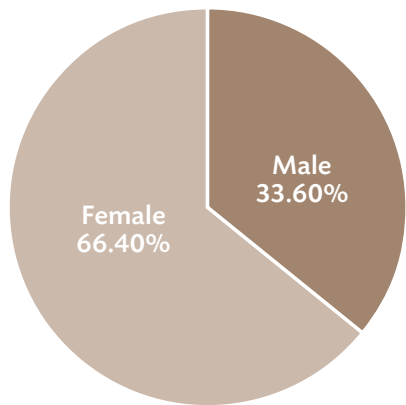
Having a diversified workforce is beneficial to our Group as well. As we value diversity and recruit dynamic individuals from diverse backgrounds and different age groups, we will be able to provide exceptional customer service to serve customers from different background and age groups.

We ensure that our employees are given equal opportunity by having established policies and practices to protect our employees. We have formalized recruitment policy and grievance reporting mechanisms in place. This helps to ensure fair recruitment practices and also provide an avenue for employees to report any incident of discrimination they faced or encountered.

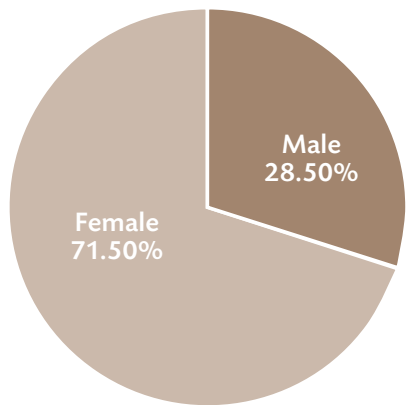
Our employees' career growth would be based on their annual appraisals indicating the individual's performance without discrimination. Our Group ensures that we follow strictly to an equitable remuneration structure based on the appraisal results.

