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SOUP RESTAURANT

# Through Values we Grow

Sustainability Report 2017

# CORPORATE PROFILE

Founded in 1991, Soup Restaurant Group Limited has its humble beginnings as a niche restaurant in Chinatown serving herbal soups and home-cooked dishes at affordable prices.

Today, the Company is listed on the Mainboard of the Singapore Exchange Limited and operates a portfolio of well-known food and beverage brands. The Group currently has 18 restaurant outlets in Singapore and Malaysia, as well as a franchised outlet in Indonesia.

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## BOARD STATEMENT

The Board of Directors of Soup Restaurant Group Limited is pleased to present the Group's first Sustainability Report (the "Report"), guided by the Global Reporting Initiative (GRI) Standards: Core Option. The Group is cognizant of the need to disclose our Environmental, Social and Governance ("ESG") practices and performances, in line with the "Comply or Explain" sustainability reporting framework set out by the Singapore Exchange ("SGX-ST"). This report not only provides stakeholders an insight into our Group's shared values, integrity-driven practices and efforts to positively contribute to both society and the environment, but is also a declaration of our commitment towards sustainability in our business practices.

Our Group's vision is to attain 100 years and beyond, as we move into our 28th year since our inaugural "Soup Restaurant" at Chinatown opened for business in 1991. Our vision - to strive for 100 years and beyond or 百年三盞 while doing good is enshrined in the Chinese saying - 百年精神，造福人群.

The Group's mission is to achieve the status of a Singapore iconic brand while preserving the rich heritage of our Singapore history and we are guided to do this through our core values of: Integrity, Diligence, Learning and Creativity.

We view this reporting process as a valuable tool for stimulating change within the organisation, setting goals and effectively managing change to achieve our Group's vision and mission.



百年精神，造福人群

Soup Restaurant is committed to keep our vision alive moving towards our 100th year and beyond as a Singapore iconic brand.

## ABOUT THIS REPORT

The Report describes the sustainability performance of the Group for the financial year ended 31 December 2017 ("FY2017") and forms part of the Group's Annual Report 2017.

## REPORTING FRAMEWORK

The Report has been prepared with reference to the Global Reporting Initiative (GRI) Standards: Core Option.

## REPORTING PERIOD AND COVERAGE

The Report is applicable for the Group's financial year ended 31 December 2017.







The Report is prepared in respect of our business activities in Singapore for the reporting period by considering the significance of ESG factors.

## FEEDBACK

We welcome feedback from all stakeholders on this Report as a way to improve our sustainability practices. You may send your comments or feedback to our investor relations email account at: [email@souprestaurant.com.sg](mailto:email@souprestaurant.com.sg)

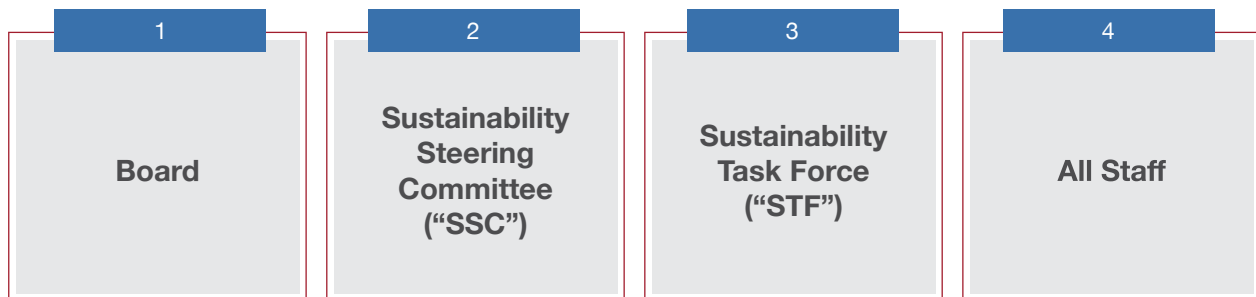
# Stakeholder Engagement

Stakeholder engagement is important for our success. We seek to better understand the material issues that affect our stakeholders, and focus on creating sustainable value for them. We have identified our key stakeholders and engage them in a variety of formal and informal ways through the following channels:

