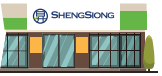




FURTHERING OUR SUSTAINABILITY

SUSTAINABILITY REPORT 2020



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ABOUT THIS REPORT

Sheng Siong publishes its sustainability report on an annual basis. This is Sheng Siong’s fourth sustainability report which covers the period 1 January to 31 December 2020. The previous annual sustainability report was published in May 2020. This sustainability report covers all of the Group’s operations in Singapore. Sheng Siong does not have any major operations of significance overseas. Our operation in China contributes less than 2% to our revenue and we have excluded them from the scope of this report.

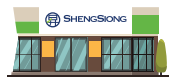
This report has been prepared in accordance with the GRI Standards: Core Option. We have sought to apply the GRI reporting principles for defining report content and report quality. The GRI Content Index can be found in our online report on pages 84-90, which can be accessed from our corporate website. This report also adheres to the Singapore Exchange (SGX) Listing Rule 711A on preparing an annual sustainability report and describes our sustainability practices with reference to the primary components set out in Listing Rule 711B. We have not sought external assurance for this report. For any questions or comments, please address them to management@shengsiong.com.sg.

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SHENG SIONG GROUP LTD

昇菘集团



OUR VISION

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

从新加坡做起，成为市场首选的零售商，让昇菘迈向国际，生生不息。

OUR MISSION

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

以公道的价格、优质的产品 & 卓越的服务，可持续性地创造价值，为顾客提供便捷又舒适的购物环境。

OUR BELIEFS

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

以道德为基础（自我要求，言行一致），以榜样为传承（走出死亡，永续昇菘）。

OUR VALUES

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

合理、和谐、尽责、敬业。
认真、快、坚守承诺、决不找借口。

OUR TAGLINE

...all for you!

Always there to serve...
用心服务

Always there to listen...
用心聆听

Always from the heart...
由心出发

Always happy to go above and beyond
用心. 微笑.
让我们走得更远



JOINT MESSAGE FROM THE CHAIRMAN AND THE CEO

Lim Hock Eng PBM
Executive Chairman



Lim Hock Chee BBM
Chief Executive Officer

DEAR STAKEHOLDERS,

The world continues to grapple with the ongoing COVID-19 crisis which is far from over. As one of Singapore's top retailers providing essential goods and services, we were presented with unprecedented challenges since the virus outbreak became a pandemic last year. Such challenges included ensuring the continuous supply of essential goods and protecting the safety and wellbeing of our customers and employees. This was especially crucial during last year's partial lockdown initiated by the Singapore government, also known as the "circuit breaker". Details of our response to the pandemic can be found in the Special Report on Tackling COVID-19 section of this report.

HIGHLIGHTS IN 2020

Business Excellence

We continued to enhance our customer relations management system and supplier's portal to support timely communications. These improvements were integrated in our SS Enterprise App, which enabled our colleagues with administrative roles to work from home due to the pandemic. We also made improvements to our Warehouse Management System to handle the spike in demand of goods. We continued to roll out our "recycling" cash withdrawal machine, "\$TM" to three stores in 2020. We also partnered SkillsFuture Singapore to be part of the SkillsFuture Queen Bee project. The project aims to support the training and development needs of Small-Medium Enterprises (SMEs) within our value chain and business networks, to help them achieve business growth and transformation.

Care for Our Customers

We continued to ensure the availability of healthy choices for our customers by developing products that meet the Healthier Choice Symbol criteria. All of our housebrand products across the four high-risk food categories are also free from Partially Hydrogenated Oils (PHOs) since June 2020, one year ahead of the effective ban. Although our Customer Satisfaction Index of Singapore (CSISG) score dropped from 2019 due to a change in methodology, our scores remain above that of the Supermarket Sub-Sector. We continued to be ranked second place in customer satisfaction for four consecutive years among supermarket retailers in Singapore. We are also pleased that our market share of Singapore's supermarket/hypermarket segment has continued to grow year-on-year, with a 4% increase from 14% in 2017 to 18% in 2020. To meet the growing demand for online grocery shopping, we increased our online grocery delivery capacity. Going forward, we will be making improvements to our online grocery delivery platform.

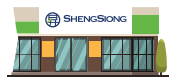
Care for Our Employees

We have set up a more structured approach to our training and are currently exploring the adoption of an e-learning platform to deliver bite-sized trainings that can be accessed easily and employees are more receptive to. The set-up of our training supermarket has been delayed due to the pandemic and is expected to be completed by 2022. We continued with our staff purchase scheme which cost us more than S\$537,000, an increase of 40.5% as compared to 2019. To show our appreciation for our employees who went beyond their call of service during the pandemic, an additional month of salary was given to them.

Care for the Community

We continued to support our partners on various initiatives such as the Red Cross Project R.I.C.E.+. We also showed our appreciation for frontline workers by providing discount to public transport workers and cleaners at our stores. To help with the rising cost of living, we extended our special 3% senior citizen discount programme for another year. We also offered the Merdeka generation another 3% discount every Tuesday as part of the Merdeka Generation discount programme launched in 2019. To protect the safety of our vulnerable senior citizen customers during the Circuit Breaker period, we allowed their family members to enjoy these special savings when purchasing groceries on their behalf. The total discount under the two programmes in 2020 amounted to about S\$2.8 million. To promote healthy living among low-income communities, we supported the government's grocery voucher programme by offering a 5% discount off all Healthier Choice Symbol (HCS) products, capped at 5% of voucher value. The total discount provided in 2020 was about S\$41,000.

We support the Singapore government's ambition to produce 30% of Singapore's nutritional needs locally by 2030. In November 2020, we extended our support of homegrown produce by partnering Chew's Eggs to launch our housebrand Heritage Farm Singapore Eggs.



JOINT MESSAGE FROM THE CHAIRMAN AND THE CEO

Care for the Environment

To encourage the public to reduce the use of disposables and/or food wastage, Sheng Siong became a partner in National Environment Agency's "Say YES to Waste Less" (SYTWL) campaign in 2020. We continued to support efforts to reduce the use of disposables and food wastage through our social media platforms and in-stores with collaterals such as wobblers and decals. We installed a patented technology for cleaning the air in our fruits and vegetables chillers to prolong the freshness of our food and reduce food wastage.

In 2020, Sheng Siong also participated in the "NEA Citizens' Workgroup on Reducing Excessive Consumption of Disposables" as a panellist to provide industry insights to the workgroup participants. We also completed a review of the packaging used for our housebrand products to make sure that they fall within the "Lightest" to "Median" range of the Packaging Benchmarking Database developed by the Singapore Packaging Agreement (SPA).

Looking Ahead

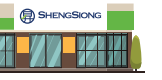
The need for businesses to remain resilient has never been more important and we believe that our strong foundation in sustainability contributed to our ability to manage the impacts from the pandemic. In 2020, we conducted an internal review of our material sustainability topics to ensure that we continue to report on the most important sustainability topics facing our business and are of utmost concern to our stakeholders.

Based on the review, we identified six topics that increased in importance due to COVID-19 including Affordable Food, Customer Satisfaction, Food and Product Safety, Occupational Health, Safety and Well-being, Productivity and Efficiency and Sustainable Supply Chain Management. Together with the topic of Employee Engagement and Development, these topics were also identified as important for the long-term resilience of our business. We will continue to focus our efforts on these topics and identify areas for improvement. The review findings were approved by our Board who oversees the management and monitoring of our material topics and considers sustainability issues as part of its strategic formulation.

On behalf of the Board, we would like to take this opportunity to thank all our stakeholders for coming along with us on this journey. Like how we tackled the COVID-19 crisis, more can be accomplished if we work together to face the challenges that lie ahead. We wish you and your family good health.

Lim Hock Eng PBM
Executive Chairman

Lim Hock Chee BBM
Chief Executive Officer



SPECIAL REPORT ON TACKLING COVID-19

The COVID-19 pandemic has impacted many lives and businesses. Living through COVID-19 has put us through tremendous tests. It made us reflect deeply on our values, our existence as a business, our vulnerabilities, and our strengths. We will draw on these valuable lessons and insights to continue to strengthen our management practices in ensuring the sustainability of our business.

MEETING CUSTOMER DEMANDS

When the COVID-19 outbreak spiralled into a pandemic, the Singapore government raised the Disease Outbreak Response System Condition (DORSCON) to orange, closed the border between Singapore and Malaysia, and implemented a nationwide partial lockdown, known as a "circuit breaker", to contain the spread of COVID-19 in Singapore. These events prompted households to quickly stock up their pantries.

As an essential service supporting Singapore in this unprecedented challenge, Sheng Siong worked with our partners to increase supplies and delivery trips to our stores across the island immediately. We ensured supplies to our stores remain largely undisrupted with our dedicated colleagues working around the clock, resolved to restock our shelves as fast as we could.

MAINTAINING SUPPLIES

The pandemic exemplified how connected the world has become. With global supply chains constantly at risk of disruption due to lockdown measures around the world, the need to have a diversified sourcing strategy became ever more crucial. Although our supply channels have been safe from severe disruptions so far, we continued to work closely with trusted suppliers to ensure minimal disruption by planning early. At the same time, we activated alternative sources to increase our inventory, while keeping prices competitive.

Importantly, the focus on food security in Singapore has sharpened amidst the COVID-19 pandemic. We strive to continue to support local producers to achieve the national target of producing 30% of our nutritional needs locally by 2030.

SAFE DISTANCING AMBASSADOR



Mdm Calyn Loo
(62, Safe Distancing Ambassador)

"I am hired as a Safe Distancing Ambassador at the store since last August. Although I am at the frontline of an essential service during the pandemic period, I see my job as providing a service to help others. My family has been very supportive and I try to lead my life as normal by being careful, adopting the right sanitization habits and putting my mask on properly. So far, my encounters with customers have been very pleasant as most of them are very friendly and understanding. Even if customers did not come with their masks, usually it is because it has slipped their minds. I just need to give them a gentle verbal nudge, and they will put on their masks immediately. "

SPECIAL REPORT ON TACKLING COVID-19

PROTECTING THE HEALTH AND SAFETY OF OUR EMPLOYEES AND CUSTOMERS

While we were committed to ensure that our customers' daily needs are met, we were faced with the challenge of the closure of the Singapore-Malaysia border. During the peak of the pandemic in Singapore, about 300 of our colleagues were crossing the borders daily to come to work. It was a stressful period for many, having to immediately choose between work or family. Our human resource team worked tirelessly to support our colleagues on their decisions. With the help of our partners, we were able to quickly arrange temporary housing for our colleagues who were stranded. The majority of our colleagues were reassured and decided to stay to help us tide over this challenging time.

The risk of getting infected by COVID-19 was on top of everyone's mind, which created a high level of anxiety. In order for Sheng Siong to continue to stay open for business, every effort must be made to safeguard the health and safety of our employees, customers, and the wider community. Drawing on the experience of our operations team in China who were in the thick of dealing with COVID-19 before us, we started our mask-up policy and provided disposable gloves for all our employees, as well as commenced taking our customers' temperatures, offering the use of hand sanitisers at high touch-point areas, and increasing the frequency of cleaning and sanitising our stores. After the government implemented stricter measures, Sheng Siong worked closely with the relevant ministries to roll out further changes in our operations, such as requiring customers to provide personal details for contact tracing, assigning employees as safe distancing ambassadors, as well as managing queues and controlling crowds.

We also supported in the national fight against COVID-19 by partnering the Ministry of National Development in providing the public with regular updates on the crowd levels of our supermarkets through Space Out. Space Out is a map-based website that provides public updates on crowd levels at selected locations. With Space Out, the public could make informed choices on where and when to go for essential goods and services while maintaining safe distancing.

When the number of COVID-19 cases grew in Malaysia, risks of transmission of the disease through cross-border deliveries became a paramount concern. With guidance from our government agencies, further safety precautions were taken to adopt contactless delivery protocols.

SG CLEAN STORE



Mr Chan Thian Fook (34, Assistant Manager)

"As the store manager of the Jalan Berseh store, I am very glad that our store has attained the SG Clean certification. Since the pandemic, our team has put in efforts to maintain a high level of hygiene and cleanliness at the store. We sanitize the counters, payment kiosks, baskets and trolleys at every shift, and placed hand sanitizers at high touch-point areas for customer to use. Besides in-store hygiene, we also ensure safe distancing measures by carrying out crowd control and having clear demarcation at the queue lines. We hope that the SG Clean accreditation will give our customers reassurance and confidence to shop at our store as we strive to provide a safe and healthy shopping environment."

SUPPORTING THE MENTAL WELL-BEING OF OUR EMPLOYEES

With the COVID-19 pandemic showing no signs of slowing down as cases across the world continue to rise, the mental well-being of our colleagues became an increasing cause for concern. For example, employees may worry about the higher risk of infection due to greater exposure to the public brought about by higher business volume, especially with public announcements of confirmed community cases visiting our stores. To ease their minds, in-store disinfection was carried out in compliance with the National Environment Agency requirements, and our colleagues' health were monitored closely for the next 14 days following the announcements.

Like many others, our employees had to adjust to family members working from home and their children's home-based learning requirements. Besides, they had to adapt quickly to changes in work requirements often involving new health and safety procedures. Higher levels of confusion, frustration and anxiety among customers also led to more incidents of customers verbally and physically abusing our store employees. This prompted us to immediately put up signs to remind customers of mutual respect and compassion.

We also took immediate steps to alleviate the level of anxiety among our colleagues by communicating clearly about changes in work requirements, how we can protect ourselves, and debunking falsehoods. With the agreement of the government, we were given approval to set-up extended retail space for 22 of our stores in order to allow safe-distancing among customers. To reduce physical contact and interactions, we implemented technological measures as fast as we could to cope with crowd monitoring, such as SafeEntry registrations and temperature scans. We introduced a regular in-store disinfection programme to help maintain a high level of hygiene. Our key leaders also led by example and worked alongside our colleagues during critical periods to assist with goods deliveries, stock replenishments, and crowd control.

REWARDING OUR EMPLOYEES' DEDICATION AND EFFORTS

For going beyond their call of service, the Group decided to reward the dedication and hard work of our colleagues by providing them, excluding directors, with an additional month of salary.

WAREHOUSE RECEIVING PERSONNEL



Mr Foo Jia Hui (38, Warehouse Assistant Manager)

"Before the pandemic, I commuted daily from Johor to Singapore by motorbike. I would set off at 3am in the wee hours of the morning and reached my workplace at 5am. When my shift ended at 4pm, I would travel back to Malaysia to a homecooked dinner prepared by my wife. As cross-border travel tightened to stem the spread of the virus, I shifted to Singapore with the help of the company. It has since been more than a year since I last saw my wife. She gets worried as I am in charge of receiving at the warehouse and would come into contact with Malaysian drivers. I reassured her that we have safety measures in place. There is a receiving section demarcated for Malaysia drivers to unload and all of us are well protected with masks, face shields and disposable gloves."

SPECIAL REPORT ON TACKLING COVID-19

ADDRESSING FUTURE CHALLENGES

By now, many of us have reconciled with the fact that COVID-19 will be here to stay for the foreseeable future. While the pandemic had been unimaginable for many, it has also demonstrated the importance of building resilience, and challenged us to rethink the way we work, live, and play.

Our ability to tackle the issues related to COVID-19 is supported by a strong foundation established in our sustainability framework which is built on five key pillars (Business Excellence, Care for Our Customers, Care for Our Employees, Care for the Community and Care for the Environment). We believe that these foundations continue to be relevant, and will help us to review and improve, and find new ways to drive our business forward.

FRONTLINE CASHIER



Mdm Susan Tran Thi Ngoc Nga
(43, Cashier)

“During the panic buying period, our main focus was to clear the queues as fast as we could to reduce customers’ waiting time in the store. I remembered it was very hectic and everyone put in longer working hours without a qualm. There was no time to think about anything but we were reminded to stay safe as we worked, we were required to put on face masks at an early stage, the company also provided us with face shields and gloves. At the workplace, we refrain from chatting during mealtimes and practice extra care by using hand sanitizers frequently. I need to stay safe so that I can continue to work to support my elderly parents and school-going children.”

STORE PERSONNEL INVOLVED IN SANITIZING



Mr Wong Siow Hua (39, Assistant Manager)

“Besides daily cleaning and sanitization, our operations also have a regular in-store disinfection programme in place to ensure a safe and healthy environment for our employees and customers. Every month, we will carry out disinfection at our store premises. Ever since the onset of the pandemic, we are in a state of heightened awareness to raise cleanliness and hygiene standards. Beside following a daily cleaning and sanitizing routine, all of us at the store will take up sanitizing duties spontaneously when there is a need.”

LEADERSHIP COMMITMENTS TO SUSTAINABILITY

For more than 35 years, Sheng Siong has strived to excel in our mission of creating value sustainably for our customers, with a core focus on good service, quality products, and reasonable prices. To achieve this, we embed sustainability to our business operations and strategy formulations.

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

5 PILLARS OF OUR SUSTAINABILITY JOURNEY:





LEADERSHIP COMMITMENTS TO SUSTAINABILITY

CORPORATE GOVERNANCE

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

Together, the Board and Management are responsible for overseeing the Group’s risk management framework and policies, and reviewing their effectiveness for all economic, environmental and social topics. While the Executive Management meets regularly, the Board reviews our Group’s sustainability issues at least once a year. Sustainability topics are considered by the Board as part of its strategy formulation.

