



KNEADING FUTURE GROWTH



S U S T A I N A B I L I T Y R E P O R T

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CONTENTS

About Kofu Group Limited	01	Better Food	11
Our Global Presence	02	Food Safety and Hygiene	11
Statement from the Board	03	Customer Satisfaction	14
Sustainability Highlights in FY2020	04		
About the Report	05	Better People	16
Reporting Period and Scope	05	Our Workforce Profile	16
Reporting Standards	05	Active Employee Engagement	17
Commitment to Quality Disclosures	05	Occupational Health and Safety	21
Kofu's Sustainability Approach	06	Better Life	25
Stakeholder Engagement	06	Energy and Emissions	25
Materiality Assessment	08	Corporate Governance	28
Kofu's Sustainable Value Chain	09	Economic Performance	31
Kofu's Sustainability Governance	10	Global Reporting Initiative ("GRI") Content Index	32



ABOUT **KOUFU GROUP LIMITED**

Founded in 2002 by Mr. Pang Lim and headquartered in Singapore, Koufu Group Limited (“Koufu”) has been one of Singapore’s most well-known operators and managers of food courts and coffee shops. Since July 2018, Koufu has been listed on the Mainboard of the Singapore Exchange (“SGX”).

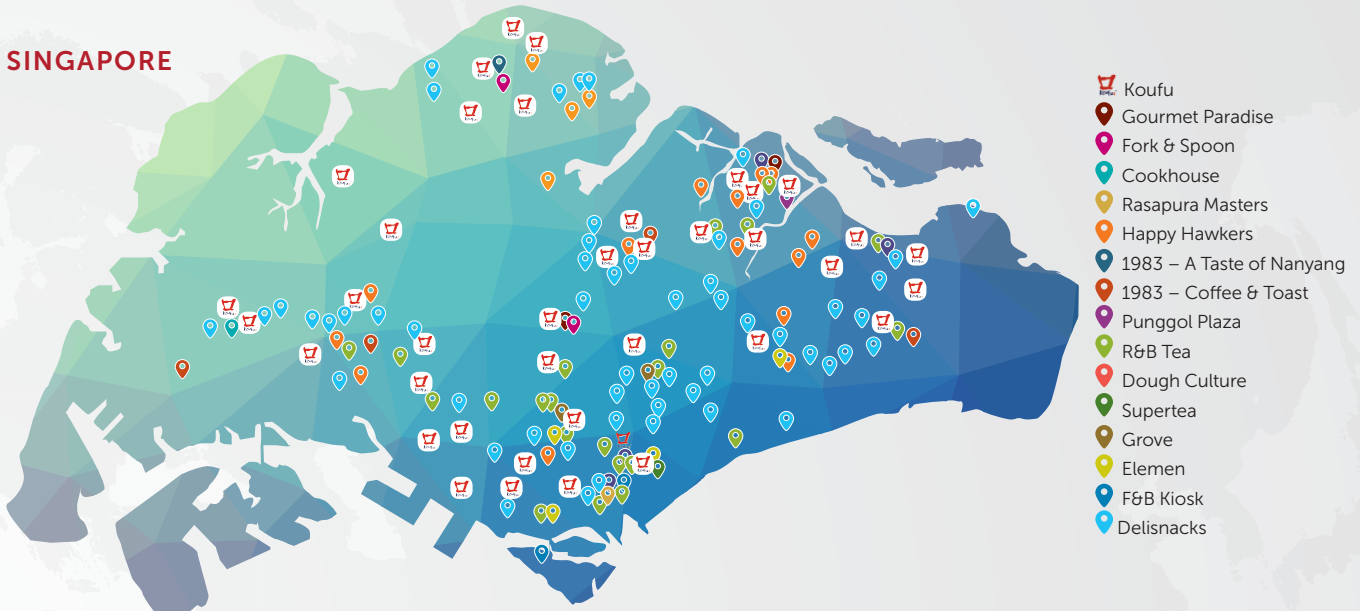
Our business comprises of two segments – Outlet & Mall Management and Food & Beverages (“F&B”) Retail. Under the Outlet & Mall Management business segment, Koufu operates and/or manages food courts, coffee shops, a hawker centre and a commercial mall. Under the F&B Retail business segment, we operate F&B stalls located within food courts and coffee shops, as well as F&B kiosks, quick-service restaurants and full-service restaurants. Our brands include Cookhouse, Elemen, R&B Tea, Grove and many more.

Koufu (口福) refers to the Chinese belief that it is one’s good fortune to feast on good food. Using the same belief to bring forth ‘Koufu’ to everyone, we make it our mission to offer accessible good food and services steeped in traditional Singaporean cuisine and culture.

OUR GLOBAL PRESENCE

Besides our established foothold in Singapore, as shown in Figure 1, Koufu has operations in Macau and Malaysia. In July 2020, Koufu acquired Deli Asia, a traditional fried food and dough products group, complimentary to the range of dim sum food that Koufu is selling in our F&B retail stalls in our food courts and coffee shops.

Figure 1: Locations of Koufu’s F&B outlets in Singapore



SELF- OPERATED OUTLETS

FRANCHISED OUTLETS



Self-Operated Outlets

OUTLET & MALL MANAGEMENT						
FOOD COURTS		COFFEE SHOPS			COMMERCIAL MALL	
SINGAPORE	MACAU	SINGAPORE			SINGAPORE	
48	3	18			1	

F&B RETAIL						
F&B STALLS		QUICK-SERVICE RESTAURANTS (“QSR”)	F&B KIOSKS			FULL-SERVICE RESTAURANTS
SINGAPORE	MACAU	SINGAPORE	SINGAPORE	MACAU	MALAYSIA	SINGAPORE
74	5	7	36 ¹	2	1	4

Authorised/Licensed Outlets²

F&B RETAIL		
F&B KIOSKS/STORES		F&B STALLS
INDONESIA	PHILLIPINES	SINGAPORE
5	122 ³	57

(As at 31 December 2020)

1 Including eight *Dough Culture* kiosks from the recent Deli Asia group acquisition
 2 Authorised/licensed F&B Stalls/kiosks/stores refer to *Delisnacks* F&B stalls in Singapore and *R&B Tea* kiosks/stores in Indonesia/Phillipines
 3 *R&B Tea* is available at 122 of the Shakey’s and Peri Peri stores, through a co-branding strategy with the Master Franchisee, Shakey’s Pizza Asia Ventures Inc.

Our Mission

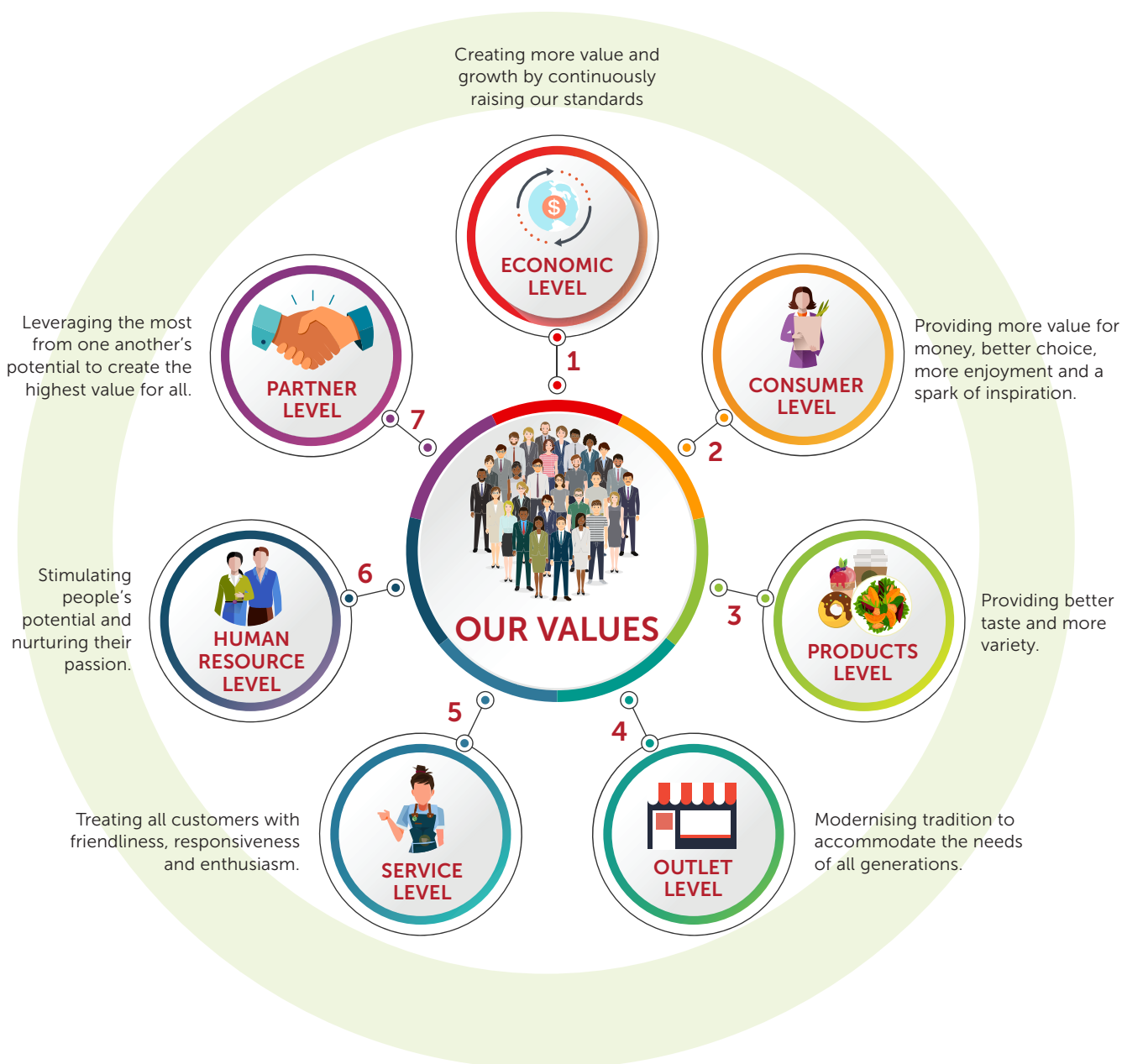
BETTER *food* BETTER *people* BETTER *life*

Koufu strives to bring about the ambience of a warm family environment whilst serving the best food to our customers, creating a wholesome and fulfilling lifestyle for all. We adhere strongly to our three-pillar mission and vision to ensure we deliver the best services and set the bar for a superb dining experience.

Our Values

Beyond profitability, we aim to enhance the well-being of all people. We want to nurture the inherent joy of sharing a meal or a drink with family and friends by providing trustworthiness, friendliness and a spark of inspiration in the everyday life of people of all ages, social classes and ethnic backgrounds.

To achieve our mission, we pride ourselves on championing the 7 aspects featured below.



STATEMENT FROM THE BOARD



The Board of Directors (“the Board” or “We”) of Koufu Group Limited (“Koufu” or “the Group”) is pleased to present you our second Sustainability Report for the financial year ended 31 December 2020 (“FY2020”).

