



## Sustainability Report 2018



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This report has been prepared by shopper360 Limited (the “Company”) and its contents have been reviewed by the Company’s sponsor, ZICO Capital Pte. Ltd. (the “Sponsor”), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalist.

This report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this report, including the correctness of any of the statements or opinions made or reports contained in this report.

The contact person for the Sponsor is Ms Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone: (65) 6636 4201.

# 1. BOARD STATEMENT ON SUSTAINABILITY

Sustainability is becoming a key component for companies to promote value creation, and demand for increased transparency on listed companies' environmental, social and governance ("ESG") practices have been growing among investors.

At shopper360 Limited (the "Company", and together with its subsidiaries, "shopper360" or the "Group"), sustainability has always been a part of the Group culture as we strive to achieve continual financial performance and uninterrupted growth. Recognising the relevance of sustainability in our business values, our statement on sustainability aims to illustrate our strategic approach to address sustainability challenges in contributing towards the betterment of the business, environment and society.

We are pleased to present the inaugural annual Sustainability Report of shopper360 for the financial year ended 31 May 2018 ("FY2018"). This report, produced in accordance with the Global Reporting Initiatives ("GRI") Standard (Core Option), includes the primary components as set out in Practice Note 7F of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist ("Catalist Rules") for sustainability reporting. The Group will continue to make improvements to its sustainability efforts and work with its stakeholders towards promoting sustainability in its businesses.

We have chosen GRI as the sustainability reporting framework as it is internationally recognised and is widely adopted, enabling us to achieve a comprehensive and comparable disclosure of ESG performance. The GRI content index and relevant references are provided from pages 10 to 11 of this report.

The data and information provided have not been verified by an independent third party. We have relied on internal data monitoring and verification to ensure accuracy of data and information. The Board of Directors of the Group (the "Board" or "Directors") oversees the management and monitoring of these factors and takes them into consideration in the determination of the Group's strategic direction and policies.

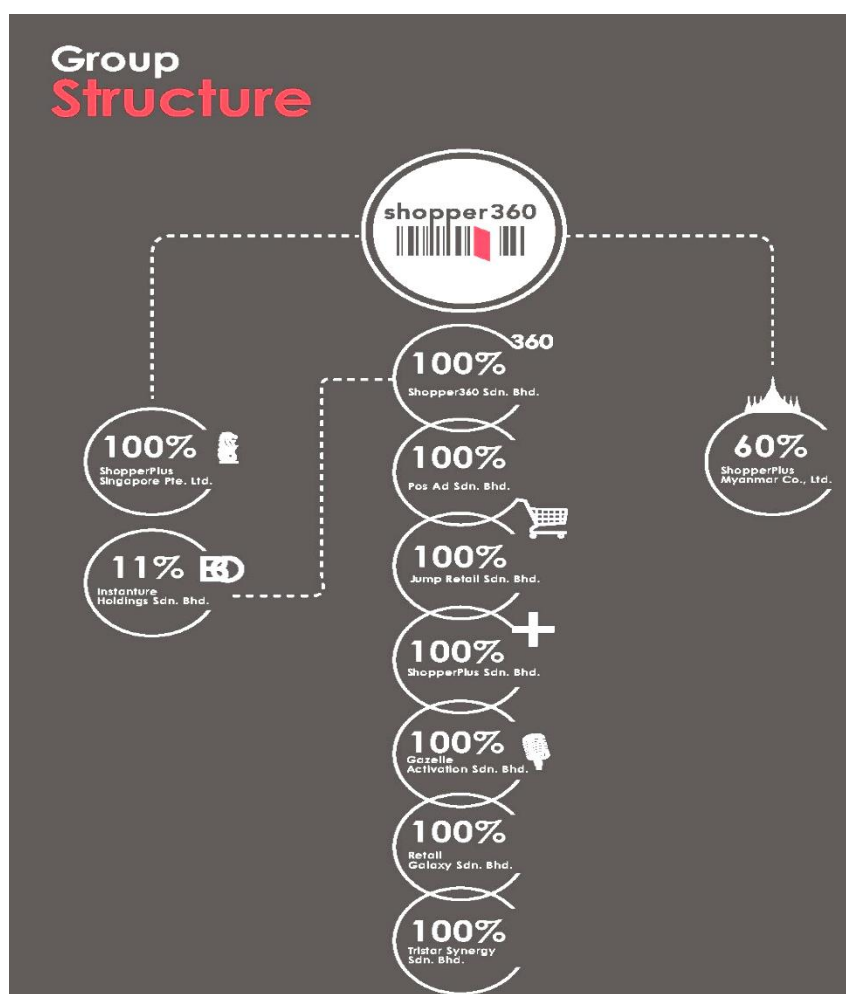
We welcome feedback from our stakeholders with regards to our sustainability efforts as this enables us to consistently improve our policies, systems and results. Please send your comments and suggestions to [ir@shopper360.com.my](mailto:ir@shopper360.com.my).