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

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

We conducted stakeholder consultation in the identification and management of sustainability material topics, either through materiality assessment surveys or through our regular communication channels. Members act as champions of sustainability topics within the Group, and meet regularly to review, discuss and identify potential environmental, social and governance risks that Sheng Siong is susceptible to, as well as to monitor our progress and performance. The Committee then evaluates and provides advice

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

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

BUSINESS VALUES AND ETHICS

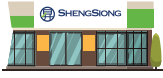
Our core values were developed over years of engaging with our key stakeholders in fulfilling our mission to serve the needs of our customers and creating sustainable value for them. The eight core values guide our employees to be reasonable, harmonious, responsible, dedicated, earnest and efficient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

Sheng Siong strives to build trust, transparency, integrity and reliability in our relationships with our stakeholders. Our Employee Handbook describes our core values and provides guidelines on the standards of behaviour we expect all employees to uphold. The Employee Handbook, written in both English and Chinese, is accessible through our company’s intranet. We regularly communicate our core values and code of conduct during meetings with our staff, suppliers, and vendors. The management reviews these values and code of conduct regularly.

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

Once a year, key employees are required to declare any potential conflicts of interest, and all employees are earnestly reminded of the Group’s anti-corruption policy on accepting gifts and favours. The Group’s policies on conflict of interest and anti-corruption serve to guide our employees in their conduct of day-to-day business and in managing our trading relationships with suppliers. Our suppliers are also required to sign a Master Agreement which specifies the terms and conditions and appropriate behaviour when trading with us. Sheng Siong’s whistleblowing policy is championed by the Audit Committee at the board level. Our whistleblowing procedure enables employees or any other person to raise concerns in confidence, without fear of reprisal in any form. The management places great importance on this so much so that the personal contact information of our senior management, including our CEO’s, can be found outside our store for ease of reach.

Our employees can access these policies on Sheng Siong’s intranet. More information on our approach to anti-corruption and anti-competition can be found in the Business Excellence chapter of this report.





STAKEHOLDER ENGAGEMENT AND MATERIALITY

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is crucial to ensure that we can continue to create long-term value as a business. Through our tailored stakeholder engagement approach, we hope to better understand the needs and expectations of our stakeholders as well as communicate on how we are managing the topics of concern.

Through an internal stakeholder mapping exercise, we have identified seven key stakeholder groups which we prioritise our engagements with. These include groups which our business has a significant impact on, and those which have a high interest in or considerable influence on the success of our business.

Table 1: Impact & Significance of Key Stakeholder Groups

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

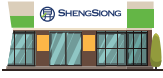


Table 2: Stakeholder Engagement Activity Matrix (continued)

STAKEHOLDERS	MODE AND FREQUENCY OF ENGAGEMENT	ISSUES & CONCERNS	SHENG SIONG'S EFFORTS AND ACHIEVEMENTS
Customers	- Customer feedback forms (in-store and online) - Customer service hotline and email - Social Media - Market research groups such as NielsenIQ	- Competitive product pricing, affordability, and value for money - Product safety and quality - Providing healthier food - Availability of high quality fresh food and premium brands - Customer service and customer experience such as: - All-in-one store, well-stocked - Well-displayed store – ease of finding products - Store accessibility - Fast and helpful cashier service - Range and variety of products, new products - Store hygiene and cleanliness - Long opening hours - Loyalty programme	- Increase supply and delivery trips to our stores across the island and restocking shelves as fast as possible during the peak of the COVID-19 pandemic - Opened new stores in HDB estates, especially in estates where we do not have a presence - Maintained ISO 22000:2005 certification system for Food Safety Management - Maintained Cold Chain Management for fresh food - Ensured products offered comply with local regulations - Shortened cashier queues with innovations such as Hybrid Self-Checkout, Unified POS and adopting more channels of cashless payment methods - Continued to refresh and renovate older stores - Continued improvement in our Customer Satisfaction Index of Singapore (CSISG) score - Rolled out “Recycling” cash withdrawal machine called “\$TM” across all stores - Expanded range of house brand products with a focus on quality and improved nutrition - Extended 3% special discount to senior citizens every Wednesday for another year - Offered more quality fresh produce at affordable prices 49 out of 63 stores open 24-hours
Employees	- Regular staff meetings and dialogue sessions - Orientation programmes for new employees - Staff engagement events such as Family Day, Annual CNY Dinner, 7th Lunar Month Festival - Grievance/whistleblowing procedures	- Competitive rewards and recognition - Occupational health, safety and well-being - Opportunities for career progression - Learning and development opportunities - Job stability - Good leadership	- Implemented safety measures in line with the local regulations to protect employees during the COVID-19 pandemic - Committed to performance-sharing scheme - Remuneration and promotion are in line with employee performance - Whistleblowing policy in place to address any fraudulent or unfair practices - Collaborated with Health Promotion Board (HPB) on Workplace Health Programme - Conducted regular meetings and follow-up on workplace and fire safety - Conducted regular inspections on workplace and fire safety - Committed to setting up an in-house training centre by 2021

STAKEHOLDER ENGAGEMENT AND MATERIALITY

STAKEHOLDERS	MODE AND FREQUENCY OF ENGAGEMENT	ISSUES & CONCERNS	SHENG SIONG'S EFFORTS AND ACHIEVEMENTS
Suppliers	- Regular business review sessions - Supplier visits and audits - Annual meetings with key suppliers	- Fair trading agreements - Short credit terms - Punctual payment for supplies - Stable, long-term business relations	- Continued enhancements to Suppliers' Portal to facilitate business administration, communication, and payment - Ensured whistleblowing policy is in place to address any fraudulent or unfair practices
Government agencies	- Engagement meetings with NGOs & VWOs - Participation in projects and/or volunteer activities - Philanthropy and in-kind sponsorships	- Sustainable sourcing - Food safety and security - Fair and affordable prices - Compliance with industry standards and hygiene practices	- Diversified sources of food supply - Carried sustainably-sourced products in relevant categories such as seafood and paper products - Maintained ISO 22000:2005 certification system for Food Safety Management - Adopted Cold Chain Management
NGOs & Voluntary Welfare Organisations (VWOs)	- Engagement meetings with NGOs & VWOs - Participation in projects and/or volunteer activities - Philanthropy and in-kind sponsorships	- Management of negative environmental impacts such as food wastage and packaging waste - Helping communities in need	- Implemented 'Reduce, Reuse, Recycle' approach towards environmental protection - Implemented food waste management initiatives - Signatory to the Singapore Packaging Agreement since 2018 (ended June 2020), and awarded SPA Excellence Award in 2019.
Media	- Media relations engagement - Media monitoring		Member of Packaging Partnership Programme (PPP) since 2020
Shareholders / Investors	Regular investor relations meetings	- Financial performance - Dividend payout - Sound business strategies - Risk management - Governance and transparency - Business continuity	- Reiterated commitment to business excellence and profitability - Ensured consistent dividend distribution momentum - Developed talent management programme for succession planning

MATERIALITY ASSESSMENT & TOPIC BOUNDARIES

In 2018, we conducted a materiality assessment to identify the sustainability topics that are most important for the long-term success of our business and of greatest importance to our stakeholders. A three-step approach (shown in figure 1) was adopted in the determination and prioritisation of our material sustainability topics.



Figure 1: Materiality Assessment Process

STAKEHOLDER ENGAGEMENT AND MATERIALITY

The outcomes of our materiality assessment are used primarily to inform our sustainability strategy, management approach and report content. In 2020, we reviewed our material sustainability topics, taking into account the changing sustainability context facing Sheng Siong and the food retail industry, especially due to the ongoing COVID-19 pandemic. The review included examining impacts of the pandemic on the food retail industry, scanning for new and emerging sector trends, understanding stakeholder feedback as well as revisiting our own business objectives. A workshop was then conducted with representatives from key departments with the following outputs:

- Our current list of material topics remains relevant.
- We identified six topics that increased in importance in 2020 due to the effects of COVID-19 pandemic. They are:
 1. Affordable Food
 2. Customer Satisfaction
 3. Food and Product Safety
 4. Occupational Health, Safety and Well-being
 5. Productivity and Efficiency; and
 6. Sustainable Supply Chain Management.

Greater emphasis has been placed on the management and reporting of these topics in 2020.

- The six topics identified as important for COVID-19 recovery were also important for the long-term resilience of the business, with the addition of Employee Engagement and Development.
- With the importance of building food resiliency in Singapore, we have also revised the definition of the topic of Sustainable Supply Chain Management to include integrating locally made products as part of our food supply.



These outcomes were submitted to the Board for review and approval. The materiality matrix below (Figure 2) shows the output from the materiality assessment. The x-axis shows the importance of each topic on the business while the y-axis shows how important each topic is for Sheng Siong to manage according to external stakeholders. Outputs from the materiality review conducted in 2020 are reflected as well.

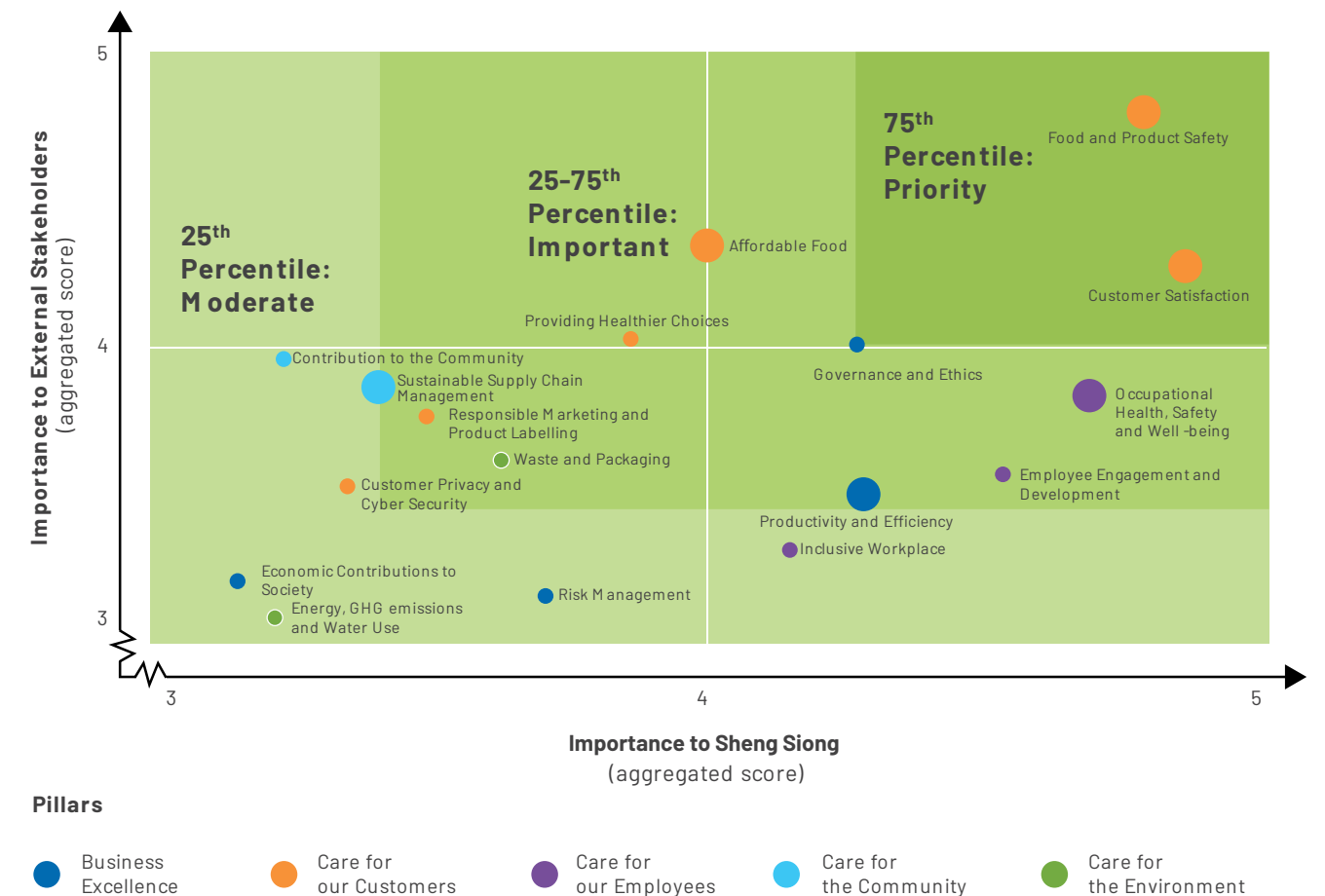


Figure 2: Materiality Matrix

STAKEHOLDER ENGAGEMENT AND MATERIALITY

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

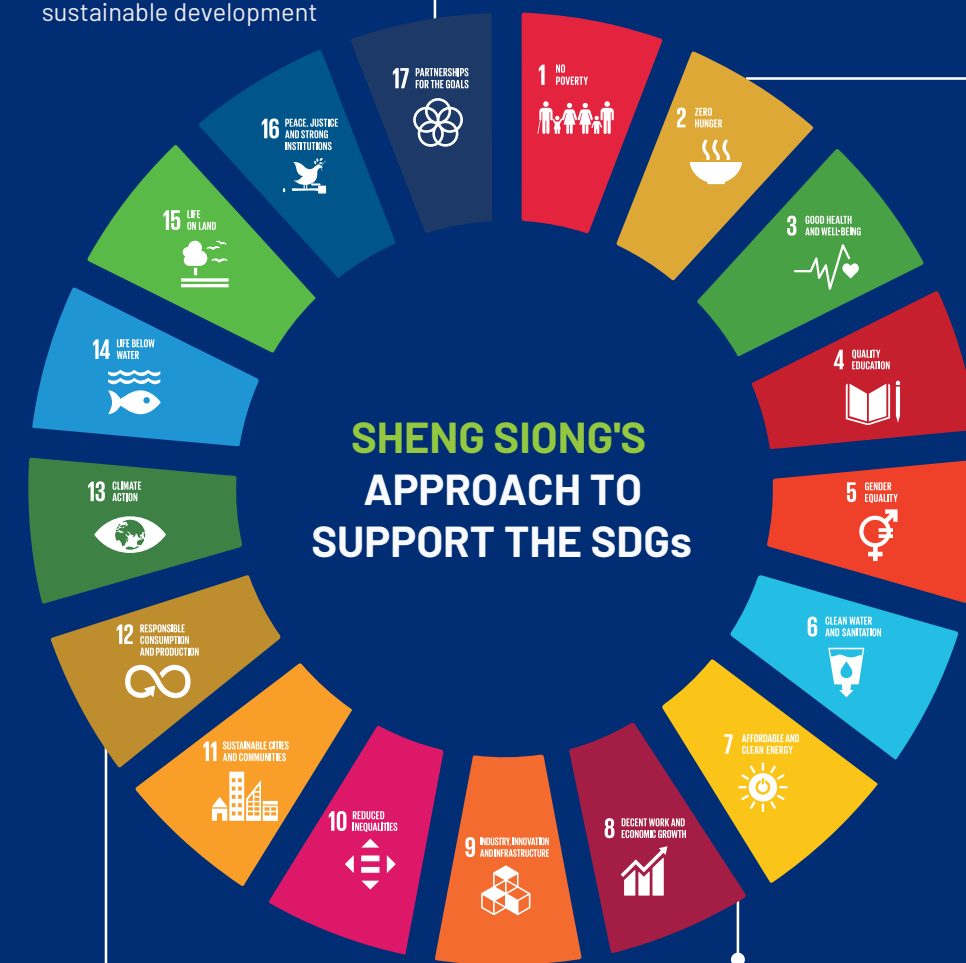
SHENG SIONG AND THE SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals (SDGs), comprising 17 of the world's most pressing challenges, were endorsed by the UN in 2015 to achieve the underpinning 169 targets by 2030.

While Sheng Siong has been contributing to sustainable development in several ways over the years, we believe it is important for us to communicate our commitment towards supporting the SDGs.

We have selected four goals to focus on after reviewing each of the SDGs based on where our business can make the biggest impact. These four goals will be used to inform our sustainability strategy and relevant targets going forward and we will report on our progress accordingly.

Care for Sustainability
• Build partnerships for sustainable development



Care for our Customers
• Providing healthier choices
• Providing affordable food
• Ensuring food and product safety

Care for our Community
• Contributions to the community through community initiatives and philanthropic activities

Care for our Community
• Enhance sustainable supply chain management

Care for our Environment
• Manage waste and packaging

Business Excellence
• Improve economic contributions to society
• Improve productivity and efficiency

Care for our Employees
• Enhance occupational health, safety and well-being
• Build an inclusive workplace

OUR MANAGEMENT APPROACH: EVALUATION, PROGRESS AND TARGETS

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

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

In 2020, the progress towards some of our targets have been delayed as our priority was shifted to addressing operational issues triggered by the pandemic. However, we remain committed to meeting our targets and will step up on our efforts.

Pillar	Material Topic	Why is this material?	Management Approach (Refer to chapter indicated)	Evaluation of the Management Approach (Refer to chapter indicated, or otherwise explained here)	Commitments made in 2019	Progress in 2020 ¹	Target Year
 Business Excellence	1. Governance and Ethics	As a responsible business, it is critical that we observe good corporate governance and business ethics in order to achieve our business objectives, build trust among our stakeholders, and drive performance improvement. It also increases the accountability of our company.	- Leadership Commitments to Sustainability - Annual Report 2020	- Leadership Commitments to Sustainability - Annual Report 2020	Provide training and education on anti-corruption and anti-competition for all our employees of managerial position. Ensure all our suppliers are informed of our anti-corruption and anti-competition policies.	●●●○	2021
	2. Risk Management	The ability to identify, assess, and manage risks is fundamental to weatherproof our business and help us make better decisions for the future.	- Leadership Commitments to Sustainability - Materiality Assessment - Annual Report 2020	- Leadership Commitments to Sustainability - Materiality Assessment - Annual Report 2020	Consider the adoption of ISO 9001 Quality Management framework and Enterprise Risk Management framework.	●●○○	2021
	3. Economic Contributions to Society 	The ability to generate economic contributions for our stakeholders and society is a crucial component to ensure business longevity and social development.	- Business Excellence - Care for our Employees - Care for our Community	- Our Board of Directors meet regularly to discuss and evaluate the business performance of the Group, and to formulate growth strategies. We measure our financial performance against targets set. - Our sustainability report is used to account for our contributions towards community initiatives, and our lower salaried employees.	Continuously strive for excellence in our performance.	●●●●	On-going
	4. Productivity and Efficiency 	Managing productivity and efficiency can help the company better utilise its resources, especially in Singapore, where there is an aging population and tightening of foreign labour policies.	- Joint Statement - Business Excellence	When new technologies or business processes are adopted, we evaluate productivity based on performance indicators such as man-hours saved, number of errors reduced, and/or higher outputs level, etc. We also evaluate our financial results to observe improvements in our productivity.	Work closely with key partners to develop and adopt new processes and technology to improve business capabilities.	●●●●	On-going

¹ Details of the progress made in 2020 can be found in the relevant chapters.