The report highlights the Group’s steadfast commitment towards our sustainability goals amidst the social and economic disruptions brought about by the Coronavirus Disease 2019 (“COVID-19”) pandemic. Our responses to the social impact of COVID-19 have also been detailed in this report.

As sustainability is of strategic interest to our business, the Board continues to oversee the management and

monitoring of material sustainability matters. Having considered the impact of COVID-19 on the business, the Board has determined that the material environmental, social and governance (“ESG”) matters remain relevant for Koufu. Additionally, we have added Energy and Emissions as a sustainability reporting matter to reinforce the vital importance of protecting the environment – a shared and valuable resource.

The Board will continue to monitor the impact of COVID-19 and economic outlook closely with the aim of advancing our sustainability purpose across the business. We would also like to take this opportunity to thank our stakeholders for their continued confidence and support towards Koufu over the years.

SUSTAINABILITY HIGHLIGHTS IN FY2020



Zero
major food incidents
at Koufu’s outlets



Zero incidents
of non-compliance
with voluntary codes
and regulations
resulting in a warning



Achieved
less than
35 customer
complaints
per month



Maintained
monthly
turnover rate
<4%



Zero
fatality



Zero confirmed
cases of corruption



Zero
cases involving non-
monetary sanctions



2,800
employee volunteering
hours clocked



Over
\$60,000
community investment
in cash and in-kind
donations

ABOUT THE REPORT

Reporting Period and Scope

Our second sustainability report encompasses the Group’s sustainability performance covering outlet management and F&B retail operations in Singapore¹, as listed in Table 1, for the financial year ended 31 December 2020 (“FY2020”). Where available, performance for the financial year ended 31 December 2019 (“FY2019”) has been included for comparative purposes.

While we have adopted a phased approach for reporting, we seek to progressively expand our scope to include our global operations as we mature in our journey of sustainability reporting.

Table 1: Entities included in the scope of report

Reporting Entities	Operations	Brands
Koufu Pte. Ltd.	<ul style="list-style-type: none"> › Management and operation of food courts and commercial establishments › Sales of food and beverage 	<ul style="list-style-type: none"> › Koufu › Cookhouse › Rasapura Masters › Gourmet Paradise › Fork & Spoon › Happy Hawkers
Koufu Gourmet Pte. Ltd.	<ul style="list-style-type: none"> › Processing of food products 	<ul style="list-style-type: none"> › Not applicable – central kitchen only
Elemen F&B Pte. Ltd.	<ul style="list-style-type: none"> › Operations of restaurants and cafes 	<ul style="list-style-type: none"> › Elemen
Grove (S) Pte. Ltd.	<ul style="list-style-type: none"> › Operations of restaurants and cafes 	<ul style="list-style-type: none"> › Grove
1983 F&B Pte. Ltd.	<ul style="list-style-type: none"> › Management and operation of retail outlets 	<ul style="list-style-type: none"> › 1983 – Coffee & Toast
Super Tea (S) Pte. Ltd.	<ul style="list-style-type: none"> › Management of retail outlets 	<ul style="list-style-type: none"> › R&B Tea › Supertea
Delijoy Pte. Ltd.	<ul style="list-style-type: none"> › Management of food products 	<ul style="list-style-type: none"> › Delijoy

Reporting Standards

This report has been prepared in accordance with SGX-ST Mainboard Listing Rules 711(A) and 711(B) and Global Reporting Initiatives (“GRI”) 2016 and 2018 Standards “Core” option, a globally-recognised framework suited for reporting on sustainability matters relevant to Koufu.

Commitment to Quality Disclosures

At Koufu, we have committed to the use of a credible framework to relay our non-financial data and information to users of our sustainability report. We have not obtained external assurance for our inaugural report. However, we pride ourselves on transparent reporting and endeavour to continuously improve the content and quality of our non-financial disclosures in alignment with the reporting principles of GRI and SGX.

We value any feedback on our Sustainability Report. You may contact us with your comments at sustainability@koufu.com.sg.

¹ Mall management and Jurong Hawker are not included in this scope of report due to limited operational control and data.





KOUFU'S SUSTAINABILITY APPROACH

Stakeholder Engagement


At Koufu, we believe that effective stakeholder engagement is vital to our business operations. Having an open and effective communication with our stakeholders allows access to their valuable concerns and interests, which enables us to work towards creating long-term value for both the stakeholders and the business. Table 2 below details our engagement with stakeholders through various channels of communication and response to their concerns. COVID-19 concerns and our responses have been detailed in the table below as well.

Table 2: Koufu's stakeholder engagement

Stakeholder Groups	Key Concerns / Interests Raised	Our Responses	Engagement Methods	Frequency
Customers 	<ul style="list-style-type: none"> › Consistency in quality customer service and products › Food Safety & Hygiene across Koufu's operations › Innovative products and services › Quality of tenants › COVID-19 safety measures to protect the health of customers 	<ul style="list-style-type: none"> › We conduct service quality and strict food hygiene checks while complying with Singapore Food Agency ("SFA") on food safety requirements › We innovate through Research and Development ("R&D") on our food and service offerings › We conduct customer satisfaction evaluations on our tenants and improve their service levels › We have in place COVID-19 safety measures at our food courts and self-operated F&B outlets 	<ul style="list-style-type: none"> › Internal review of Standard Operating Procedures ("SOP") › Food safety and hygiene inspections internally across our food courts, F&B outlets and at our central kitchens › In-house customer service training and food safety handling training for all service staff › Monitoring and timely response to feedback received on our feedback channels › Research and development on potential products and services › Tenant Evaluation › Food Court Managers ("FCM") and Service Managers ("SM") conduct rounds to make sure safe distancing measures and limits imposed per table are observed 	<ul style="list-style-type: none"> › Quarterly › Daily › Ongoing › Ongoing › Ongoing › Ongoing › Daily
Business Partners (e.g. supplier, tenants, landlords etc.) 	<ul style="list-style-type: none"> › Sustaining the growth of customer brand loyalty › Positive relationship management › Delivery of supplies during COVID-19 › COVID-19 budgetary support 	<ul style="list-style-type: none"> › We strive to sustain customer brand loyalty through improving the quality of tenants › We strive to have good relationships with our business partners through various forms of communication › We diversify our risk arising from supply chain disruptions by ensuring at least two suppliers for high-volume food products used as food manufacturing inputs › We aim to pass down rental reliefs provided by the government to our tenants, whenever available 	<ul style="list-style-type: none"> › Communication of feedback and reviews relating to product and service matters to business partners in a respectful and timely manner › Conducted check-in with suppliers during COVID-19 to ensure continued/undisrupted supplies › We have ongoing discussion with landlords at some of our outlets which are more affected by COVID-19 	<ul style="list-style-type: none"> › Ongoing › As required › As required

Stakeholder Groups	Key Concerns / Interests Raised	Our Responses	Engagement Methods	Frequency
Investors 	<ul style="list-style-type: none"> › Sustainable business strategy › Sustainable business and stable financial performance › Prudent capital management › COVID-19-related business risks 	<ul style="list-style-type: none"> › Our multi-brand strategy allows us to capture more business opportunities with a differentiated focus on the delivery of diverse dining experiences › We keep our investors informed on COVID-19's impact towards Koufu 	<ul style="list-style-type: none"> › Annual General Meeting › Corporate announcements › Investor meetings › Financial results › Announcements on COVID-19 impact towards Koufu 	<ul style="list-style-type: none"> › Annually › Ongoing › Ongoing › Half-yearly › Quarterly / Half-yearly
Regulators 	<ul style="list-style-type: none"> › Compliance to food safety standards set by the government such as National Environmental Agency ("NEA") and Singapore Food Agency ("SFA") › Compliance to COVID-19 safe management measures 	<ul style="list-style-type: none"> › We put in place measures to ensure food safety and hygiene are in compliance with local regulations › We comply with the mandatory WSQ training on basic food safety and hygiene courses › We have put in place COVID-19 safe management measures to be in compliance with MOM and SFA 	<ul style="list-style-type: none"> › Food safety and hygiene inspections internally across our food courts, F&B outlets and at our central kitchens › Independent audits by Food Hygiene Manager on food safety and hygiene in our food courts, F&B outlets and at our central kitchens › "Hygiene & Maintenance" meetings attended by all F&B outlet management staff to ensure best practices are shared amongst the outlets › FCMs and SMs conduct rounds to make sure that tenants and customers abide by the safe distancing measures and limits imposed per table › COVID-19 safe management measures inspection by MOM and SFA 	<ul style="list-style-type: none"> › Daily › Periodic › Monthly › Daily › Periodic
Employees 	<ul style="list-style-type: none"> › Training on food hygiene and workplace safety › Ability to manage customer relations and deliver exceptional customer service › Being valued by the company as a key contributor to the organisation's success › Employees' welfare and well-being, including being in a safe workplace environment 	<ul style="list-style-type: none"> › We have various platforms in engaging our employees, including structured career progression, providing incentive schemes as well as communication and sharing sessions › We have in place COVID-19 safety measures at our central kitchen, food courts and self-operated F&B outlets to safeguard the health of our employees 	<ul style="list-style-type: none"> › Induction programmes for all new joiners › In-house trainings provided on food hygiene, customer service and point-of-sales systems › On-the-job trainings for new employees for product and SOP familiarisation › Monthly birthday celebrations for employees, annual D&D, annual CNY get-together, Mid-Autumn festivals and annual Parents' Day celebrations › Communication of feedback and reviews on operations-related matters › Site visits by Operational Managers to disseminate information and best practices › Internal checks are conducted by the Safe Management Officers ("SMO") to ensure that employees abide by the COVID-19 safe management measures 	<ul style="list-style-type: none"> › As required › As required › As required › On hiatus due to COVID-19 › Daily › Daily › Daily

KOUFU'S SUSTAINABILITY APPROACH

Stakeholder Groups	Key Concerns / Interests Raised	Our Responses	Engagement Methods	Frequency
Community 	<ul style="list-style-type: none"> › Giving back to the community › Economic contributions › COVID-19 community support 	<ul style="list-style-type: none"> › We engage in outreach programmes and contribute back to the community in the form of donations › We engage in community initiatives by providing in-kind donations to boost the morale of the healthcare front liners and the migrant workers affected by COVID-19 	› Share – A Bowl of Rice event to raise funds for the community	› On hiatus due to COVID-19
			› Sending festive gifts to Sun Love Home	› Annually
			› Koufu Endowed Bursary to National Technological University	› Ongoing
			› Food distribution to healthcare workers	› As required
			› Food distribution to migrant workers	› As required

Materiality Assessment

For our second year of reporting, we conducted a review on our sustainability matters and assessed its continued relevance to our business. Through our review, we concluded that the material matters reported in FY2019 remain relevant to our business in FY2020.

This year, Koufu has included an additional reporting matter, Energy and Emissions, given its rising importance across our business and to our stakeholders.

