



UNCOVERING VALUE

KIMLY LIMITED | SUSTAINABILITY REPORT 2019



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BOARD STATEMENT

Kimly Limited (“Kimly” or the “Group”) is one of the largest traditional coffee shop operators in Singapore with more than 25 years of experience. The key element of our long-standing success is our commitment to uphold high food quality and safety standards. We maintain stringent food safety control measures in all stages of our operations to deliver healthy and hygienic food products to our customers.

The Group has implemented various strategic initiatives to develop the sustainability of our business operations. Beyond sustainable measures to reduce environmental impacts of our daily operations, we endeavour to drive innovation and streamline our outlet operations. This is evident from the sustainable and innovative design of our new outlets, as well as the implementation of technology at our food stalls to improve productivity. We have also invested in technology advancement of the food retail division to reduce food wastage in our operations.

Kimly values the opinions of its customers. Through active engagements and feedback mechanisms implemented to receive compliments and suggestions from customers, we have developed a deeper understanding of the concerns of our customers and areas to improve our service to serve them better. The Group conducts appropriate follow-up actions and service recovery where necessary and takes into account these concerns when it plans for the future.

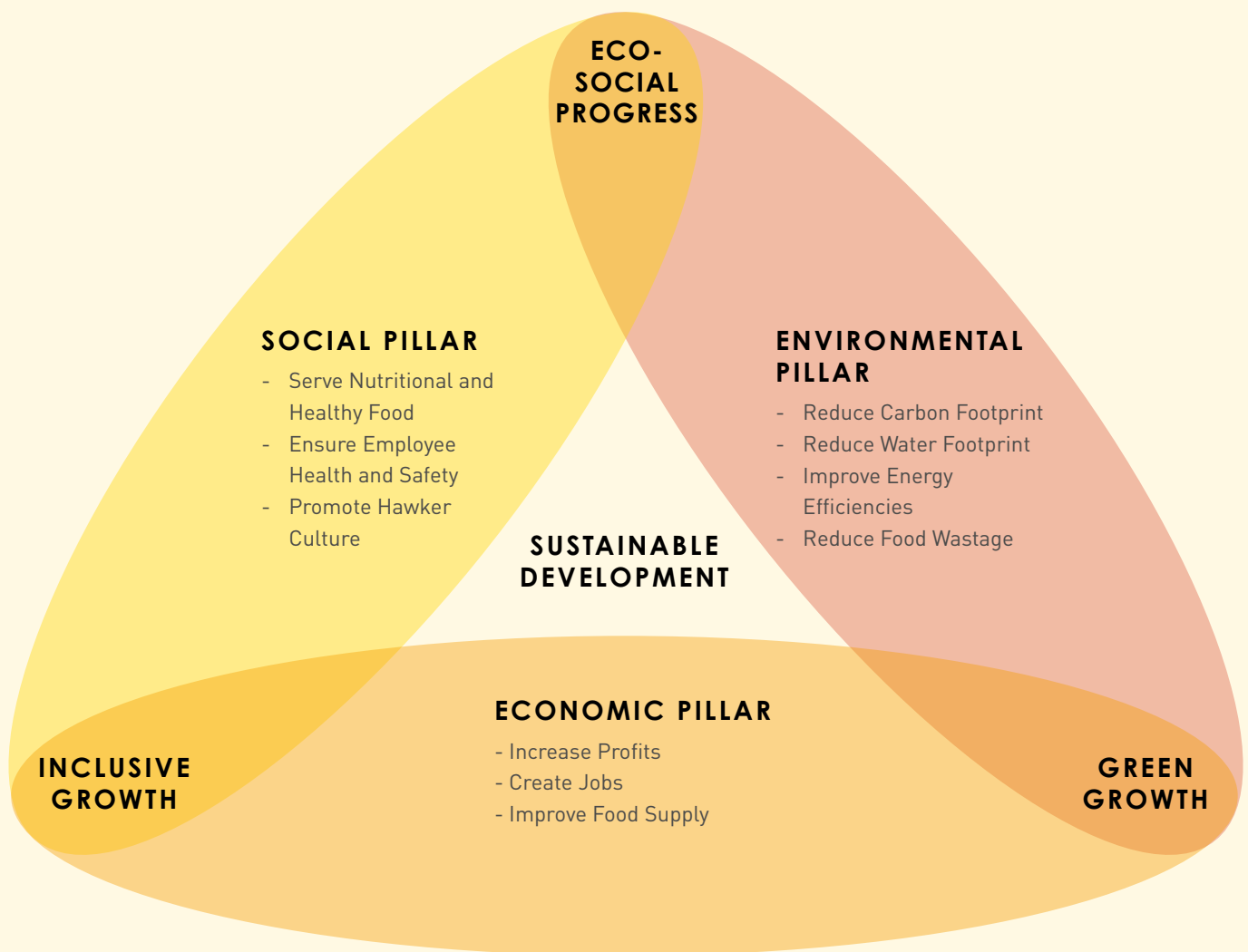
The Group is committed to consciously seek sustainable ways to operate our business and will continue to place emphasis on good sustainability practices.



KIMLY'S SUSTAINABILITY STORY

SUSTAINABILITY PHILOSOPHY IN FOODSERVICE

At Kimly, we endeavour to benefit the economy, environment and society through the development of a sustainable food value chain.



Pillars of Sustainable Food Value Chain¹

We adopt a holistic and responsible approach to sustainable development and simultaneously consider the short-term and long-term economic, environmental and social impacts of the decisions we make. In order to operate in line with our sustainability philosophy, sustainability agenda is taken into consideration in the setting of key performance indicators (“KPIs”) and management incentives.