OUR MANAGEMENT APPROACH: EVALUATION, PROGRESS AND TARGETS

Pillar	Material Topic	Why is this material?	Management Approach (Refer to chapter indicated)	Evaluation of the Management Approach (Refer to chapter indicated, or otherwise explained here)	Commitments made in 2019	Progress in 2020 ¹	Target Year
 Care for Our Customers	5. Customer Satisfaction	Customers are the foundation of our business and therefore it is imperative to ensure that we manage their needs and concerns properly as well as provide better service and experience within stores and online.	Care for our Customers	- Our operations and service team monitors feedback from consumers across different channels, such as email, in-store feedback forms, service hotline, social media platforms, etc. We strive to respond to feedback within one working day, and address the issues raised within seven working days. - The contact numbers of our senior management are also made available on the notice board of every store to facilitate easy access for our customers, enabling us to address stakeholders' concerns directly.	We seek to improve our customer satisfaction score (CSISG) year-on-year by providing excellent service, meeting the evolving needs of our customers, and keeping prices competitive and affordable. All stores to be SG Clean certified.	●●●● ●○○○	On-going 2023
	6. Providing Healthier Choices 	With an increasing awareness and concern on leading a healthy lifestyle in Singapore, we believe we have a role to play by providing healthier and more nutritious options for our customers.	Care for our Customers	We take the opportunity to review nutritional improvements of our products by paying close attention to market trends and observations	Conduct a stock take of our range and selection of 'healthier choice' and 'trans fat free' products to determine the baseline for target setting. Continue efforts to develop new housebrand products which meet 'healthier choice' and/or 'trans fat free' criteria.	●●●● ●●●●	On-going On-going
	7. Affordable Food 	Keeping essential products and produce affordable is critical for Sheng Siong to remain competitive in the retail industry. As a responsible business, we do not conduct or encourage profiteering or anti-competitive practices.	- Care for our Customers - Care for our Community	We conduct market research regularly to ensure our products and produce are affordable and competitively priced.	Extend special 3% discount to senior citizens every Wednesday for another year. Continue to practise diversification in our sourcing and procurement strategy to ensure the availability of a sustainable supply of food and products at a stable price.	●●●● ●●●●	2021 On-going

OUR MANAGEMENT APPROACH: EVALUATION, PROGRESS AND TARGETS

Pillar	Material Topic	Why is this material?	Management Approach (Refer to chapter indicated)	Evaluation of the Management Approach (Refer to chapter indicated, or otherwise explained here)	Commitments made in 2019	Progress in 2020 ¹	Target Year
 Care for Our Customers	8. Customer Privacy and Cyber Security	In light of recent and increasing threats of cyber crimes, customers who entrust their personal data to us would expect that their information is protected and not misused. With the increasing use of technology in our business operations, it is critical to safeguard our information technology systems against cyber threats in order to maintain the viability of our business.	- Business Excellence - Care for our Customers	Our IT policy comprises of regular risk assessment that allows us to monitor and establish safeguards within our systems to prevent breaches. We have also established a business continuity plan (BCP) which focuses on the recovery of technology facilities and platforms, such as critical applications, databases, servers or other required technology infrastructure for the viability of the business. We review our policy and BCP regularly to make sure they are relevant.	Ensure all of our employees are aware of and understand our Group's personal data protection policy (PDPC). Work closely with partners to promote cyber security among consumers.	●●●● ●●○○	On-going
	9. Food and Product Safety	Safeguarding food and product safety is a basic founding principle of our business, and is essential for our success. We recognise our responsibility as the final gatekeeper in the supply chain to safeguard the health, safety and interests of our customers. Building a strong trusting relationship with our customers fosters their loyalty to continue to shop with Sheng Siong.	Care for our Customers	- We monitor our performance in food and product safety through certification assessments such as HACCP and ISO 22000:2005 Food Safety Management System. - An in-house Quality Assurance Programme is in place to ensure that our products meet stringent quality standards, and our stores and processing facilities meet hygiene, sanitation, and processing standards in order to comply with regulations. Any non-compliance may warrant a warning or fine from the regulatory authorities and is informed through this report.	Work closely with the newly formed Singapore Food Agency to ensure that our farm fresh produce and processed food products are compliant with Singapore's stringent food safety standards, and that our food handling processes comply with the relevant food hygiene standards. Continue to be certified by ISO 22000:2005 for food safety management. Improve our internal food and product safety, as well as quality assurance programme, by setting more measurable targets.	●●●● ●●●● ●●●○	On-going On-going 2021
	10. Responsible Marketing and Product Labelling	Similar to safeguarding food and product safety, the process of building trust and loyalty also includes providing accurate and sufficient product and marketing information for shoppers to make informed choices.	Care for our Customers	We require all our suppliers to comply with the Singapore Sale of Food Act which includes food labelling requirements. Any non-compliance may warrant a warning or fine from the regulatory authorities and is informed through this report.	Ensure that there are no incidents of non-compliance concerning product information and labelling.	●●●○	On-going

OUR MANAGEMENT APPROACH: EVALUATION, PROGRESS AND TARGETS

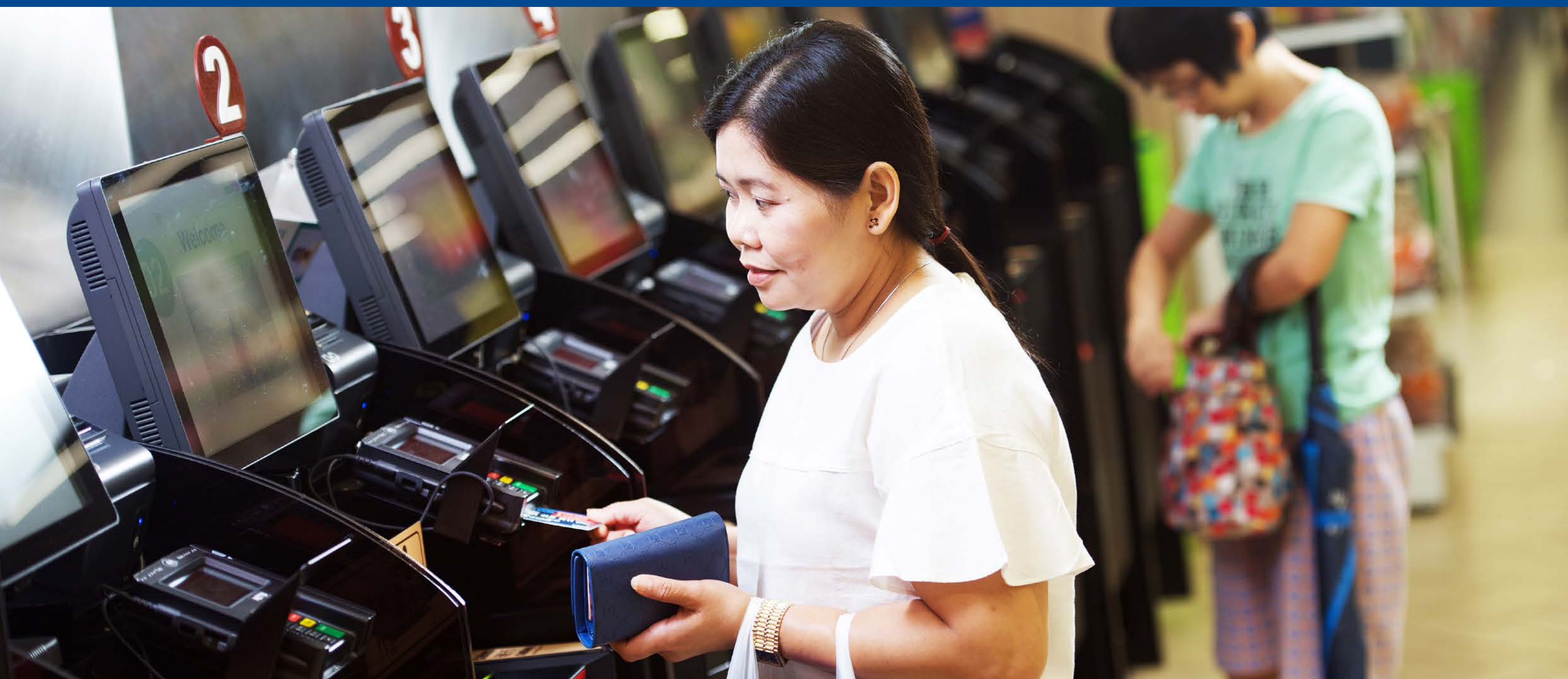
Pillar	Material Topic	Why is this material?	Management Approach (Refer to chapter indicated)	Evaluation of the Management Approach (Refer to chapter indicated, or otherwise explained here)	Commitments made in 2019	Progress in 2020 ¹	Target Year
 Care for our Employees	11. Employee Engagement and Development	The performance of our employees is critical for the success of our business. At Sheng Siong, we seek to attract and retain the best employees through the provision of equal opportunities for growth and development, as well as ensuring that they are recognised for their performance through a fair remuneration and reward system.	• Care for our Employees	- We closely monitor our employee turnover rate, training hours, and turn out to company events. - Employee engagement surveys are also conducted from time-to-time to gather satisfaction level and feedback.	Maintain employee annual turnover rate below 40%. Set up in-house training centre. Improve our talent management programme for succession planning. Conduct a review of current employee engagement activities and identify opportunities for improvement.	●●●● ●●●○ ●●●○ ●●●○	On-going 2022 2021 2021
	12. Inclusive Workplace 	An open and inclusive work culture motivates our employees to perform well as it allows them to be comfortable in the workplace. Diversity in the workplace also allows for contribution from different perspectives, thus promoting creativity and innovation.	• Care for our Employees	• Disclosures in our sustainability report are used to evaluate the results of our practice.	Zero incident of discrimination.	●●●●	On-going
	13. Occupational Health, Safety and Well-being 	Employees are key assets of Sheng Siong and it is therefore crucial for the company to provide a safe environment and ensure safe behavior is practised. This will also indirectly ensure that customer health and safety is protected when they shop in our stores.	• Care for our Employees	• Our WSH committees meet regularly to discuss and review related issues and statistics. Suggestions for improvements are then reported to the management for their review and endorsement.	Reduce the number of workplace accidents by at least 10%. Reduce the number of accidents involving customers by at least 10%. Reduce the number of motor accidents caused by our delivery drivers by at least 20%. Continue to raise awareness and understanding of our WSH policies, and where possible, organise talks, workshops, and trainings on the topic for our employees.	●●○○ ●●○○ ●●○○ ●●●○	On-going On-going On-going On-going

OUR MANAGEMENT APPROACH: EVALUATION, PROGRESS AND TARGETS

Pillar	Material Topic	Why is this material?	Management Approach (Refer to chapter indicated)	Evaluation of the Management Approach (Refer to chapter indicated, or otherwise explained here)	Commitments made in 2019	Progress in 2020 ¹	Target Year
 Care for the Community	14. Sustainable Supply Chain Management 	Building strong and lasting relationships with our suppliers is essential to the success of our business. With increasing challenges brought about by issues such as climate change, resource conservation and labour practices, Sheng Siong has a role to play in positively influencing how goods and services are produced and supplied, in order to build a sustainable future.	Care for our Community	We actively engage with the government, NGOs and VWOs to discuss Sheng Siong's role in sustainable sourcing. Our aim is to continue keeping our products and fresh food affordable while exploring ways to move forward on our sustainable sourcing journey.	Provide education and training to our procurement team on sustainable supply chain management. Improve the collection of data on our range and selection of 'sustainable' products to determine the baseline for target setting. Review and enhance purchasing policies to include sustainability criteria. Build partnerships to provide education and raise awareness of 'sustainable' products among consumers. Work with local partners and suppliers to promote the uptake of local produce in line with Singapore's "30 by 30" vision (for 30% of Singapore's nutritional needs to be supplied locally by 2030) and to support "made-in-Singapore" products.	●○○○ ●○○○ ●●○○ ●○○○ ●●○○	2021 2021 2021 On-going 2030
	15. Contribution to the Community 	Being part of the community, we believe that it is important for us to lend a hand to the less fortunate, and champion causes that we believe are essential for sustainable development. It is also critical that our business activities are organised with care for the neighbourhood to mitigate disturbance, pollution, and promote safety and community spirit.	- Business Excellence - Care for our Employees - Care for our Community	- Our sustainability report is used to report on our philanthropic activities and contributions towards community initiatives. - Our operations and service team regularly monitor feedback from consumers about possible disturbances, and address the feedback immediately. We may receive warnings or fines from regulators if these issues are not resolved.	Support community initiatives and make charitable donations and sponsorships to the local community. Founders commit to support the annual Education Grant for children of our lower salaried employees. Continue to work with local town councils to reduce disturbances to the minimum.	●●●● ●●●● ●●●●	On-going On-going On-going

OUR MANAGEMENT APPROACH: EVALUATION, PROGRESS AND TARGETS

Pillar	Material Topic	Why is this material?	Management Approach (Refer to chapter indicated)	Evaluation of the Management Approach (Refer to chapter indicated, or otherwise explained here)	Commitments made in 2019	Progress in 2020 ¹	Target Year
 Care for the Environment	16. Energy, Greenhouse Gas (GHG) Emissions and Water Use	Conservation of resources is important not only for the preservation of our natural environment, but also for the viability of our business as it enables us to lower our cost and create greater value for our stakeholders.	• Care for our Environment	• We monitor and measure the usage of our resources. This data is then reported in our sustainability report. By improving the quality of our disclosures, we strive to strengthen our performance in resource conservation by formulating strategies in line with business and stakeholder priorities.	Develop an internal policy framework to improve energy and water use efficiency.	●●○○	2021
	17. Waste and Packaging	Waste is a by-product of our business activities which can have serious impacts on our environment if not managed properly. As a responsible business, Sheng Siong is committed to reducing the amount of waste generated and supporting a circular economy.	• Care for our Environment	• We monitor and measure our waste streams. This data is then reported in our sustainability report. By improving the quality of our disclosures, we strive to strengthen our performance in waste management by formulating strategies in line with business and stakeholder priorities.	Continue to drive a Reduce, Reuse, Recycle (3R) approach towards resource and waste management.	●●●●	On-going
					Adopt the newly-released Singapore Standard SS 640: 2018, “Code of practice for food waste management for food retail, wholesale and distribution establishments” and develop a meaningful performance indicator for tracking.	●●●●	
					Collaborate with partners to advocate for waste reduction.	●●●●	2021
					Prepare for the Mandatory Waste Reporting Framework which will come into effect in 2020.	●●●●	
					Prepare for the Mandatory Packaging Reporting Framework and Mandatory Waste Reporting Framework which will come into effect in 2020 (extended to 2021).	●●●○	2021
					Develop a packaging guideline for our suppliers that incorporate the Environmental Code of Practice for the Packaging of Consumer Goods (ECOPP).	●○○○	2022



BUSINESS EXCELLENCE

Partnerships for Smart Business

BUSINESS EXCELLENCE PARTNERSHIPS FOR SMART BUSINESS

A FORERUNNER IN NEW PROCESS AND TECHNOLOGY

Innovation and technology are enablers of our business success. Sheng Siong strives to be a forerunner in the adoption of new processes and technology that improve operational efficiencies and productivity, simplify workflow and enhance customer experience to achieve outstanding performance. This earned us the SPRING Innovation Excellence Award in 2015.

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

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

Digital Transformation

We continually review our administration and operations workflow to identify key processes that can be digitised. These processes include human resource management, customer relationship management, procurement, inventory and warehouse management.

In 2020, we enhanced our customer relations management system to allow for better tracking and faster response time to address feedback from our customers and other stakeholders.

We also continued to enhance our suppliers' portal to include new features to facilitate communication with our suppliers, contract management, and simplify administrative procedures. This enabled our clerical staff to free up their time to take on roles with greater responsibilities and which require more complex skill sets.

These business processes are further integrated under the SS Enterprise App. The mobile application facilitates operational business functions such as purchase order (PO) approvals, real-time inventory inquiry and sales monitoring – all conducted through the mobile phone.

The COVID-19 pandemic has escalated the need for these digital transformations, as working from home became the new norm. The SS Enterprise App has facilitated our colleagues with administrative roles to continue to work from home productively and with ease.

We have also made changes to our HR systems in 2020 to replace certain manual processes, including the introduction of facial recognition check-ins and temperature checks as well as SafeEntry registration. This is also applicable to all delivery personnel who enter our Distribution Centre, which facilitates contact tracing when required.

We believe that work is likely to be less desk-bound in the future and adopting digital solutions early will have a lasting impact on productivity and efficiency.

Improving Warehouse Management System

The COVID-19 pandemic has also put the effectiveness of our distribution system to test, especially during the panic runs. We noted our strengths but were also able to identify our weaknesses in handling and distributing extremely high levels of volume to meet sudden peaks in demand. Improvements have been made to fine-tune our systems.

Experimenting with Data Analytics

We have continued to work on improving our capability in data analytics. We have gone beyond simple sales analysis to discover more useful information to support our business functions and decision-making. Examples include manpower planning, in-store crowd control (to allow for safe-distancing due to COVID-19), theft prevention, and inventory management.