S/N	Key Stakeholders	Engagement Control	Frequency of engagement
1	Customers 	We encourage customers to provide their feedback, primarily through emails to our sales and services team. Email feedback is circulated to the Management team, including the Executive Directors. Customer satisfaction is important to us and the feedback collected enables our Group to improve our services, operations and business.	Daily
2	Employees 	Executive Directors and senior management personnel visit our restaurants and central kitchens regularly to discuss the work schedule, progress and to understand first-hand the working conditions of our employees. During these sessions, Management is able to communicate with employees directly and share the business goals and values of the Group. Employees are encouraged to express their views and provide insights and information. Direct communication with our staff aligns the employees with our organisation's goals and values, and they are motivated to contribute to organisational success, with an enhanced sense of their own well-being. Other channels used include emails, regular meetings and annual staff evaluation sessions.	Throughout the year
3	Community 	We work closely with various charity organisations and voluntary welfare homes to provide nutritious meals to their beneficiaries. We leverage on our core competency in the food and beverage sector to do good for the community. We also facilitate employment for the under-served segments in our community, such as ex-convicts and persons with disabilities. We strive to create an ecosystem for doing good as we believe this promotes sustainable positive vibes in the community.	Throughout the year
4	Regulators 	We regularly attend training sessions and seminars organised by regulators, auditors and consultants to raise awareness of changes in laws and regulations that impact our business and to ensure compliance with them.	Throughout the year
5	Shareholders 	We announce quarterly and full year results and any material and price-sensitive information to the public via SGXNET on a timely basis.  Shareholders are encouraged to participate at annual general meetings to communicate their views on various matters affecting the Company.	Throughout the year  Annually
6	Suppliers 	We maintain a good relationship with our suppliers and work closely with them. The positive relationship ensures the quality of products or services delivered to our Group. Suppliers are assessed and evaluated in terms of pricing, quality, delivery reliability and service performance. Feedback on any quality issues arising is communicated to suppliers immediately to ensure transparency.	Throughout the year

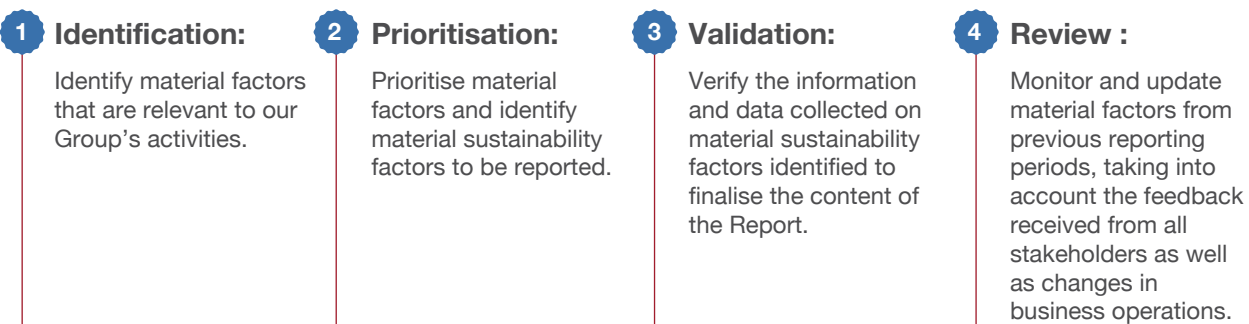
# Sustainability Governance

The Board oversees and manages the direction, approach and performance of sustainability of the Group, supported by the SSC which comprises of senior management executives led by the Managing Director. The SSC is tasked to develop the sustainability strategy, set goals and targets, conduct materiality assessment and identify the high impact sustainability areas towards which we drive our efforts.



# Sustainability Reporting Processes

The sustainability process begins with the identification of relevant factors. Relevant factors are then prioritised as material factors which are then validated. The end result of this process is a list of material factors disclosed in the Report. The chart below shows the processes involved.



# Materiality Assessment

Under our Group Policy, each sustainability factor is assigned a reporting priority that determines the actions required as illustrated in the table below:

Reporting Priority	Description	Criteria
I	High	Factors with high reporting priority are reported in detail.
II	Medium	Factors with medium reporting priority are considered for inclusion in the Report. They may not be included in this Report if not material.
III	Low	Factors with low reporting priority may be reported to fulfill regulatory or other reporting requirements. They are not included in this Report if not material.