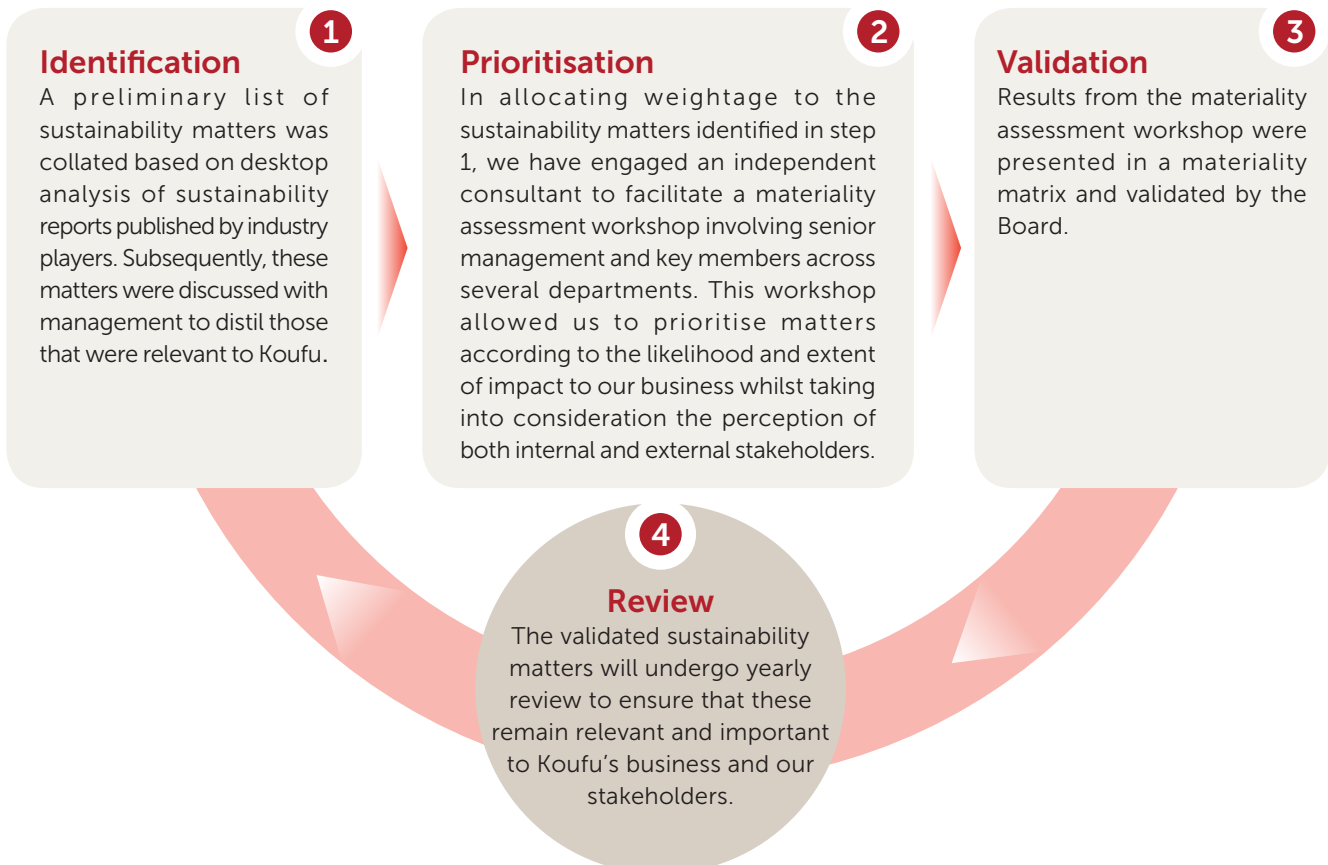


Figure 2: Koufu’s list of sustainability matters



Koufu’s Sustainable Value Chain

Koufu’s value chain comprises four main categories in Table 3. We seek to continually improve and better manage each category to ensure the sustainability of our business. This involves the tenants of our food courts, an integral player to the reputations and success of our business.

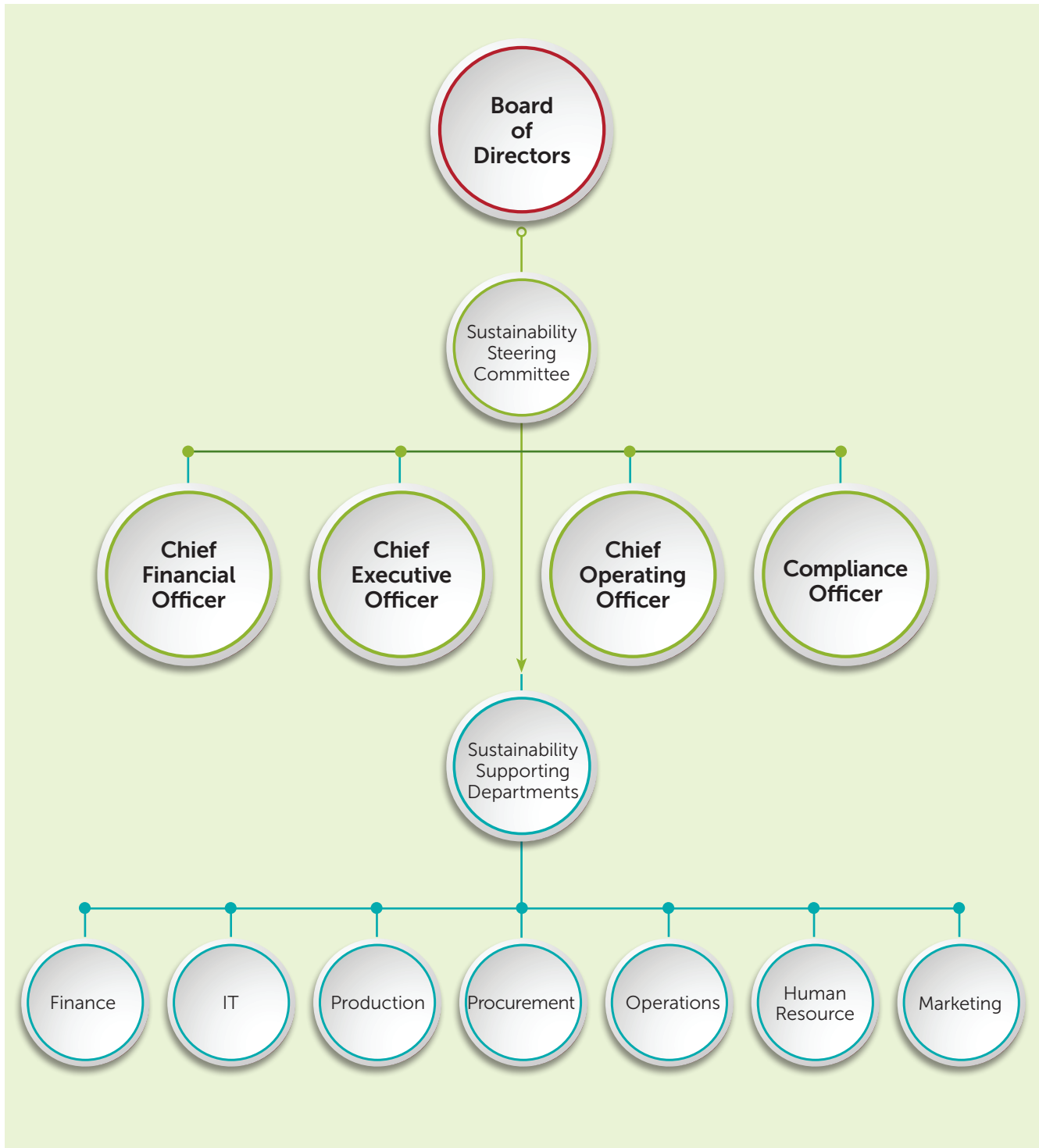
Table 3: Sustainability in Koufu’s value chain

	PROCUREMENT	PRODUCTION & DISTRIBUTION	OPERATION & MANAGEMENT	SERVICE
	Headquarter	Central Kitchens	Foodcourts and Self-operated F&B Outlets	
Overview	<ul style="list-style-type: none"> We source and purchase from approved vendors that are carefully selected through our procurement process to ensure quality of our products and services delivered to end-users In 2020, we work with 343 suppliers in total, of which 99% are locally-based suppliers 	<ul style="list-style-type: none"> We operate two central kitchens, one for non-halal food preparation and another for halal food preparation for our F&B retail business in Singapore. Our central kitchen production focuses mainly on dim sum, sauces as well as bread/buns. From preparation to production and distribution of products, we aim to manage our environmental footprint while advocating a high degree of quality and safety to all stakeholders We continuously innovate to provide a diversified range of products suited to the taste buds of every individual 	<ul style="list-style-type: none"> We recognise the importance of maintaining close relations and garnering the cooperation of our tenants and F&B retail managers to ensure smooth operations that meet Koufu’s standards of cleanliness, hygiene and food quality as well as regulatory requirements We also provide support to our tenants in ways we best can, as and when required 	<ul style="list-style-type: none"> Customers are at the heart of everything we do We seek to enhance our customers’ dining experience and satisfaction levels through continuous efforts to improve our service quality and operational productivity
Stakeholders Involved	<ul style="list-style-type: none"> Regulators Employees Business Partners (e.g. suppliers) 	<ul style="list-style-type: none"> Regulators Employees Business Partners (e.g. logistics providers, vendors) 	<ul style="list-style-type: none"> Regulators Employees Business Partners (e.g. tenants, cleaning services providers) Customers 	<ul style="list-style-type: none"> Regulators Employees Customers Community
Key Sustainability Matters	<ul style="list-style-type: none"> Food Safety and Hygiene Active Employee Engagement 	<ul style="list-style-type: none"> Food Safety and Hygiene Occupational Health and Safety Active Employee Engagement Energy and Emissions 	<ul style="list-style-type: none"> Food Safety and Hygiene Occupational Health and Safety Active Employee Engagement 	<ul style="list-style-type: none"> Customer Satisfaction
Economic Performance & Corporate Governance				

KOUFU'S SUSTAINABILITY APPROACH

Koufu's Sustainability Governance

Overseen by the Board, Koufu's sustainability team is led by our Sustainability Steering Committee, while our sustainability practices are driven by various supporting department heads within each department.



BETTER FOOD

Food Safety and Hygiene



Why Is It Important?

Koufu is committed to provide only safe, high-quality food and service. Therefore our priority is to maintain high standards of food safety and hygiene by complying with all food and safety regulations across our sites. Only by reinforcing this commitment, Koufu will consolidate into a trusted brand for individuals and families.



Policy

Koufu is committed to providing food safety for our customers. We will strictly ensure that food safety practices are adhered to across our factories and retail outlets in accordance with Koufu's Food Safety Policy.



Targets

- › Zero major² food safety incidents at Koufu's outlets
- › SFA Grade "A" license at new proposed Integrated Facility³ by FY2021



Practices

We have established a standardised approach in guiding our employees and tenants on food safety and hygiene practices, and procedures that should be followed across our food operations. Regular evaluation procedures are also implemented to ensure adherence (refer to Table 4). In addition, we are currently working towards obtaining the Hazard Analysis and Critical Control Point ("HACCP") and ISO22000 food safety management certification for our proposed integrated facility.