¹ Sustainable Food Value Chains Knowledge Platform. Retrieved from: <http://www.fao.org/sustainable-food-value-chains/what-is-it/en/>

KIMLY'S SUSTAINABILITY STORY



Economic Pillar

We actively contribute to the society by creating employment and job opportunities for the local communities where we operate in. In addition, by offering healthier and safe food options at reasonable prices, we have been able to ensure that our customers can consume affordable nutritious meals at our various neighbourhood coffee shops. We have started to offer brown rice at our Mixed Vegetable Rice stalls. We have conducted calorie count for the food served at our food courts in the universities, and displayed Health Promotion Board ("HPB") healthier choice logo on food which contains less than 500 calories per serving.

Social Pillar

Due to the perishable nature of our raw materials, our central kitchens make daily deliveries to our food stalls so that the food prepared at our food stalls are always fresh and safe for our customers.

Apart from ensuring no hygiene lapses in the areas of food storage and food preparation, we source our ingredients from licenced, AVA-approved suppliers and adopt a First-Expired-First-Out System to ensure quality and freshness of our ingredients. As part of our continuous effort to stay up-to-date with the best practices in terms of kitchen design features to reduce food contamination, we periodically invest into refurbishment of our central kitchens, and one such upgrading project was completed in FY2018.

Training is provided for our employees to handle new technologies such as the introduction of combi oven at four of our Mixed Vegetable Rice stalls, and we are encouraged by the response from our employees so far. By introducing new technologies to help them lighten their workload, we have also upskilled our employees so that they can perform higher value tasks like customer service. As an employer, we look forward to further reduce our reliance on manpower, and share the benefits with our employees by providing additional performance incentives when certain performance indicators, example: revenue per worker, are achieved.

We have also continuously expanded our presence in the various neighbourhoods of Singapore thus creating more job opportunities for potential hawkers and workers. The manpower requirement at each new coffee shop is about 8 to 10 employees and another 6 to 8 if we provide the cleaning services in-house.

Environmental Pillar

Kimly continues to actively pursue environmental-friendly ways in its daily operations through equipment upgrading and pollution prevention to achieve resource efficiency.

In FY2019, we have increased our energy efficiency through the installation of new combi ovens at our stalls. These new ovens enable multiple cooking methods: grilling, baking and steaming, and come with a self-cleaning function. As such, we can conserve the energy consumed by reducing the number of steps in our operations. We are looking towards introducing more new technologies to our outlets when opportunities arise.

KIMLY'S SUSTAINABILITY STORY

SUSTAINABILITY RISK MANAGEMENT

In the midst of expanding and developing our business, we are acutely aware of the potential risks on the Environmental, Social and Governance (“ESG”) front. As such, we have implemented adequate sustainability risk identification and management to mitigate such risks and capitalise on the opportunities that they may present.

| Type of Risks | Targets for FY2019 | Practices | Performance in FY2019 |
|--------------------------------|--|--|---|
| Governance and Compliance Risk | Zero significant reported cases of misconduct | Staff training and awareness on code of conduct | Achieved zero reported cases of misconduct |
| Reputation Risk | Zero reported incident of marketing non-compliance Zero negative feedback and media coverage due to unattended customer dissatisfaction | Adequate policies and procedures regarding customer satisfaction and public relations to monitor customer feedback on a timely basis | Achieved zero reported incident due to customer dissatisfaction |
| Food Safety and Hygiene Risk | Zero reported incident regarding food safety and hygiene | Staff training and awareness on proper food safety and hygiene practices | Achieved zero reported incident regarding food safety and hygiene Received 80 demerit points at certain outlets and food stalls |

SUSTAINABILITY TARGETS

The Group recognises the importance of food health and safety compliance at our food stalls and will continue to endeavour for a zero-incident rate.

We believe that employees are the organisation’s greatest assets. The Group is committed to nurture and groom all employees and stretch them to their fullest. We will continue to provide opportunities for our staff to upgrade their current skillsets or pick up new skills.

Environmentally, we are committed to reduce our carbon footprint as far as possible. We are currently exploring the use of more eco-friendly-materials for packaging and using energy-and water-saving equipment in our coffee shops.

Active involvement in charities and implementation of socially responsible practices at home and overseas enabled us to achieve greater customer loyalty and community support. We aim to collaborate more strategically with various stakeholders such as non-profit organisations and academic institutions to bridge the gap between the Group and the local communities.



KIMLY'S SUSTAINABILITY STORY

The table below summarises our sustainability performance in FY2019 and targets for FY2020:

| Segment | Environmental Performance in FY2019 |
|-------------------|--|
| Group-wide | <ul style="list-style-type: none"> Achieved zero environmental non-compliance Achieved energy intensity of 0.127 kWh/S\$ at outlets |
| Segment | Environmental Targets in FY2020 |
| Outlet Management | <ul style="list-style-type: none"> Improve energy and water efficiency at outlets |
| Food Retail | <ul style="list-style-type: none"> Reduce energy consumption at central kitchens Reduce food wastage through technology adoption and effective measures |
| Group-wide | <ul style="list-style-type: none"> Maintain energy intensity of 0.127 kWh/S\$ at outlets Zero incident of environmental non-compliance |
| Segment | Social Performance in FY2019 |
| Outlet Management | <ul style="list-style-type: none"> Achieved zero food health and safety incident at outlets Achieved zero customer physical health and safety incident at outlets |
| Food Retail | <ul style="list-style-type: none"> Achieved zero incident of food health and safety non-compliance at central kitchens |
| Group-wide | <ul style="list-style-type: none"> There were 10 reported workplace related safety incidents |
| Segment | Social Targets in FY2020 |
| Outlet Management | <ul style="list-style-type: none"> Zero food health and safety incident that will lead to suspension at outlets Zero occupational health and safety incident resulting in man days to be lost at outlets Zero incident of non-compliance concerning market communications of properties |
| Food Retail | <ul style="list-style-type: none"> Zero incident of food health and safety non-compliance at central kitchens Zero occupational health and safety incident at central kitchens Technology adoption to improve productivity and food quality Achieve a positive trend in customer feedback on product quality, service and cleanliness at our outlets |
| Group-wide | <ul style="list-style-type: none"> Zero incident of socioeconomic non-compliance |

NOTEWORTHY ACHIEVEMENTS

The Group's continual success for the past 29 years enabled us to continue to enhance enterprise value for shareholders and provide better options for our customers.