Connecting with our Customers through Sheng Siong (SS) Connect

As society becomes more digitally connected, it is paramount that Sheng Siong also explores ways to better connect, communicate and engage with

our customers. We created the SS Connect App with this vision in mind. At its pilot stage, we have included features such as in-store promotion alerts, auto-completion of Sheng Siong's mega promotion lucky draw entry form, e-receipts, purchase history records and store locator. We envision SS Connect to play the role of a shopping assistant to our customers and see ourselves adding more exciting functions and features in the near future.

Enhancing Customers' In-Store Experience through Technology

Since 2015, we have successfully rolled out our Hybrid Self-Checkout System (HSCO) in all our 63 stores. The HSCO has allowed us to successfully reduce customer waiting times at checkout by more than 30 seconds, while freeing up cashiers and tellers to take on roles that expand the scope of their responsibilities and skill sets.

In 2020, we continued to roll out Singapore's first "recycling" cash withdrawal machine, which we call "\$TM", to three of our new stores. All but one of 63 stores now have the \$TM. We top up the \$TM machines with cash from our supermarket sales, and customers can withdraw money from their bank accounts using their OCBC or UOB ATM cards. This reduces the amount of cash required to be collected daily and deposited at the bank by our cash handling service provider, thereby enabling us to save on cash handling charges and improve productivity. Even as we move towards a cashless society, we believe such a system remains crucial as cash will continue to play a role in society, albeit a diminished one.

In the same year, to provide greater convenience for our customers and the community, we partnered with SoCash to allow users of their digital cash circulation platform to withdraw cash from the \$TM, and Singtel to allow users of their mobile wallet Singtel Dash to top-up at the machines.

Managing Risk of Petty Theft

Petty thefts can have a severe impact on our business if left unchecked. We continue to work closely with the Singapore Police Force to deter shop theft. Some initiatives include raising awareness among our frontline colleagues on the A.S.K. Protocol, a 3-steps procedure for deterring thefts, and placing posters and signages at our stores to enhance deterrence. To further deter shop theft, Sheng Siong supermarket employees double up as security officers and wear vests bearing the words "SHOPWATCH". At the same time, they assist our customers with their shopping needs, thus promoting quality customer service. We channelled the financial savings from hiring fewer security officers to awards for our employees and customers who identify potential incidents of petty theft.

More recently, we have upgraded our CCTV monitoring system with enhanced capabilities in surveillance.



BUSINESS EXCELLENCE PARTNERSHIPS FOR SMART BUSINESS

PARTNERSHIPS FOR EXCELLENCE

In 2020, we partnered SkillsFuture Singapore to be part of the SkillsFuture Queen Bee project. Through this partnership, Sheng Siong will be the “Queen Bee”, an anchor company to support the training and development needs of the Small-Medium Enterprises (SMEs) within our value-chain and business networks, in order to help them to achieve business growth and transformation. The project targets to benefit 30 companies, and Sheng Siong is honored to be part of this for the success of our partners is also that of ours.

In 2018, we signed an MOU with ITE (Institute of Technical Education) to formalise a partnership for student and staff development through collaborations in areas such as internship opportunities, attachments for ITE staff and industry projects related to Sheng Siong’s business and operations. By 2019 and through 2020, we have recruited interns from ITE and sent our trainers for training in a programme specially tailored to our needs, alongside the establishment of our supermarket training centre. We believe that our partnership will bring about opportunities for learning and innovation for both organisations, and enhance the practical training for students who will form the future workforce in the retail business industry.

PRODUCTIVITY - JOB REDESIGN



Mdm Tan Siok Nai (49, Senior Executive)

“I have been very privileged to be part of the transition journey with the company for the past 21 years. Accounting tasks used to be data-entry heavy and a whole day could be spent on just entering data. As we upgrade to better accounting software over the years, routine accounting processes become automated and improves productivity. As we upgraded from the EC-Link to Business Centre last year, we are relieved from manual accounting tasks and more time can be devoted to the reconciliation for cashless payments.”

PROTECTING OUR DIGITAL INFRASTRUCTURE & INTELLECTUAL PROPERTY

The digital transformation of our business brings increasing cybersecurity threats. We recognise the growing risk and have taken steps to secure and protect our digital infrastructure and intellectual property. Besides regular monitoring and establishing safeguards within our systems to prevent breaches, we have also established a business continuity plan which focuses on the recovery of technology facilities and platforms, such as critical applications, databases, servers or other required technology infrastructure for the viability of the business.

COMMUNICATION AND TRAINING ON ANTI-CORRUPTION AND ANTI-COMPETITION

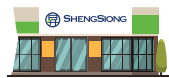
Sheng Siong has a zero-tolerance stance towards all forms of corruption and collusion. It includes a set of guidelines specifying the responsibilities of each employee to observe and uphold the policy. It also provides information and guidance to employees on how to recognise, address and prevent instances of corruption and collusion which may arise in the course of their work.

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

In 2020, we had zero incidents of corruption and zero cases of actions from the Competition Commission of Singapore for anti-competitive behaviour.

We also recognise the importance of conducting business with our suppliers in a manner that is ethical and fair and strive to improve the transparency in our business dealings. To address any fraudulent or unfair practices, our whistleblowing channel is made available to all suppliers which provides them with direct access to our senior management. Our senior management also meets key suppliers annually for business discussions.





BUSINESS EXCELLENCE

PARTNERSHIPS FOR SMART BUSINESS

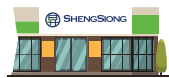
Striving for Improvement

At Sheng Siong, we embrace a culture of learning from mistakes and experiences. When we do make mistakes, we want to make sure that they were not made with ill intentions. Thus, we investigate and review our business processes, learn from our mistakes, make corrections, communicate on our process, and implement preventive measures to avoid repeating similar mistakes.

	2017	2018	2019	2020	Corrective Actions & Management Approach
No. of Incidents of Corruption					
Corruption	0	0	0	0	-
No. of Cases of Legal Actions for Anti-Competitive Behaviour					
Anti- Competitive Behaviour	0	0	0	0	-
No. of Incidents of Non-Compliance with Environmental Law and Regulations					
Mosquito Breeding	0	*2	0	0	• Immediate clean- up of mosquito breeding area. • Conduct more regular inspections especially during rainy seasons. • Improve training and awareness on mosquito breeding problems.
No. of Incidents of Non-Compliance with Laws and Regulations in the Social and Economic Area					
Fire Safety	0	*8	*5	1 •The Group was fined a total of S\$5,100.00 for non-compliance of the Fire Safety Act (Cap. 109A) at Blk 539 Bedok North branch. A fire broke out on 25 January 2020.	• The offence has been corrected to comply with the fire safety regulations • Improve the training of our employees in fire safety.
Obstruction and misuse of common spaces	*14	*6	*5	*10	• Spaces were reverted to their original purpose of use.
Employment related	0	0	*1	*2 1 – The group was fined S\$2,000.00 for not ensuring that the residential address of a foreign employee was updated in the Ministry of Manpower's register.	• The offence has been corrected immediately with the employee updating his correct residential address in the MOM's register. • Further steps have been taken to check on the accommodation of our foreign employees.
Workplace Health & Safety	0	1 • The group was fined S\$2,000.00 for non-compliance concerning workplace safety.	*1 3 – warnings	*1	• Improve the training of our employees in workplace health & safety.
No. of Incidents of Discrimination	0	0	0	0	-
Others	0	1 • The Group was fined S\$19,662.26 for mistakes made in our GST reporting. <i>Remedial: Improve training of accounting staff on GST reporting.</i>	2 • The Group was fined S\$2,500.00 for operating without Temporary Occupation Permit at Blk 539 Bedok North branch. • The Group was fined S\$2,000.00 for failure to renew the permit to operate a lift located within Blk 539 Bedok North branch, although the lift has been regularly serviced.	0	-
No. of Incidents of Non-Compliance concerning Products & Services					
Health and Safety Impacts of Products and Services	*2 fines 3 warnings 2 internal findings	*4 fines 2 warnings 1 internal finding	*2 fines 4 warnings	*6 fines 2 warnings 1 internal finding	• Enhance Internal Quality Assurance Programme
Product and Service Information and Labelling	0	2 warnings	2 warnings	*2 fines 2 warnings	• Improve checks of product labels.
Marketing Communications	0	0	0	0	-
Substantiated Complaints concerning Breaches of Customer Privacy and Losses of Customer Data	0	0	0	0	-

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





BUSINESS EXCELLENCE PARTNERSHIPS FOR SMART BUSINESS

EXTERNAL INITIATIVES

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

- Singapore Code of Corporate Governance (2018)
- ISO 22000:2005 Food Safety Management
- Singapore Standard for Cold Chain Management for Vegetables SS585 : 2013
- Singapore Standard Code of practice for cold chain management of chilled pork SS552 : 2016
- Singapore Standard Code of practice for chain management of milk and dairy products SS621: 2016
- Singapore Standard Code of practice for food storage in warehouses – Ambient / air-conditioned SS629: 2017
- Singapore Standard Code of practice for food waste management for food retail, wholesale and distribution establishments SS 640 : 2018
- Tripartite Guidelines on Fair Employment Practices (TAFEP)
- Forest Stewardship Council (FSC)

Packaging Partnership Programme (PPP)

The Singapore Packaging Agreement (SPA) is a voluntary agreement and joint initiative by the government, industry and NGOs to reduce packaging waste in Singapore. We became a signatory of the Agreement in 2018. In 2019, we were conferred the Excellence Award (MNC and LLE) by SPA for our exemplary efforts in reducing packaging waste. With the agreement ending on 30 June 2020, the National Environment Agency has partnered the Singapore Manufacturing Federation (SMF) to create the Packaging Partnership Programme (PPP). The PPP is a joint capability development programme that will support companies in fulfilling their new obligations under the Mandatory Packaging Reporting framework commencing on 1 January 2021, as well as enable the sharing of best practices in sustainable packaging waste management. Sheng Siong became a member of the PPP in October 2020.

Climate Action SG: Climate Friendly Households Programme

“Switch and Save – Use LED” (SSUL) is a Climate Action SG initiative that started in August 2018 to encourage households living in 1 and 2-room HDB flats to use LED lights. The “Climate Friendly Households Programme” is an extension of the “Switch and Save – Use LED” (SSUL) Programme by the National Environment Agency (NEA). Launched on 28 November 2020, the “Climate Friendly Households Programme” provides e-Vouchers to households living in 1- , 2- and 3-room HDB flats to purchase energy and water efficient appliances and fittings. Eligible households will receive a \$25 voucher by the government to purchase LED lights from participating retailers. Sheng Siong is one of the supermarket retailers which accept the e-Vouchers for the purchase of LED lights.

Singapore Healthier Choice Symbol Programme

By 2020, the number of products under our housebrands carrying the Healthier Choice Symbol (HCS) had increased to 89 products, up from 25 products in 2017. These products include brown rice, red rice, cooking oil, red cargo rice vermicelli, baked beans, sardines in tomato sauce and wholemeal bread products. No sugar added fruit juice, and instant oatmeal are some of the latest additions to the rank.

NS Mark Accreditation (2017 – 2020)

We have pledged and signed the declaration of support for National Service and Total Defence 2017-2020. The NS Mark is a national-level accreditation scheme that recognises businesses and organisations with policies and human resource practices that support National Service and Total Defence.

SGX Fast Track

In 2019, Sheng Siong has been included in the SGX Fast Track until the next review cycle in 2021. SGX Fast Track recognizes the efforts and achievements of listed issuers that have upheld high standards of corporate governance and maintained a good compliance track record. This allows the Group to receive prioritised clearance for submissions of corporate actions to SGX RegCo.

Digital Participation Pledge (IMDA)

Amid a technology-driven landscape, improving the digital readiness of our employees is paramount to our success. We took the Digital Participation Pledge initiated by the Infocomm Media Development Authority (IMDA) in 2019 to show our commitment in supporting our employees to acquire digital skills and encouraging our stakeholders to use our digital services.

Sustainable Employment Pledge

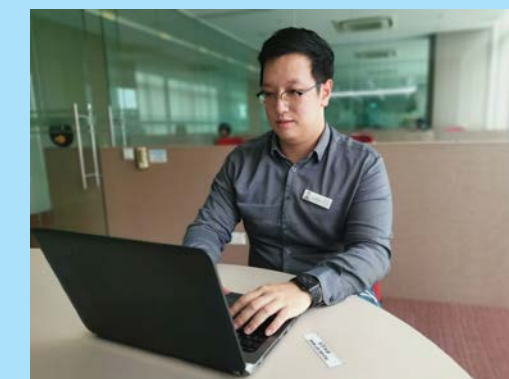
In 2019, we joined the Singapore Business Federation in pledging our commitments towards sustainable employment by taking purposeful actions towards treating our employees fairly and with respect, and supporting them to contribute their best to our business.

MEMBERSHIP OF ASSOCIATIONS

We are a member of the following associations:

- Food Drinks & Allied Workers Union (FDAWU)
- Corporate Member of Singapore Chinese Chamber of Commerce and Industry (SCCCI)
- Singapore Business Federation (SBF)

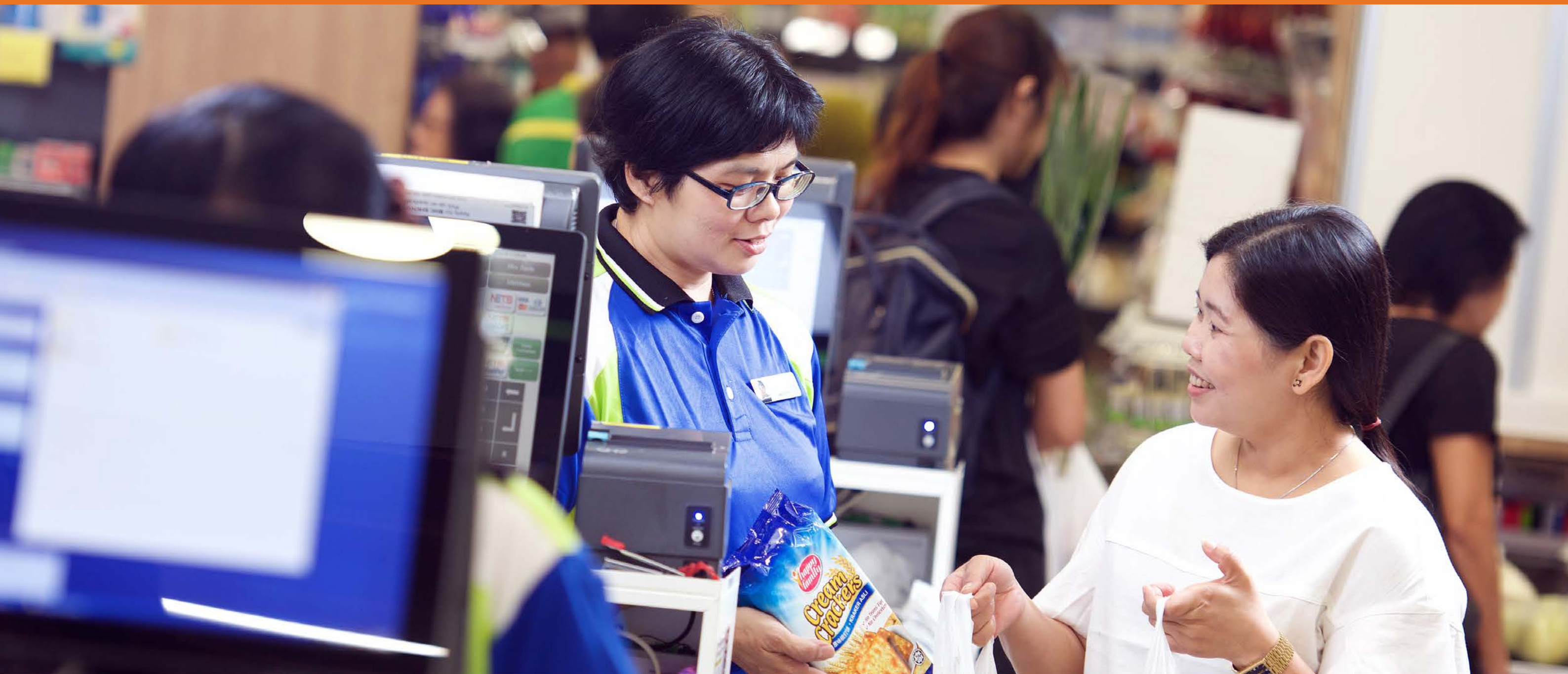
CYBERSECURITY WORKSHOP



Mr Lee Xuan Hao (25, Accounts Associate)

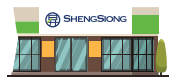
“My work scope requires me to get in touch with suppliers and shipping vendors all the time. Email is one of the main communication tools between me and these external parties, but it is also one of the most vulnerable. The training from the cybersecurity workshop has allowed me to practice higher vigilance when opening emails. We learn to look out for signs of business email compromise and spear phishing. When in doubt, we should always consult our IT personnel.”





CARE FOR OUR CUSTOMERS

A Responsible Retailer



CARE FOR OUR CUSTOMERS A RESPONSIBLE RETAILER

GATEKEEPER OF CONSUMER HEALTH & SAFETY

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

In the supermarket retail business, the supply chain is a long and complex one. We work with over 1,500 local and international suppliers including farmers, manufacturers, local distributors, concessionaires, importers and exporters. They supply us with a wide range and variety of groceries, household products and fresh produce.

As we work with various types of suppliers, the boundaries for some of these material topics may be beyond our reasonable purview. However, we seek to continuously improve the selection procedures of our suppliers and products, while monitoring their operation standards. We recognise our ability to influence our supply chain, and strive to do so positively within reasonable means.