Should any non-compliance incident be raised by the Singapore Food Agency ("SFA"), our Food Hygiene Manager ("FHM") and Zone Trainer will investigate the incident, and subsequently educate the parties involved. The Service Manager ("SM") then monitors and ensures that corrective actions are implemented within 24 hours and communicates the progress to the Food Court Manager ("FCM"), FHM and Zone Trainer.

Table 4: Approach and evaluation processes on food safety and hygiene

Area of business	Approach	Evaluation
Procurement	<ul style="list-style-type: none"> › Verification of relevant approval documents and certificates before accepting deliveries of food ingredients › Before appointing of new suppliers, we require for samples to be sent to us to verify that it meets our stringent quality standards 	<ul style="list-style-type: none"> › Randomised checks on the quality of raw ingredients supplied by our regular suppliers › Periodic evaluation of suppliers' performance, reputation, track record, and the quality of the ingredients supplied
Central Kitchen	<ul style="list-style-type: none"> › "First in, first out" method – a system which organises food by expiration or 'use-by' date adopted for our food ingredients to minimise wastage › Food preparation carried out under strict temperature-controlled environment › Our central kitchens are thoroughly washed down and cleaned at the end of each day 	<ul style="list-style-type: none"> › Visual quality control checks are conducted at every stage to ensure freshness of our foods en-route to the packaging station, where a final check is conducted › Inspection conducted 3 times weekly by the FHM, quality assurance team and factory manager
Outlet Management and F&B Retail	<ul style="list-style-type: none"> › All Koufu's service personnel are to adhere to food quality and safety procedures per the Group's and NEA's Food Hygiene guidelines, such as, the daily completion of food hygiene checklist for individual stall owners/tenants › Chefs and kitchen staff involved in the food preparation are provided training on food handling, cooking and hygiene control 	<ul style="list-style-type: none"> › Daily visual quality control checks are also conducted on the F&B products served › FCMs and Floor Managers conduct daily routine inspections to uphold the level of cleanliness and hygiene standards consistently

2 A major food safety incident is defined as Mass Food Poisoning deemed to have occurred when at least five unrelated customers are affected from consuming food items produced by the Central Kitchen supplying to our retail outlets.

3 Our proposed Integrated Facility will expand the central procurement, preparation, processing and distribution functions of our existing central kitchens to manufacture and supply semi-finished and/or finished food products to our food courts and self-operated F&B.

BETTER FOOD

Qualifications Requirements

At Koufu, our employees and tenants must be equipped with the necessary Workforce Skills Qualifications (“WSQ”) (refer to Table 5) before commencing work at Koufu or at Koufu’s premises.

Table 5: WSQ qualifications requirement

WSQ Basic Food Safety Hygiene Qualification

- Our employees and tenants whose responsibilities involve the preparation and handling of food and beverages are required to complete the “FollowFood and Beverage Safety and Hygiene Policies and Procedures 2014” course, which aligns with SFA requirements.
- As an authorised training provider, we conduct in-house Basic Food Hygiene Course for our employees.

WSQ Conduct Food & Beverage Hygiene Audit Qualification

- We ensure that each retail outlet is overseen by a qualified FHM. These FHMs are considered qualified when they have completed the “WSQ Conduct Food and Beverage Audit” course.
- This course is intended to raise the quality of review exercised on food hygiene and cleanliness to ensure a high level of upkeep at our food outlets.



COVID-19 and Food Safety

With regards to COVID-19 transmission through food products, the Singapore Food Agency (“SFA”) recommends that food should be cooked thoroughly before eating.

Similarly, the environment that humans interact with can be easily contaminated with the COVID-19 virus, including contact with food or food packaging and equipment, or contact with other non-food packaging and the environment. As part of our COVID-19 response, our employees and tenants at our central kitchens and outlets were reminded to adhere strictly to SFA’s food handling requirements and to always keep their masks on. Outlet managers and our factory managers make additional rounds daily to check and ensure that food handlers are in compliance.

Case Study: Prevention and mitigation of pests

Since the beginning, regular pest control has been a consistent commitment of ours to maintain the confidence of our customers in the quality of our food and to ensure a hygienic and comfortable environment for our patrons to dine at our food courts and self-operated F&B outlets. We engaged third party pest control services regularly, even during the Covid-19 lockdown period – weekly for the food courts, fortnightly for central kitchen and on an ad-hoc basis for the self-operated F&Bs. Through this, potential pests harbourage areas are eliminated.

In addition, the FHM conducts regular internal checks to ensure our outlets remain pest-free. In cases where pests are identified either through internal checks or through feedback raised by employees or customers, pest-control services are engaged immediately to mitigate the issue.



Pest control service conducted at one of Koufu's Rasapura outlets

Performance⁴

In FY2020, we achieved zero major food safety incidents across Koufu's outlets. However, there was a non-compliance case relating to housekeeping which resulted in a fine from NEA. To avoid re-occurrence, FCMs have been instructed to perform additional daily housekeeping inspections, in particular, for the stall that received the fine.

With the upholding of good housekeeping and hygiene standards in mind, we continue to work towards our goal of obtaining the SFA Grade "A" license for our Integrated Facility by end FY2021.

4 Our performance only includes cases where Koufu has direct operational control over (i.e. excludes tenants).



BETTER FOOD

Customer Satisfaction



Why Is It Important?

The satisfaction of our customers is the result of their dining experience. Besides ensuring a pleasant dining experience, Koufu goes the extra mile in serving our customers, including taking care of their safety and well-being at our premises.



Policy

To accomplish our mission of "Better Food, Better People, Better Life", we commit to the following:

- 1 To listen, understand and respond often in creative ways to the evolving needs and constantly shifting expectations of our customers
- 2 To communicate our service vision to employees at every level to ensure quality service is personally and positively delivered to customers
- 3 To increase customer satisfaction from our products and services



Targets

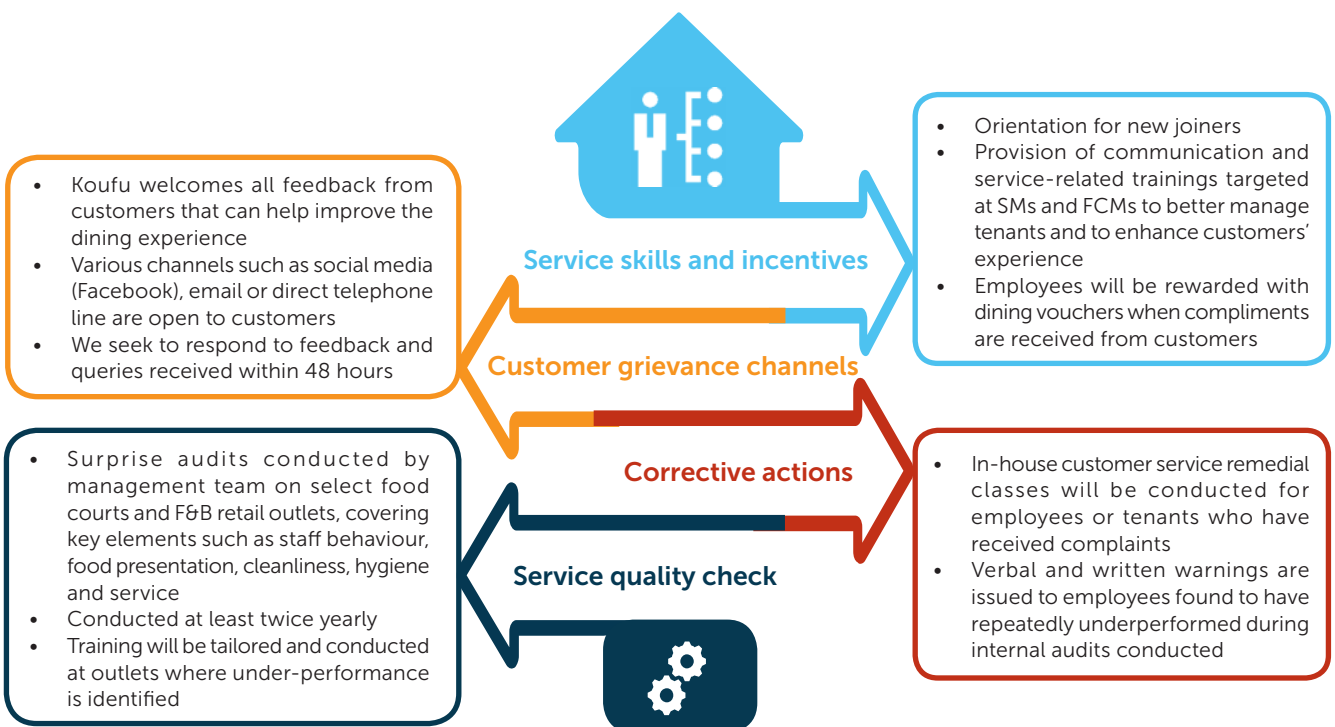
- › To maintain less than 35 complaints per month
- › To maintain an average score of at least 70% for our Mystery Shopper Programme



Practices

In ensuring that our customers have a pleasant dining experience, Koufu puts in place measures to manage the overall service level at our outlet management and F&B retail.

Table 6: Measures to improve customer satisfaction



Tracking of feedback received

Koufu takes value in every feedback that we receive as they serve as a reminder to consistently evaluate our product offerings and services in bringing our customers a better dining experience. Below are extracts of feedback the Group received in FY2020.

Dear Sir/Madam,
I wish to complement one of your service staff for her best service. Karen is working at the 768 Woodlands Mart store with the drink store. She is always so courteous, fast in her work and friendly with customers. What impresses me most is she remembers every of her regular customers order, which goes to show how dedicated she is at her work. I have been a returning customer to this Koufu outlet precisely because of this "Human" touch that Karen provides. She makes it a joy to visit Koufu and I do hope your kind Management may convey my sincere appreciation for her hard efforts.
Thank you.



Hi Koufu,
Just to put on record my deepest appreciation for the help given by Zhi Lim, Asst Manager of 168 Koufu Punggol Plaza. I got his contact through a communication regarding a collection of my Lontong which I was billed wrongly. He allowed me to collect my food this week through Ms Kelly. Though he was on leave today, he attended to my needs in locating my 3 masks misplaced by my spouse at the food court. He got his colleagues for help and texted me within 3 minutes - we found it. He is very conscientious in his work because most staff will put on hold till he is back to work. It has cut short my hubby's worry and also my nag henceforth preventing a dispute. Thank you for his concerted effort and kindly convey our sincere appreciation. Kudos and may Koufu flourish and prosper.



Hi. I was buying lunch at the fish soup stall at Woodlands mart earlier and was charged 20c extra for fish soup beehoon. I thought koufu advertised that there will not be extra charge for take away box? Or was that just for show?

Action taken: Koufu acknowledged the oversight and offered a refund. The stall operator was also issued a warning.

Hi, I would like to feedback that I bought 3 packets of Fishball Meepok from Koufu yesterday evening, and am disappointed that all the fishball are not fresh. Fish ball taste weird and bland for the 3 boxes, can tell is not fresh. I hope the stall can do quality check or do not use leftover fishball from overnight to consumer during this Circuit Breaker period as I know the business have dropped alot. Not asking for refund but just want to feedback.