Kimly enjoys the distinction of being one of the largest traditional coffee shop operators in Singapore. As at the date of this report, the Group enjoys a 98% occupancy rate for a total of over 500 stalls within our managed outlets.

Kimly was recognised as one of Singapore's fastest-growing companies in 2019 by The Straits Times. In addition, our central kitchens were awarded a B grading by Agri-Food & Veterinary Authority of Singapore ("AVA") in 2019.

ETHICS AND INTEGRITY

ANTI-CORRUPTION

GRI 205-1, 205-2, 205-3

Integrity, responsibility and accountability are the core principles of Kimly. There is an Employee Code of Conduct in place that reiterates Kimly's firm position against corruption and bribery and provides a framework 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 before they commence dealings with our Group. Under our Code, suppliers are expected to comply with applicable anti-corruption laws and regulations.

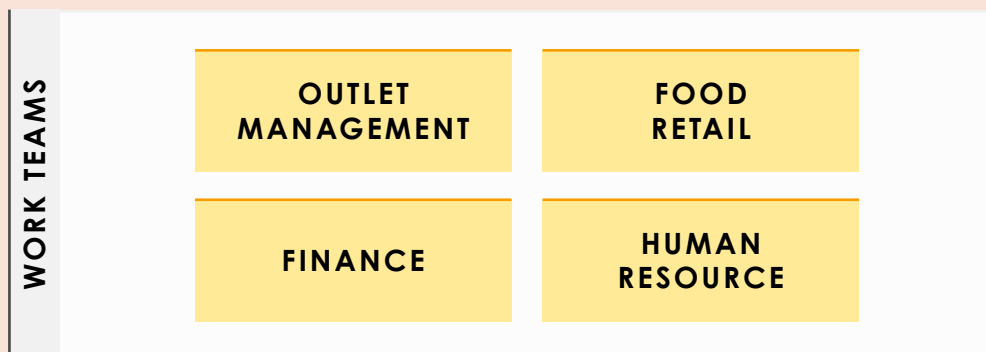
In FY2019, there were no reported cases of corruption.

GOVERNANCE AND STATEMENT OF THE BOARD

Established to drive Kimly's sustainability efforts, the Group's Sustainability Task Force ("Task Force") comprising key management personnel and representatives from various business units is responsible for formulating the sustainability framework, spearheading initiatives and monitoring its sustainability performance. The Task Force is chaired by the Head of Outlet Operations, who reports to the Board of Directors.

BOARD OF DIRECTORS

SUSTAINABILITY TASK FORCE



The Task Force reviews the Group's sustainability objectives, challenges, targets and progress to align with strategic direction of the Group, and supervises the work teams in implementing and tracking sustainability data and progress. The Board oversees the process to engage stakeholders and identify material topics. The Board has considered sustainability issues as part of our strategic formulation, approved the material environmental, social and economic topics identified and overseen that the factors identified are managed and monitored.

STAKEHOLDER ENGAGEMENT

The Group understands sustainable growth is dependent on meeting and exceeding the expectations of our key stakeholders. We determine the material topics based on the principle of materiality to stakeholders.

We value involvement of all of our stakeholder groups and use a variety of channels to engage with them as well as collect their feedback. We identify stakeholders as groups that have an impact, or have the potential to be impacted by our business, as well as those external organisations that have proficiency in areas that we consider material. The feedback we receive from our stakeholders helps us determine our material topics and identify our focus areas.

The following table summarises our key stakeholders, engagement platforms and their key concerns.

| Stakeholders | Engagement Platforms | Areas of Concern | Section Reference |
|----------------------------|---|---|--|
| Employees | <ul style="list-style-type: none"> Regular dialogues Team Bonding Events Service Appraisal & Staff Recognition | <ul style="list-style-type: none"> Remuneration and benefits Training and development Health and safety Career & Development Opportunities Customer Relationship Management skills | <ul style="list-style-type: none"> Our People |
| Customers | <ul style="list-style-type: none"> Customer surveys/reviews Advertisements/Media Campaigns | <ul style="list-style-type: none"> Food Safety & Hygiene Variety of food Customer Service and Food Quality | <ul style="list-style-type: none"> Food Health and Safety Customer Safety Customer Satisfaction |
| Stallholders | <ul style="list-style-type: none"> Daily interactions Regular feedback sessions | <ul style="list-style-type: none"> Food court environment and maintenance Sustaining customer brand loyalty | <ul style="list-style-type: none"> Occupational Health and Safety Food Health and Safety |
| Suppliers | <ul style="list-style-type: none"> Supplier evaluation Supplier management | <ul style="list-style-type: none"> Positive supplier relationship management | <ul style="list-style-type: none"> Food Health and Safety Code of Conduct |
| Community | <ul style="list-style-type: none"> Corporate social responsibility programmes Sponsorships Corporate Donations | <ul style="list-style-type: none"> Community engagement services | <ul style="list-style-type: none"> Contributions to Our Community |
| Government and Regulators | <ul style="list-style-type: none"> Industry seminars Focus group discussions | <ul style="list-style-type: none"> Food safety compliance with Singapore Food Agency ("SFA") and AVA Economic Performance | <ul style="list-style-type: none"> Food Health and Safety Environment Compliance |
| Shareholders and Investors | <ul style="list-style-type: none"> SGX announcements Annual reports Quarterly reports and updates Annual General Meetings | <ul style="list-style-type: none"> Economic performance Anti-corruption policy Business Performance Plans Capital Management Strategy | <ul style="list-style-type: none"> Anti-Corruption Annual Report |

REPORTING PRACTICE

Our sustainability report is produced in accordance to the GRI standards "Core" option covering our Group's performance from 1 October 2018 to 30 September 2019.