MEETING ESSENTIAL NEEDS

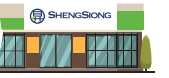
When the COVID-19 pandemic triggered panic buying and pantry loading among consumers, Sheng Siong saw it as our primary responsibility to meet the heightened demands for essential goods, and to provide assurance of stable supplies to our customers. We worked quickly with our suppliers and partners to ensure shelves are re-stocked as quickly as possible. To ensure minimal disruption to the supplies, we activated alternate sources to increase our inventory and made plans to procure items earlier.

Importantly, the focus on food security in Singapore has sharpened amidst the pandemic, and we strive to continue to support local producers to achieve the national target of producing 30% of our nutritional needs locally by 2030.

CUSTOMER SATISFACTION

Sheng Siong's tagline "All for you" reflects our organisation's focus on customer care and service. It is one of the Group's key objectives to constantly improve consumer experience at all our retail outlets. Our score on the Customer Satisfaction Index of Singapore (CSISG) has improved consistently over the last few years:

Year	2017	2018	2019	2020
Supermarket Sub-Sector CSISG	72.4	72.9	73.6	69.9
Sheng Siong CSISG	72.4	73.1	73.7	70.7
Ranking	2nd	2nd	2nd	2nd (excluding Marketplace/ Jasons which were included in the study this year)



In 2020, the CSISG score was obtained through panel interviews conducted online, instead of face to face like previous years. The research team has cautioned that because of this change in data collection methodology, a year-on-year performance would not be comparable. However, we are pleased that we continue to achieve a higher score than the Supermarket Sub-Sector, and continue to rank 2nd place among supermarket retailers in Singapore.



522 employees were rewarded for good service rendered to our customers in 2020 (compared to 540 in 2019, 326 in 2018 and 284 in 2017). To fulfil the evolving needs of our consumers, 49 of our stores (out of 63 as at end 2020) are opened 24-hours. During Chinese New Year in 2020, 23 of our stores remained open on the two public holidays.

Omni-Channel Sales Channels

We continue to offer online grocery shopping service to customers through our "allforyou.sg" e-commerce platform. In 2020, due to COVID-19, we saw a higher demand for the delivery of groceries. To meet the demand, we increased our online grocery delivery capacity. We will be making improvements to our online grocery shopping platform, and will continue to explore ways to leverage on technology to improve our efficiency and last-mile delivery.

Customer Engagement

Communication and engagement with our customers are crucial as we believe that constructive feedback will keep us grounded and help us to better understand their needs. Our presence on social media platforms such as Facebook allow us to better communicate and engage with our customers in a more direct manner, providing them with greater accessibility to after-sales care. As at end 2020, we have over 100,000 followers on Facebook. In 2020, our complaint to compliment ratio was 1.29, a slight improvement from our 2018 ratio of 1.40. We will continue to build on our social media engagements by building presence on other social media platforms and to provide relevant content and information to our customers.

Affordability of Daily Necessities

We continue to collaborate closely with government agencies such as the Singapore Food Agency (SFA) and SingStat to monitor excessive price increases in daily necessities to address profiteering and anti-competitive practices in Singapore. In 2019, we took a step further and supported the launch of the Price Kaki mobile application developed by the Consumers Association of Singapore (CASE) and supported by the Ministry of Trade and Industry (MTI). Price Kaki allows consumers to compare and contribute in-store retail and promotional prices of common household items and groceries on its platform, thereby empowering consumers to make informed purchasing decisions.

Diversification is also practised in our sourcing and procurement strategy to ensure a sustainable supply of food and products at a stable and affordable price. Regular market research and benchmarking are conducted to ensure that Sheng Siong provides the best value in a basket of essential goods.

Customers-Centric Initiatives

Our market share¹ of Singapore's supermarket/hypermarket segment has grown from about 14% in 2017 to 14.9% in 2018, 16.2% in 2019, and 18.0% in 2020. The continuous growth in our market share is a good proxy indicator for our success in improving customer satisfaction notwithstanding the increase in store count. Besides, we also implemented the following initiatives to enhance customer satisfaction in 2020:

- Extension of 3% Special Discount for Senior Citizens every Wednesday
- 3% Special Discount for the Merdeka Generation every Tuesday from 1st July 2019 to 31st December 2020
- Completed roll-out of Hybrid Self-Checkout systems that shorten customers' queue time
- Completed roll-out of Cash Withdrawal Machines "\$TM" that provide value-added service to our customers at their convenience
- Continued to reward lucky customers for their loyalty through the Sheng Siong Mega Promotion Campaign (The Sheng Siong Show)
- Improved procedures and increased awareness among employees to ensure the safety of customers in our stores

4%

growth in market share of Singapore's supermarket/hypermarket segment (18% in 2020 compared to 14% in 2017)

HEALTHIER DIET CHOICES, HEALTHIER SINGAPORE

We care about our impact on consumers' health, which is why we seek to continuously improve the health and nutritional standards of processed food products under our housebrands. This is in line with the national movement towards leading a healthier lifestyle, which saw the Health Promotion Board (HPB) introduce the Healthier Choice Symbol (HCS) programme for packaged food products to help consumers make healthier choices in their grocery shopping. As of 2020, we carry over 2,500 products with the Healthier Choice Symbol.

Healthier Choice

Innovation in product development makes healthy eating affordable for customers. With COVID-19 raising awareness on the need for healthy eating, we have continued to develop more products that meets the Healthier Choice Symbol criteria. In May 2020, we introduced the Heritage Farm Instant Oatmeal 500g, a product that is low in sodium, high in dietary fibre, trans fat-free and cholesterol-free. It is made of 100% Australian Wholegrain Oat and carries the Healthier Choice Symbol.



CARE FOR OUR CUSTOMERS A RESPONSIBLE RETAILER

Trans Fat Free

In total, we now have 89 housebrand products (compared to 85 in 2019, 65 in 2018, and 25 in 2017) carrying the HCS, and 261 housebrand products (216 in 2019, and 186 in 2018) that are trans fat free. These include canned seafood, canned vegetables, canned fruit, rice, confectionaries, cooking oil, tidbits, instant beverages, canned tuna and condiments.

Partially hydrogenated oil (PHO) is the main source of trans fat in the Singaporean diet and is linked to increased risk of cardiovascular diseases. Four high-risk food categories - baked goods, snacks, ready meals and spreads make up the majority of packaged foods containing PHO. Sheng Siong recognises the Singapore government's call to take action to eliminate the use of PHO in food and commits to the PHO-Free pledge by ensuring that 172 of our housebrand products, across the four high-risk food categories, are PHO-free by June 2020 - one year ahead of the effective date of the ban. We will continue to work with our suppliers to expand the range and selection of healthier choice products.

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

KEEPING OUR PRODUCTS FRESH AND SAFE

Maintenance of the cold chain is important for preserving the safety, freshness, shelf life and quality (including nutritional value and sensory characteristics) of fresh produce while reducing wastage from spoilage throughout the supply chain. We adopted the Cold Chain Management in the storage and handling of our fresh produce in 2011. This covers major supply chain links including transportation, distribution as well as storage at our logistics centre and retail outlets. In addition, we have attained ISO 22000:2005 Food Safety Management System certification since 2016 for our processing facility where we process seafood, meat and vegetables and repackaged dried food, frozen food and fruits. At our stores, an internal grading system has been put in place to check and improve hygiene and cleanliness.

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

CERTIFICATIONS

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

NON-COMPLIANCE

In 2020, we had seven incidents relating to food safety, of which six were raised by the authorities, and one from an internal audit. Whenever such incidents arise, our suppliers are immediately informed, and the products are recalled and disposed of. We received two warnings and four non-significant monetary fines from the relevant authorities*. We have since taken actions to prevent such lapses.

We also received two warnings and two non-significant monetary fines* for non-compliance concerning product and service information and labelling. There have been no cases of non-compliance concerning marketing communications that have resulted in a fine, penalty or warning.

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

RESPECTING CUSTOMER PRIVACY

Every year, we run two seasons of our weekly "Sheng Siong Show" where customers can participate for prizes by submitting their receipts at our retail outlets. To protect the privacy of customer data, receipts which contain personal particulars of customers are shredded fortnightly.

Sheng Siong complies with the Personal Data Protection Act (PDPA) which governs the collection, use and disclosure of personal data which has taken effect since 2014. Our IT policy comprises of regular risk assessment that allows us to monitor and establish safeguards within our systems to prevent breaches. In 2020, there were zero substantiated complaints received concerning breaches of customer privacy or loss of customers' data.

¹ Source: NielsenIQ Retailer Flash Report - December 2020



CARE FOR OUR EMPLOYEES

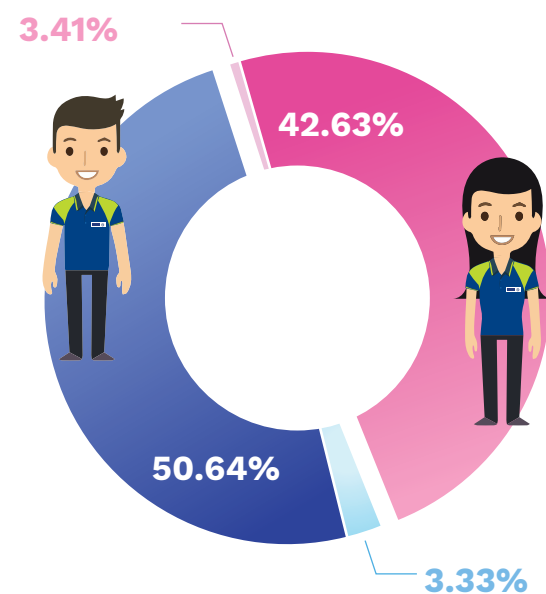
A Responsible Employer

CARE FOR OUR EMPLOYEES A RESPONSIBLE EMPLOYER

BUILDING AN INCLUSIVE WORKPLACE

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

As at 31st Dec 2020, Sheng Siong has a workforce of 3608 employees with an equal gender distribution. Most of our employees are engaged on a full-time basis in Singapore. 99% of our managerial employees are Singapore Citizens or Permanent Residents.



Distribution of Sheng Siong Employees by Employment Contract and Gender

As at 31 December 2020

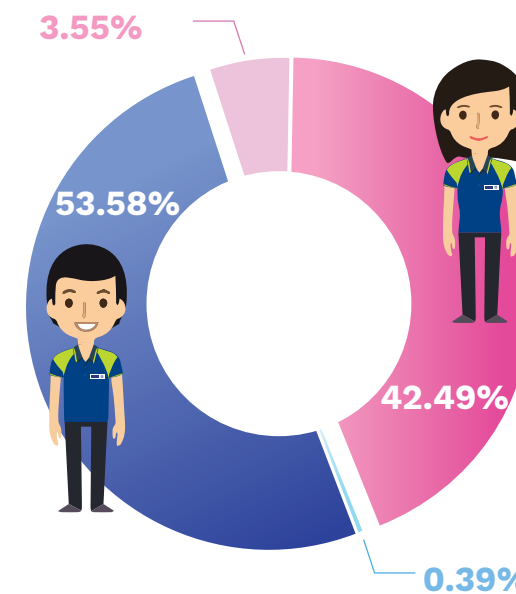
- Female (Permanent)
- Female (Temporary)
- Male (Permanent)
- Male (Temporary)

INCLUSIVE WORKSPACE



Mr Visvanathan A/L Jesudas
(40, Seafood Processing Worker)

"I used to work at a shipyard before joining Sheng Siong. Since then, I have been with this big family for 11 years and counting. I have been posted to three stores during my time in Sheng Siong and wherever I go, my colleagues and I focus on working together as a team to get things done. Customers can place their seafood orders with me in English or Mandarin. Some customers are surprised that I can understand Mandarin. Actually, my Mandarin is pretty fluent as my wife is a Chinese. I can also understand a little bit of the Hokkien dialect. In all, I enjoy serving and chatting with my customers, and working alongside my colleagues, I am really happy working here."



Distribution of Sheng Siong Employees by Employment Type and Gender

As at 31 December 2020

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

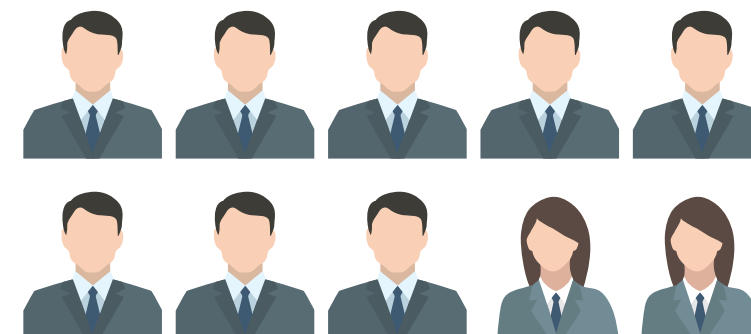
EMBRACING DIVERSITY

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

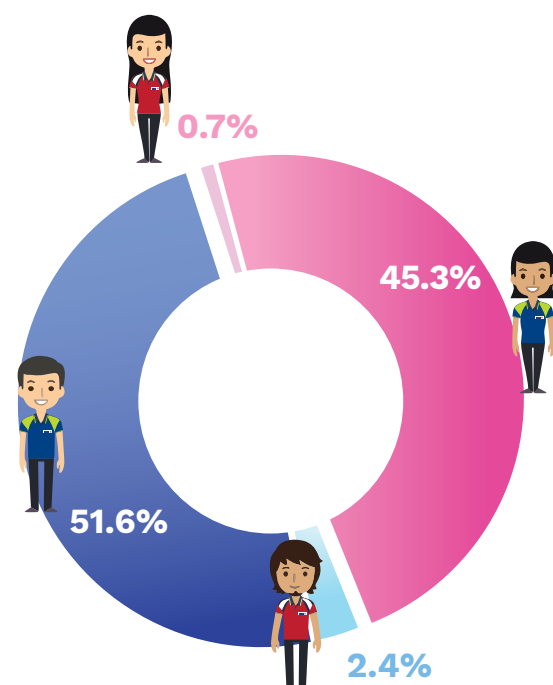
Our whistleblowing policy offers a channel for our employees to raise sensitive issues without the fear of retaliation. Proper procedures have been established to address complaints with regards to abusive, fraudulent, unethical behaviour and misconduct of our employees.

In 2020, we encountered zero cases of incidents relating to discrimination.

Composition of Board of Directors



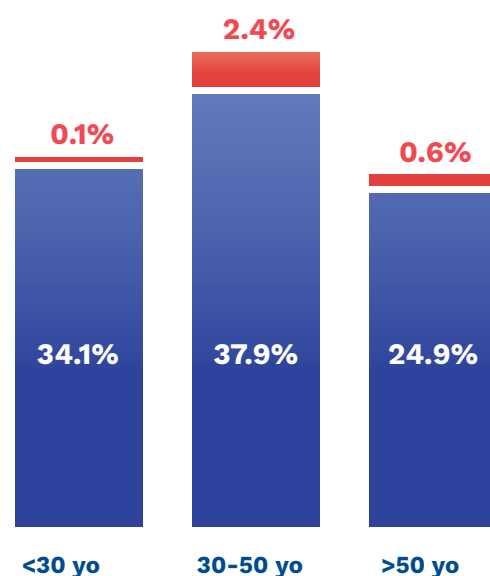
CARE FOR OUR EMPLOYEES A RESPONSIBLE EMPLOYER



Percentage of Employees per Employee Category (Managerial/Non-Managerial)¹ by Gender

As at 31 December 2020

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

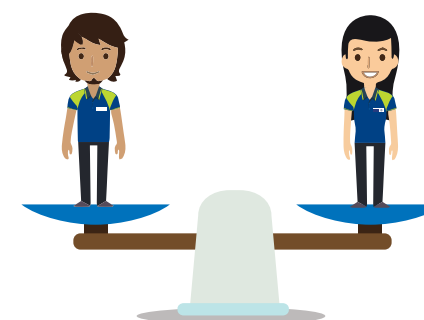


Percentage of Employees per Employee Category (Managerial/Non-Managerial)¹ by Age Group

As at 31 December 2020

- Managerial
- Non-Managerial

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



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

EMPLOYEE RIGHTS

Sheng Siong complies with Singapore's Employment Act for the minimum notice period provided to employees in the event of a contract termination. At least two weeks' notice period or two weeks' salary in lieu of notice is given to an affected employee of a non-managerial role who has served for a minimum of two years, and at least one month's notice period or one month's salary in lieu of notice if he/she has served for a minimum of five years.

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

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

97.6% of total employees are covered by collective bargaining agreements. The notice period and provisions for consultation and negotiation are specified in the collective agreements and are binding for three years. Both parties may commence negotiation for a new collective agreement three months before the current agreement expires.

