



# Steady Ship in Rough Seas

Sustainability Report 2020





# Sustainability Report

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# Board's Statement



Kimly Limited (the “Company” or “Kimly”, and together with its subsidiaries, the “Group”) started in 1990 as the modest operator of a single coffeeshop. Since then, we have grown into one of the largest traditional coffeeshop operators in Singapore, with an extensive network of outlets where customers from all walks of life can enjoy delicious and value for money meals in comfortable settings.

Our steady growth over the past decades can be attributed to adopting a long-term perspective, understanding the needs of our customers, and constantly innovating products and services to meet those needs. We are committed to sustainable business practices to create value, care for our stakeholders and wider community, and do our part in protecting the environment.

COVID-19 had been an unexpected tsunami that created operating challenges across the world in 2020. Borders closed with supply chain disruptions. Many businesses were hit badly, including food and beverage operators. Our business too was affected during the April to June Circuit Breaker period in Singapore when dine-in was prohibited to contain the spread of the virus.

Fortunately, our people and operations were quick to respond to the crisis. Sustainability-centric practices – such as paying close attention to sourcing of raw materials, providing regular training for our staff, as well as ongoing vigilance in safety and hygiene practices – enabled us to continue our essential role of serving meals to thousands of residents at affordable prices and expanding reach through accelerated digitalisation of food delivery platform and recalibration of food staples and concepts under very challenging circumstances.

Our sustainability philosophy of looking at economic, social and environmental factors has enhanced our organisational resilience during these unprecedented times. Not only have we managed our risks and kept the business on a steady keel, we are unlocking new opportunities such as catering to the growing demand in food delivery. It affirms our belief that anchoring sustainability at the heart of what we do is good for business and good for all our stakeholders.



# Corporate Profile

The Group has 30 years of experience in operating and managing an extensive network of coffeeshops, industrial canteens and food courts. It also operates a network of food stalls, restaurants and confectionary shops comprising of Kimly Mixed Vegetable Rice, Kimly Teochew Porridge, Kimly Dim Sum, Kimly Seafood “Zi Char”, Tonkichi and Rive Gauche.

## Employee Diversity

We have a diverse workforce. As of 30 September 2020, Kimly had a total of 2,136 employees inclusive of part-timers, a moderate increase of 2.3% as compared to 2,088 employees a year ago.

The gender ratio was 53.3% female to 46.7% male, similar to 51.4% female to 48.6% male in FY2019. 55.4% of our workforce were above 50 years of age, compared to 50.5% in FY2019. We value our mature workers as they are experienced, reliable and able to mentor their younger peers. 64.6% of our workforce were local Singapore residents, with the rest coming from regional countries such as Malaysia, China, Vietnam and Indonesia. A breakdown of our workforce by age segments is shown below.

AGE RANGE	F	M	TOTAL
<30	79	297	376
>=30 to <40	121	154	275
>=40 to <50	202	99	301
>=50	737	447	1,184
<b>Grand Total</b>	<b>1,139</b>	<b>997</b>	<b>2,136</b>

Kimly is an equal-opportunity employer and treats all staff fairly regardless of age, race or gender. We have a group-wide Non-Discrimination Policy, and any staff that feels unfairly treated against can approach our Human Resource Department for assistance. In FY2020, we did not receive any staff complaint on discriminatory practices in the workplace.

We have a transparent system to recognise and reward all employees based on demonstrated performance, competence and experience. Staff remuneration is determined based on employees' performance, roles and responsibilities, as well as the Group's financial performance. We conduct annual appraisals for all employees using measurable factors and qualitative criteria such as team spirit, interpersonal skills and creativity.

## Employee Benefits

Kimly provides a comprehensive and attractive suite of employee benefits based on statutory requirements and industry norms. This includes medical insurance, annual and parental leave, as well as monthly transport and meal allowances for eligible employees. Our employee benefits have helped us to attract and retain good people, and positioned Kimly as a caring employee with a family-centric corporate culture. 301 staff were awarded the School Textbook subsidy of S\$208 to defray their children's education expenses in FY2020.

The Company adopted the Kimly Performance Share Plan (“Kimly PSP”) on 15 February 2017. The objective is to share the Group's success with more of our employees and strengthen the link between performance and compensation. During FY2019, we had granted share awards to our outlets' Operations Managers. In FY2020, we expanded the Kimly PSP to key personnel in the Dim Sum Department. We would be extending the Kimly PSP to more employees over time, starting with the Seafood Department on 1 January 2021.



## Training and Education

As a service-based business, the Group recognises that our employees are our most important assets. We do not target a fixed number of hours of training per employee. Instead, we provide our people with various training and development opportunities to sharpen their skills at work, upgrade their lifelong employability, and build pride and loyalty.

In FY2020, we provided on-job training for our frontliners to use the combi ovens that were progressively deployed in more of our food stalls to increase productivity. We also trained the frontliners to use the Point of Sale (“POS”) terminals integrated to the new unified payments and Enterprise Resource Planning system (“ERP”). Our corporate office staff were sent for relevant training programmes – such as Data Analytics for Digital Marketing and Marketing Campaign Management – to improve their functional skills and awareness of the latest industry trends and tools.



## Impact of COVID-19 on Human Resource Issues

The introduction of Malaysia’s Movement Control Order (“MCO”) and border closure in March 2020 meant that our staff who used to commute daily from Malaysia to Singapore could no longer do so. Malaysian staff at our outlets were provided lodging allowances and assistance to find accommodation in Singapore, while Malaysian staff at our corporate office were allocated equipment to work from home and business processes were adjusted to facilitate remote access.