Action taken: Koufu highlighted this issue to the stall operator and worked with them to ensure better food quality moving forward.

Performance

In FY2020, Koufu met our target of less than 35 complaints per month. Compared to FY2019, the number of compliments and complaints received in FY2020 both decreased by 72% and 61% respectively. The reduction in feedback received was attributed to the COVID-19 circuit breaker and restrictions which resulted in a significant drop in footfall and reduced interactions with our customers. Further to that, in light of the COVID-19 situation, we have temporarily suspended our mystery shopper audit for FY2020 until further notice.

BETTER PEOPLE

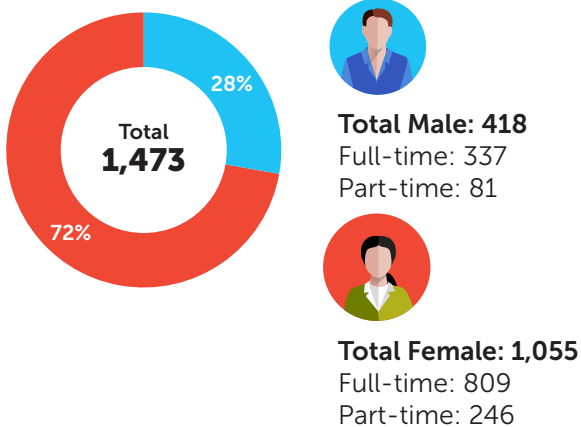
Our Workforce Profile

Koufu takes pride in our people as they are key contributors to the continuing success of our Group. We continue to take great efforts in ensuring that our workforce is resilient in numbers to adequately support our business, and especially so during this time of COVID-19 pandemic. This year, our permanent⁵ employee numbers decreased by 9.8% from 1,473 in FY2019 to 1,328 in FY2020. There were significant variations⁶ in May 2020 due to the circuit breaker period, where a high turnover was observed. However, post circuit breaker, there was a significant increase in new hires in July 2020, allowing our workforce to regain its strength.

Being in the F&B industry, Koufu also engages a significant number of workers who are not employees to support Koufu’s operations, comprising largely cleaning services and tenant operations. As at end FY2020, we engaged 491 cleaners and 2,014 workers of tenants, a decrease of 14.5% from 574 cleaners and an increase of 2.3% from 1,968 workers of tenants in FY2019. Due to COVID-19, operating hours for the outlets had to be adjusted, which resulted in a decrease in number of cleaners following an adjustment in manpower deployment by the cleaning contractors.

Figure 4: Number of permanent employees and by employment type

Number of permanent employees in FY2019



Number of permanent employees in FY2020

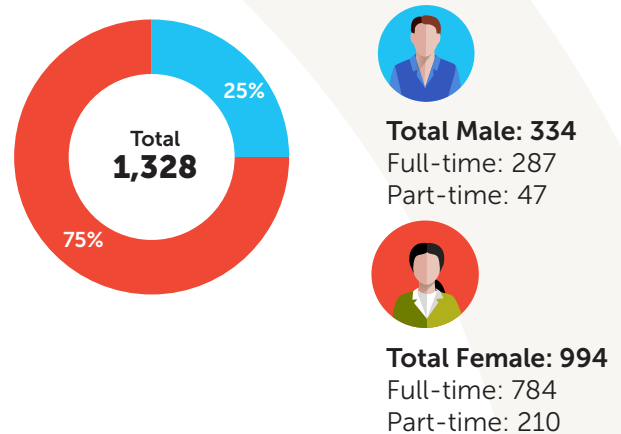
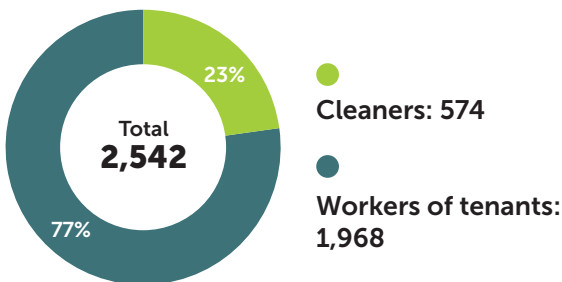
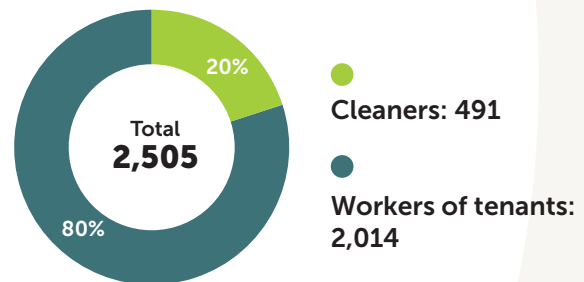


Figure 5: Number of non-employee workers⁷

Number of non-employee workers in FY2019



Number of non-employee workers in FY2020



⁵ Koufu does not employ temporary employees.

⁶ Variation in permanent employee number is considered significant if it varies more than 10% from the previous month.

⁷ Non-employee workers comprise cleaners and workers of our tenants.

Active Employee Engagement



Why Is It Important?

Our employees are our greatest asset in the company and there is a strong emphasis on the need to engage them in meaningful ways, including enhancing their growth and commitment towards the success of the organisation. An engaged employee would have higher satisfaction, leading to increased productivity and therefore increased customer satisfaction.



Policy

Koufu believes that actively engaging our employees and the effort put in towards understanding them can enhance their overall level of satisfaction working for the Group. As such, our employee engagement policy is designed to help our employees grow individually and professionally while remaining committed to the growth of our organisation.



Targets

Total employees' turnover rate⁸ not exceeding a monthly turnover rate of 4% in FY2021



Practices

In order to attract and retain talents, we ensure that our remuneration packages remain attractive and competitive by benchmarking our salary packages against the Singapore National Employers Federation ("SNEF") salary and benefits data.

Further to that, we seek to keep our employees actively engaged through various skill enhancement programmes, incentives and platforms for employees to share any suggestions or grievances they may have.

Figure 6: Employee engagement methods at Koufu

Career Development	Incentive Schemes	Communication/Sharing Sessions
Internal grooming <ul style="list-style-type: none"> Our in-house training programmes are catered to different roles, focusing on matters such as employee conduct and discipline, housekeeping, quality assurance, hygiene and safety awareness, and customer service. Our external trainings include middle management training on service excellence, decision making, problem solving, productivity, digital upskilling, and language. 	Employee benefits <ul style="list-style-type: none"> To reduce absenteeism, employees are given an attendance allowance in cash should they meet the eligibility criteria within the working month. Flexi and part-time employments are provided for employees to allow flexible working hours and days. Employees who do not utilise their medical subsidy benefits are able to convert the amount to cash every year. Parental leaves such as paternity, maternity and childcare leave are provided for employees. 	Involving employees in policy review <ul style="list-style-type: none"> We engage our employees by obtaining their feedback when our Human Resource ("HR") department rolls out policy reviews.
Accelerated career progression <ul style="list-style-type: none"> To promote employee retention, Koufu nominates staff for rank progression every 6 to 24 months depending on their role. Nominated staff are given temporary promotions and assessed over a period of 3 – 6 months to determine their suitability for their new role. Employees with high-growth potential are also identified during performance appraisal to be considered under group for succession planning, wherein a tailored development plan will be outlined to nurture selected individuals. 	Performance and retention bonus <p>In light of COVID-19, the following incentives were unable to be realised in FY2020:</p> <ul style="list-style-type: none"> A bi-annual variable bonus payout is provided to employees (performance-based). A retention bonus (performance-based) for key operational team and key executives is provided. The quantum is dependent on the value generated by the Group in that year and determined by the management. 	Employees performance review <ul style="list-style-type: none"> Bi-annual performance reviews are held to follow up on the employees' key-performance indicators Appraisal criteria has been updated this year with a more stringent assessment process to build a stronger workforce within Koufu Performance appraisal processes have been updated to highlight training gaps identified.

⁸ The average monthly employee turnover rate is derived by taking the total turnover number in the fiscal year divided by the sum of total number of employees at the end of each month during the year.

BETTER PEOPLE

Maintaining an active employee engagement during COVID-19

As part of Koufu’s contingency plan, the IT Department readily provided technological support and ordered equipment to assist employees in working remotely from home. To enhance communication between employees working from home, video conferencing has also become the new normal for meetings conducted.

During the lockdown period, Koufu received an increase in concerns around job security and anxiety among

our employees. In response, our HR team reassured them through regular communications that a retrenchment exercise would not be conducted. Instead, employees were given the option to work shorter hours or use annual leave as necessary to avoid impacting their basic salaries. For food courts that were affected in their operation during the Circuit Breaker period, such as those in the Central Business District (“CBD”), employees were transferred to other food courts where possible.

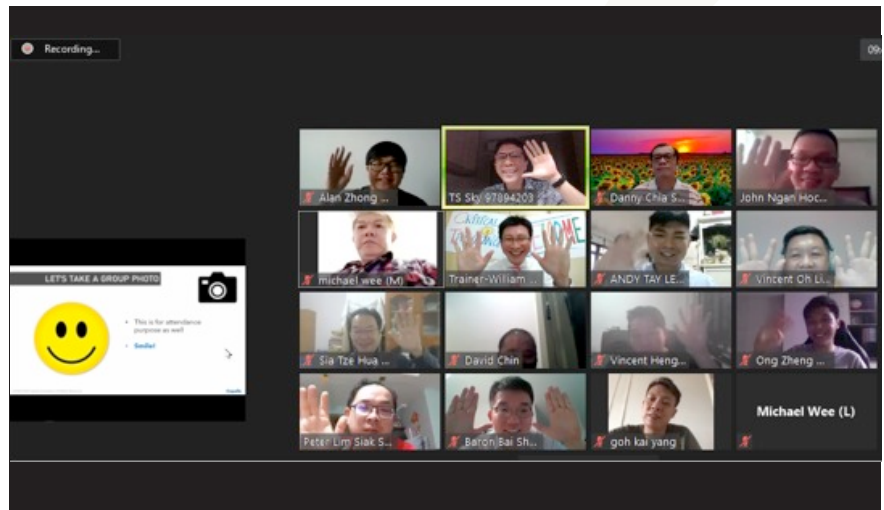
In terms of training and development, due to restrictions in size for face-to-face classes in line with the COVID-19 regulations, we have arranged for online classes as an alternative for in-house trainings conducted by Koufu’s Subject Matter Experts (SMEs). We further explored other formats of carrying out trainings such as ‘Train-the-Trainer’ sessions in complying with the reduced class size requirements.

Enhancing the capability of our workforce during COVID-19

In light of the COVID-19 situation which resulted in the increase in usage of online platforms, we have enabled relevant groups of employees to attend the SkillsFuture for Digital Workplace course to understand emerging technologies and how they impact daily work activities. It also aids our employees in embracing change, innovation and resilience during this period of transition.

A ‘Display Critical Thinking and Analytical Skills’ course was also held for the Headquarters (“HQ”) and middle management employees. The course aims to enhance critical thinking and analytical skills for problem solving. It also includes the challenging and rethinking of ideas, analysing business issues and enhancing creative thinking among team members.