The GRI standards represent the global best practices for reporting on economic, environmental and social topics. Detailed section reference with GRI Standards is found at GRI Standards Content Index section of this report.

The report also incorporates primary components of report content as set out by the SGX's "Comply or Explain" requirements on sustainability reporting.

GRI does not require external assurance and this year the Group has chosen not to obtain external assurance. Nevertheless, the Group's Sustainability Task Force will subsequently review the option for external assurance of its sustainability report.

The Group's material topics are identified based on their impacts on our internal and external stakeholders, as outlined in the Stakeholders Engagement section.

| Material Topics | Boundaries (country or entity) |
|---|--------------------------------|
| ECONOMIC | |
| GRI 203: Indirect Economic Impacts GRI 205: Anti-corruption | The Group |
| ENVIRONMENTAL | |
| GRI 301: Materials GRI 302: Energy GRI 303: Water GRI 305: Emissions GRI 306: Effluents and Waste GRI 307: Environmental Compliance GRI 308: Supplier Environmental Assessment | The Group |
| SOCIAL | |
| GRI 401: Employment GRI 403: Occupational Health and Safety GRI 404: Training and Education GRI 405: Diversity and Equal Opportunity GRI 406: Non-Discrimination GRI 408: Child Labour GRI 413: Local Community GRI 414: Supplier Social Assessment GRI 416: Customer Health and Safety | The Group |

Each year, we use a structured process to select the report's content and confirm its relevance and prominence, particularly in relation to the environment and society.

The key areas covered in FY2018 were as follows:

- Food health and safety
- Energy and emissions management
- Water management
- Effluents and waste management

Our 2019 Sustainability Report focuses on the key sustainability challenges Kimly faces for each business segments and explores the many ways that we are responding. We have structured the report by segments and identified the following key areas for FY2019:

- Food health and safety
- Customer satisfaction
- Pioneering innovation
- Energy and emissions management
- Water management
- Effluents and waste management
- Supplier social management

OUR CUSTOMERS

“IN ORDER TO OFFER OUR CUSTOMERS HEALTHIER FOOD CHOICES, WE WENT THE EXTRA MILE TO PROCURE PRIMARILY FROM SUPPLIERS OF HEALTHIER INGREDIENTS.”

As a reputable food service provider, ensuring customer health and safety has been, and will always be our topmost priority. The Group is extremely stringent in our food safety standards and practices, and we strictly comply with local food safety regulations. We strive to have a zero-incident rate by always prioritising cleanliness and food hygiene in our daily operations.

FOOD HEALTH AND SAFETY

GRI 416-1, 416-2

Food Retail

Kimly has always believed in serving our customers healthy, safe and tasty food choices. As a renowned and trustworthy food service provider, achieving and maintaining high quality and safety standards along our food value chain is essential in delivering quality prepared food that is safe for consumption. As such, the Group is judicious in our selection of suppliers and food vendors.

Supplier Selection

Product quality and reliability of suppliers' services such as timeliness of delivery are extremely essential factors of consideration in our supplier selection to assure the freshness, quality and safety of our ingredients. Another supplier assessment criteria is the total cost of ownership which includes unit price, payment terms, rebates offered and other qualitative costs to ensure the economic sustainability of our food value chain.

Procurement Process

Our procurement process covers the following areas:

1. Inventory control
2. Storage of goods
3. Vendors feedback
4. Receiving of goods
5. Products purchased from approved suppliers' list
6. Month-end inventory report

The Group only procures 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 an AVA "B" Grade. 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 went the extra mile to procure primarily from suppliers of Healthier Ingredients. Our main supplier for vegetable oil and rice participates in HPB's Healthier Ingredient Development Scheme ("HDIS") and is one of the Healthier Ingredient suppliers. The Group has also made brown rice as an available option at our Mixed Vegetable Rice Stalls to better serve customers who are on a wholegrain diet.

Food Storage

Other than ensuring food quality and safety at the procurement stage, the Group also implements comprehensive food storage policies to keep our food products fresh and wholesome. Our central kitchens adopt a minimum inventory policy, and most of the semi-finished food products are 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 are kept in chillers and freezers and the temperatures are monitored daily. Expiry dates on the food and ingredient packaging have to be checked before use. This ensures that the storage conditions are optimised to maintain the freshness of the ingredients stored.

OUR CUSTOMERS

Food Preparation

In the stage of food preparation, Kimly adopts very stringent food hygiene practices and guidelines. Daily inspections are conducted on all food handlers to monitor their physical state and personal hygiene. The food manufacturing division and areas such as food delivery vehicles and food storage areas are also inspected daily for cleanliness and neatness. Food handlers who return from medical leave have to be checked by the supervisor to ensure that all symptoms are cleared before they commence work. All employees involved in food preparation are required to comply with these practices. Employees who are involved in handling food are required to attend and pass the Basic Food Hygiene Course.

Outlet Management

Kimly ensures that all food stall owners are aware of the importance of health and safety compliance before a stall is leased out to them. This ensures consistent food safety awareness and practices across all levels of the Group.

In addition, each food stall is monitored by Assistant Executive Chefs who ensure that the food products sent from our central kitchens are properly handled according to the Standard Operating Procedures (“SOPs”) implemented by the Executive Chefs.

We have assembled a quality and compliance assurance team (“QC Team”) comprising executive chefs of each food division. The QC Team is headed by the Head of Outlet Operations. The QC Team periodically conducts surprise visits at each outlet and food stall. Photographs of non-compliance with regulations are taken and notes are documented by our administration team. Immediate rectification actions are required to be taken and these actions will be monitored, recorded and verified by Head of Outlet Operations before closing the case. This ensures food vendors’ compliance with the SOPs in areas of food storage and supplier management.

Following SFA’s step up on checks on food establishments, 80 demerit points were issued to certain outlets and food stalls due to isolated incidences of hygiene lapses in FY2019. We have since taken necessary actions and strengthened the enforcement of proper hygiene checks and practices in our outlets to prevent recurrence of such incidences.