We did not retrench any staff arising from the impact of COVID-19 in FY2020 as our business in consumer staples proved to be resilient. We also did not see any anomalous increase in resignation rates. Our staff provided feedback that they viewed employment with Kimly as a steady rice bowl in very uncertain times.

We enhanced our leave provisions and allowances to help our staff cope with COVID-19. Elderly and other staff who needed assistance, such as those in the high risk category, were granted additional paid leave, which totalled more than 62,000 man-hours.



# Kimly's Sustainability Story

## Sustainability Philosophy in Foodservice

Our sustainability philosophy is anchored by the Economic, Social and Environment pillars. We adopt a sustainable food value chain perspective insofar as for every stage of the production and service processes, we carefully consider how we create economic value, impart broad-based benefits to the community and minimise the environmental impact. For instance, we reviewed food options to cater to smaller groups in FY2020, in view of the Singapore government's guidelines on limiting social gatherings and the consequent shift towards take-out and online ordering of meals. We looked at this as a new business opportunity that met a clear social need. Furthermore, we assessed how best to produce the new menu items efficiently while minimising food waste.





## Economic Pillar

We aim to be financially sustainable over the long-term so that we have resources and reserves to invest for the future and prepare for rainy days. We generate economic value-add and contribute to societal prosperity, creating stable and meaningful job opportunities in the communities where we operate. We play a year-round role in feeding families and workers, and hold our place in the food and beverage ecosystem in supporting our suppliers and vendors, thus enriching the diversity of offerings for our customers.

## Social Pillar

We see ourselves as a responsible corporate citizen that shares a symbiotic relationship with the local community. We serve nutritious, tasty and affordable meals throughout Singapore, we provide a safe and conducive environment for our employees and customers, we engage the grassroots organisations and residents to ensure that our hawker culture continues to thrive and meet their needs, and we do our part in charitable giving and supporting those in need. Through community giving and building our brand recognition, members of the public across the social spectrum will patronise our food and beverage outlets, recommend our food options to their families and friends, and some will even join us as loyal employees.

## Environmental Pillar

As our business grows, we closely monitor the use of raw materials, water, electricity and natural gas. This not only makes good business sense in reducing our operating expenses, it is the environmentally responsible thing to do in reducing our ecological footprint and amount of waste generated. We constantly look at implementing new technologies in various aspects of our business that can improve efficiency and customer experience. We also look at new ways to reduce waste at various stages of the production and consumption value chain. In April 2020 during the Circuit Breaker period, we foresaw higher usage of plastic containers for takeaway orders and started a Bring-Your-Own Container campaign where Kimly Zi Char offered a 20-cent discount on each dish ordered. This initiative to reduce plastic waste was well-received with more than 17,000 discount redemptions.

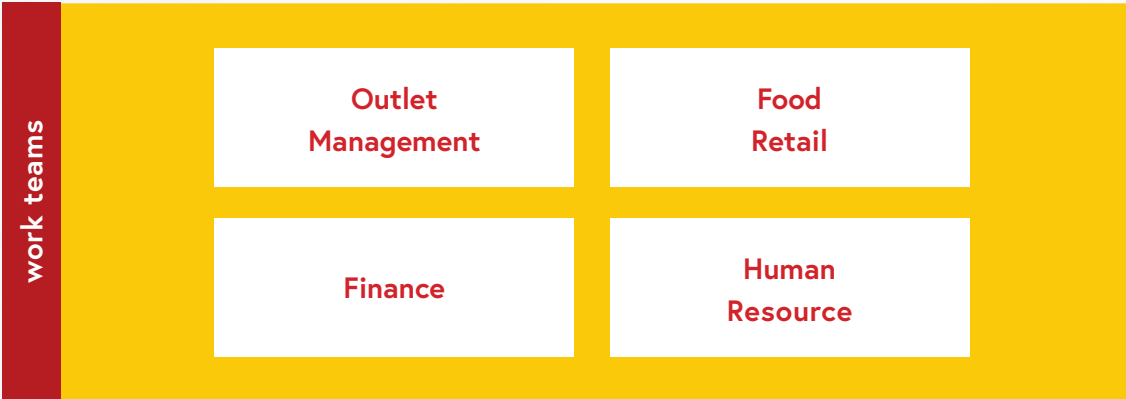


# Sustainability Governance

## Oversight and Structure

Kimly's Board of Directors provides strategic oversight for our sustainability strategy. This includes overseeing the engagement of stakeholders and approving the identification of sustainability-related material issues. This allows the Board to have a good feel of ground sentiments and respond quickly to market conditions. The Board provides ongoing guidance to Management on effective implementation and monitoring of the relevant sustainability-related initiatives and indicators.

Board of Directors  
|  
Sustainability Task Force



We have in place a Group-wide Sustainability Task Force chaired by the Head of Outlet Operations. This Task Force, which includes management personnel and representatives from the business units, is responsible for formulating our annual sustainability plans, spearheading the specific initiatives and monitoring our sustainability performance. The Task Force reports its progress to the Board of Directors on a regular basis.





## Risk Management and Socio-economic Compliance

Risk management is a critical pillar of good corporate governance. Kimly's Board of Directors is responsible for ongoing efforts to identify risks that have a material impact on our operations so that the Company can take necessary steps to mitigate and manage such risks. This includes addressing sustainability-related risks along environmental, social and governance ("ESG") dimensions. Examples of such risks include compliance with waste disposal regulations and ensuring that we minimise the occurrence of safety incidents that could pose a threat to life and limb.