In-house trainings for our service staff included trainings on the mobile application (i.e. Koufu Eat App) released by our Group to facilitate smoother business transactions at our food courts.



Skills Future in Digital Workplace class



WSQ Critical Thinking



WSQ Basic Food Hygiene

Performance

Due to Koufu's nature of business in the F&B industry, we are subjected to high rates of new employee hires and turnover. To better manage the turnover rate of our employees, we have set a target to not exceed a monthly turnover rate⁹ of 4%. We are pleased to share that we have met this target in FY2020, as well as in FY2019. In addition to the monthly turnover rate, the following additional metrics are tracked according to GRI Standards.

Figure 7: Total number and rate of employee new hire and turnover by gender in FY2020¹⁰

By gender	FY2019		FY2020	
	Male	Female	Male	Female
Number of employee new hires	295	638	182	491
Employee new hire rate	71%	60%	54%	49%
Number of employee turnovers	226	510	209	437
Employee turnover rate	54%	48%	63%	44%

Figure 8: Total number and rate of employee new hire and turnover by age group in FY2020¹¹

By age group	FY2019			FY2020		
	<30 yrs	30 - 50 yrs	>50 yrs	<30 yrs	30 - 50 yrs	>50 yrs
Number of employee new hires	440	239	254	263	162	248
Employee new hire rate	91%	54%	46%	65%	42%	46%
Number of employee turnovers	248	234	254	206	182	258
Employee turnover rate	51%	53%	46%	51%	48%	48%

9 The average monthly employee turnover rate is derived by taking the total turnover number in the fiscal year divided by the sum of total number of employees at the end of each month during the year.

10 Basis for calculation is in terms of the total number of employees for the respective gender category.

11 Basis for calculation is in terms of the total number of employees for the respective age group category.



BETTER PEOPLE

Occupational Health and Safety



Why Is It Important?

Safety and well-being of each of our employees is an essential priority at Koufu. The physical and mental wellness contributes strongly to the success of our operations and business.

The Workplace Safety and Health (“WSH”) handbook contains all policies, roles and responsibilities regarding general safety measures, as well as reporting procedures at premises within the Group’s control.



Policy

Koufu is committed to excel in our workplace safety and health performance through inculcating a safety-first culture with the appropriate training and leadership development opportunities provided to our employees. Koufu also commits to implement safe practices and procedures that comply with the WSH Act and other relevant regulations.

All employees and contractors are expected to comply and align with Koufu’s WSH policy.



Targets

Zero fatality and high-consequence work-related injury¹² among employee and non-employee workers¹³



Practices

Workplace Safety and Health Management System (“WSHMS”)

Certified BizSAFE Level 4 and with reference to the Singapore Standard Occupational Safety and Health Management System (“SS506”), Koufu’s WSH handbook documents the Group’s occupational safety and health management system which consists of the Plan-Do-Check-Act (“PDCA”) model. The PDCA model serves to ensure sufficient oversight over the management of workplace safety across our operations. While our WSHMS system covers Koufu’s employees and contractors working at Koufu’s premises, our contractors are expected to have their own risk management plan before they are allowed to begin work for Koufu. Should any hazard or incident be located within Koufu’s premises, our contractors are advised to report to their supervisor and Koufu-in-charge.

Table 7: PDCA model of Koufu’s Workplace Safety and Health Management System (“WSHMS”)

Plan	Do	Check	Act
Establish objectives and processes in accordance with Koufu’s WSH handbook	Implement processes	Monitor; evaluate performance against legal and WSH handbook requirements; report results	Take actions to continually improve WSH performance
Workplace Safety & Health Committee <ul style="list-style-type: none"> Guided by the Chief Operating Officer (“COO”), the WSH committee is supported by the various Heads of Departments and Operation Managers The respective responsibilities are stipulated within the WSH handbook Risk Management (“RM”) <ul style="list-style-type: none"> The Hazard Identification, Risk Assessment and Determining Control (“HIRADC”) is applied across our operations, in compliance with the WSH Act in Singapore 	Workplace hazard and risk management <ul style="list-style-type: none"> The RM team validates hazards identified, assesses risk level and develops control plans, as necessary, to mitigate the rate of work-related incidents Provision of adequate trainings and refresher courses Safety precautions and WSH policy are also communicated to all workers and contractors When found to be in a dangerous work situation, workers are encouraged to raise their concerns to their immediate supervisor or manager. Practicable steps will be undertaken to reduce level of risk. They may also contact the HR without fear of reprisals as identities will be kept confidential. 	Evaluation of performance <ul style="list-style-type: none"> Internal reviews and audits of workplace safety are enforced at our central kitchens and F&B outlets to evaluate and identify areas for improvement to ensure the safety and well-being of our workers The COO selects three outlets to conduct a surprise assessment every week 	Determining corrective actions using hierarchy of controls <ul style="list-style-type: none"> All workplace incidents are required to undergo investigation, which comprises but are not limited to the assessment of maintenance activities and employees’ feedback to guide us in determining the root cause and accordingly, identify appropriate corrective actions Enhancement of WSHMS <ul style="list-style-type: none"> Koufu’s WSH handbook will undergo refinement, when required BizSAFE3 requirement <ul style="list-style-type: none"> We require our contractors to have a minimum of BizSAFE Level 3 certification Risk assessment documents are further obtained to review our safety framework

12 High-consequence work-related injury is defined as work-related injury that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months.

13 Non-employee workers comprise cleaners and workers of our tenants.

Programmes to Improve the Safety and Well-being

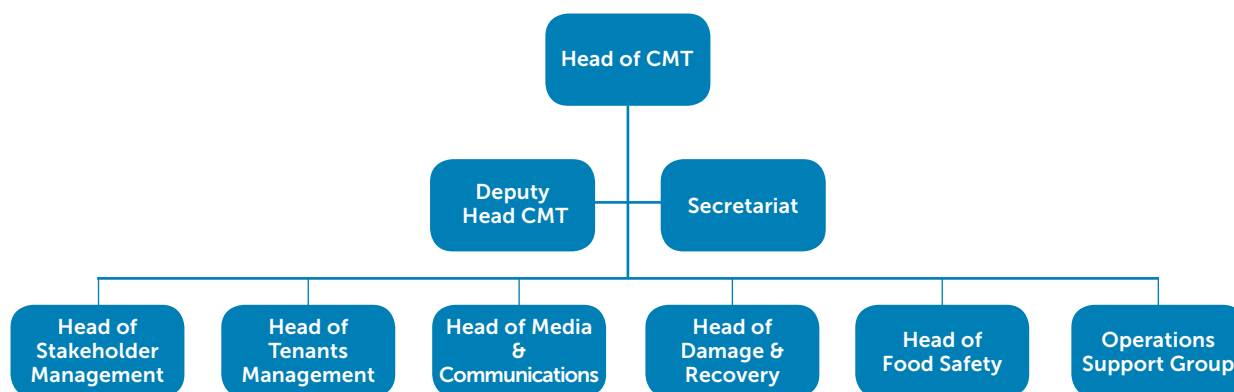
To improve the safety and well-being of our workers, we have implemented various programmes to promote healthier lifestyles and minimise the risk of workplace incidents. Relevant trainings are also provided to ensure that all workers receive the necessary first line of response in the event of an emergency.

Table 8: Programmes to improve the safety and well-being of our employees

Occupational health services ¹⁴	Worker participation, consultation and communication on occupational health and safety	Promotion of employees' health and well-being	Trainings
<ul style="list-style-type: none"> › Coffee dispensing technology introduced to ease repetition in strenuous movements typically required of employees when traditional method of making coffee is used › Our tray return robots at food courts are provided to reduce manpower needed › Adopted cashless transactions to reduce the amount of cash transactions involved which can cause mental stress due to the large amount of cash transactions on a daily basis 	<ul style="list-style-type: none"> › New hires are provided on-the-job training on safety dos and don'ts › Monthly workplace safety talks for SMs › Special in-house safety campaigns › Workplace-related incidents and statistics shared during monthly meetings › Emergency response drills conducted twice a year at Koufu's headquarter (including central kitchens) 	<ul style="list-style-type: none"> › In our efforts to encourage employees to adopt a smoke-free lifestyle, employees are issued demerit points if found to be smoking within Koufu's premises 	<ul style="list-style-type: none"> › First aid courses such as Cardiopulmonary resuscitation ("CPR") and bandaging are provided once every three years for food court supervisors, managers and SMs › Fire response training is conducted by SCDF for FCMs and SMs every three years › Terrorism response training conducted by the Singapore Civil Defence Force ("SCDF") twice a year › Selected food court and area managers are sent for BizSAFE Level 2 training in learning how to better manage safety risks at its premises

COVID-19 Response – Crisis Management Plan

Established in August 2019, our Crisis Management Plan details the roles, functions, structure and organisation, as well as the conduct, processes and procedures of the Crisis Management Team ("CMT") (as shown in the diagram below) during major incidents.



14 As defined by GRI Standards, Occupational health services are services entrusted with essentially preventive functions, and responsible for advising the employer, the workers, and their representatives in the undertaking, on the requirements for establishing and maintaining a safe and health work environment, which will facilitate optimal physical and mental health in relation to work and the adaptation of work to the capabilities of workers in the light of their state of physical and mental health.

BETTER PEOPLE

Where COVID-19 is concerned, the CMT is responsible for managing the overall situation to safeguard human lives and ensure that necessary arrangements and coordination with authorities are in place. In February 2020, a memo was issued organisation-wide to provide guidance on the immediate measures to take just as Singapore changed its COVID-19 alert level to Disease Outbreak Response System Condition (“DORSCON”) Orange. The immediate measures taken at the HQ, central kitchen, food courts and self-operated F&B outlets included practicing of personal hygiene, temperature checks twice a day, increased cleaning frequency on high touch points, travel declaration, etc. To prevent the spread of COVID-19, Koufu effected team segregation arrangements to reduce unnecessary physical contact between employees at the HQ.

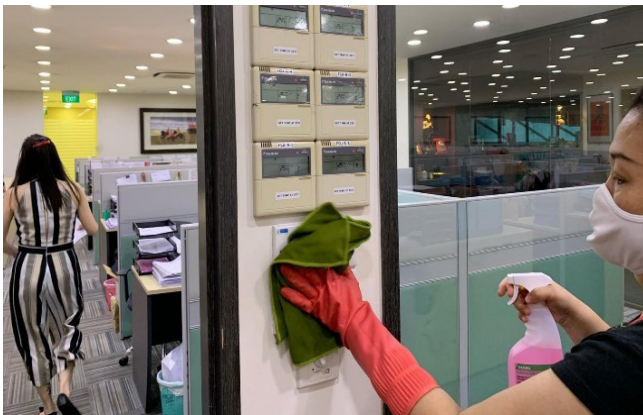


In support of the Crisis Management Plan, our Outlet Evacuation Plan for COVID-19 outlines the procedure on the measures to take in three different scenarios:

Scenario 1: Person is unwell and is incapable of leaving the workplace by himself/herself.