# Material Factors

The material factors selected for sustainability reporting are listed below.

Category	Material Factor	Reporting Priority	Stakeholder
Social	Food Safety and Hygiene	I	Customers
	Diversity and Equal Opportunity	I	Employees
	Employee Retention	I	Employees
	Occupational Health and Safety	I	Employees
	Giving Back to Community	II	Community
Environmental	Energy and Water Conservation	II	Community
Economic	Sustainable Business Performance	I	Shareholders
Governance	Corporate Compliance	I	All Stakeholders Regulators



## SOCIAL

### I) FOOD SAFETY AND HYGIENE

As a food and beverage group principally engaged in the restaurant business and central kitchen food processing, there is absolutely no room for any compromise in food safety. The health and safety of our customers is our top priority and we are committed to produce and serve safe and clean quality food with high standards of food safety best practices that conform to all regulatory requirements.

**THE GROUP HAS ESTABLISHED A SET OF STANDARD OPERATING PROCEDURES ("SOPs") TO GOVERN AND MONITOR THE FOOD PREPARATION AND FOOD-HANDLING PROCESSES IN DAY-TO-DAY OPERATIONS.**

To uphold our high standards of food safety and quality, we have an in-house audit team to conduct regular Branch Quality Checks to ensure strict compliance with our SOPs. In addition, our central kitchens have implemented a manual for the Hazard Analysis Critical Control Point ("HACCP"), a globally recognised system used to identify, reduce and eliminate potential food safety hazards. We also engage

a third party laboratory to perform periodic testing of food products to ensure food safety and quality.

The Group will ensure all staff handling food at the outlets and the central kitchens attend courses on food and beverage safety and hygiene and will schedule refresher courses for existing staff from time to time. As at 31 December 2017, we have 15 (2016:14) certified food hygiene officers and will continue to train and promote more employees to qualify as food hygiene officers.

Our centralised procurement team sources from responsible suppliers. They select, monitor and assess suppliers according to the Group's SOPs, which include carrying out interviews, periodic performance reviews, sample tests and visits to suppliers' storage locations. The Group does not compromise on the quality of food ingredients used in our restaurant outlets and central kitchens.

Notwithstanding our best efforts, there were two incidents of non-compliance with regulations resulting in fines and warnings issued by the National Environment Agency ("NEA"). We have undertaken corrective actions and reinforced our internal processes and practices to ensure compliance with regulations.

## II) FAIR EMPLOYMENT

The Group is committed to implementing fair employment practices. We work as a family and there are no differentiations regardless of age, gender, race, religion, nationality, disability or family status. We strive to recruit across different demographics and believe that a diverse team can boost problem-solving capabilities and lead to greater productivity with varied skills and working experiences.

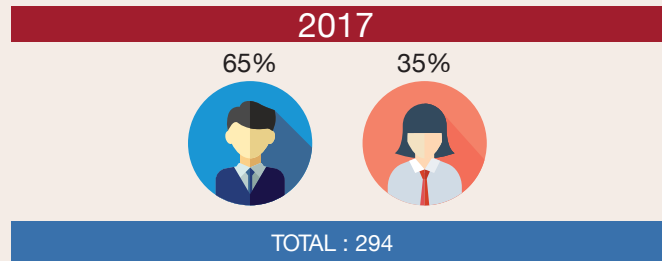
As at 31 December 2017, the percentage of female to total employees is 35% (2016: 41%). Nonetheless, three out of five departments are led by female heads and about 55% (2016: 51%) of management and support team are female. The Group also has a good spread of employees from different age groups with 22 % (2016: 19%) of our total workforce above the age of 50.