REWARDING WORK EFFORT AND EXCELLENCE

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

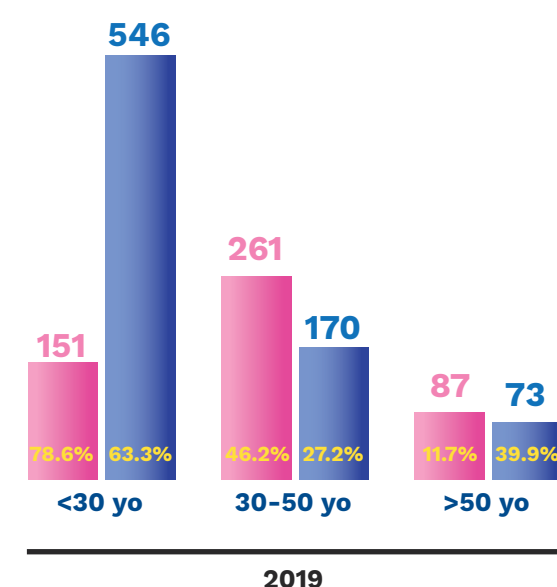
We also reward our employees based on the following merits:

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

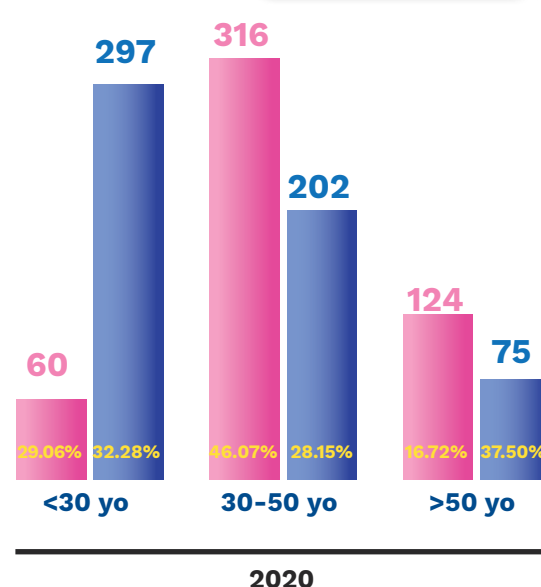
CARE FOR OUR EMPLOYEES A RESPONSIBLE EMPLOYER

Total Number and Rate of New Hires by Age Group and Gender in FY2019 and FY2020

Female Male Rate of New Hires

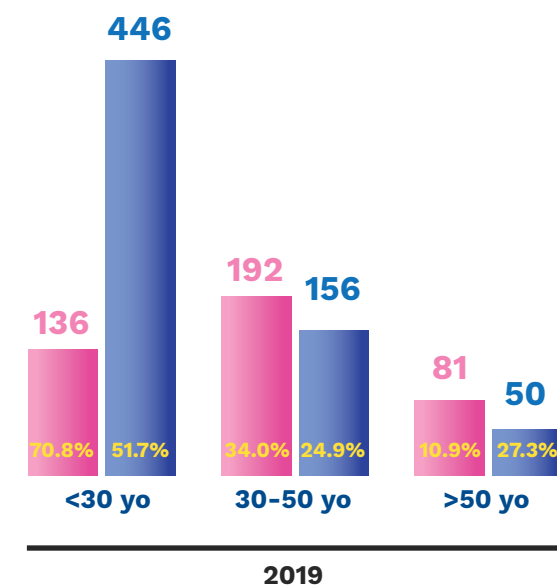


OVERALL RATE OF NEW HIRES:
31.3%
VS. 40.6% IN 2019
VS. 41.8% IN 2018

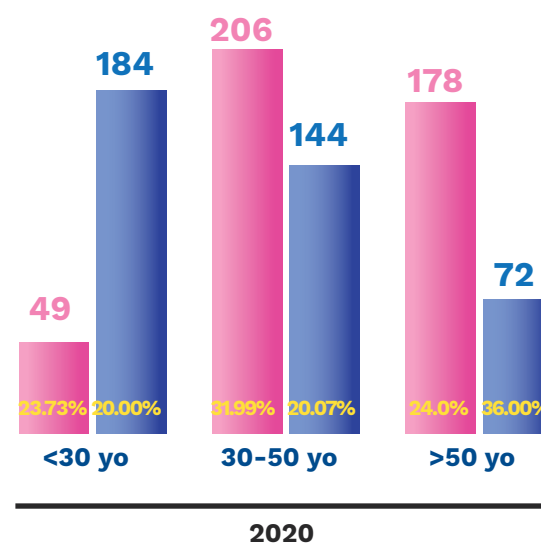


Total Number and Rate of Employee Turnover by Age group and Gender in FY2019 and FY2020

Female Male Rate of Turnover



OVERALL RATE OF TURNOVER:
24.3%
VS. 33.5% IN 2019
VS. 31.9% IN 2018



STAFF TRAINING

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

Since 2018 and well into 2019, the rapid expansion of the Group coupled with the tightening of foreign labour policy has resulted in a manpower strain. In 2020, the circumstance was exacerbated by COVID-19. It was challenging to send our employees for formal training continuously without having a drastic impact on our business functions. However, Sheng Siong remains committed to the training and skills upgrading of our staff. There is a strong emphasis for on- the-job training due to the nature of our business, and we believe that this will remain the foundation of our training method as learning through role modelling and from experience is fundamental to our operational effectiveness. We assess the skills and performance of our employees on a regular basis, and are quick to share learning points across our communication channels with all employees. Daily staff briefings and monthly meetings with store managers and head of departments are also opportunities to deliver bite-sized trainings.

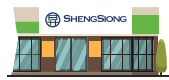
We have decided to set up a more structured approach to our training and are currently exploring the adoption of on-the-go e-learning as a training platform to deliver bite-sized trainings that can be more easily accessed and employees are more receptive to. In 2019, to prepare for the completion of our training supermarket as part of the new extension of our HQ and distribution centre, we embarked on a 'train our trainers' programme with our partner, ITE College Central. The specially tailored programme saw our core team of trainers developing structured training curriculum, materials, delivery and assessment methodologies. The set-up of the training supermarket has been delayed and is expected to be completed by 2022.

STAFF TRAINING



Mdm Zhan Hainan (52, Senior Executive)

"As a store manager, I need to think on my feet to resolve issues at the store every day and as much as we try to prevent accidents, accidents may still happen in our store premises or in public areas at our doorstep. At times like this, it is important to stay calm and composed, and first aid training has given me the confidence to respond promptly to injuries before trained medical personnel arrive. I am glad that the company has sent me for first aid training as I learn how to use the Automated External Defibrillator (AED) properly and I am definitely more confident in performing cardiopulmonary resuscitation (CPR) and applying bandaging for injuries."

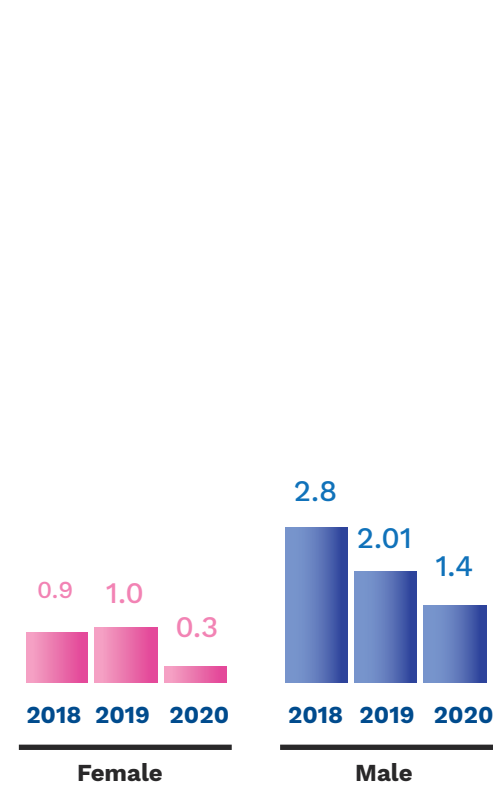


CARE FOR OUR EMPLOYEES A RESPONSIBLE EMPLOYER

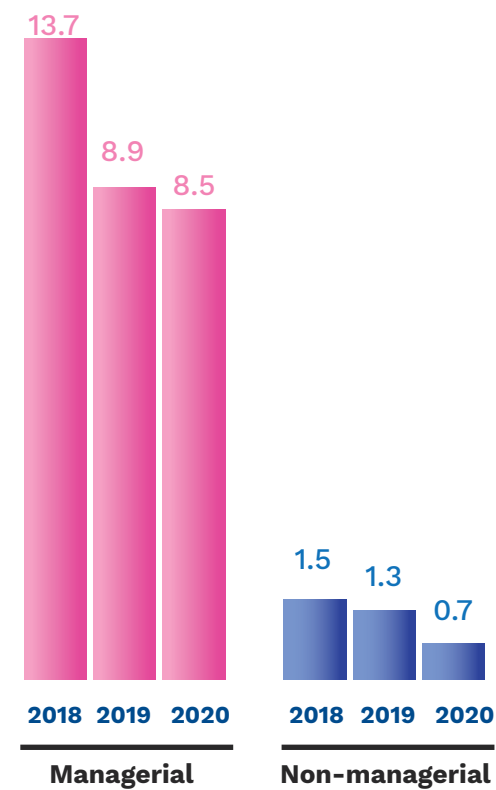
Our employee upgrading courses include the following:

- Frontline Cashier Skills
- Proficiency in the English language
- Management Trainee Programme
- Ongoing Product Knowledge Workshops
- First-Aid
- Workplace & Fire Safety
- Food Safety & Hygiene
- Digital & Social Marketing
- Cyber Security & Awareness
- Others

Average Training Hours Per Employee by Gender



Average Training Hours Per Employee by Employee Category



WORKPLACE SAFETY AND HEALTH

Our Workplace Safety and Health (WSH) management system is developed based on the result of our risk assessment and covers all our employees, business activities and locations of our business operations. The last risk assessment was conducted in 2019. Our WSH policies comply with the Singapore Workplace Safety and Health Act. As part of compliance, the Group is required to set up a Workplace Safety and Health Committee. We also abide by the Fire Safety Act and have developed an Emergency Response Plan (ERP) and established a Company Emergency Response Team (CERT).

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

Each WSH Committee:

- Meets on a monthly basis to discuss matters related to WSH and fire safety.
- Conducts monthly workplace inspections and provide reports documenting the observations and recommendations on remedial actions required.
- Investigates and reports on accidents and recommend actions to be taken.
- Promotes WSH among colleagues.
- Collects feedback on WSH related issues from employees.
- Conducts regular WSH related training and staff briefings.

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

Based on an analysis conducted in 2020, the most common causes of our workplace injuries include:

- Cut or laceration – 41.8%¹
- Hit by/against objects – 25.4%¹
- Over-exertions – 17.4%
- Others – 4.9%

Safety Performance in 2020

	2019	2020
No. of Fatalities	0	0
*No. of workplace accidents per 100 employees	7	8
*No. of accidents involving customers per million transactions	2.72	9.64
No. of motor accidents per 100 delivery trips	#0.028	0.020

*These data include minor first aid cases.

#The data should read 0.028 instead of 28 because of a conversion error.

Although we have not reduced the number of workplace accidents, improving workplace safety measures such as making it mandatory to wear anti-cut gloves, safety-shoes, and ergonomic coaching on heavy-lifting, have resulted in the reduction of the severity of the accidents that have taken place.

In 2020, we saw a 2.5-fold increase in the number of accidents involving customers which was primarily driven by higher customer traffic during the circuit-breaker period. More than 50% of the incidents involved customers slipping and/or falling. It was observed that customers were purchasing in bigger volumes and leaving shopping baskets on the floor, sometimes unattended. There were also more frequent intense heavy rainfall events in Singapore, which resulted in more instances of slippery surfaces in our retail space.

¹ The data for 'Cut or laceration' should read 38.1% in 2019 instead of 29.0%, and 'Hit by/against objects' is 26% instead of 18.6% because of re-categorisation of the causes of injuries into broader groupings.



CARE FOR OUR EMPLOYEES A RESPONSIBLE EMPLOYER

There were also more cases of customers falling on travellers. Remedial actions were immediately taken which included using the in-store public announcement system to remind customers to be mindful, more frequent drying of floors during rainy season, and putting up safety messages at the travellers. We will continue to work with our Safety Consultant in hazard proofing our retail area, and improve the training of our colleagues in workplace safety, to create a safe shopping environment for our customers.

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

Our sub-contractors make up less than 0.5% of our workforce and are required to comply with our WSH policies. Their management is given direct access to provide feedback to our Group's management. While Sheng Siong does not manage our suppliers' responsibilities towards their employees' safety and health, we will continue to explore how the Group can play a positive role in fostering workplace safety and health along the supply chain.

NON-COMPLIANCE

In 2020, the Group received three fines of which two are non-significant monetary fine and one costing S\$2,000.00 for not ensuring that the residential address of an employee was updated in the MOM's register. The offences have been corrected immediately, and we have stepped up on checks with our foreign employees. We continued to identify gaps in our risk management on the use of equipment and our safe work procedures, and worked closely with our safety partners and consultants in the training of our employees and conducting audits to ensure that safety procedures are complied with. When incidents occur, affected employees will be briefed again on the safety procedures. Such lessons are also shared during staff briefings with the wider group of employees, and everyone is strongly reminded to follow established safety procedures.

WORKPLACE SAFETY TRAINING & EDUCATION

Every year, we conduct two refresher training sessions on the use of forklifts and electronic power jacks at our distribution centre. We also continue to provide training in:

- First Aid
- Fire Safety
- Emergency Response

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

PROVIDING MORE HEALTHCARE BENEFITS

We partner government agencies and NGOs to promote workplace health and safety. We were conferred the HEALTH AWARD 2019 – Special Mention Award by the Singapore Health Promotion Board (HPB) for our participation in the workplace health promotion programme which consisted of health screening, health and ergonomic coaching and enhancement of our company's meals by adopting less oil, less salt and less sugar in our food preparation. Towards the end of 2019, we collaborated with the HPB to organise weekly Kickboxing Fitness Classes for our employees at our HQ Office.

In 2020, we distributed gloves, face masks, and hand sanitisers to our employees to protect them against the transmission of COVID-19. The Company also provided additional paid leave days for cases where quarantined orders or stay-home-notices were issued.

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

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

CARE FOR EMPLOYEES

To ease the rising cost of living and encourage our employees to eat more healthily, we introduced a staff purchase scheme in 2017 for groceries and fresh produce at our stores. Last year, the scheme cost us more than \$537,000, an increase of 40.5% as compared to 2019.

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

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

This year, another 46 employees received their long service award for 20 years of service to the Group.

SUSTAINABLE EMPLOYMENT PLEDGE

In 2019, we joined the Singapore Business Federation in pledging our commitments towards sustainable employment, recognising that we play an important role as an employer to take purposeful actions towards treating our employees fairly and with respect, and supporting them to contribute their best to our business.

Sustainable Employment Pledge

Thriving customers, employees and communities lead to better business and healthier long-term growth. Purposeful actions by companies will foster a vibrant economy and society through sustainable employment practices and encouraging innovation. We want to play our part.

- ✓ **Our employees are critical to our success.** We will compensate them according to performance, providing important benefits for their well-being and training and education support to keep their skills and knowledge up to date. We offer a work environment that treats every employee with respect and dignity.
- ✓ **Mature employees are valued assets.** We will redesign roles to fit their strengths and abilities and make best endeavour to help them contribute their best to the business.
- ✓ **Fair and ethical contracts are essential for businesses to grow together.** We will be good partners to our suppliers, large and small, and individuals that we engage.
- ✓ **We can learn from each other.** We will share our best practices in sustainable employment to help Singapore move towards a more caring and inclusive society.



We pledge to make at least one improvement to our practices in sustainable employment every twelve months.



**CARE FOR THE
COMMUNITY**
Care for Our Home

CARE FOR THE COMMUNITY CARE FOR OUR HOME

GIVING BACK TO THE COMMUNITY

It is our policy to give back to the local communities where we operate, by supporting our employees and their families as well as contributing to community initiatives organised by NGOs, educational institutions and our suppliers. Our approach to community contribution and philanthropic activities are in line with our core mission of value creation for our stakeholders.

The Group contributed a total of S\$134,700 to community initiatives in 2020. This may not seem like a significant amount, but we believe that charitable contributions should go beyond the monetary form. Therefore, when it comes to giving back to the community, Sheng Siong's focus has consistently been a contribution of in-kind resources such as space, time, effort and labour.

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

Due to COVID-19 and the restrictions placed on movement and activities allowed to be carried out at our retail stores, there were only a small number of campaigns that were organised in 2020. However, we are happy that we were still able to support the following initiatives:

RED CROSS PROJECT R.I.C.E.+

Since 2012, we have collaborated with the Red Cross Youth annually in their food donation drive. We collect hampers of food, toiletries and household items donated by our customers for the needy. Over 8 years, more than 150,000 hampers garnered were donated to the cause. In 2020, over 10,000 hampers were collected and donated. With safety measures in place, we assisted in preparing the hampers for distribution to beneficiaries from skipped-generation families, single-parent households and low-income households. We strongly believe that we can do good together with our valued customers and partners.

RED CROSS BLOOD DONATION DRIVE

We also supported the Red Cross to encourage the public to donate blood near their homes by sharing blood donation schedules on our Facebook. Our stores which are located near the blood donation drives would put up posters to raise awareness.

SUPPORTING PEOPLE WITH DISABILITIES

Since July 2012, we have been collaborating with SPD, a Singapore charity that helps people with disabilities, on donation box placements at our stores. In 2020, SPD has placed 33 donation boxes at 21 Sheng Siong stores. A total of S\$21,427.50 was collected in 2020.

SUPPORT FOR WORLD NO TOBACCO DAY

The Health Promotion Board (HPB) has a goal to bring down smoking rates to less than 10 per cent of the population by 2020. Since 2015, Sheng Siong has voluntarily supported the "World No Tobacco Day" by suspending tobacco sales once a year on the 31st of May.

APPRECIATION FOR FRONTLINE WORKERS

In support of "Public Transport Workers' Appreciation Day" (PTWAD), we showed our appreciation by offering a 3% special discount to public transport workers. The PTWAD was organised by the Land Transport Authority (LTA), in partnership with the National Transport Workers' Union (NTWU) and the four Public Transport Operators (PTOs) to recognise and celebrate the contributions of 24,000 public transport workers. A total discount of about S\$3,800.00 was given for the purchases of the public transport workers in the month of November 2020.

The "Thank Your Cleaner Day" is a day dedicated to all cleaners, organised by KARCHER and supported by NEA and the Environmental Management Association of Singapore. To thank our cleaners who were at the frontline keeping our environment clean during the pandemic, we offered eight housebrand products such as jasmine rice, vegetable oil and instant coffee for them to purchase at discounted prices. Discount brochures were mailed to the cleaners which could be used on selected products at all Sheng Siong stores from 21 October to 31 December 2020.