Out of the 208 drink and food stalls we operate, 44 stalls achieved the “A” grading, 162 stalls achieved the “B” grading and 2 stalls achieved “C” grading.

CUSTOMER SAFETY

GRI 416-1

Outlet Management

Other than ensuring food safety, Kimly is committed to providing a safe environment for our customers when they dine at our outlets. We implement measures to ensure the protection of our customers from safety hazards. Slippery floor warning signs are placed prominently at areas where floors are more susceptible to water spillage, and when floors are mopped. We take extra care in the selection of non-slip floor tiles in all our outlets. There is also a dedicated team of general washers who are scheduled to visit each of our outlets at least once a month to scrub the floor and remove excessive dirt and oil.

Daily checks are conducted to ensure that there are no pests breeding in food storage/consumption/preparation areas or contaminations that may encourage pest breeding.

There were zero physical safety incidents in FY2019.

CUSTOMER SATISFACTION

GRI 416-1

At Kimly, customer satisfaction is one of our top priority, as it is the key driver to our success and growth. We are dedicated to provide our customers with a satisfactory dining experience and we seek to continuously improve our service standards through their feedback.

Outlet Management and Food Retail

Feedback mechanism and service recovery/follow-up measures at outlets

In FY2019, we received 10 concerns through various channels. We endeavour to achieve a positive trend in customer feedback on product quality, service and cleanliness at all outlets. We will continue to monitor and follow up on customer feedback on a regular and timely basis.

OUR PEOPLE



The Group ensures that all stall staff in the various coffee shops are equipped with the relevant skills when it comes to food handling and occupational safety. Before they can be registered as qualified food handlers, all our employees working at our drink and food stalls are required to attend and pass the Basic Food Hygiene course. During the current financial year, there has been no instances of safety lapses in the Group's coffee shops and outlets.

The Group also adopts policies and practices in accordance with the Tripartite Guidelines initiated by Ministry of Manpower of Singapore in promoting fair and responsible employment practices. The Group abides by the principles of fair employment and adopts the recommended good practices:

- Recruit and select employees on the basis of merit (such as skills, experience or ability to perform the job), and regardless of age, race, gender, religion, marital status and family responsibilities, or disability.
- Treat employees fairly and with respect, and implement progressive human resource management systems.
- Provide employees with equal opportunity for training and development based on their strengths and needs to help them achieve their full potential.
- Reward employees fairly based on their ability, performance, contribution and experience.
- Abide by prevailing labour laws and adopt the Tripartite Guidelines on Fair Employment Practices.

OCCUPATIONAL HEALTH AND SAFETY

GRI 403-2, 403-3

The Group has implemented detailed operating procedures to ensure the safety and health of its employees.

The Group has provided guidelines to all employees on how to handle various workplace incidents. In the event that an employee suffers an injury, he/she will receive prompt medical attention and the incident will be reported immediately 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 prevent recurrence of such incidents in the future.

In addition, to ensure that our staffs' gear and attire are in good condition, Kimly provides a replacement gear/attire for our central kitchen staff every 6 months. Daily checks are conducted on premises, and key areas such as ventilation, lighting, storage space and kitchen space are inspected.

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

In keeping with our development of a sustainable food value chain in the social dimension, the Group also 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 illness.

In FY2019, there were 10 reported workplace safety related incidents, higher than six incidents reported in FY2018. These incidents have been duly resolved and we have improved our practices and staff safety awareness to mitigate occupational safety risks.

OUR PEOPLE

EMPLOYEE DIVERSITY

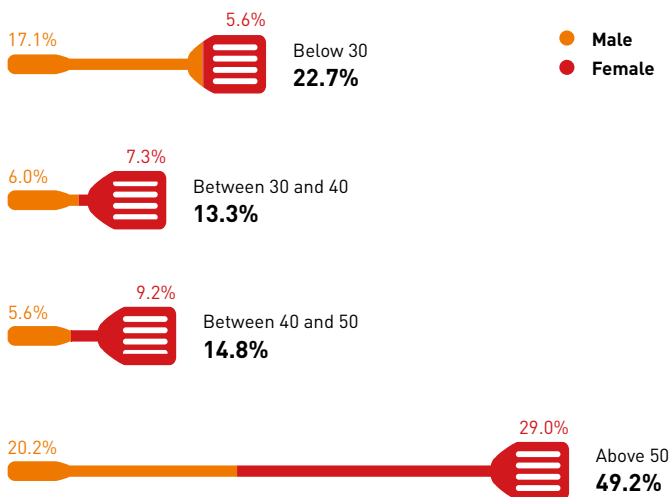
GRI 405-1, 405-2

The Group is committed to ensure that all staff are treated with dignity and respect regardless of rank. As at 30 September 2019, Kimly had a total strength of 2,088 employees (30 September 2018: 2,252 employees). We are committed to having a well-balanced gender ratio, as evident from our increase in female-to-male ratio from FY2018 to FY2019. The Group has a diversified workforce consisting of employees coming from different countries such as China, Malaysia, Vietnam and Indonesia. We value the experience and knowledge of our senior staff as well as the passion and adaptability of the younger staff.

Kimly treats all staff equally regardless of age, race or gender and gives them opportunities to develop their full potential. We have a group-wide Non-Discrimination Policy, and any staff who feels unfairly discriminated against can freely inform our Human Resources Department. All correspondences will be kept in strictest confidence.

The Group rewards employees based on a series of attributes that include performance, competence and experience. Staff remuneration is determined based on employees' performance, expected roles and responsibilities, and the Group's financial performance. We conduct annual appraisals for all employees using a holistic set of criteria such as team spirit, interpersonal skills and creativity.