We have signed and affirmed the Employer's Pledge of Fair Employment Practices, promoted under the Tripartite Alliance for Fair and Progressive Employment Practices ("TAFEP"). We are committed to practise the 5 principles of Fair Employment Practices as set out:-

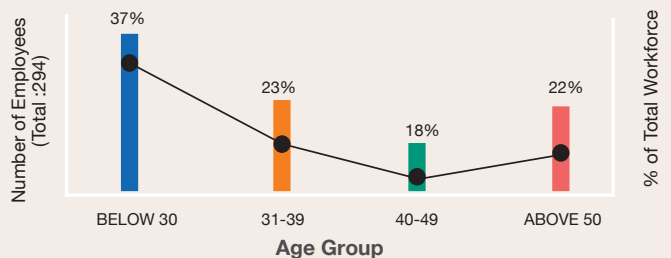
- 1 Recruit and select on the basis of merit (such as skills, experience or ability to perform the job) regardless of age, race, gender, religion, marital status and family responsibilities, or disability.
- 2 Treat our employees fairly and with respect and put in place progressive human resource management systems.
- 3 Provide employees with equal opportunities to be considered for training and development based on their strengths and needs, to help them achieve their full potential.
- 4 Reward our employees fairly based on their ability, performance, contribution and experience.
- 5 Comply with labor laws and abide by the Tripartite Guidelines on Fair Employment Practices.

As part of this commitment, our Group hires 1 (2016:1) ex-convict and 10 (2016:None) employees with disabilities, in addition to some employees from underprivileged backgrounds, to work in varied positions. Further, our Group's subsidiary company, Samsui Supplies & Services Pte Ltd ("Samsui") engages and trains prison inmates in its central kitchen - "Samsui Kitchen @Changi" - located within the Changi Prison Complex.

### DIVERSITY OF GENDER



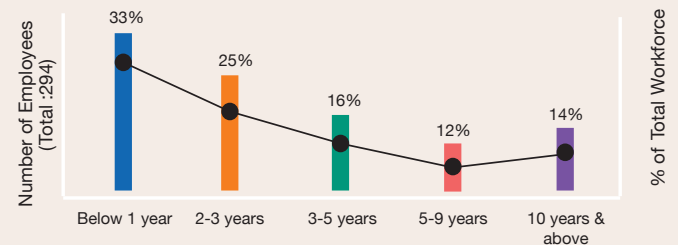
### DIVERSITY OF AGE



## III) EMPLOYEE RETENTION

We recognise that employees are valuable assets to a company, especially in the food and beverage sector, which is labor-intensive. A low turnover and stable workforce enables us to develop more skilled employees, reduces recruiting and training costs while maintaining a high standard of quality, which is critical for the success of our organisation. As at 31 December 2017, approximately 42% (2016: 37%) of the employees have more than 3 years of service with the Group.

### Years of Service



We believe in investing in our employees by offering appropriate training so that they will develop a greater sense of self-worth as they become more valuable to the Company.

The Group has set up an in-house Training Department in 2015 which is an Approved Training Organisation accredited by Workforce Singapore ("WSG"). We are Certified On-the-Job Training Centres recognised by the Institute of Technical Education ("ITE"), whereby structured training and assessment systems have been implemented to provide in-house quality training to all levels of staff in our organisation.



# Material Factors

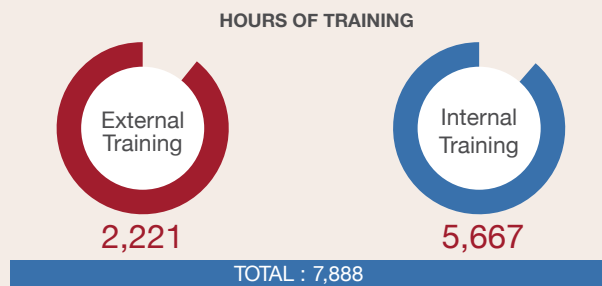
CONT'D

## III) EMPLOYEE RETENTION CONT'D

A training module is integrated into our Human Resource Management System to record the training courses and hours provided to all eligible employees as well as the feedback gathered for the training provided.

In FY2017, the Company awarded 380 (2016 : 190) Statements of Attainment and 27 (2016 : None) Certificates in F & B Operations to our staff. Such qualifications are recognised nationwide.

While focusing on employee retention through the development of clear career pathways for existing staff, the Group also intends to attract new and talented employees to learn and grow with the Group. We have enrolled in the Professional Conversion Programme and Earn and Learn Programme, both initiated by WSG and Skills Future. In FY2017, we have 5 candidates employed under these two schemes. The average training hours per employee per year is approximately 26 hours.