Scenario 2: Person has fainted.

Scenario 3: Person showing symptoms of having a temperature above 37 degrees or reports that he/she is not feeling well.



Sanitation performed on high touch points

These three scenarios apply to anyone in the premises, whether it is an employee, tenant, customer, or contractor. The evacuation plan details the steps in which an outlet employee should take after assessing the scenario, which includes rendering of basic first aid, calling of ambulance and informing of the HR team to contact the patient’s next-of-kin, etc.

COVID-19 Response – Safe Management Measures

In May 2020, a memo on Safe Management Measures was communicated to all staff. The measures which include safe distancing, screening, and staggered working hours were implemented, in line with the Ministry of Manpower requirements, across our operations to prevent the spread and re-emergence of community cases.

To assist in the implementation, coordination and monitoring of the system of Safe Management Measures, two Safe Management Officers (“SMO”) have been appointed by the CMT to oversee the HQ and factories.



Table 9: Safe Management Measures at Koufu's HQ and factories

Applicable to HQ and Factories	Applicable to HQ only
<ol style="list-style-type: none"> All employees and visitors must check-in and check-out using the Safe Entry visitor management system. All employees are to download and activate the Trace Together App. Compulsory to wear a mask at all times. Observe good personal hygiene e.g. wash hands regularly and refrain from touching their faces. Temperatures are taken twice daily; morning and at 3pm All employees are to fill out the declaration form before entering the office/factory premises. Employees who have visited a clinic must submit to their HOD records of their Medical Certificates (MC) and diagnoses provided (only for COVID-19 related symptoms, including acute respiratory infections), Conduct all internal and external meetings between employees and with suppliers/contractors virtually where possible All social gatherings at the workplace shall remain cancelled or deferred. All employees are to adhere to prevailing MOH's travel advisory and related measure as SHN. 	<ol style="list-style-type: none"> Only three staff members are permitted to dine at the HQ pantry at any one time. They are to keep a distance of at least one metre from another individual. Employees should dine quickly and leave the table in a clean state after they have their meals. Physical distancing of at least one metre must also be applied to common areas, including but not limited to entrances/exits, pantry, meeting rooms and reception counter where congregation or queuing of employees or visitors might occur. Flexible Work Arrangements such as Work from Home and staggered working hours were implemented.
	Applicable to Factories only <ol style="list-style-type: none"> Employees are to dine at the demarcated areas. They are to keep a distance of at least one metre from another individual. Physical distancing of at least one metre must also be applied to common areas. To adopt precautionary measures such as scheduling delivery times by different suppliers in a staggered manner. Ensure that machinery and equipment shared between employees across different shifts or alternate teams are cleaned and disinfected before changing hands.

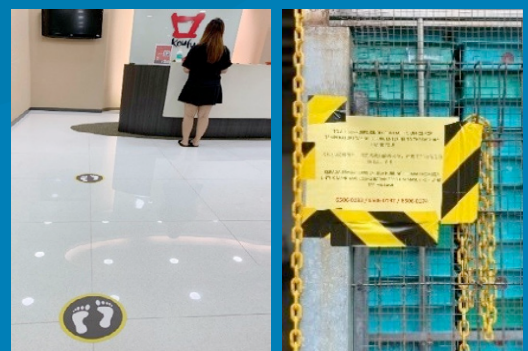
At Koufu's food courts, the FCMs and SMs conduct rounds during operating hours to make sure that our tenants and customers abide by the safe distancing measures and limits imposed per table.

Should there be any cases of customers being tested positive with COVID-19, Koufu will abide by the Ministry of Health's ("MOH") directive on whether a NEA-approved cleaning agency is required to be engaged for the disinfection of the entire food court or self-operated F&B outlet. Nonetheless, even when no directive from MOH is warranted, Koufu will engage our staff to conduct a thorough clean-up and disinfection of our premises as precaution.

Protecting our employees against COVID-19

At the HQ, all employees and visitors are required to have their temperature taken before entering. To facilitate this process, we have marked out 1-metre safe distancing on the floor using footprint stickers to guide employees, visitors or contractors to wait in line for their turn.

In addition to the safe management measures implemented within our facilities that are applicable to our employees, we ensure that our vendors go through temperature screening before entering our central kitchen. To do this, we have placed a signage with a telephone number at the delivery area which informs the vendor to call out the staff for a temperature check.



Demarcation of safe distancing at Koufu's HQ (left) and Signage with telephone number at central kitchen delivery area (right)

BETTER PEOPLE

Performance

For both FY2019 and FY2020, we are pleased to report that we met our target of zero fatalities for both employees and non-employee workers, as well as zero high-consequence work-related injuries for employees. However, in FY2020, there was a case of high-consequence work-related injury relating to the worker of a tenant who was unable to recover within 6 months from a hot liquid scalding incident at one of our food courts. To prevent re-occurrence of similar cases, our food court management staff have been briefed to remind our tenants about appropriate workplace safety measures, such as exercising caution when handling hot items.

Overall, in FY2020, the total number of recordable injury cases among the employees decreased by 1, while for non-employee workers, it increased by 10. In response to the rise in workplace injury cases for our non-employee workers, majority of which are slips and falls, scalding and sprains, a committee meeting was held which resolved the need for a policy focusing on workplace safety enhancement. This policy, which is expected to be finalised by 3Q 2021 will cover enforcement of additional safety guidelines, such as wearing of safety shoes before entering into the kitchen.

Figure 10: Total number and rate¹⁵ of recordable employee and non-employee worker¹⁶ injury cases

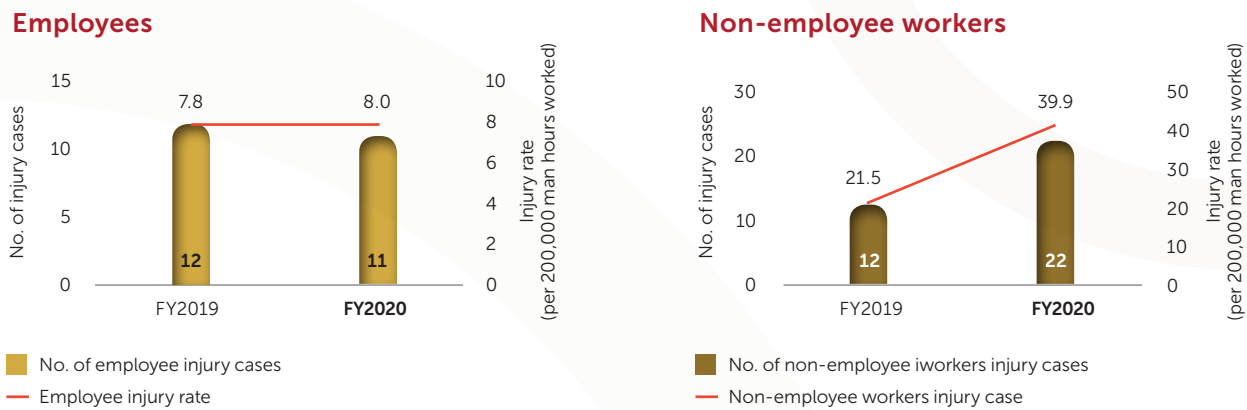
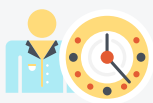


Figure 11: Total estimated number of hours worked for employees and non-employees¹⁷ workers

Total estimated number of hours worked (Employees)



FY2019:
306,384 hours



FY2020:
276,224 hours

Total estimated number of hours worked (Non-employee workers)



FY2019:
111,848 hours



FY2020:
110,220 hours

15 Rate of recordable work-related injuries is calculated using the total number of recordable work-related injuries per 200,000 manhours worked, as defined by GRI Standards.
 16 Total number of recordable non-employee injuries presented may not be whole as tenants may liaise directly with their insurance companies which are not within the purview of Koufu.
 17 Koufu does not track the number of hours worked by non-employees, hence the assumption used is that each non-employee works 44 hours/week as per Ministry of Manpower ("MOM") regulations.

BETTER LIFE

Energy and Emissions



Why Is It Important?

As part of Koufu's efforts towards sustainability, we recognise the importance of managing the environmental aspect of our operations. We strive to minimise our environmental impacts by managing our energy usage through innovation and technologies that promote efficiencies.



Policy

We are committed to managing our energy and emissions through technology and available resources to monitor, diagnose and evaluate energy efficiencies of our operations. We endeavor to monitor our performance and gradually transit towards alternative renewable energy sources in supplying clean energy to our food processing plants as we mature in our processes in years to come.



Targets

We are committed to adopting energy-efficient technologies from FY2021



Practices

The core of our energy consumption can be attributed to our three food processing plants which supply pre-cooked and cooked food items to Koufu's food court and self-operated F&B outlets:

- Gourmet – manufacturer of assorted dim sum and hot kitchen supplies
- DeliJoy – manufacturer of baked goods
- DeliAsia – manufacturer of ready to eat dough food items

As part of our efforts to reduce energy consumption and consequently greenhouse gas ("GHG") emissions released into the environment, we will be upgrading to energy efficient equipment at our new integrated facility which will commence operations in FY2021.

Performance

In FY2020, the total amount of energy consumption from our fuel and electricity consumption amounted to 14.99 TJ. The breakdown of this consumption is presented in Figures 12 and 13 below.

Figure 12: Fuel consumption and resulting amount of CO2 emissions in FY2020

Sources of fuel consumption ¹⁸	Total fuel consumption (TJ)	Scope 1 emissions (tonnes CO ₂ e)
Koufu HQ ¹⁹ and DeliAsia	7.04	523.49

Figure 13: Electricity consumption and resulting amount of CO2 emissions in FY2020

Source of electricity consumption	Total electricity consumption (TJ)	Scope 2 emissions ²⁰ (tonnes CO ₂)
Koufu HQ and DeliAsia	7.95	901.89

18 Fuel consumption refers to diesel consumption by Gourmet's delivery trucks and steamers.

19 Koufu HQ comprises office, Gourmet and DeliJoy.

20 The grid emission factor used is from the year 2019 – 0.4085 kg CO₂/kWh, which is based on the available statistics published by the Energy Market Authority of Singapore at the time of publishing this report.

BETTER LIFE

Corporate Governance



Why Is It Important?

Koufu perceives good corporate governance as a strong foundation for the sustainability of our business. We seek to maintain ethical standards across the Group, ensure effective communication and uphold the best corporate governance practices.



Policy

We have put in place various policies such as our code of conduct and ethics, whistle-blowing, monitoring trading activities, investor relations and dealing in securities policy, etc. In FY2020, we have rolled out a Board Diversity Policy to enhance the Board's decision-making capability and ensure that Koufu has the opportunity to benefit from diverse perspectives. For more information on our corporate governance related policies, please refer to the 'Corporate Governance' section of our Annual Report 2020.



Targets

- › Zero confirmed cases of corruption
- › Zero cases²¹ of non-compliance cases with applicable laws and regulations involving significant fines²² and non-monetary sanctions



Practices

The Audit and Risk Management Committee ("ARMC") is responsible for the development and monitoring of the Group's risk management framework which covers various policies and procedures, and the review of potential risks faced by the Group.