OUR WORKFORCE 2018



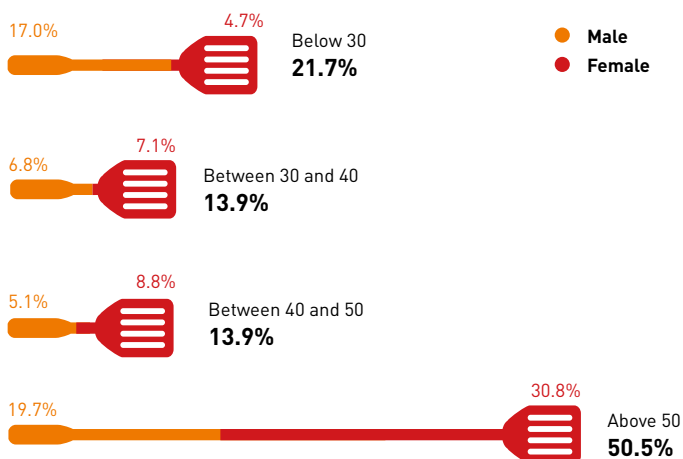
EMPLOYEE BENEFITS

GRI 401-2, 401-3

All employees are entitled to a range of benefits that promote staff well-being and productivity, including medical insurance and parental leave. The Group ensures that its staff are engaged and rewarded with competitive benefits that are in line with industry standards.

The Group had in July 2019 introduced a Performance Share Plan ("PSP") for its Outlets' Operations Managers. This is part of the Group's ongoing plans to better align performance with remuneration, and this plan also forms the foundation in our strategy to share the success of the Group with our employees as we hope to attract and retain talents to join us in co-creating a brighter future for Kimly. During the financial year, the Company granted 153,000 performance share awards. These share awards were not released as at 30 September 2019.

OUR WORKFORCE 2019



Kimly makes an effort to ensure that all staff remain engaged and motivated in their jobs. Some staff retention strategies adopted by Kimly include providing them with School Textbook subsidies where \$200 is given to each qualified employee annually to help them defray their children's education expenses. In addition, some employees receive monthly transport and meal allowance to help them better manage the rising cost of living.

TRAINING AND EDUCATION

GRI 404-1, 404-2, 404-3

The Group recognises that our employees are our vital asset, we provide them with continuous training and development to help them upgrade themselves. All staff will be given the necessary training to equip them with the right skillsets and knowledge to effectively perform their jobs. In compliance with SFA requirements, we send all food handlers for food hygiene courses.



PROTECTING THE ENVIRONMENT

Kimly endeavours to be a socially responsible corporation by adopting sustainable business practices. We regularly monitor the environmental impacts of our various operations and have implemented measures and policies to minimise energy and water consumption, and ensure proper effluents and waste management.

ENERGY AND EMISSIONS MANAGEMENT

GRI 302-1, 302-3, 302-4, 302-5, 305-2, 305-4, 305-5

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

In FY2019, a total of 21,900,000 kWh of energy was consumed on a group-wide level, and the overall energy intensity stood at 0.127 kWh/S\$ of revenue. We will continue to improve our energy efficiency and conservation measures to lower our energy intensity in FY2020.

Outlet Management

In an effort to reduce energy consumption at all outlets, we have implemented various conservation measures and increased energy efficiency of our operations, such as replacing florescent lights in coffee shops with more energy-efficient LED lights to achieve energy conservation.

We will progressively replace traditional operating equipment with energy-efficient ones and regularly maintain existing equipment to ensure that they are in optimal condition and continue to consume energy efficiently.

The Group will continue to implement energy conservation measures and upgrade our equipment to further increase the energy-efficiency of our operations at all outlets.

WATER CONSERVATION

GRI 303-1, 303-3

The Group endeavours to maximise our water conservation efforts and reduce water wastage in our business. We aim to achieve significant results in water conservation by optimising our water usage.

In FY2019, our total water consumption stood at 679,000 m³ on a group-wide level, and the overall water intensity stood at 0.004 m³/S\$ of revenue. We will continue to improve our operations and practices to lower our water intensity in FY2020.

Outlet Management

The Group endeavours to reduce the water footprint of our daily operations. As such, we have implemented changes such as installing a dishwasher at all drink stalls to wash glasses and cups more efficiently. The dishwasher also comes with a filtration system and water collection tank to further reduce water consumption.

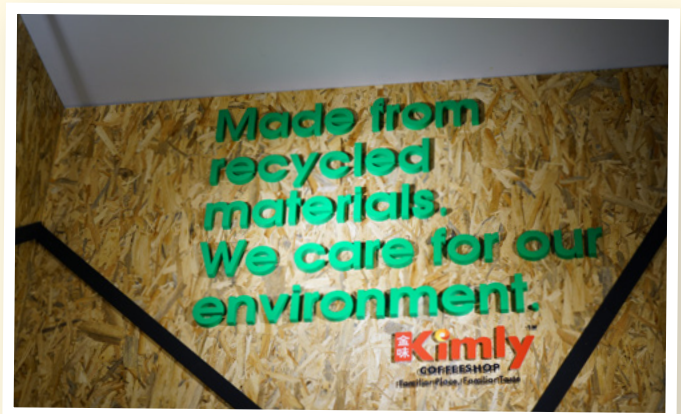
We will continue to improve our water conservation efforts and increase the water efficiency of our equipment in the future to reduce total water consumption.

EFFLUENTS AND WASTE MANAGEMENT

GRI 301-2, 306-1, 306-2

Outlet Management

In FY2019, the Group implemented eco-design in the construction of new coffee shops. We incorporated the use of recycled packaging materials in the design of our new coffee shops in an effort to reduce the environmental impact of our operations.



Design for Recycling – use of recycled packaging materials in the construction of new coffee shops

PROTECTING THE ENVIRONMENT



Design for Recycling – use of recycled packaging materials in the construction of new coffee shops

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

Recyclable delivery food grade boxes are used to deliver semi-finished food products from the central kitchens to our food stalls throughout Singapore. These boxes can be used multiple times and thus can reduce the amount of packaging materials needed.