*In-house training in our outlet at Changi Airport Terminal 2*

## IV) OCCUPATIONAL HEALTH AND SAFETY

We strongly believe in providing a safe and healthy working environment for all our employees. We are committed to achieving this through the following steps:

- 1 Inculcate an “everybody plays a part to create a safe and healthy working environment” mind-set to all staff through orientation programmes and training sessions. Staff are also given a workplace safety and health handbook for easy reference.
- 2 Create awareness of workplace safety issues by sharing workplace accident cases through regular newsletters and team-sharing sessions.
- 3 All outlets are provided with a Risk Management File with risk assessment questionnaires on respective critical areas.
- 4 Enhance safety measures by installing the following in all our kitchens:
  - a) Automatic Trip System - to ensure electrical system shut down once there is a gas leak.
  - b) Gas Leak Detector - to shut down the gas inflow once a leak is detected.
  - c) Exhaust Control System – to shut down the gas inflow if the exhaust system malfunctions.

In FY2017 and FY2016, there were no workplace injuries resulting in a fatality or permanent injury.



*Managing Director Session in our outlet at VivoCity*



**V) GIVING BACK TO COMMUNITY**

Inter-woven into our corporate identity as a homegrown company is the Group’s mission to give back to our community, in particular to the less fortunate amongst us. The Group does so in several ways as detailed below.

**Samsui Kitchen @ Changi**

Samsui and Standard Chartered Bank launched Singapore’s First Social Service System with the support of Singapore Corporation of Rehabilitative Enterprises (“SCORE”) in October 2017.

The S\$1 million central kitchen, spanning 408 square metres, is equipped with advanced facilities and technologies. The kitchen engages and trains up to 30 inmates and prepares meals to be delivered to beneficiaries of nursing homes and voluntary welfare organisations (“VWOs”) across Singapore. We target to serve up to 1.8 million meals annually from Samsui Kitchen @ Changi.

The objectives of this project are to enable the provision of affordable, high quality food to the less privileged, to give the inmates meaningful work while they are serving time and to also equip them with culinary skill-sets useful for potential employment in the future. Samsui follows through by offering employment to them upon their release from prison.

In order to ensure sustainability, there is close collaboration between social enterprise, the public and private sectors to leverage their collective strengths to create a long term sustainable impact on the community.



Photo credit : SCORE

*Opening of Samsui Kitchen @ Changi*

For its efforts, Samsui was named as a Champion of Good in FY2017 by the National Volunteer and Philanthropy Centre.

**Serving Nutritious Meals**

A cornerstone of our Group’s values is to look after the people we come into contact with. For our customers, we strive to serve healthy and nutritious food reminiscent of home-style cooking of the Samsui Women of yesteryear.

We carry through with this value by also serving simple, healthy and nutritious meals, but without compromising on taste, to beneficiaries of the nursing homes and VWOs that we cater to. These chef-designed meals adhere to the Health Promotion Board’s guidelines and cater to a variety of diets such as diabetic, low-salt, easy-chew, blended and vegetarian.

**Care for the less fortunate**

At our restaurant outlets, the Group partnered the Alzheimer’s Disease Association and hosted six (6) Memories Café sessions at various outlets for between 30 – 40 beneficiaries each time. The Group’s staff volunteer to host and participate in these sessions to provide persons with dementia and their caregivers a safe and warm environment for social interaction and engagement activities. The Group then sponsors a sumptuous lunch for the entire group.



Photo credit : SCORE

*Nutritious meal*

# Material Factors

CONT'D



## ENVIRONMENTAL

### ENERGY AND WATER CONSERVATION

As a socially responsible company, we recognise the importance of preserving our natural environment. It is everyone's responsibility to commit to the responsible usage of energy and water in our Group.

As part of our efforts, we have been adopting the following conservation initiatives:

- 1 Maximise the use of lighting control circuits to offer flexibility in lighting the premises at specific areas for more efficient energy use.
- 2 Replace T5 lighting with LED lighting gradually.
- 3 Introduce water efficiency labelling for basins, taps and sinks.
- 4 Track and monitor energy and water consumption regularly to control usage.
- 5 Introduce green technologies such as UVC emitters and electronic air filtration devices.