The Group strictly complies with all applicable national and local laws and regulations, including those related to labour and employment, child labour, non-discrimination, occupational health and safety, and the environment. In addition, Kimly does not procure or use any prohibited chemicals or ingredients. In FY2020, there were no reported cases of Socio-economic non-compliance in the Group, maintaining our achievement of zero Socio-economic non-compliance since FY2018.

We played our part in supporting the Government's COVID-19 regulations and advisories, such as reminding customers to don masks when they were not consuming food and beverages at our outlets, as well as disseminating information to the more than 100 self-operated stalls in our network of outlets.

## Anti-Corruption

Kimly's corporate policy is to have zero tolerance for any form of corrupt behaviour or practices, in line with our operating principles of integrity, responsibility and accountability, as well as full compliance with all anti-corruption laws and regulations.

Our Employee Code of Conduct provides clear guidelines for all staff to adhere to in their dealings with customers, business partners and other colleagues. Our stand against corruption and bribery is also clearly communicated to all our business partners and suppliers before and during their dealings with our Group.

In FY2020, there were no reported cases of corruption.

## Reporting Scope

Kimly has chosen to adopt the Global Reporting Initiative ("GRI") Reporting Standards as the GRI is globally recognised and the latest standards allow us to identify and report topics relevant to our industry and context. This report has been prepared in accordance with the GRI Standards: Core option. It covers our operations in Singapore for the period 1 October 2019 to 30 September 2020.

The report covers all five primary components of report content as set out by the SGX's requirements on sustainability reporting. These components are:

- Material Topics.
- Policies, Practices and Performance.
- Board Statement.
- Targets.
- Framework.

GRI does not mandate external assurance for sustainability reports prepared in accordance with their standards. Kimly had chosen not to seek external assurance for this year's report, bearing in mind that FY2020 had been a challenging year and we needed all hands on deck to cope with the COVID-19 situation operationally. Nevertheless, we keep an open mind and will consider seeking external assurance of our sustainability report in the future.

# Stakeholder Engagement and Materiality Assessment

## Stakeholder Engagement

Stakeholder engagement and responding to their feedback and needs are part and parcel of Kimly's way of doing business and ensuring long-term success. There are several groups of stakeholders with whom we engage regularly through formal and informal platforms. Their feedback and suggestions will help Kimly to adjust our business strategy and operate in a transparent and accountable manner. The following table summarises our key stakeholders, engagement platforms and their areas of concern.

STAKEHOLDERS	ENGAGEMENT PLATFORMS	AREAS OF CONCERN	SECTION REFERENCE IN THIS REPORT
<b>Employees</b>	<ul style="list-style-type: none"> <li>Regular dialogues</li> <li>Team bonding events</li> <li>Service appraisal &amp; staff recognition</li> <li>Whistleblowing mechanism</li> </ul>	<ul style="list-style-type: none"> <li>Remuneration and benefits</li> <li>Training and development</li> <li>Health and safety</li> <li>Career development opportunities</li> <li>Customer relationship management skills</li> <li>Job security and health</li> </ul>	<ul style="list-style-type: none"> <li>Employee Diversity</li> <li>Employee Benefits</li> <li>Training and Education</li> <li>Occupational Health and Safety</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>Customer surveys/reviews</li> <li>Advertisements and media campaigns</li> <li>Online channels</li> <li>Whistleblowing mechanism</li> </ul>	<ul style="list-style-type: none"> <li>Food safety and hygiene</li> <li>Variety of food</li> <li>Customer service and food quality</li> </ul>	<ul style="list-style-type: none"> <li>Food Health and Safety</li> <li>Customer Satisfaction</li> <li>Customer Safety</li> </ul>
<b>Stallholders</b>	<ul style="list-style-type: none"> <li>Daily interactions</li> <li>Regular feedback sessions</li> <li>Whistleblowing mechanism</li> </ul>	<ul style="list-style-type: none"> <li>Food court environment and maintenance</li> <li>Sustaining customer brand loyalty</li> </ul>	<ul style="list-style-type: none"> <li>Food Health and Safety</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Regular interactions</li> <li>Supplier evaluation</li> <li>Supplier management</li> <li>Whistleblowing mechanism</li> </ul>	<ul style="list-style-type: none"> <li>Positive supplier relationship management</li> </ul>	<ul style="list-style-type: none"> <li>Food Health and Safety</li> <li>Supplier Social Management</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>Corporate social responsibility programmes</li> <li>Sponsorships</li> <li>Corporate donations</li> <li>Whistleblowing mechanism</li> </ul>	<ul style="list-style-type: none"> <li>Community engagement services</li> <li>Supporting the community economically</li> </ul>	<ul style="list-style-type: none"> <li>Supporting the Local Community</li> </ul>
<b>Government and Regulators</b>	<ul style="list-style-type: none"> <li>Industry seminars</li> <li>Focus group discussions</li> </ul>	<ul style="list-style-type: none"> <li>Food safety compliance</li> <li>Economic performance</li> </ul>	<ul style="list-style-type: none"> <li>Food Health and Safety</li> <li>Risk Management and Socio-economic Compliance</li> <li>Environmental Compliance</li> </ul>
<b>Shareholders and Investors</b>	<ul style="list-style-type: none"> <li>SGX announcements</li> <li>Annual reports</li> <li>Half yearly reports and updates</li> <li>Annual General Meetings</li> <li>Whistleblowing mechanism</li> </ul>	<ul style="list-style-type: none"> <li>Economic performance</li> <li>Anti-corruption policy</li> <li>Business performance plans</li> <li>Capital management strategy</li> </ul>	<ul style="list-style-type: none"> <li>Risk Management and Socio-economic Compliance</li> <li>Annual Report</li> </ul>



## Materiality Assessment

The Group takes the view that sustainable growth is contingent on meeting and exceeding the expectations of our key stakeholders. Our material sustainability factors are those with significant economic, environmental, social and governance impacts, and which would influence the assessment and decision making of the stakeholders.