## 2. CORPORATE PROFILE

The Group is a well-established shopper marketing services provider in the retail and consumer goods industries of Malaysia, with over 30 years of experience in in-store advertising. The Group offers a comprehensive range of marketing and advertising services that integrate along the entire shopper journey, from the use of online media to influence a consumer's planning and brand consideration, to in-store media and shopper engagement through sampling and events. All these touchpoints will help drive brand awareness, trial and conversion to loyalty, retention and repeat purchase amongst shoppers.

The Group has a strong network of retail partners that provide access to in-store advertising in over 2,840 retail outlets across 184 towns in Malaysia, comprising hypermarkets and supermarkets such as Giant, Cold Storage, Econsave, The Store, Billion, MYDIN and Aeon; convenience stores chains such as 99 Speedmart and myNEWS.com; as well as pharmacy chains and petrol marts such as Shell. In 2018, Pos Ad was appointed as the official media reseller for Spotify Malaysia, a music streaming service.

The Group's current client base of local and multi-national customers includes Nestle, Colgate-Palmolive, F&N Beverage, Fonterra, Samsung, U Mobile and Huawei.



## Group's Vision

*To be the shopper marketing expert in Asia.*

## Group's Mission

*To be a leader in the field of shopper marketing. Providing 360 solution such as integrated digital and offline marketing – omnichannel, in-store advertising, e-commerce, data and insight, merchandising, field force activation (sampling), on-ground activation and retail technology products and services.*

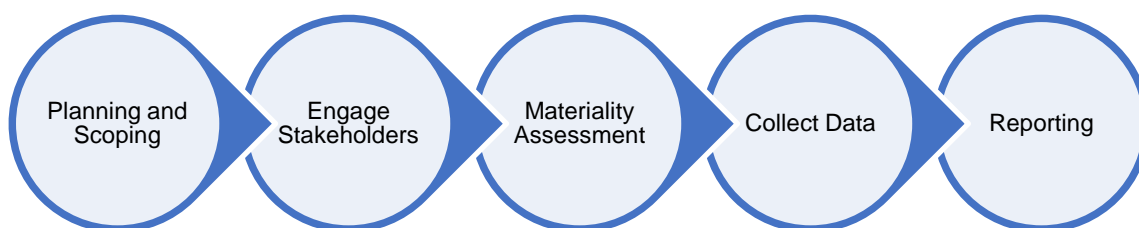
*To attract the best talents that fit our culture of forward thinking, forward doing, collaboration whilst cultivating an environment that promotes passion, develops expertise and celebrates success.*

*To collaborate and be strategic with our business partners, retailers and customers (brand owners) in providing solutions to grow their businesses via sales and marketing efforts on the shopper marketing front.*

*To create memorable shopper experiences in the digital and physical retail world.*