### Level of consumption for energy and water:

Resource	Unit of Measurement	Purposes	Consumption Rate (Consumption/Revenue)	
			FY2017 (Unit/\$)	FY2016 (Unit/\$)
Electricity	kWh	Used for refrigerators, lighting, coldrooms, chillers and office work	0.063	0.065
Liquefied petroleum gas ("LPG")	kWh	Operating cooking equipment	0.151	0.148
Water	CuM	Used for food preparation, food ingredients, cleaning and dishwashing	0.002	0.002



## ECONOMIC

### SUSTAINABLE BUSINESS PERFORMANCE

The Group is committed to keeping our vision alive moving towards our 100<sup>th</sup> year and beyond as a Singapore iconic brand. We uphold our core values: integrity, diligence, learning and creativity and believe these values have brought us to where we are today and will continue to lead us to greater heights of success, which shall in turn generate consistent growth in profits over the years.

In FY2017, the Group recorded revenue of \$40.6 million (FY2016: \$36.4 million) and doubled its profit before income tax to \$2.1 million (FY2016: \$1.1 million). The Company has consistently declared dividends comprising at least 70% of the profits attributable to owners of the Company.

Please refer to the Financial Statements of the Annual Report 2017 for the details of economic performance.

**\$40.6**  
million

REVENUE

**\$2.1**  
million

PROFIT  
BEFORE  
INCOME TAX

**\$2.8**  
million

NET CASH  
FROM  
OPERATING  
ACTIVITIES

# Material Factors

CONT'D



## GOVERNANCE

### CORPORATE GOVERNANCE AND COMPLIANCE

We are committed to high standards of corporate governance and adhere to the applicable laws and regulations. Our objectives are not merely to be a profitable organisation, but we view maintaining public trust and balancing the interests of our stakeholders as our utmost priority.

The Board and Management believe that good corporate governance provides the framework for attaining our Group's objectives in a structured and robust manner. We use the framework in practically every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure. Our corporate governance practices are set out in detail in the Corporate Governance Report of our Annual Report 2017.

In FY2017 and FY2016 there were no incidents related to non-compliance with any law or regulation.

### TARGET SETTING

The Group has set qualitative targets for FY2018 as shown in the table below for the material factors which were identified in the reporting process and our Group is committed towards better practices for environmental, social and governance factors.

S/N	Material factors	Performance measure	Target for FY2018
1	Food Safety and Hygiene	Incidents of non-compliance	Comply with food safety and hygiene related regulations and reduce incidents of non-compliance.
2	Fair employment	Diversity of gender and age	Adhere to the principles of Fair Employment Practices.
3	Employee Retention	Years of service	Improve employee retention.
4	Occupational Health and Safety	Workplace injury incidents	Maintain zero workplace injury incidents resulting in a fatality or permanent disability.
5	Giving back to Community	Community projects	Initiate various projects to help the community.
6	Energy and Water conservation	Energy and Water consumption	Reduce the energy and water consumption rates.
7	Sustainable Business Performance	Revenue, profit before income tax and operating cash flow	Improve the Group's financial performance.
8	Corporate Governance and Compliance	Incidents of non-compliance	Maintain zero incidents of non-compliance with laws and regulations.

# GRI Content Index

GRI Standard Disclosure Number	Disclosure Title	Report Section	Page Reference
<b>Organisational Profile</b>			
102-1	Name of organisation	Soup Restaurant Group Limited	-
102-2	Activities, brands, products, and services	Annual Report - Our Brands	3 - 4
102-3	Location of headquarters	Annual Report - Corporate Information	15
102-4	Location of operations	Annual Report - Our Footprint	19
102-5	Ownership and legal form	Annual Report - Corporate Structure - Notes to the Financial Statements > Investments in subsidiaries	14 72
102-6	Markets served	Annual Report - Our Footprint	19
102-7	Scale of the organisation	Annual Report - Our Brands - Financial Highlights - Operating & Financial Review - Corporate Structure	3 - 4 11 12 - 13 14
102-8	Information on employees and other workers	Sustainability Report - Fair Employment - Employee Retention - Occupational Health and Safety	5 5 - 6 6
102-9	Supply chain	Sustainability Report - Food Safety and Hygiene	4
102-10	Significant changes to the organisation and its supply chain	No significant changes	-
102-11	Precautionary principle or approach	Not applicable	-
102-12	External initiatives	None	-
102-13	Membership of associations	None	-
<b>Strategy</b>			
102-14	Statement from senior decision-maker	Sustainability Report - Board Statement	1
<b>Ethics and Integrity</b>			
102-16	Values, principles, standards and norms of behaviour	Sustainability Report - Board Statement	1
<b>Governance</b>			
102-18	Governance structure	Annual Report - Corporate Governance Report	21 - 37
		Sustainability Report - Sustainability Governance	3