We go through a rigorous process in identifying the material factors annually:

- We listened to our stakeholders and took into consideration their areas of concern.
- We used our Sustainable Food Value Chain as the broader canvas to identify specific economic, social and environmental issues.
- We considered current developments and trends, such as the need to support the local community in response to the COVID-19 crisis.

The Group's Sustainability Task Force shortlisted the material factors and studied their impact. The final list of material factors was reviewed and approved by the Board, which then guided the Task Force in dealing with the challenges. The material factors for FY2020 were as follows:

- Food Health and Safety
- Customer Satisfaction
- Pioneering Innovation
- Energy and Emissions Management\*
- Water Management\*
- Effluents and Waste Management\*
- Supplier Social Management
- Supporting the Local Community

\* In this report, we have grouped these 3 factors under "Minimising Environmental Impact". This reflects our corporate approach in tracking and managing these related issues in an integrated manner.



# Sustainability Performance

The table below summarises our sustainability performance on key indicators in FY2020 and the targets for FY2021:

INDICATORS	FY2020 PERFORMANCE	FY2021 TARGETS
<b>Food Health and Safety</b>	<ul style="list-style-type: none"> <li>Zero food safety and hygiene incidents at all outlets.</li> <li>48 and 172 food establishments achieved "A" and "B" grading respectively under the Singapore Food Agency (SFA)'s assessment programme.</li> <li>30 SFA and 7 SDO ("Social Distancing Officer") recorded offences, arising from onsite inspections at our food establishments.</li> <li>11 reported workplace safety incidents.</li> </ul>	<ul style="list-style-type: none"> <li>Maintain zero food safety and hygiene incidents at all outlets.</li> <li>Maintain and improve upon the grading scores.</li> <li>Strengthen our internal hygiene, cleanliness and housekeeping policies and procedures to minimise the recurrence of such offences.</li> <li>Reduce the risk of workplace safety incidents.</li> </ul>
<b>Customer Satisfaction</b>	<ul style="list-style-type: none"> <li>Active monitoring of customer feedback. There were no serious complaints that warranted immediate feedback and response.</li> <li>5 customer-related safety incidents at our outlets.</li> </ul>	<ul style="list-style-type: none"> <li>Achieve a positive trend in feedback on product quality, service and cleanliness.</li> <li>Minimise customer-related safety incidents at our outlets.</li> </ul>
<b>Environmental Compliance</b>	<ul style="list-style-type: none"> <li>Zero incidence of environmental non-compliance.</li> </ul>	<ul style="list-style-type: none"> <li>Maintain zero incidence of environmental non-compliance.</li> </ul>
<b>Energy and Water Usage</b>	<ul style="list-style-type: none"> <li>20,737,000 kWh of energy was consumed on a group-wide level with energy intensity of 0.119 kWh per S\$ of revenue.</li> <li>673,000 m<sup>3</sup> of water was used on a group-wide basis with a usage intensity of 0.004 m<sup>3</sup> per S\$ of revenue.</li> </ul>	<ul style="list-style-type: none"> <li>Improve on the energy usage and intensity.</li> <li>Improve on the water usage and intensity.</li> </ul>
<b>Community Support</b>	<ul style="list-style-type: none"> <li>S\$138,500 in redemptions for drink discount promotions.</li> <li>S\$199,800 in social contributions to various charitable and non-profit organisations and causes.</li> </ul>	<ul style="list-style-type: none"> <li>Ensure that our prices remain affordable and competitive.</li> <li>Continue to support worthy community organisations and causes.</li> </ul>



# Food Health and Safety

As a reputable food service provider, maintaining high standards in food health and safety remains our topmost priority. The Group is extremely stringent in our food safety standards and practices, and we comply with all applicable food safety regulations. We strive to have a zero-incident rate by prioritising cleanliness and food hygiene in our daily operations. Achieving and maintaining high quality and safety standards along our food value chain is essential in delivering quality cooked food that is nutritious and safe for consumption.

## Supplier Selection

The Group is judicious in our selection of suppliers and food vendors. Because of the COVID-19 situation in FY2020, we needed to ensure that our suppliers could reliably and safely deliver our raw produce and other materials on time and according to our requirements. Product quality and reliability of suppliers' services such as timeliness of delivery are essential in our supplier selection to ensure the freshness, quality and safety of our ingredients.

Another supplier assessment criterion is the total pricing which includes unit price, payment terms and rebates offered to ensure the economic sustainability of our food value chain.

## Procurement Process

Our procurement process covers the following areas:

- Inventory control.
- Storage of goods.
- Vendors' feedback.
- Receipt of goods.
- Products purchased from approved suppliers' list.
- Month-end inventory report.

The Group procures only from approved suppliers that produce, package, store and deliver products in accordance with good manufacturing practices prevailing in their respective industries. To ensure freshness of our food, we prioritise local suppliers with at least a "B" Grade from the Singapore Food Agency ("SFA"). Suppliers are expected to provide goods and services that consistently meet our required specifications, especially for product quality and timeliness of product delivery.