### 3. APPROACH TO SUSTAINABILITY

#### SUSTAINABILITY METHODOLOGY



#### STAKEHOLDERS ENGAGEMENT

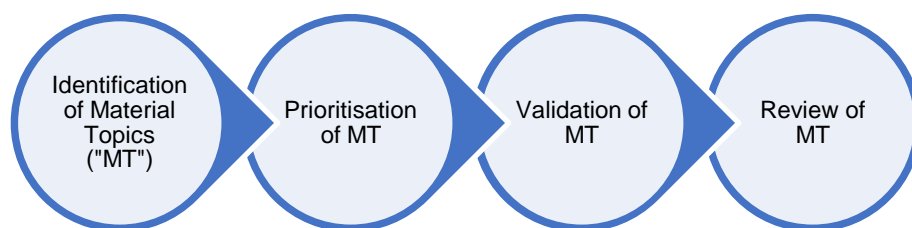
The Group recognises the importance of effective communication to ensure that our stakeholders understand our business, governance, financial performance and prospects. An important starting point in our sustainability journey is to identify our stakeholders and the material aspects relevant to our business. The contents of this report has been determined based on ongoing stakeholder dialogue and a review of issues that are critical to shopper360. We define our stakeholders as those impacted by our business activities, who have direct and indirect involvement and whose interest may have positive or negative consequences due to our business activities. The interests and requirements of key stakeholders are also taken into account when formulating corporate strategies. These key stakeholders include, but are not limited to, customers, suppliers, shareholders and employees.

The Group is committed in engaging all of our stakeholders as part of our continued sustainability endeavors. We view stakeholder engagement as a continual process and not a one-off event. We adopt both formal and informal channels of communication to understand the needs of key stakeholders, and incorporate these into our corporate strategies to achieve mutually beneficial relationships.

The following table represents the stakeholder engagement methods which the Group adopt in our sustainability practices to meet the ESG requirements.

Stakeholders	Engagement Platform	Frequency of Engagement
<b>Suppliers</b>	Face-to-face meetings	When needed
	Vendor Assessment	Annually
<b>Employees</b>	Staff Appraisal	Annually
	Training and Development	Occasionally
<b>Investors and Shareholders</b>	Annual General Meeting/ Extraordinary General	Annually or when needed
	Annual Report	Annually
	Announcement	Half yearly (results announcements) or when needed (other announcements)
<b>Customers</b>	Face-to-face meetings	When needed
	Regular customers' feedbacks	Daily
	Social Media	Daily
	Exhibition	Occasionally
<b>Government and Regulators</b>	Annual Report	Annually
	Announcement	Half yearly (results announcements) or when needed (other announcements)

## MATERIALITY ASSESSMENT



Our sustainability process begins with the identification of material topics. In order to determine if an aspect is material, we assessed its potential impact on the economy, environment and society and its influence on the stakeholders. We have identified these material topics for reporting based on the significance of our ESG and economic impacts and the degree of influence where we see the most potential for creating maximum value for our shareholders and stakeholders. Relevant topics are then prioritised to identify material factors which are subject to validation. The materiality assessment was guided by inputs from our management and key representatives from business units as well as some external stakeholders. Going forward, materiality review will be conducted every year, incorporating inputs gathered from stakeholders' engagements.

Applying the guidance from GRI, we have identified the following as our material aspects:



## TARGETS

Given that this is our inaugural report, we do not have sufficient performance data to form a trend for the purpose of setting targets. Quantitative target will be included in the subsequent sustainability report for the financial year ending 31 May 2019 ("FY2019"), which is expected to be released by 31 October 2019.

## 4. ECONOMIC

### ECONOMIC PERFORMANCE

We are committed to achieving economic sustainability growth for our shareholders. We conduct our business in compliance with applicable laws and regulations and in accordance with high ethical business practices and good corporate governance.

As part of shopper360's journey to incorporate sustainable business practices in the long term, the Group is committed to a holistic approach to business management. shopper360 believes that focusing on financial sustainability is critical. The Group's basic principle is that long-term profitability and shareholder value is ensured by taking into account the interests of stakeholders, such as shareholders, employees, suppliers and society as a whole.

For detailed financial results, please refer to the following sections in our Annual Report 2018:

- Group Financial Highlights, pages 28 to 31
- Financial Statements, pages 74 to 130

### ANTI-CORRUPTION

The Group is committed to the values of transparency, integrity, impartiality and accountability in the conduct of its business and affairs.

shopper360 has zero-tolerance for corruption. We take a strong stand against corrupt practices and strategies, and this value has been communicated to all of our employees, major suppliers and business partners. There were no fines or non-monetary sanctions for non-compliance with laws and regulations over the past year. There was no reported incidents of corruption during the same reporting period.