COMPOSITION OF WORKFORCE FROM BOTH SINGAPORE AND MALAYSIA OFFICE AND OUTLETS

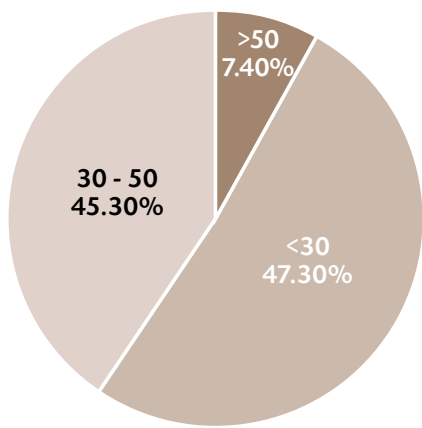
**FY2018
BY GENDER**



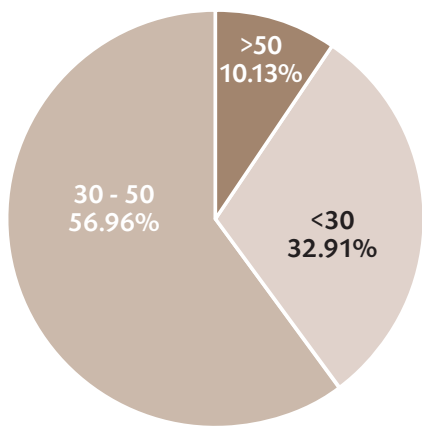
**FY2019
BY GENDER**



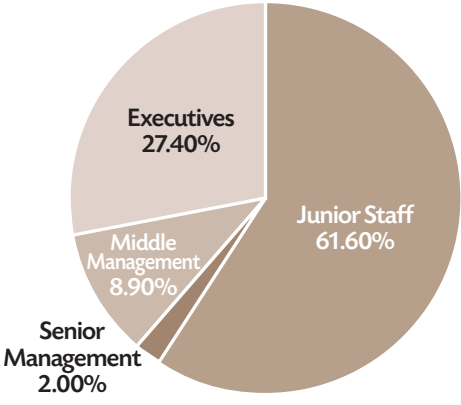
**FY2018
BY AGE GROUP**



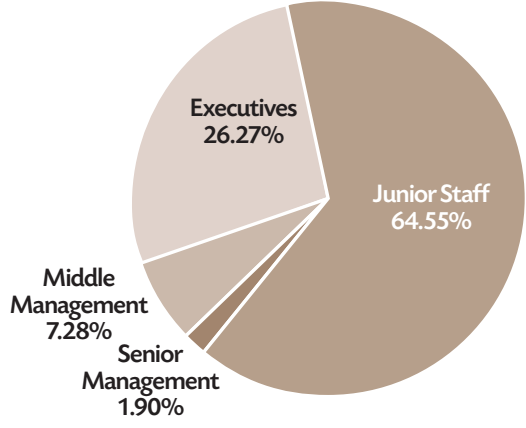
**FY2019
BY AGE GROUP**



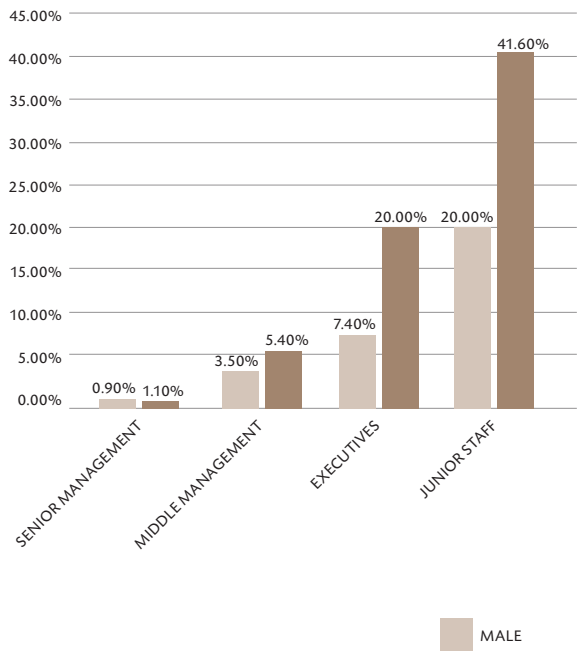
**FY2018
BY EMPLOYMENT
CATEGORY**



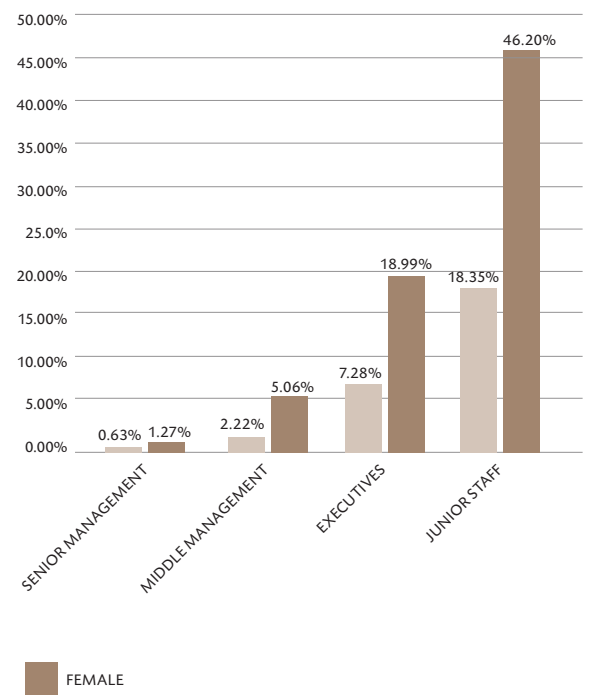
**FY2019
BY EMPLOYMENT
CATEGORY**



**FY2018
GENDER DIVERSITY BY EMPLOYMENT CATEGORY**



**FY2019
GENDER DIVERSITY BY EMPLOYMENT CATEGORY**



In FY2020, the Group will continue to perform annual appraisals for all employees and ensure that career advancements are based on employees' performance.