In order to offer our customers healthier food choices, we had been procuring primarily from suppliers of healthier ingredients. Our main supplier for vegetable oil and rice participated in the Health Promotion Board ("HPB")'s Healthier Ingredient Development Scheme ("HIDS"). The Group had made brown rice as an available option at our Mixed Vegetable Rice Stalls to better serve customers who preferred the nutritional option of wholegrain. Health-conscious customers could request for less oil at our Zi Char outlets as well as hot drinks with less or no sugar at our coffeeshops and food courts.

During the Circuit Breaker period, we introduced the "Skinny Me" and "Healthy Me" lower-calorie Combo options that customers could order through the various online delivery platforms.

## Food Health and Safety



### Food Storage

The Group implemented comprehensive food storage policies to keep our food products fresh and wholesome. Our central kitchens adopted a minimum inventory policy, and most of the semi-finished food products were prepared and sent to our food stalls daily via chilled delivery trucks to maximise freshness of the food products.

In addition, ingredients at our food stalls were kept in chillers and freezers and the temperatures monitored daily. Expiry dates on the food and ingredient packaging were checked before use. This ensured that the storage conditions were optimised to maintain the freshness of the ingredients.

### Food Preparation

Kimly adopted very stringent food hygiene practices and guidelines during food preparation. Daily inspections were conducted on all food handlers to monitor their health and personal hygiene. The food manufacturing division, food delivery vehicles and food storage areas were inspected daily for cleanliness and orderliness.

Food handlers who returned from medical leave were checked by the supervisor to ensure that all symptoms were cleared before they commenced work. All employees involved in food preparation had to comply with these practices. Employees involved in handling food were required to pass the accredited Basic Food Hygiene Course.

### Outlet Management

Kimly would procedurally inform all food stall owners of the importance of health and safety compliance before leasing a stall to them. This ensured consistent food safety awareness and practices. Each food stall was monitored by Assistant Executive Chefs who ensured that the food products sent from our central kitchens were properly handled according to the Standard Operating Procedures ("SOPs").

We have a quality and compliance assurance team ("QC Team") comprising executive chefs of each food division and headed by the Head of Outlet Operations. The QC Team periodically conducted surprise visits at each outlet and food stall. Photographs of non-compliance with regulations were taken with supporting notes recorded by our administration team. Immediate rectification actions would have to be taken and these actions were monitored, recorded and verified by Head of Outlet Operations before closing the case. This ensured food vendors' compliance with the SOPs in areas of food storage and supplier management.



## Food Health and Safety

In FY2020, out of the 220 food establishments – this included food shops, food stalls as well as Rive Gauche and Tonkichi outlets – that were inspected by the SFA, 48 stalls achieved the “A” grading under the SFA’s grading system for licensed food retail establishments while 172 stalls achieved the “B” grading. None of our establishments received lower than a “B” grading. Following the increased scrutiny and stepped up checks on food establishments due to the COVID-19 situation, there were 30 SFA and 7 SDO (“Social Distancing Officer”) recorded offences resulting in fines, demerit points and warnings in FY2020, as compared to 35 recorded offences in FY2019. We had taken necessary actions and strengthened the enforcement of proper hygiene and safety checks and practices in our outlets to prevent recurrence of such incidents.

We supported the Government’s “SG Clean” movement by stepping up the frequency of cleaning routines in all the outlets. We put in place stringent directives for all staff to ensure safety, such as daily temperature taking and mandating that staff should return home to rest if they were unwell.

### Occupational Health and Safety

The Group has detailed operating procedures in place to ensure the safety and health of its employees. These guidelines are reviewed periodically to safeguard their relevance and effectiveness.

We believe that our staff should take personal responsibility in protecting their own health and safety. The Group has a Stay Healthy Award programme whereby we offer dining vouchers valued at S\$208 to each staff who has not taken any medical leave or claimed any medical expenses. We had seen a steady growth in the number of staff who earned the award. In FY2020, we distributed S\$141,856 of these vouchers to 682 staff, as compared to 599 staff and 565 staff in FY2019 and FY2018 respectively. We will continue with the Stay Healthy Award programme in the ensuing years.

The Group provides guidelines to all employees on how to respond to various workplace incidents. In the event that an employee suffers an injury, he or she will receive immediate medical attention and the incident will be reported to the Executive Director. The head of the department will then raise a Corrective Preventive Action Report which details the nature of the incident and mitigating measures to reduce the risk of future recurrence.

To ensure that uniforms and protective equipment are in good condition, Kimly provides replacement attire and gear for our central kitchen staff every 6 months. Daily checks are conducted at the premises, and key areas such as ventilation, lighting, storage and kitchen spaces are inspected.

In FY2020, we spent more than S\$100,000 to stock up on Personal Protective Equipment (“PPE”), sanitizers and thermometers in all outlets. At our central kitchen, staff had to don on full PPE in the production areas and we had set aside a quarantine room for contingency purposes as part of the Group efforts to ensure the employees’ health and safety during the COVID-19 pandemic.

The Group provides workmen’s compensation insurance to cover work-related injuries sustained by employees during their working hours. There is also medical insurance for our foreign employees to cover their non-work-related medical treatment outside working hours.

In line with the social pillar of our sustainability philosophy and adopting a sustainable food value chain perspective, the Group requires our suppliers to provide a safe and healthy working environment for their employees. Suppliers are encouraged to implement policies that promote the general health of employees and prevent work-related injuries and illnesses.