The Group has established a whistle-blowing policy with the aim of providing a structured mechanism for employees and other stakeholders to report any concerns on any suspected or wrongful activities or wrongdoings. These refer to any potential violations or concerns relating to any laws, rules, regulations, acts, ethics, integrity and business conduct, including any violation or concerns relating to malpractice, illegal, immoral, embezzlement and fraudulent activities, which will affect the business and image of the Group. Please refer to page 62 of our Annual Report 2018 for further details on the Group's whistle-blowing policy.

We will always ensure that there will be no incidents of corruption in the Group.

## 5. ENVIRONMENTAL

### ENVIRONMENTAL COMPLIANCE

The Group remains steadfast in our commitment to sustainable development and seeks to operate in a way that minimises environmental harm. shopper360's direct environmental impact is limited, but we always strive to avoid unnecessary impact on the environment and to further reduce environmental impact.

In FY2018, there was no incidence of non-compliance with laws and regulations and we endeavor to maintain this track record.



## 6. SOCIAL

### EMPLOYMENT AND DIVERSITY

We recognise our employees are the drivers of our business and we believe in creating a respectful, rewarding and safe working environment for our people. Our work environment are aimed at providing a fair performance-based work culture that is diverse, inclusive and collaborative. We also encourage our people to reach their fullest potential and provide them with a fulfilling and meaningful career.

Every employee plays an essential role in the Group. Continuous open dialogue is the main platform used to engage our employees. Open dialogues are conducted informally to encourage employees to raise any issues to management. We believes that this provides a more interactive and direct channel for any form of feedback.

Building and retaining talent are both critical in growing the Group as the continuous growth of the Group needs talented employees. Having a diverse workforce with equal opportunity regardless of age, race and gender is one of the ways to build and retain talent. Our employees are not covered by collective bargaining agreements but are given the rights to exercise freedom of association.

As at 31 May 2018, shopper360 employed 1,735 staff, comprising 241 permanent staff and 1,494 contract staff. Female employees accounted for 35% of our total workforce. The Board of Directors comprises 6 members, of which three are women. The profile of each of our Directors can be found on page 32 to 34 of our Annual Report 2018.

There have been no reports of discrimination based on race or gender within the Group.

### TRAINING AND EDUCATION

shopper360 has been recognized as one of the best companies to work for by HR Asia. As a Group, we are continuously striving to create a collaborative and fulfilling working environment for all of our employees. This can only be achieved with carefully designed innovative employee engagement and development programmes.

We encourage and aim to provide all employees with equal opportunities for training and upgrading. We believe that learning and training is an important, continuous and life-long process so that employees are equipped with the competencies needed to meet current and future business needs. This includes workshops, seminars, conferences, in-house company training and on-the-job training.

We have not stopped short in our efforts to be thought leaders in our industry, whether by attending overseas expo, hosting shopper marketing talks or constantly upskilling our staff through various training programs. shopper360 allocates 2% of its total salary costs in upskilling and development of its people. For FY2018, shopper360 has achieved an average training hours of 9 hours per staff. Courses such as digital transformation, strategic thinking for planners, communication with neuro-linguistic programming techniques and digital marketing 101 are just some of them.

As our business expands, the increase in demand for knowledge and skills set to cope with the growth will inevitably increase. In anticipation of the aforementioned, we aim to increase our training hours for our employees and continue to allocate 2% of the total salary cost to be set aside in upgrading the skills of our staff for the forthcoming financial year.

## **SOCIOECONOMIC COMPLIANCE**

The Group is proud to inform that it is in compliance, in all material aspects, with all social, economic, and environmental rules and regulations and is not engaged in any anti-competitive practices.

# **7. GOVERNANCE**

## **CORPORATE GOVERNANCE**

The Board acknowledges the importance for the Group to adopt and continuously practise good corporate governance throughout the Group operations to ensure accountability and transparency, as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and financial performance of the Group.

Please refer to Corporate Governance Report set out on pages 45 to 66 of our Annual Report 2018 for further details on the Group's corporate governance practices.