EMPLOYEE DEVELOPMENT AND DIVERSITY



TRAINING AND EDUCATION

Our Group believes that it is in our best interest to invest in the careers of our employees through training and education. This is especially important for our Group in the customer service line. Our sales and marketing personnel needs to be equipped with the necessary skillset to perform their duties in an ever-changing consumer trend.

A dedicated team of personnel was formed to conduct training courses related to daily operations such as customer service, sales techniques, product knowledge, leadership, market trends and consumer behavior. This helps to improve employees' performance which brings a positive impact and image to our Group.

We make it mandatory for newly joined retail staff to go through customer service training, a training program designed to ensure consistent execution of our service strategies. On-the-job trainings are also provided to ensure that they learn from their seniors. All retail staff are also required to attend product refresher trainings. The average training hours each employee received in FY2019 was 16 hours.

Our employees also go through regular performance feedback and guidance from their supervisors and managers whereby their learning needs were assessed, strengths were highlighted and areas of improvement were communicated to them. For FY2020, our Group targets to maintain the amount of training hours attended by our staff.



COMMUNITY



CUSTOMERS PRIVACY

INDICATOR	PERFORMANCE 2018	TARGET 2019	PERFORMANCE 2019	TARGET 2020
Substantiated and/or confirmed violations of Personal Data Protection Act (“PDPA”) in Singapore	No substantiated and/or confirmed violations the PDPA	Continue to improve data privacy and data management practices. To have a designated compliance officer to monitor PDPA compliance.	No substantiated and/or confirmed PDPA violations. Appointed the designated compliance officer to monitor PDPA compliance.	Continue to improve data privacy and data management practices.

With the advancement in technology, there are growing concerns from our customers and the public on how their personal data are being safekept and used. This increased the need for us to implement measures to protect our customers’ data and enhance system security such that data is only released strictly on a need-to-know basis.

Our Group has procedures in place on responsible data handling, use of data and compliance monitoring such that we abide by the PDPA. We also have an external trainer from Straits Interactive that conducted training for all retail staff pertaining to PDPA. We have been working with our IT department to better manage IT security and minimize the possibility of leaking customer’s data.

Our Group ensures that customer’s data is collected, used and disclosed only with the individual’s approval. Advertising or marketing messages are only sent with a customer’s prior approval.

In FY2019, there were no substantiated PDPA violations. Our Group has also achieved the target of having a designated compliance officer appointed to ensure that our Group complies with the relevant laws and regulations.

GRI CONTENT INDEX

This report has been prepared in accordance with the GRI Content Index (Core Option)

GENERAL STANDARD DISCLOSURE	PAGE REFERENCE AND REASONS FOR	(OMISSION, IF APPLICABLE)
ORGANISATIONAL PROFILE		
102-1	NAME OF THE ORGANIZATION	PAGE 1
102-2	ACTIVITIES, BRANDS, PRODUCTS, AND SERVICES	PAGE 5
102-3	LOCATION OF HEADQUARTERS	PAGE 6
102-4	LOCATION OF OPERATIONS	PAGE 6
102-5	OWNERSHIP AND LEGAL FORM	PAGE 5
102-6	MARKETS SERVED	PAGE 5
102-7	SCALE OF THE ORGANIZATION	PAGE 5
102-8	INFORMATION ON EMPLOYEES AND OTHER WORKERS	PAGE 16
102-9	SUPPLY CHAIN	PAGE 6
102-10	SIGNIFICANT CHANGES TO THE ORGANIZATION AND ITS SUPPLY CHAIN	NONE
102-11	PRECAUTIONARY PRINCIPLE OR APPROACH	PAGE 5
102-12	EXTERNAL INITIATIVES	PAGE 11
102-13	MEMBERSHIP OF ASSOCIATIONS	PAGE 12
STRATEGY		
102-14	STATEMENT FROM SENIOR DECISION-MAKER	PAGE 3
ETHICS AND INTEGRITY		
102-16	VALUES, PRINCIPLES, STANDARDS, AND NORMS OF BEHAVIOUR	PAGE 5
GOVERNANCE		
102-18	GOVERNANCE STRUCTURE	PAGE 8
STAKEHOLDER ENGAGEMENT		
102-40	LIST OF STAKEHOLDER GROUPS	PAGE 9
102-41	COLLECTIVE BARGAINING AGREEMENTS	NONE
102-42	IDENTIFYING AND SELECTING STAKEHOLDERS	PAGE 8
102-43	APPROACH TO STAKEHOLDER ENGAGEMENT	PAGE 9
102-44	KEY TOPICS AND CONCERNS RAISED	PAGE 10
REPORTING PRACTICE		
102-45	ENTITIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS	PAGE 3-4 (FY2019 ANNUAL REPORT)
102-46	DEFINING REPORT CONTENT AND TOPIC BOUNDARIES	PAGE 4
102-47	LIST OF MATERIAL TOPICS	PAGE 10
102-48	RESTATEMENTS OF INFORMATION	There is no restatement of information
102-49	CHANGES IN REPORTING	NONE
102-50	REPORTING PERIOD	PAGE 4
102-51	DATE OF MOST RECENT REPORT	PAGE 4
102-52	REPORTING CYCLE	PAGE 4