Safety is a top priority and we spare no effort to mitigate workplace and occupational safety risks. In FY2020, there were 11 reported workplace safety related incidents, as compared to 10 incidents in FY2019. Fortunately, the incidents did not result in serious injuries for our staff. We had thoroughly investigated each incident, reviewed and improved our safety procedures, and reminded our staff regularly to place safety first.

# Customer Satisfaction

At Kimly, customer satisfaction is one of our top priorities as it is the key driver to our growth and success. We are committed to providing our customers with a comfortable, safe and satisfying dining experience, and we continually seek to improve our service standards through their feedback.

## Customer Feedback

In FY2020, we received customer feedback through various channels such as our Facebook page (<https://www.facebook.com/kimlycoffeeshop>) and website. Our goal is to garner positive customer feedback on product quality, service and cleanliness at all outlets. We actively monitor the feedback and respond to serious complaints in a timely manner. We take onboard suggestions from customers in our service planning, such as healthier food options and new locations to open our outlets.

## Customer Safety

Kimly is committed to providing a safe environment for our customers when they dine at our outlets. We implemented measures to protect our customers against safety hazards, which included social distancing practices in accordance with the government guidelines to minimise community transmission of COVID-19.

There were 5 customer-related safety incidents at our outlets in FY2020 as compared to zero incidents in FY2019. 4 of the 5 incidents involved customers who fell while the fifth incident involved a customer impacted by spalling fragments from the false ceiling. All 5 incidents were expeditiously handled by our insurance company.

Slippery floor warning signs were placed prominently at areas where floors were more susceptible to water spillage and when floors were mopped. We took extra care in the selection of non-slip floor tiles in all our outlets. A dedicated team of general washers are scheduled to visit each of our outlets at least once a month to scrub the floors and remove excessive dirt and oil. Daily checks were conducted to ensure that there was no pest breeding or contamination in food storage, preparation and consumption areas.





# Pioneering Innovation

In FY2020, the Group invested in new technology and equipment to improve efficiency of our operations and productivity of our manpower. We incorporated the use of combi ovens at our Mixed Vegetable Rice stalls to reduce time and labour costs without compromising the food quality and taste. Combi ovens are equipped with three functions, namely convection, steam and combination cooking, and they allow multiple food items to be cooked at the same time without the risk of flavour transfer and inconsistent cooking results. The use of combi ovens significantly increases the energy efficiency of food preparation processes at our outlets. We had a total of 5 combi ovens in FY2020 and would purchase more in FY2021 and beyond.

We developed new menu options – such as “Meals for 2” and promotional sets during special occasions like National Day – to capture the growth in takeaway orders.



# Minimising Environmental Impact



Kimly regularly monitors the environmental impacts of our various operations and implements measures and policies to minimise energy and water consumption, as well as ensure proper management of effluents and waste.

## Environmental Compliance

The Group strictly complies with local environmental laws and regulations where we operate. We require our new and existing suppliers to comply strictly with environmental laws and practices as well, such as those pertaining to waste disposal, air emissions and pollution.

In FY2020, we adhered strictly to the Singapore Civil Defence Force ("SCDF")'s requirements for the cleaning and maintenance of Kitchen Exhaust Ducts in our outlets. We engaged a qualified specialist to do thorough cleaning and keep proper records, so as to reduce fire risk and air pollution. There were no reported cases of environmental non-compliance in the Group and among our suppliers, maintaining our achievement of zero environmental non-compliance since FY2018.

## Energy and Emissions Management

The Group endeavours to maximise our energy conservation efforts to reduce our carbon footprint and improve the environmental sustainability of our business. We aim to achieve significant results in energy conservation by maximising the use of equipment capacity whenever possible.

In FY2020, we continued efforts to reduce energy consumption at all outlets, such as replacing fluorescent lamps with energy-efficient LED lights. We serviced existing equipment regularly to improve energy efficiency and maximise the effective lifespan. Older equipment would be progressively replaced with new and energy-efficient equipment.

A total of 20,737,000 kWh of energy was consumed on a group-wide level with energy intensity of 0.119 kWh per S\$ of revenue for FY2020, compared with 21,900,000 kWh overall consumption and energy intensity of 0.127 kWh per S\$ of revenue for FY2019. We would continue to look for ways to improve our energy efficiency in FY2021.

Our energy consumption generated an estimated 8,471,065 kg CO<sub>2</sub> emissions<sup>1</sup> with intensity of 0.049 kg CO<sub>2</sub> per S\$ of revenue for FY2020.

<sup>1</sup> The carbon emissions were computed using Singapore's national Average Operating Margin Grid Emission Factor of 0.4085 kg CO<sub>2</sub>/kWh for 2019, as published by the Energy Market Authority ("EMA").



## Water Conservation

The Group endeavours to reduce water wastage in our business. This not only makes our operations more efficient, it is our contribution to Singapore's national water conservation drive.

In FY2020, more than 80 dishwashing machines had been installed in our outlets to wash glasses and cups more efficiently. These machines use a collection tank and filtration system to cleanse and reuse the water, thus lowering the water usage.

Our total water consumption in FY2020 stood at 673,000 m<sup>3</sup> on a group-wide basis with water usage intensity of 0.004 m<sup>3</sup> per S\$ of revenue, comparable to water consumption of 679,000 m<sup>3</sup> and usage intensity of 0.004 m<sup>3</sup> per S\$ of revenue in FY2019. We would continue to improve on our water usage practices in FY2021.



## Effluents and Waste Management

In FY2019, the Group incorporated eco-design in the development of new coffeeshops. In FY2020, we continued the policy of using recycled packaging materials in the design of our new coffeeshops to reduce the environmental impact of our operations.