We encourage our food stalls to collect used cooking oils in separate containers for collection by licensed collectors, where the oil is processed and used to make industrial soaps and detergents.

We endeavour to reduce the amount of waste and effluents produced from our daily operations through implementing recycling measures and encouraging vendors and customers to use less plastic bags, containers and utensils. Following the move to reduce plastic straws usage, we have rolled out new cup lid designs that eliminate the need for plastic straws.



Sustainable Product Design – using new cup lids that allow drink consumption without straws

ENVIRONMENTAL COMPLIANCE

GRI 307-1, 308-1, 308-2

The Group strictly complies with local environmental laws and regulations in all countries that we operate in. In addition, by adhering to our Code, suppliers are required to comply strictly with local environmental laws and practices, such as those pertaining to waste disposal, air emissions and pollution. Suppliers must strive to minimise the impact of their operations on the environment.

In FY2019, there were no reported cases of environmental non-compliance in the Group and among our suppliers, maintaining our achievement of zero environmental non-compliance in FY2018.

CONTRIBUTIONS TO OUR COMMUNITY

Kimly is committed to contributing to the local communities in areas where we operate. We have invested in technological advancements and actively engaged with local communities to improve their lives and overall well-being.

PIONEERING INNOVATION

GRI 203-2

The Group has invested in new technology and equipment to improve productivity of our operations and reduce our reliance on manpower. For instance, we have incorporated the use of combi ovens in the operations 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. Furthermore, the implementation of combi ovens significantly increases the energy efficiency of food preparation processes at our outlets.



Incorporation of Innovative Technology – use of combi ovens at outlets

In addition, we have extended the cashless payment option to more outlets in order to offer customer convenience and improve our customer service standards.



Incorporation of Innovative Technology – use of technology at our Seafood Zi Char stalls to improve productivity

CREATING EMPLOYMENT AND JOB OPPORTUNITIES

GRI 203-2, 413-1

As we expand our operations in various localities, we endeavour to provide employment opportunities for the local communities we operate in. We actively hire locals to take up the various job positions that come with the opening of a coffee shop. For our coffee shops in Singapore, 47.7% of the employees are either Singaporeans or Permanent Residents. We are also a strong advocate of hiring matured workers, with 50.5% of our workforce aged 50 and above.

We create business opportunities and a source of revenue for the third party food stall owners who operate in our coffee shops. Many have been hawkers for most of their lives and were able to provide for their families and support their children's education through their business.

CONTRIBUTIONS TO OUR COMMUNITY

PRESERVING OUR HAWKER CULTURE

GRI 413-1

Coffee shops are community dining halls, and hold a special place in the hearts of many Singaporeans. The Group constantly engages the grassroots organisations (“GROs”) to see how the coffee shops can be designed and operated such that residents can have their meals comfortably. For instance, the Group has displayed large banners at coffee shops to remind diners to lower their speaking volume after 10pm out of consideration for the well-being of the occupants living upstairs. Furthermore, the Group also tries to refrain from rolling out beer promotions in coffee shops where there is a high volume of beer drinkers. Recently, the Group has also stopped broadcasting live football matches in the wee hours of the morning so as to minimise disturbances to residents.

“KIMLY BELIEVES IN PRESERVING THE HAWKER CULTURE. WE GROOM ASPIRING NEW HAWKERS BY SHARING WITH THEM OUR KNOWLEDGE AND ADVICE ON HOW TO MANAGE A HAWKER BUSINESS SUCCESSFULLY, THEREBY SHORTENING THE LEARNING CURVE FOR THEM.”

Barrier-free access has always been one of the key design considerations when we plan our outlet upgrading. The access between the food stall counters and the first row of tables are kept barrier-free, and tables and chairs are anchored onto the dining floor to prevent unintentional encroachment onto the walkway.

Kimly believes in preserving the hawker culture. We groom aspiring new hawkers by sharing with them our knowledge and advice on how to manage a hawker business successfully, thereby shortening the learning curve for them. We have worked with many hawkers who have progressed to operate multiple food stalls all over Singapore and achieve a flourishing hawker business. These successes will benefit Singapore’s hawker trade greatly and help Singapore preserve its rich hawker heritage.

SUPPLIER SOCIAL MANAGEMENT

GRI 414-1, 414-2

In order to develop the social aspect of our sustainable food value chain, we call for our suppliers to implement fair employment practices and policies to protect employee rights. By complying with our Code, suppliers shall apply fair standards in their treatment of all employees. This requires suppliers to not subject any employee to discrimination based on race, national origin, ethnicity, religion, gender, age, marital status, sexual orientation, disability, or any other reason.

Suppliers shall undertake that they will comply with all applicable national, state or local laws and regulations in the social and economic area, including but not limited to those relating to labour and employment, immigration, health and safety and the environment. Suppliers will comply with all national laws on wages and working hours as well as international standards regarding child labour and minimum age.

As a result, positive social impacts will arise along our supply value chain, which brings us one step closer to achieve a sustainable food value chain.

In FY2019, there were no reported negative social impacts along the supply chain.

SOCIOECONOMIC COMPLIANCE

GRI 406-1, 408-1, 419-1

The Group strictly complies with all applicable national, state or local laws and regulations, including those related to labour and employment, child labour, non-discrimination, occupational health and safety and the environment. In addition, as an environmentally responsible organisation, Kimly does not procure banned food items in Singapore or use ingredients made from endangered species in our recipes.

In FY2019, there were no reported cases of socioeconomic non-compliance in the Group, maintaining our achievement of zero socioeconomic non-compliance in FY2018.