## **RISK MANAGEMENT**

The Board acknowledges that it is responsible for reviewing the adequacy and effectiveness of the Group's risk management and internal control systems including financial, operational, compliance and information technology controls. The Board is committed to ensuring that the Group has an effective and practical enterprise risk management framework in place to safeguard Shareholders' interests, and the sustainability of the Group as well as provide a basis to make informed decisions having regard to the risk exposure and risk appetite of the Group.

For detailed disclosure on our risk management activity, please refer to pages 58 to 59 of our Annual Report 2018.

## GRI STANDARDS CONTENT INDEX

GRI Standard	Disclosure	Reference/Description
<b>GRI 101: Foundation 2016</b>		
<b>GRI 102: General Disclosures</b>		
<b>1. Organizational profile</b>		
Disclosure 102-1	Name of the organization	shopper360 Limited
Disclosure 102-2	Activities, brands, products, and services	<a href="https://shopper360.com.my/our-expertise/">https://shopper360.com.my/our-expertise/</a>
Disclosure 102-3	Location of headquarters	Malaysia
Disclosure 102-4	Location of operations	Malaysia, Singapore, Myanmar
Disclosure 102-5	Ownership and legal form	Annual Report 2018 ("AR") pages 131 to 132, Sustainability Report ("SR") page 3
Disclosure 102-6	Markets served	Malaysia, Singapore, Myanmar
Disclosure 102-7	Scale of the organization	AR page 5, SR page 8
Disclosure 102-8	Information on employees and other workers	SR page 8
Disclosure 102-9	Supply chain	AR page 17
Disclosure 102-10	Significant changes to the organization and its supply chain	None
Disclosure 102-11	Precautionary Principle or approach	shopper360 supports the intent of this principle, but has not expressed a specific commitment
Disclosure 102-12	External initiatives	None
Disclosure 102-13	Membership of associations	None
<b>2. Strategy</b>		
Disclosure 102-14	Statement from senior decision-maker	AR page 2
<b>3. Ethics and integrity</b>		
Disclosure 102-16	Values, principles, standards, and norms of behaviour	SR page 4
<b>4. Governance</b>		
Disclosure 102-18	Governance structure	AR pages 45 to 66
<b>5. Stakeholder engagement</b>		
Disclosure 102-40	List of stakeholder groups	SR page 5
Disclosure 102-41	Collective bargaining agreements	None
Disclosure 102-42	Identifying and selecting stakeholders	SR page 5
Disclosure 102-43	Approach to stakeholder engagement	SR page 5
Disclosure 102-44	Key topics and concerns raised	To be reported in FY2019 report
<b>6. Reporting practice</b>		
Disclosure 102-45	Entities included in the consolidated financial statements	AR page 5
Disclosure 102-46	Defining report content and topic Boundaries	SR page 2
Disclosure 102-47	List of material topics	SR page 6
Disclosure 102-48	Restatements of information	Not applicable
Disclosure 102-49	Changes in reporting	Not applicable
Disclosure 102-50	Reporting period	1 June 2017 to 31 May 2018
Disclosure 102-51	Date of most recent report	Not applicable. This is shopper360's inaugural report
Disclosure 102-52	Reporting cycle	Annually
Disclosure 102-53	Contact point for questions regarding the report	SR page 2
Disclosure 102-54	Claims of reporting in accordance with the GRI Standards	This report is with reference to the GRI Standards (Core Option)
Disclosure 102-55	GRI content index	SR pages 10 to 11
Disclosure 102-56	External assurance	shopper360 did not seek for any external assurance for this report.
<b>MATERIAL TOPICS</b>		
<b>GRI 201: Economic Performance</b>		
Disclosure 201-1	Direct economic value generated and distributed	SR page 7
<b>GRI 205: Anti-corruption</b>		
Disclosure 205-3	Confirmed incidents of corruption and actions taken	SR page 7
<b>GRI 307: Environmental Compliance</b>		
Disclosure 307-1	Non-compliance with environmental laws and regulations	SR page 7

**GRI 404-2: Training and Education**

Disclosure 404-2

Programs for upgrading employee skills and transition assistance programs

SR page 8

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**GRI 419: Socioeconomic Compliance**

Disclosure 419-1

Non-compliance with laws and regulations in the social and economic area

SR page 9

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