The Group segregated paper cartons and aluminium from the rest of the waste generated for recycling and explored new uses for these materials. Empty aluminium drink cans were recycled and empty bottles were reused to store various sauces.

Recyclable food grade delivery boxes were used to deliver semi-finished food products from the central kitchens to our food stalls throughout Singapore. These boxes could be used multiple times, thus reducing the total amount of packaging materials needed.

We encouraged our food stalls to store used cooking oils in separate containers. These were collected by licensed collectors to recycle the oil into industrial soaps and detergents.

We implemented recycling programmes at the outlets and encouraged vendors and customers to use less plastic bags, containers and utensils. Following the move to reduce plastic straws usage, we rolled out new cup lid designs that eliminate the need for plastic straws.

We minimised wastage of food ingredients and raw materials by using a real-time e-ordering system throughout our network. This also ensured that ingredients would be fresh when delivered to the outlets.

# Supplier **Social Management**

To develop the social aspects of our sustainable food value chain, we requested our suppliers to implement fair employment practices and policies to protect their employees. Furthermore, our suppliers had to provide assurance that they comply with all employment-related and applicable laws and regulations.

In FY2020, there were no reported negative social impacts along the supply chain. Because of the close relationships built up over the years between Kimly and our suppliers, our supply chain continued to function smoothly. When Malaysia imposed the border lockdown in March 2020, we worked closely with our suppliers to prioritise our materials and we made operational adjustments, such as scheduling deliveries in night. We built up our stocks and procured in bulk. Our practice of using a group of suppliers rather than depending on a single supplier helped as well. We continued our longstanding practice of paying our suppliers on time so as not to have any adverse impact on their cashflow.





# Supporting The Local Community

## Paying It Forward

During the peak of the COVID-19 situation, we supported the community by lowering our prices. We had a May Day promotion in which we gave a 30-cent drink discount with a minimum food purchase of S\$3. We subsequently launched another 20-cent drink discount promotion in July 2020 with a minimum spend of S\$3 on any takeaway order. Both promotions saw good uptake with more than S\$138,500 in redemptions.

We collaborated with DBS Bank Limited and FoodBank Singapore from May to July 2020 to support FoodBank Singapore's "Feed The City" community engagement event to reduce food insecurity, a total of 3,099 packs of food were distributed to needy residents in the heartlands.

In addition to the collaboration with FoodBank Singapore, we supported various charitable and non-profit organisations and causes, such as the annual President's Challenge, the Club-100 @ North West initiative by North West Community Development Council that provided food rations, food vouchers and cooked meal delivery for low income residents, as well as the annual "Charity Walk for Rice" event in the Yuhua Constituency. We continued our monthly contributions to the SBL Vision Family Service Centre based in Tampines that provides counselling, group work and other services to families and individuals who are facing challenges in life. Our charitable contributions amounted to a total of S\$199,800 for FY2020.



## Creating Employment and Job Opportunities

In FY2020, we expanded our operations in various localities, which allowed us to provide additional employment opportunities. Our policy is to actively hire locals to take up the various job positions that come with the opening of a coffeeshop. Of the 1,379 Singaporean Citizens and Permanent Residents that made up 64.6% of our total workforce in FY2020, 204 were part-timers. Most of these locals were deployed in our various food outlets, including the part-timers who required flexible schedules for their personal and other commitments.

Some of the self-operated food stall owners in our coffeeshops and food courts had encountered cashflow issues because of COVID-19. We assisted by offering rental concessions and referring them to various Government assistance schemes.

# SGX Five Primary Components Index

PRIMARY COMPONENT	SECTION REFERENCE IN THIS REPORT
1. Material Topics	<ul style="list-style-type: none"><li>• Food Health and Safety</li><li>• Customer Satisfaction</li><li>• Pioneering Innovation</li><li>• Minimising Environmental Impact</li><li>• Supplier Social Management</li><li>• Supporting the Local Community</li></ul>
2. Policies, Practices and Performance	<ul style="list-style-type: none"><li>• Kimly's Sustainability Story</li><li>• Sustainability Governance</li><li>• Stakeholder Engagement and Materiality Assessment</li><li>• Sustainability Performance</li></ul>
3. Board Statement	<ul style="list-style-type: none"><li>• Board's Statement</li></ul>
4. Targets	<ul style="list-style-type: none"><li>• Sustainability Performance</li></ul>
5. Framework	<ul style="list-style-type: none"><li>• Reporting Scope</li></ul>





# GRI Standards **Content Index**

GRI STANDARDS		REPORT REFERENCE	PAGE
<b>GRI 102: GENERAL DISCLOSURES</b>			
102-1	Name of the organization	Board's Statement	1
102-2	Activities, brands, products, and services	Corporate website ( <a href="https://kimlygroup.sg">https://kimlygroup.sg</a> )	
102-3	Location of headquarters	Corporate website	
102-4	Location of operations	Corporate website	
102-5	Ownership and legal form	Corporate website	
102-6	Markets served	Corporate website	
102-7	Scale of the organisation	Corporate website	
102-8	Information on employees and other workers	Employee Diversity	2
102-9	Supply chain	Corporate website	
102-10	Significant changes to organisation and its supply chain	Nil	
102-11	Precautionary principle or approach	Kimly Limited is committed to environmental protection. If there are reasonable grounds for us to exercise caution, even if scientific evidence is unavailable or inconclusive, we will endeavour to minimise any environmental harm	
102-14	Statement from senior decision maker	Board's Statement	1
102-16	Values, principles, standards, and norms of behaviour	Risk Management and Socio-economic Compliance	7
102-18	Governance structure	Corporate website	
102-40	List of stakeholder groups	Stakeholder Engagement	8
102-42	Identifying and selecting stakeholders	Stakeholder Engagement	8
102-43	Approach to stakeholder engagement	Stakeholder Engagement	8
102-44	Key topics and concerns raised	Stakeholder Engagement	8
102-45	Entities included in the consolidated financial statements	Annual Report	
102-46	Defining report content and topic boundaries	Reporting Scope	7
102-47	List of material topics	Materiality Assessment	9
102-48	Restatements of information	Nil	
102-49	Changes in reporting	Nil	
102-50	Reporting period	Reporting Scope	7
102-51	Date of most recent report	January 2020	
102-52	Reporting cycle	Annual	