When a group of nurses from the Singapore General Hospital approached us to purchase some pantry items in bulk, we decided to take the opportunity to show our appreciation and support for their dedication during the pandemic by donating in kind what they have requested for.

HELPING WITH RISING COST OF LIVING

While Sheng Siong strives to keep essential products affordable, we also believe in extending a helping hand to vulnerable groups in the community. In 2020, we extended our special 3% senior citizen discount programme (given out on every Wednesday for seniors aged 60 years and above) for another year. The Merdeka Generation discount programme was launched in 2019 to show our support and appreciation towards the Merdeka Generation for their contribution towards the development of Singapore in the early years. The programme offers this group of seniors another 3% discount on every Tuesday of the week. As seniors are more susceptible to COVID-19 and were encouraged to stay at home during the lock down period, we made an exception to allow their family members to enjoy these special savings when they purchased groceries on their behalf. The total discount provided under the two programmes was about S\$2.8 million in 2020, as compared to S\$1.4 million in 2021.

Sheng Siong is one of the major supermarkets which participated in the programme to accept grocery vouchers given to low-income Singaporeans. The grocery voucher programme is part of the Care and Support Package rolled out for Budget 2020, aimed at helping less well-off Singaporeans with their household expenses during this period of economic uncertainty. To promote healthy living among the beneficiaries, we further supported the programme by offering a 5% discount off all Healthier Choice Symbol (HCS) products, capped at 5% of voucher value. The total discount provided in 2020 was about S\$41,000.

EDUCATION GRANTS FOR LOWER-SALARIED EMPLOYEES' CHILDREN

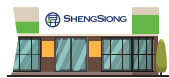
The children of our lower-salaried employees are entitled to receive an education grant. The Annual Education Grant which was inceptioned in 2013 is fully paid for by the three founders of the Group, who are also major shareholders. Last year, we disbursed a total amount of S\$523,200 to 656 children of our lower-salaried employees.

EDUCATION GRANT



Mdm De Kretser Evelyn Bunao
(51, Cashier)

"Raising triplets is not an easy feat and I am truly grateful for the education grant provided by the company. My three boys are currently in Secondary 4 and the \$800 grant that each of them received will go a long way, especially since my husband has not been able to work for the past two years due to health issues. We will use part of the grant on necessities for the children and put aside the rest for our savings. Life has been tough but we are grateful for the silver lining in the clouds."



CARE FOR THE COMMUNITY CARE FOR OUR HOME

PHILANTHROPIC CONTRIBUTIONS

Our three founders remain committed to supporting the philanthropic activities of the Group and have contributed to many causes over the years. In 2020, they have made contributions in the name of Sheng Siong to the:

- President’s Challenge 2020
- Ang Mo Kio Family Service Centre – Project Pilih Pilih
- Industrial & Services Co-operative Society Ltd (ISCOS) – Gift of Hope programme
- ISCOS ReGen Fund – Bursary Awards and Book Grants
- Asian Medical Foundation (AMF)
- The Speak Mandarin Campaign Family Talent Competition (formerly known as the Parent-Child Talent Competition)
- Lim See Tai Chong Soo Building Fund
- Rare Disease Fund
- ALittleChange – ALittleCarePackage programme
- Heartware Network – “We Love Our Teachers’ Project” – Apple of my Eye (WLOTP)

HEARTWARMERS VOLUNTEER GROUP

We have partnered the Heartwarmers Volunteer Group to build and expand a ground-up initiative called “Project 100=50” since 2017. This project was originally a collaboration between multiple parties, including Henderson-Dawson CCC, Nee Soon Central Grassroots Organisations and Sree Narayana Mission Home, and has since expanded to include Tampines North CCC, Kembangan-Chai Chee Social Team and Jurong Spring CCC. Project 100=50 allows selected

beneficiaries to purchase items at a 50% discount, up to a maximum discount of \$50. These invited beneficiaries typically belong to lower middle-income families who require some form of financial help. Sheng Siong would support by supplying the products and setting up booths to sell, as well as providing shopping trolleys, baskets, fridges, and shopping bags at the events. Our colleagues would also volunteer their services as helpers at the events to oversee the booths and assist the beneficiaries in their shopping. In 2020, the project was put on hold because of COVID-19 restrictions. We remain committed to support “Project 100=50” and look forward to its recommencement in 2021.

CREATING JOB OPPORTUNITIES FOR MINDS’ TRAINEES

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

MANAGING OUR SUPPLY CHAIN

Singapore imports more than 90% of our food sources. To remain competitive and create greater value for our shoppers, our Group has adopted a direct sourcing strategy over the years, especially for our fresh food category. This has not only shortened the supply chain and improved savings but also helped us to have better oversight on food quality, food safety and food security issues. Sheng Siong also practises diversification in sourcing to keep supplies of our products stable and affordable throughout the year and in times of crisis. We work with about 1,500 suppliers in our supply chain, where 87.6% of them are locally-registered companies and represent about 93.6% of our total purchases. We

support our locally-registered suppliers by improving communications and business administration procedures through our suppliers’ portal and bulk handling of their products.

SUPPORTING LOCAL FARMS

During the 2019 Budget, the Singapore government announced a target to produce 30% of Singapore’s nutritional needs locally by 2030 in a bid to strengthen food security amidst increasing threats from climate change. The COVID-19 pandemic has sharpened the focus on this agenda, driven by potential risks of global supply chain disruptions.

We continued to support local vegetable farmers such as Quan Fa Organic Farm (全发有机农业), Yili Vegetation & Trading Pte Ltd, Kin Yan Agrotech Pte Ltd, and local egg farms such as Chew’s Egg, by carrying and promoting their products in-store. We hope that the presence of local produce at Sheng Siong’s mass market distribution channels will encourage venture capital interest for the support of farms in Singapore, and help local farmers build a strong brand of safe, high quality, and affordable locally-produced vegetables, and raise awareness among customers.

In November 2020, to further extend our support of homegrown produce, we partnered Chew’s Eggs to launch our housebrand Heritage Farm Singapore Eggs.

Our Selection of Sustainable Seafood

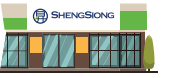
Seafood Type	Certification
Fresh Norwegian Salmon	GLOBALG.A.P, Global Sustainable Seafood Initiative (GSSI)
Frozen Norwegian Mackerel	Marine Stewardship Council (MSC)
Live Boston Lobsters	Marine Stewardship Council (MSC)
Live Oysters	Ocean Wise Seafood Programme
Frozen Shrimp Paste	Aquaculture Stewardship Council (ASC)
Frozen Golden Pompano	Best Aquaculture Practices (BAP)
Frozen Toothfish (Dissotichus Elegionides)	Marine Stewardship Council (MSC)



SUSTAINABLE SOURCING

We are committed to promoting sustainability and resilience along our value chain. We will continue to practice diversification in our sourcing strategy and intend to enhance our purchasing policies to address our material topics with our suppliers. We are mindful of our customers’ needs, and while we strive to source more sustainably, it is our goal to continue to ensure that our products and produce remain affordable and competitively priced.

To demonstrate our commitment to sustainable sourcing, 86% of our housebrand paper products are certified under the Forest Stewardship Council (FSC). We also carry a selection of sustainable seafood shown in the table below. In 2020, we expanded the list to include Frozen Golden Pompano (BAP Certified), and Frozen Toothfish (Dissostichus Elegionides, MSC Certified).



CARE FOR THE COMMUNITY CARE FOR OUR HOME

SUPPLIER



Sing Long Foodstuff is a homegrown company established in 1983, which specializes in manufacturing a wide range of savoury sauces, as well as instant local dessert products that can be served within minutes.

Since 1985, Sing Long has been supplying its products to Sheng Siong. To date, Sing Long is a familiar household brand that can be found at all Sheng Siong stores.



Mr Ng Chin Nyan (CEO, Sing Long Foodstuff)

“Ever since we started collaborating 36 years ago, Sheng Siong has been a very supportive retail partner. Having our products listed in Sheng Siong has no doubt grown our brand name in the market. Whenever we have new product listings, Sheng Siong would be keen to place our new merchandise on their shelves. When we reach out to Sheng Siong to run down our stocks, they would readily engage in marketing promotions and have our products arranged at good spots. As a SME, payments are crucial to my company’s cashflow and Sheng Siong has always been very prompt in its payments.

Last year, Sing Long has also onboarded the SkillsFuture Queen Bee Project, where Sheng Siong is the anchor company that supports training and development for SMEs. Sheng Siong has been very generous in sharing their transformation journey and we are keen to adopt their Pick-to-Light warehouse system to boost our productivity.”

SAFE, QUIET AND CLEAN NEIGHBOURHOODS

We continued to work closely with the Singapore Police Force to deter shop thefts. Sheng Siong supermarket employees will wear vests bearing the words “SHOPWATCH. May I help you?” that signals our employees are present to deter theft. In addition, it is also a non-intrusive way of offering customers assistance for shopping needs, thus promoting quality customer service. We have also upgraded our CCTV monitoring system with enhanced capabilities in surveillance.

	2017	2018	2019	2020
No. of customer thefts	250	257	281	265
No. of stores	44	54	59	63
No. of thefts per store	5.68	4.76	4.76	4.21

To play our part in promoting the quality of life in the heartlands, we worked with town councils to restrict delivery times by food suppliers to mitigate noise disturbance in the HDB neighbourhoods. Special delivery arrangements are made to ensure deliveries to the stores are carried out at appropriate timings, and extreme care is taken during loading and unloading with noise-reducing equipment such as noise-absorbing pallet jacks to mitigate the disturbance. In 2020, a total of 26 instances of feedback were received on noise disturbances, a 2-fold increase as compared to 2019. This is primarily due to more people staying at home during the lock down period. Since a majority of our stores are operating in neighbourhood centres and in close proximity to the residents, an increase in the number of feedback were observed. These feedback were reviewed and addressed immediately.

LET’S FIGHT SCAMS

Singapore reported a significant increase of 65.1% in scam cases, which made up 42.1% of the overall crime in 2020¹. The top ten scams included e-commerce scams and social media impersonation scams. Sheng Siong was a victim of various social media impersonation scams where our brand was used purportedly to phish for netizens’ personal information or for their money. Since 2018, we have collaborated with the National Crime Prevention Council (NCPC) to provide anti-scam and crime prevention training for staff. Posters were placed at all outlets to alert customers on the latest scams. Incidents are reported to the Singapore Computer Emergency Response Team (SingCERT), part of the Cyber Security Agency of Singapore. In addition, we update our social media sites on a timely basis to inform netizens of circulating scams, and encourage the public to only trust information from our official website and social media accounts.

¹ Source: Annual Crime Brief 2020, Singapore Police Force



CARE FOR THE ENVIRONMENT

Conserving Resources



CARE FOR THE ENVIRONMENT

CONSERVING RESOURCES

In 2016, Singapore joined 170 other countries in signing the Paris Agreement to combat climate change. The Sustainable Singapore Blueprint was developed to guide our nation towards the goal of building a more liveable and sustainable Singapore. In 2019, our government announced the adoption of circular economy strategies towards becoming a Zero Waste Nation, and launched the nationwide ‘Say Yes to Waste Less’ Campaign which Sheng Siong supported and participated in. The mandatory waste reporting regulation has also been extended to large industrial developments like our distribution centre in 2020. We will also be required to comply with the mandatory packaging reporting in 2021.

The recently announced Singapore Green Plan 2030, a national sustainability movement, seeks to rally bold and collective action to tackle climate change and strengthen Singapore’s commitments under the UN’s 2030 Sustainable Development Agenda and Paris Agreement. Sheng Siong recognises its responsibility to be part of the Green Plan, and to contribute towards the goal of becoming a Zero Waste Nation.

We adopt the 3Rs ‘reduce, reuse, recycle’ principle in the management of our resources and waste. We have always viewed the conservation of resources as a key business objective as doing so will not only contribute to a more sustainable environment but also lower our cost.

REDUCING OUR CARBON FOOTPRINT

Using Solar Energy

To reduce our carbon footprint and our electricity consumption from the grid, a major photovoltaic system was installed in 2013 on the rooftop of our Mandai Link Distribution Centre. The panels occupy an area of about 11,000 square metres, making full use of its available roof area. Upon commissioning in 2014, the installation was the largest single photovoltaic (PV) system in Singapore with a capacity of 1,200 kWp (kilowatt-peak). Our proactive effort to be environmentally friendly was recognised and it led the Group to become a recipient of the Singapore Economic Development Board (EDB) Solar Pioneer Award. In 2020, our PV (Solar) system supplied about 10.2% of our total energy usage at our distribution centre, compared to 11.8% in 2019. The decrease was due to a section of solar panels which had to be removed during the construction of the extension to our distribution centre and the increase in energy consumption arising from the significant increase in business volume.

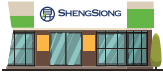
Improving Energy Efficiency

Our distribution centre has been awarded the BCA Green Mark Compliance for 100% use of LED lights, a cold storage heat recovery system, and its rainwater recovery system.

The completion of our distribution centre in 2011 enabled us to improve our capacity and ability in the bulk handling of products for our suppliers by switching from a direct store delivery model to a centralised distribution model. We successfully reduced the number of trips our suppliers have to make to deliver to our stores – from 50-60 deliveries per day per store in the past, to 5-6 deliveries per day directly from our distribution centre today. This enabled us to reduce our carbon footprint associated with the transportation of goods. Our warehouse is equipped with efficient inventory and distribution management systems that allow us to exercise better control over our logistics operations.

Sheng Siong owns a fleet of 77 delivery vehicles. Since 1 January 2018, the National Environment Agency (NEA) requires all new diesel vehicles to meet the Euro VI emission standard. Our fleet replacement policy is to choose vehicles with engineering solutions that adhere to the latest emission standards.

All our 63 stores have been fitted with LED lights. LED bulbs are the most efficient lighting choice, using only a third of the energy of fluorescent lights and potentially reducing the energy consumption of our lights by up to 80%.



Energy Intensity (Megajoules per \$ revenue)



Greenhouse Gas Emissions Intensity (kg CO2e per \$ revenue) ¹



¹ Both Scope 1 and Scope 2 emissions are included in the intensity ratio.