SGX FIVE PRIMARY COMPONENTS INDEX

| S/N | Primary Component | Section Reference |
|-----|-------------------------------------|--|
| 1 | Material Topics | <ul style="list-style-type: none">• Our Customers, Our People, Protecting the Environment, Contributions to our Community• Stakeholder Engagement |
| 2 | Policies, Practices and Performance | <ul style="list-style-type: none">• Executive Director's Message• Kimly's Sustainability Story• Food Health and Safety, Occupational Health and Safety, Protecting the Environment, Contributions to our Community |
| 3 | Board Statement | <ul style="list-style-type: none">• Governance and Statement of the Board |
| 4 | Targets | <ul style="list-style-type: none">• Kimly's Sustainability Story |
| 5 | Framework | <ul style="list-style-type: none">• Reporting Practice |

GRI STANDARDS

CONTENT INDEX

| GRI Standards | Disclosure Content | Report Reference | Page Reference |
|---------------|--|--|----------------|
| 102-1 | Name of the organisation | Board Statement | 1 |
| 102-2 | Activities, brands, products, and services | Kimly Annual Report ("AR") 2019 | 1 and 2 |
| 102-3 | Location of headquarters | Kimly AR 2019 | 66 |
| 102-4 | Location of operations | Kimly AR 2019 | 3 |
| 102-5 | Ownership and legal form | Kimly AR 2019 | 66, 94 to 97 |
| 102-6 | Markets served | Kimly AR 2019 | 3 |
| 102-7 | Scale of the organisation | Kimly AR 2019 | 2, 20 to 23 |
| 102-8 | Information on employees and other workers | Our People | 11 to 12 |
| 102-9 | Supply chain | Food Health and Safety | 9 |
| 102-14 | Statement from senior decision-maker | Kimly AR 2019 | 5 to 12 |
| 102-16 | Values, principles, standards, and norms of behaviour | Ethics and Integrity | 6 |
| 102-17 | Mechanisms for advice and concerns about ethics | Ethics and Integrity | 6 |
| 102-18 | Governance structure | Kimly AR 2019 | 26 to 50 |
| 102-40 | List of stakeholder groups | Stakeholder Engagement | 7 |
| 102-42 | Identifying and selecting stakeholders | Stakeholder Engagement | 7 |
| 102-43 | Approach to stakeholder engagement | Stakeholder Engagement | 7 |
| 102-44 | Key topics and concerns raised | Stakeholder Engagement | 7 |
| 102-46 | Defining report content and topic boundaries | Reporting Practice | 8 |
| 201-1 | Direct economic value generated and distributed | Kimly AR 2019 | 20 and 21 |
| 203-2 | Significant indirect economic impacts | Pioneering Innovation, Creating Employment and Job Opportunities | 23 and 24 |
| 205-1 | Operations assessed for risks related to corruption | Anti-corruption | 6 |
| 205-2 | Communication and training about anti-corruption policies and procedures | Anti-corruption | 6 |
| 205-3 | Confirmed incidents of corruption and actions taken | Anti-corruption | 6 |
| 301-2 | Recycled input materials used | Effluents and Waste Management | 13 and 14 |
| 302-1 | Energy consumption within the organization | Energy and Emissions Management | 13 |
| 302-3 | Energy Intensity | Energy and Emissions Management | 13 |
| 302-4 | Reduction of Energy Consumption | Energy and Emissions Management | 13 |
| 302-5 | Reduction in energy requirements of products and services | Energy and Emissions Management | 13 |
| 303-1 | Water withdrawal by source | Water Conservation | 13 |
| 303-3 | Water recycled and reused | Water Conservation | 13 |
| 305-2 | Energy indirect (Scope 2) GHG emissions | Energy and Emissions Management | 13 |
| 305-4 | GHG emissions intensity | Energy and Emissions Management | 13 |
| 305-5 | Reduction of GHG emissions | Energy and Emissions Management | 13 |
| 306-1 | Water discharge by quality and destination | Effluents and Waste Management | 13 and 14 |
| 306-2 | Waste by type and disposal method | Effluents and Waste Management | 13 and 14 |
| 307-1 | Non-Compliance with Environmental laws and regulations | Environmental Compliance | 14 |
| 308-1 | New Suppliers that were screened using environment criteria | Environmental Compliance | 14 |
| 308-2 | Negative environment impacts in supply chain and action taken | Environmental Compliance | 14 |
| 401-2 | Benefits provided to the full time employees that are not provided to temporary or part-time employees | Employee Benefits | 12 |
| 401-3 | Parental Leave | Employee Benefits | 12 |

GRI STANDARDS CONTENT INDEX

| GRI Standards | Disclosure Content | Report Reference | Page Reference |
|---------------|--|---|----------------|
| 403-2 | Types of injury and rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities | Occupational Health and Safety | 11 |
| 403-3 | Workers with high incidence or high risk of diseases related to their occupation | Occupational Health and Safety | 11 |
| 404-1 | Average hours of training per year per employee | Training and Education | 12 |
| 404-2 | Programs for upgrading employee skills and transition assistance programs | Training and Education | 12 |
| 404-3 | Percentage of employees receiving regular performance and career development reviews | Training and Education | 12 |
| 405-1 | Diversity of governance bodies and employees | Employee Diversity | 12 |
| 405-2 | Ratio of basic salary and remuneration of women to men | Employee Diversity | 12 |
| 406-1 | Incidents of discrimination and corrective actions taken | Socioeconomic Compliance | 16 |
| 408-1 | Operations and suppliers at significant risk for incidents of child labor | Socioeconomic Compliance | 16 |
| 414-1 | New suppliers that were screened using social criteria. | Supplier Social Management | 16 |
| 414-2 | Negative social impacts in the supply chain and actions taken. | Supplier Social Management | 16 |
| 413-1 | Operations with local community engagement, impact assessments and development programs | Creating Employment and Job Opportunities, Preserving Our Hawker Culture, Corporate Social Responsibility | 15 and 16 |
| 416-1 | Assessment of the health and safety impacts of product and service categories | Food Health and Safety, Customer Safety, Customer Satisfaction | 9 to 10 |
| 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services | Food Health and Safety | 9 |
| 419-1 | Non-compliance with laws and regulations in the social and economic areas | Socioeconomic Compliance | 16 |

This report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") in accordance 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 report.

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