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GRI Standard Disclosure Number	Disclosure Title	Report Section	Page Reference
<b>Stakeholders Engagement</b>			
102-40	List of stakeholder groups	Sustainability Report - Stakeholder Engagement	2
102-41	Collective bargaining agreements	Not applicable	-
102-42	Identifying and selecting stakeholders	Sustainability Report - Stakeholder Engagement	2
102-43	Approach to stakeholder engagement	Sustainability Report - Stakeholder Engagement	2
102-44	Key topics and concerns raised	Sustainability Report - Stakeholder Engagement	2
<b>Reporting Practice</b>			
102-45	Entities included in the consolidated financial statements	Annual Report - Corporate Structure - Notes to the Financial Statements > Investments in subsidiaries	14 72
102-46	Defining report content and topic Boundaries	Sustainability Report - Board Statement - Sustainability Reporting Process	1 3
102-47	List of material topics	Sustainability - Material factors	4 - 9
102-48	Restatements of information	None	-
102-49	Changes in reporting	None	-
102-50	Reporting period	1 January 2017 – 31 December 2017	-
102-51	Date of most recent report	This is the first sustainability report	-
102-52	Reporting cycle	Annual	-
102-53	Contact point for questions regarding the report	Sustainability Report - Feedback	1
102-54	Claims of reporting in accordance with GRI Standards	Sustainability Report - About this Report	1
102-55	GRI content index	GRI Content Index	10 - 12
102-56	External assurance	Soup Restaurant Group Limited has not sought external assurance for this reporting period.	-

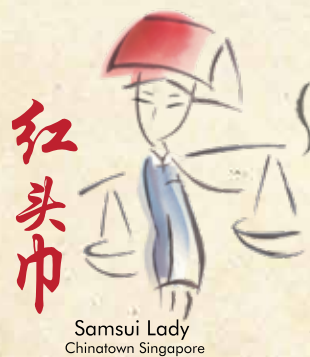
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GRI Standard Disclosure Number	Disclosure Title	Report Section	Page Reference
<b>Management Approach</b>			
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103-2	The management approach and its components	Sustainability Report - Material Factors	3 - 10
103-3	Evaluation of the management approach	Sustainability Report - Material Factors	3 - 10
<b>Category : Economic</b>			
201-1	Direct economic value generated and distributed	Annual Report - Financial Highlights - Operating & Financial Review - Statements of Financial Position - Statement of Comprehensive Income	11 12 - 13 45 46
<b>Category: Environmental</b>			
302-3	Energy intensity	Sustainability Report - Material Factors: Energy and Water Conservation	8
303-1	Water withdrawal by source	Sustainability Report - Material Factors: Energy and Water Conservation	8
<b>Category: Social</b>			
404-2	Programs for upgrading employee skills and transition assistance programs	Sustainability Report - Material Factors: Employee Retention	5
405-1	Diversity of governance bodies and employees	Sustainability Report - Material Factors: Fair Employment	5
413-1	Operations with local community engagement, impact assessments, and development programs	Sustainability Report - Material Factors: Giving back to community	7
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Sustainability Report - Material Factors: Food Safety and Hygiene	4

# 《百年三盅》

百年精神, 造福人群

Soup Restaurant is committed to keep our vision alive  
moving towards our 100th year and beyond  
as a Singapore iconic brand.



## **Soup Restaurant Group Limited**

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**SINGAPORE • MALAYSIA • INDONESIA**

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