## GRI Standards Content Index

GRI STANDARDS		REPORT REFERENCE	PAGE
102-53	Contact point for questions regarding the report	Enquiries can be emailed to: investor.relations@kimlygroup.sg	
102-54	Claims of reporting in accordance with GRI Standards	Reporting Scope	7
102-55	GRI content index	GRI Content Index	21
102-56	External assurance	Nil	
<b>TOPIC-SPECIFIC STANDARDS</b>			
<b>Corporate Profile and Sustainability Governance</b>			
<b>GRI 404: Training and Education</b>			
404-1	Average hours of training per year per employee	Training and Education	3
404-2	Programs for upgrading employee skills and transition assistance programs	Training and Education	3
404-3	Percentage of employees receiving regular performance and career development reviews	Employee Diversity	2
<b>GRI 405: Diversity and Equal Opportunity</b>			
405-1	Diversity of governance bodies and employees	Employee Diversity	2
<b>GRI 406: Non-Discrimination</b>			
406-1	Incidents of discrimination and corrective actions taken	Employee Diversity	2
<b>GRI 408: Child Labour</b>			
408-1	Operations and suppliers at significant risk for incidents of child labour	Risk Management and Socio-economic Compliance	7
<b>GRI 401: Employment</b>			
401-1	Benefits provided to the full time employees that are not provided to temporary or part-time employees	Employee Benefits	2
401-2	Parental leave	Employee Benefits	2
<b>GRI 419: Socio-economic Compliance</b>			
419-1	Non-compliance with laws and regulations in the social and economic area	Risk Management and Socio-economic Compliance	7
<b>GRI 205: Anti-Corruption</b>			
205-1	Operations assessed for risks related to corruption	Anti-Corruption	7
205-2	Communication and training about anti-corruption policies and procedures	Anti-Corruption	7



## GRI Standards Content Index

GRI STANDARDS		REPORT REFERENCE	PAGE
<b>Food Health and Safety</b>			
<b>GRI 403: Occupational Health and Safety</b>			
403-1	Occupational health and safety management system	Occupational Health and Safety	13
403-2	Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety	13
403-3	Occupational health services	Occupational Health and Safety	13
403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety	13
403-5	Worker training on occupational health and safety	Occupational Health and Safety	13
403-6	Promotion of worker health	Occupational Health and Safety	13
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety	13
403-9	Work-related injuries	Occupational Health and Safety	13
<b>GRI 416: Customer Health and Safety</b>			
416-1	Assessment of the health and safety impacts of product and service categories	Procurement Process, Food Storage, Food Preparation, Outlet Management, Customer Safety	11, 12, 14
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Customer Safety	14
<b>Minimising Environmental Impact</b>			
<b>GRI 307: Environmental Compliance</b>			
307-1	Non-compliance with environmental laws and regulations	Environmental Compliance	16
<b>GRI 308: Supplier Environmental Assessment</b>			
308-1	New suppliers that were screened using environmental criteria	Environmental Compliance	16
308-2	Negative environmental impacts in the supply chain and actions taken	Environmental Compliance	16
<b>GRI 302: Energy</b>			
302-1	Energy consumption within the organisation	Energy and Emissions Management	16
302-3	Energy intensity	Energy and Emissions Management	16
302-4	Reduction of energy consumption	Energy and Emissions Management	16

## GRI Standards Content Index

GRI STANDARDS		REPORT REFERENCE	PAGE
302-5	Reduction in energy requirements of products and services	Energy and Emissions Management	16
<b>GRI 305: Emissions</b>			
305-2	Energy indirect (Scope 2) GHG emissions	Energy and Emissions Management	16
305-4	GHG emissions intensity	Energy and Emissions Management	16
305-5	Reduction of GHG emissions	Energy and Emissions Management	16
<b>GRI 306: Effluents and Waste</b>			
306-1	Water discharge by quality and destination	Water Conservation	17
306-2	Waste by type and disposal method	Effluents and Waste Management	17
<b>Supplier Social Management</b>			
<b>GRI 414: Supplier Social Assessment</b>			
414-1	New suppliers that were screened using social criteria	Supplier Social Management	18
414-2	Negative social impacts in the supply chain and actions taken	Supplier Social Management	18
<b>Supporting the Local Community</b>			
<b>GRI 413: Local Communities</b>			
413-1	Operations with local community engagement, impact assessments, and development programs	Paying It Forward	19
<b>GRI 203: Indirect Economic Impacts</b>			
203-2	Significant indirect economic impacts	Creating Employment and Job Opportunities	19

This report has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this report, including the correctness of any of the statements or opinions made or reports contained in document.

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## **Sustainability Report 2020**

(Company Registration No.: 201613903R)

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