GRI CONTENT INDEX

GENERAL STANDARD DISCLOSURE		PAGE REFERENCE AND REASONS FOR (OMISSION, IF APPLICABLE)
102-53	CONTACT POINT FOR QUESTIONS REGARDING THE REPORT	PAGE 4
102-54	CLAIMS OF REPORTING IN ACCORDANCE WITH THE GRI STANDARDS	PAGE 4
102-55	GRI CONTENT INDEX	PAGE 21-22
102-56	EXTERNAL ASSURANCE	PAGE 4
103-1	EXPLANATION OF THE MATERIAL TOPIC AND ITS BOUNDARY	PAGE 10
103-2	THE MANAGEMENT APPROACH AND ITS COMPONENTS	PAGE 10
103-3	EVALUATION OF THE MANAGEMENT APPROACH	PAGE 10
MATERIAL TOPICS		
TOPIC: ANTI-CORRUPTION		
205-1	OPERATIONS ASSESSED FOR RISKS RELATED TO CORRUPTION	PAGE 14
205-2	COMMUNICATION AND TRAINING ABOUT ANTI-CORRUPTION POLICIES AND PROCEDURES	PAGE 14
205-3	CONFIRMED INCIDENTS OF CORRUPTION AND ACTIONS TAKEN	PAGE 14
TOPIC: ENERGY		
302-1	ENERGY CONSUMPTION WITHIN THE ORGANIZATION	PAGE 15
302-2	ENERGY CONSUMPTION OUTSIDE OF THE ORGANISATION	PAGE 15
302-3	ENERGY INTENSITY	NOT APPLICABLE
302-4	REDUCTION OF ENERGY CONSUMPTION	PAGE 15
302-5	REDUCTIONS IN ENERGY REQUIREMENTS OF PRODUCTS AND SERVICES	NOT APPLICABLE
TOPIC: TRAINING AND EDUCATION		
404-1	AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE	PAGE 19
404-2	PROGRAMS FOR UPGRADING EMPLOYEE SKILLS AND TRANSITION ASSISTANCE PROGRAMS	PAGE 19
404-3	PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS	PAGE 19
TOPIC: DIVERSITY AND EQUAL OPPORTUNITY		
405-1	DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES	PAGE 26, 27
TOPIC: CUSTOMER PRIVACY		
418-1	SUBSTANTIATED COMPLAINTS CONCERNING BREACHES OF CUSTOMER PRIVACY AND LOSSES OF CUSTOMER DATA	PAGE 20

Note: SK Jewellery Group Limited takes a phased approach to the adoption of GRI indicators at Core Option and will review the relevance of indicators marked as Not Applicable to our operations annually.