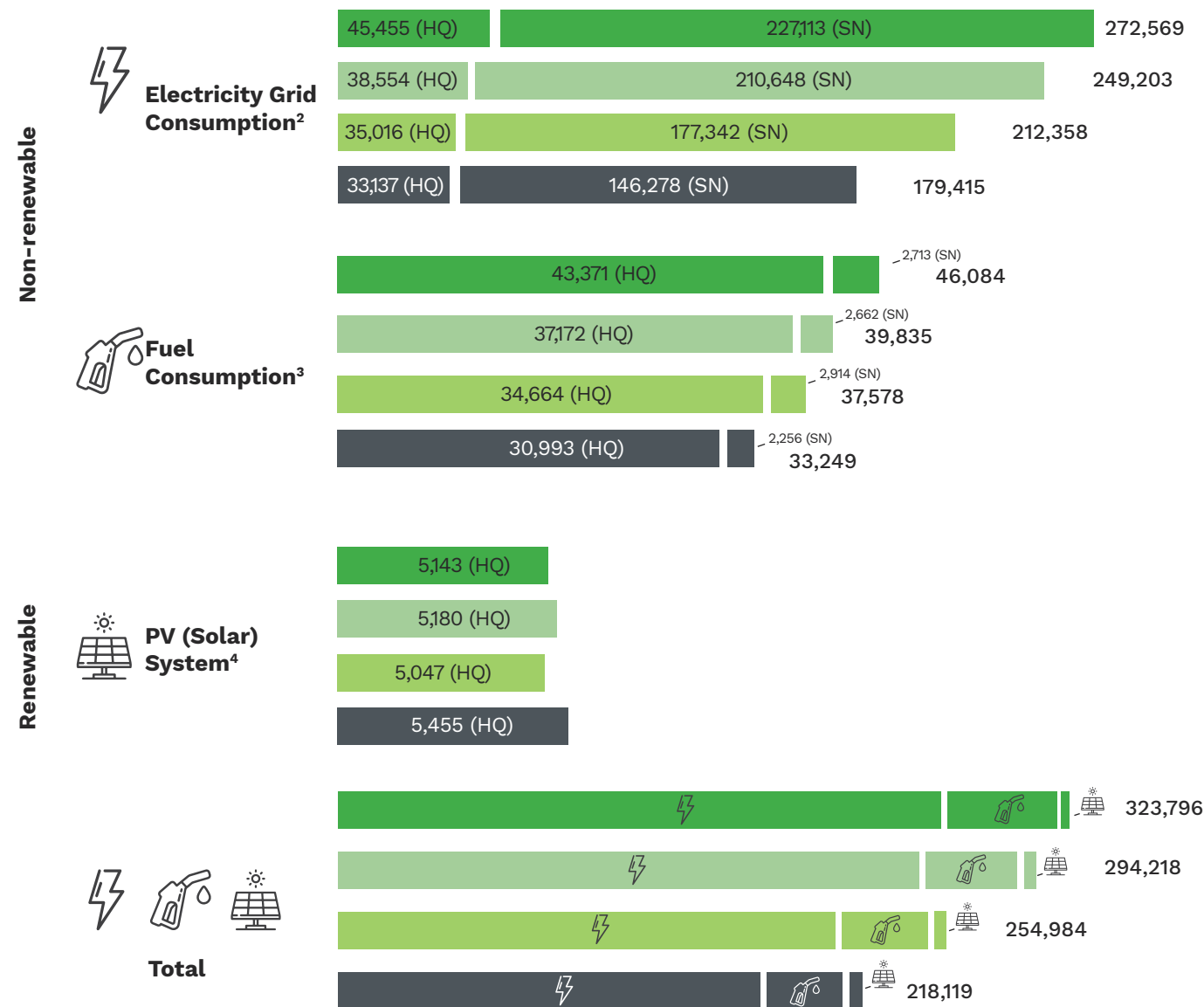
CARE FOR THE ENVIRONMENT

CONSERVING RESOURCES

Energy Consumption within Sheng Siong (gigajoules) ¹

■ 2017 ■ 2018 ■ 2019 ■ 2020

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



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

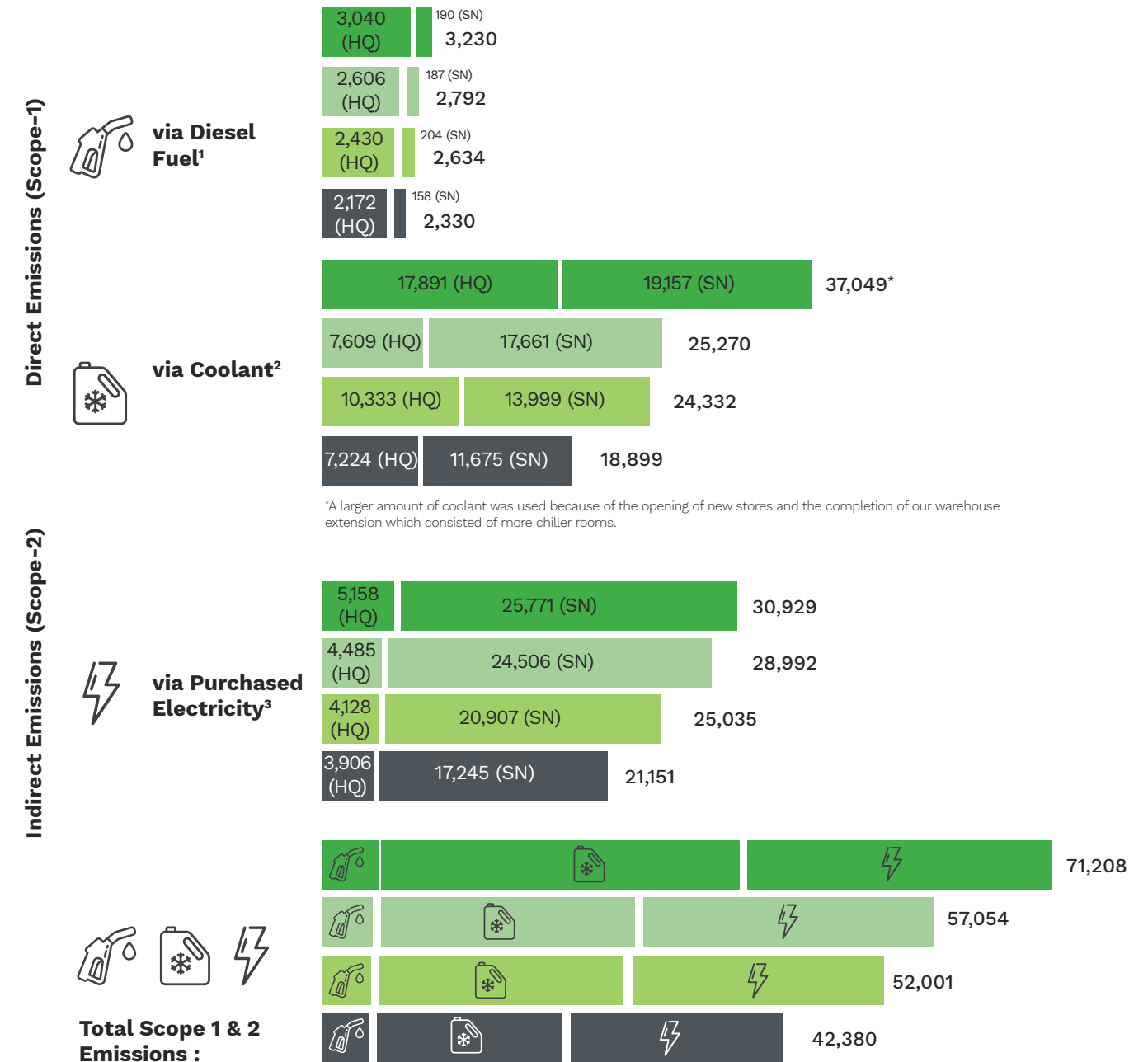
² Data on energy consumption is collected through monthly utility bills.

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

⁴ A monitoring system is installed with our PV (Solar) system.

Greenhouse Gas Emissions (tons of CO₂e)

■ 2017 ■ 2018 ■ 2019 ■ 2020



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

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

³ Source: <https://www.ema.gov.sg/singapore-energy-statistics/Ch02/index2>

Electricity Grid Emissions Factors and Upstream Fugitive Methane Emission Factor



CARE FOR THE ENVIRONMENT CONSERVING RESOURCES

MANAGING OUR WASTE

Managing Food Waste SAY YES TO WASTE LESS

Sheng Siong is one the partners in NEA's "Say YES to Waste Less" (SYTWL) campaign. The second SYTWL campaign was launched on 14 September 2020. With 95 partners and covering more than 2,100 premises, the campaign aims to encourage the public to reduce the use of disposables and/or food wastage. Sheng Siong has continued to support efforts to reduce the use of disposables and food wastage by sharing social media posts and placing collaterals such as wobblers and decals across our stores. We encourage our customers to bring their own bags, to handle our fresh produce with care, to shop wisely and adopt good storage practices at home, so as not to waste food and reduce the excessive use of disposables.

In 2020, about 665 million kilograms of food waste¹ was generated in Singapore. This is a big problem for land scarce Singapore because our only landfill will soon run out of space. In addition, when we waste food, it is not just the food that is thrown out, but also the resources and effort devoted to nurturing, delivering and marketing it.

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

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

Since 2017, we have been collaborating with NEA on a food waste co-digestion project, where source-segregated food waste collected from 13 of our stores and distribution centre is sent daily to a facility at Ulu Pandan Water Reclamation Plant for co-digestion with used water sludge. This co-digestion process yields more biogas from the anaerobic digestion process compared to the treatment of used water sludge alone, thereby enhancing energy recovery. In 2018, the project was extended incrementally to include 54 stores, and by 2019, all our 59 stores were participating in the programme. We continue to extend the programme to all new stores. In 2020, we successfully diverted an estimated 2,085 tonnes of food waste generated by all our 63 stores and our distribution centre. We installed a patented technology for cleaning the air in our fruits and vegetables chillers (at our distribution centre) from all sorts of airborne organic compounds. The equipment effectively removes ethylene gas (to prevent premature ripening), bacteria, mold spores and viruses, to prolong the freshness and quality of the produce and prevent food loss. Less food waste was also generated because of the higher turnover rate of fresh food at our retail stores.

	2018	2019	2020
Food Waste Recycled (Tons)	2,340	3,035	2,085
Food Waste Recycled per sqft* (kg)	5.19	5.97	3.74

*Weighted average floorspace area (not including distribution centre)

¹ <https://www.nea.gov.sg/our-services/waste-management/3r-programmes-and-resources/food-waste-management>



Reducing Packaging Waste

The excessive usage and disposal of plastics continues to be one of the most concerning environmental problems today. The debate continues regarding the best way to address this problem, from incentivising bringing-your-own bags to imposing a plastic bag charge. There is also an ongoing debate on whether reusable bags are more harmful to the environment if they are not reused enough times¹, or if disposables made from paper or other biodegradable materials are indeed better for the environment².

There is no straightforward solution to this complex problem which has been perpetuated by our over-reliance on single-use plastic for convenience. However, the message is clear – there needs to be a concerted effort with every stakeholder doing what is within their means to reduce our dependency on plastics.

NEA Citizens' Workgroup on Reducing Excessive Consumption of Disposables

Sheng Siong participated in the "NEA Citizens' Workgroup on Reducing Excessive Consumption of Disposables" as a panellist to provide industry insights to the workgroup participants. The Citizens' Workgroup was convened from Sep 2020 to Feb 2021 where participants came together to discuss inclusive recommendations to address the issues of excessive consumption of disposables. More details on the recommendations will be provided in the next report. We will also work with the Government and other relevant stakeholders to further develop and implement the recommendations.

Continuation of Efforts in Reducing Packaging Waste

Sheng Siong has been a signatory to the Singapore Packaging Agreement (SPA) since 2018. In 2019, we were conferred the Excellence Award (Multinational Company and Local Large Enterprise Category) by SPA for our exemplary efforts in reducing packaging waste. By 2020, the SPA agreement ended, and we joined the Packaging Partnership Programme which is created by the National Environment Agency in partnership with the Singapore Manufacturing Federation (SMF). It is a joint capability development programme that will support companies in fulfilling their new obligations under the Mandatory Packaging Reporting framework commencing on 1 January 2021, as well as enable the exchange of best practices in sustainable packaging waste management.

We have completed a review of the packaging used for our housebrand products to make sure that they fall within the "Lightest" to "Median" range of the Packaging Benchmarking Database developed by the SPA. This is only applicable for products where information about the packaging is available.

Some of the initiatives we have continued to implement include:

1. Making a conscientious effort in the design and choice of packaging when developing new housebrand products.
2. Working with suppliers to replace styrofoam packing with alternative materials such as paper cartons wherever possible without compromising on the freshness and quality of our fresh food products.
3. Collaborating with partners to continue raising awareness on the need to reduce plastic usage, and actions that every shopper can take.

¹ Life cycle study conducted by the Finnish Environment Institute (SYKE) in 2009

² Study commissioned by the NEA in 2016 and released in 2018



CARE FOR THE ENVIRONMENT CONSERVING RESOURCES

Some shoppers in Singapore have become increasingly concerned about the excessive use of plastic bags, while some remain indifferent. We recognise our ability to positively influence the choices made by our consumers and suppliers. We have taken a more proactive stance to campaign for a reduction in the use of plastic bags among our shoppers and will continue to review our operational procedures on the bagging of products at the checkout counters and weighing stations. Despite a reduction in the rate of usage of plastic bags in 2019, the observation was reversed in 2020 with an increase by about 5%. This may be due to higher business volume driven by the COVID-19 restrictions.

To date, we continue to sell some basic food ingredients like potatoes, onions, and ginger on loose display, without the use of packaging. However, certain fresh produce is still better sold pre-packed as we consider factors such as hygiene, preservation of freshness and shelf life, and potential food wastage caused by inappropriate handling by consumers. This is because the supermarket is air-conditioned which causes fresh fruits and vegetables to lose moisture more easily. Hence, moderate packaging can retain the moisture content in fresh produce and prevent cross-contamination. That said, we continue to work closely with our suppliers to avoid unnecessary packaging or use environmentally-friendly materials while keeping food competitively priced and affordable.

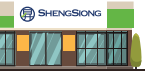
The introduction of the mandatory reporting framework for packaging was postponed and will be imposed by 2021. To prepare for this new compliance requirement, we have taken steps to improve our data collection system. We hope that this new set of data will help us to chart a clearer path to managing our packaging waste.

Recycling and Reducing Our Waste

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

We sort our waste conscientiously for recycling. A paper-compacting machine is used to compact carton boxes (collected from the stores) into cubes to reduce the space required for delivery to the recycling plant. We also recycle food waste, plastic, wooden pallets, stretched film, styrofoam boxes, cans and metals. Our overall recycling rate in 2020 is 79.7%¹.

¹ The formula used for calculating overall recycling rate is the total waste recycled divided by total waste generated (sum of total waste recycled and general waste disposed). In 2020, the total waste generated is 16,291 tons.

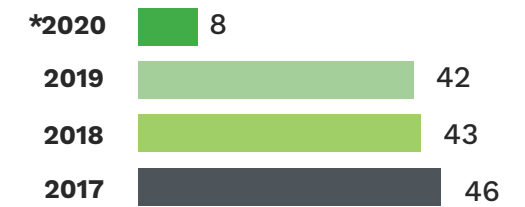


Quantity of Waste Recycled

Carton Materials (tons):

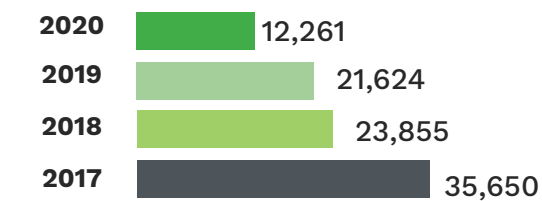


Styrofoam Box (tons):

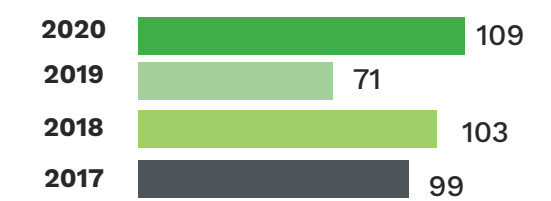


*The lack of demand by recyclers in 2020 resulted in the large decline in the quantity of styrofoam boxes being recycled.

Rice Sacks (unit):



Plastic Stretch Film (tons):



Wood (tons):



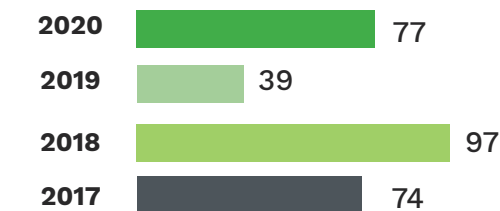
*While we have been previously reporting on "Wooden Pallets", it was found that the data covered both wooden and plastic pallets at the point of recycling. This has been corrected and going forward, this category will only include recycled wood.

Plastic - Others (tons):

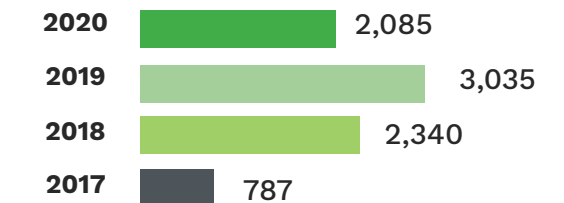


*Historical data is not included as we have changed the reporting category from "Plastic Crates/Baskets" to "Plastic - Others" which covers plastic pallets, plastic crates/baskets and others.

Metal (tons):



Food Waste (tons):



CARE FOR THE ENVIRONMENT CONSERVING RESOURCES

Waste Disposal

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

General Waste disposed by incineration^{1,2}(mass burn) (tons)

2017 (base)	2018	2019	2020
2,867	1,442	1,407	3,103

More general waste was generated due to increased business volume in our retail and distribution activities, which was driven by COVID-19.

MANAGING OUR WATER USAGE

Water is a scarce resource in Singapore and everyone must do their part to promote water conservation. Our water at the distribution centre and retail outlets are supplied by the public utility company³ and is used mainly for general cleaning, food processing, and meal preparation. We are committed to reducing our water usage, by implementing initiatives such as the new rainwater recovery system in our distribution centre which allows us to use recovered rainwater for toilets, general washing and gardening on the distribution centre’s premises.

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

¹ Excludes general waste generated by the supermarkets that are collected by the public waste management companies. This data is not available.
² A further breakdown of the total waste disposed of by incineration is not available as general waste is not segregated at source.
³ Singapore’s water supply comprises water from local catchment, imported water, highly purified reclaimed water (NEWater), and desalinated water. Water quality is managed by public utilities.



Water Use¹ (m³)

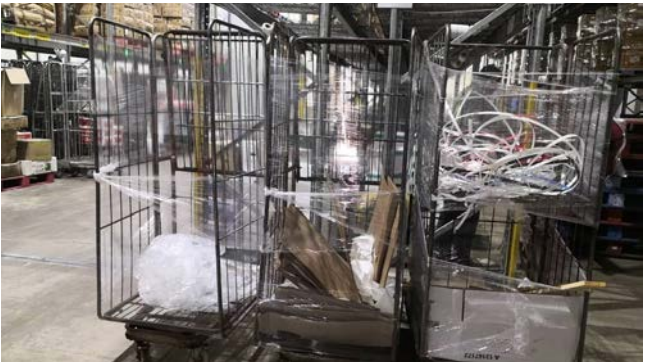
	2018	2019	2020
Water Use (m³)	211,283	220,539	243,775
Water Use per sqft* (m³)	0.47	0.43	0.44

2017 (base): 180,859 m³

*Weighted average retail floorspace area (not including distribution centre)

Water usage is higher in 2020 because of the opening of new stores, and more cleaning was required to maintain a high level of hygiene and sanitation to prevent the transmission of COVID-19.

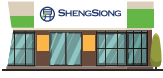
¹ Data on water use is collected through monthly utility bills. The figure excludes rainwater recovered at our distribution center - this information is not available.





GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE REFERENCES
GENERAL DISCLOSURES			
GRI 102: General Disclosures 2016	Organisational Profile		
	102-1	Name of the organisation	1
	102-2	Activities, brands, products, and services	Annual Report 2020: 1, 14-16
	102-3	Location of headquarters	1
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	102-5	Ownership and legal form	Annual Report 2020: 1
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	102-11	Precautionary principle or approach	19, Annual Report 2020: 48
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	102-14	Statement from senior decision-maker	4-6
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	102-40	List of stakeholder groups engaged	14
	102-41	Collective bargaining agreements	57
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	102-43	Approach to stakeholder engagement	14-16
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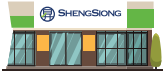


GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE REFERENCES
GRI 102: General Disclosures 2016	Reporting Practice		
	102-45	Entities included in the consolidated financial statements	1; Annual Report 2020: 82
	102-46	Defining report content and topic Boundaries	17-21
	102-47	List of material topics	20-21
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	102-49	Changes in reporting	19
	102-50	Reporting period	1
	102-51	Date of most recent report	1
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	102-53	Contact point for questions regarding the report	1
	102-54	Claims of reporting in accordance with the GRI Standards	1
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Economic Contributions to Society			
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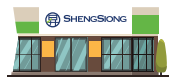


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