New directors, as part of Koufu's management onboarding programme, will undergo a comprehensive orientation programme to familiarise with the company's business and governance practices. While existing directors are required to attend at least one training course each year on corporate governance topics, conducted either by internal or external parties.

Annually, the Group also carries out an internal audit on our Group's internal processes and controls performed by external consultants and separately, an external audit conducted by accredited independent auditors. In FY2020, Koufu is in the preparation stage of the Control Self-Assessment ("CSA") which aims at enhance internal controls within the Group. With plans to be implemented in FY2021, realignment measures will be taken to bridge any gaps identified through the CSA.

For more information on corporate governance, please refer to the 'Corporate Governance' section of Koufu's Annual Report 2020.

Compliance with laws and regulations

Our Group's policies are reviewed annually to ensure its relevance to current practices and legislations in the countries we operate in. In addition, Koufu's appointed external auditors will update the ARMC and the Board on revised or new regulations applicable to the Group annually. In light of COVID-19, Koufu has put in place Safe Management Measures in line with the Ministry of Manpower ("MOM") and Ministry of Health ("MOH") and Ministry of Trade and Industry's ("MTI") requirements. For more information on the safe management measures implemented at Koufu, please refer to the Occupational Health and Safety section above.

Headed by our COO and supported by quality control officers, Koufu's compliance assurance team ("CA Team") conducts periodic surprise visits to each of our F&B outlets and central kitchens. In addition, our

²¹ Exclude cases relating to food safety and hygiene.

²² Koufu defines significant fines as \$1,000 and above. Exclude cases relating to food safety and hygiene. Please refer to the Food Safety and Hygiene section on targets relating to food safety incidents.



COO reports to the Board on a quarterly basis to update the Board on regulatory compliance matters. For members of the public, Koufu provides a feedback channel on our Group's website at www.koufu.com.sg, which allows direct feedback on our Group. Follow up actions will be taken to improve our Group's compliance performance.

Ethics, Bribery and Corruption

Koufu takes a strong stand against corruption, with integrity being one of our core values. Our Code of Conduct acts as the first line of defense against unethical and corruption acts. Koufu does not condone any fraud, corruption and other forms of unethical behaviour or conduct. We urge all stakeholders to reach out to us at whistle-blowing@koufu.com.sg should any of such matters come to your attention. All reports lodged will be assessed directly by the ARMC Chairman. Internal stakeholders are advised to reach out to their immediate area managers, or contact the HR personnel, CEO or Executive Director.

Risk management, key risk exposures, and activities in respect of significant matters are being reviewed quarterly and checked that risks identified in the previous period have accordingly been mitigated and addressed. In addition, to ensure that our suppliers and contractors are aware of our anti-corruption requirements, the Group's procurement team will communicate these requirements to them during the negotiation phase.

Strengthening of internal controls

Given the recent acquisition of Deli Asia during the year, additional efforts will be taken to streamline business processes and align the internal control processes of Deli Asia's with that of Koufu's. The internal control review will be performed on Deli Asia's processes including cash handling, bank management, kiosk operation management, revenue and receivables, and review of Central Kitchen Compliance Framework. Through this review process, we hope to identify and align the gaps in internal controls from Koufu and Deli Asia, as well as to streamline business processes between Deli Asia and Koufu.

Performance²³

Koufu is once again pleased to share that we have met our target of zero confirmed cases of corruption and cases involving non-monetary sanctions in FY2020 and FY2019. In addition, we do not have any cases brought through dispute resolution mechanisms over the past two years.

In FY2020, we have received two fines of \$1000 each from MOM and SFA with regards to non-compliance on safe distancing measures at our corporate office and food court respectively. We have since taken additional measures to ensure safe distancing are adhered to at our office and food operations, increased cleaning frequency of high touch-points and limit the need for employees to return to office, where possible. All FCMs of our food courts and F&B outlets were also given directives to ensure dining tables and chair are adequately spaced out in complying with safe-distancing guidelines implemented by the government.

²³ Excludes cases relating to food safety and hygiene. Please refer to Food Safety and Hygiene section for more information.

BETTER LIFE

Economic Performance



Why Is It Important?

Maintaining a healthy economic performance provides confidence to our stakeholders through the enhancement of tangible value generated. It is vital that Koufu continues to generate economic value for its stakeholders while ensuring sustainability in the long-term in order to thrive in this competitive food service industry.



Policy

We are committed to achieving improved economic performance for the long-term sustainability of the Group in accordance to our mission, "Better Food, Better People, and Better Life."



Targets

We are committed to generating economic value for our stakeholders while developing sustainably.



Practices

Multi-brand strategy

As part of our sustainable business model, our current multi-brand strategy is built on top of our traditional food court management business to target various market segments concurrently, which enables expansion and development of our business on a wider scale in the long run. In addition, the multi-brand strategy caters to a diverse group of consumers in terms of taste, preferences, budgets and occasions, allowing us to capture a larger customer base and market share, both locally and globally. In FY2020, our overseas expansion plans were unmet as partnership opportunities were hindered due to COVID-19. Despite that, brand diversification continued for the markets that we currently operate in, including the introduction of the *Supertea* and *R&B Tea* brands to the Philippines and Indonesia through master franchise and licensing agreement, congruent with our strategy to actively develop our concept brands in both local and overseas markets. In addition, the Group has also established our first *R&B Tea* and *Supertea* outlets in Macau and Malaysia. The addition of *Delisnacks* and *Dough Culture* through the accretive acquisition of *Deli Asia* has further diversified the Group's revenue and network expansion in complementary dim sum, snacks and dough products. Another notable development in FY2020 was our master franchise agreement with *Shakey's Pizza Asia Ventures Inc.* which expanded the reach of our high growth tea and beverage brands. Riding on the healthy living and dining trend, we also plan to bring our natural meatless restaurant, *Elemen*, into overseas markets in the coming years.

Scale-up SG Programme

Identified as an enterprise with a track record of growth and potential, Koufu embarked on the 2.5-year programme in 2019 with an ambition to scale up and potentially contribute significantly to Singapore's economy. As a pioneer of this programme, Koufu is committed to leverage on the resources provided to expand our operations in a sustainable manner while creating job opportunities for Singaporeans. In FY2020, we continued to witness a growth in the total number of outlets from 184 self-operated outlets in FY2019 to 199 self-operated outlets and 184 authorised/licensed outlets in FY2020, comprising both local and international outlets.

Innovative business transformation

To ensure that our business model stays relevant and attractive to the ever-changing market preferences and consumer habits brought about by COVID-19, Koufu continuously seeks to improvise our business offerings on various fronts. On the digital front, Koufu has launched its "Koufu Eat" mobile application which provides ease and value to customers who use the app to place orders. On the product enhancement front, we have extended our menu at *Elemen* and *Grove* to include bento boxes for takeaway in adapting to the COVID-19 situation and restrictions imposed for dine-in at these outlets.

Table 10: Koufu's elements of innovative business transformation

Koufu Eat app enhancements	Inclusion of bento boxes in set menu	Increase in outlets/stalls available for delivery	Engagement of delivery service providers
<p>Price</p> <ul style="list-style-type: none"> › Users who order takeaway or dine-in using the application are able to enjoy a 10% discount from retail prices. › Koufu does not mark up the prices of products sold on the application. Instead, the delivery fee charged goes directly to our logistics partner, Zeek. <p>Variety</p> <ul style="list-style-type: none"> › Users are able to consolidate food orders from various stalls into a single order and enjoy a single delivery fee charge instead of multiple delivery fees. 	<ul style="list-style-type: none"> › Menu at Elemen and Grove have been improved to include bento boxes for takeaway in light of the COVID-19 situation. › Tactical marketing campaigns to promote the bento boxes at Elemen 	<ul style="list-style-type: none"> › There are currently 11 outlets (178 stalls) available for delivery post Circuit Breaker, a 25% increase compared to before Circuit Breaker. › Koufu has plans to increase this to at least 50% by mid-2021. 	<ul style="list-style-type: none"> › Koufu partners with delivery service providers such as Foodpanda and Deliveroo to increase accessibility of our food and convenience to consumers, given that food delivery has become one of the preferred options with the ongoing pandemic › Koufu also engages Zeek for delivery for orders received through the Koufu Eat app

COVID-19 measures for Koufu's tenants

The COVID-19 pandemic has affected tenant-occupiers all over Singapore due to a sudden change in lifestyle and shopping habits. In response to this, the Ministry of Law of Singapore passed a COVID-19 (Temporary Measures) (Amendment) Act on 5 June 2020, providing a rental relief framework to help eligible tenant-occupiers who have been affected by COVID-19. There are two types of rental relief – rental relief supported by Government assistance and additional rental relief supported by landlords and property owners. Koufu has since passed down the rebates to our stall tenants across 48 food courts and 18 coffee shops.

Caring for our Community

As one of the key food service providers in Singapore, we see the importance of giving a portion our success back to the community who has earnestly supported us through our years of operation. Besides, this has been an integral part of our mission since the inception of the Group. We believe that through our care for the community, we can help Singapore to recover and achieve betterment during this time of the COVID-19 pandemic.

In FY2020, we invested a total of more than \$60,000 in community initiatives, including a \$10,000 endowed bursary²⁴ to the Singapore Institute of Technology. We have also clocked about 2,800 volunteer manhours through our initiatives such as the Food Bank Singapore's Feed the City and #KoufuCares CSR programme.

(a) Food Bank Singapore's Feed the City programme – supported by the DBS Stronger Together fund

In support of Food Bank Singapore's Feed the City programme, the DBS Stronger Together fund involved a \$10.5 million fund set up by DBS bank to help communities in Asia deeply impacted by the COVID-19 pandemic. In Singapore, a total of \$2.5 million went towards putting food on the table of the elderly, low-income and migrant workers. As one of the partners in this initiative, Koufu provided food for the elderly and low-income families by assigning 25 stalls to prepare the food, and allocating bulk orders for participating stallholders, providing additional sales to their business. To date, Koufu has provided a total of 3,294 meals to beneficiaries.

(b) #KoufuCares CSR Programme

Since 29 April 2020, Koufu Group started the #KoufuCares CSR Programme to show appreciation to medical frontliners, migrant workers and those in need during the COVID-19 pandemic. In order to fund these programmes, we rallied our employees to contribute funds to the 'Giving Back A Bit of Love' Charity Drive, an initiative that seeks to spread love and kindness by providing meals for frontliners in healthcare institutions and migrant workers. Please refer to below for more details.

24 Koufu has agreed to gift \$40,000 of bursary in aggregate to the Singapore Institute of Technology over a period of four years from FY2019 to FY2020 at \$10,000 each year.

BETTER LIFE

'Giving Back A Bit of Love' Initiative

In May 2020, Koufu embarked on the 'Giving Back A Bit of Love' initiative, where our staff came together to raise funds to help those in need and to show appreciation to our frontliners and migrant brothers who were affected by the COVID-19 pandemic. With a total of \$27,760 raised, all proceeds have gone towards providing food for the aforementioned beneficiaries. More than 7000 Koufu's signature coffee and bun sets, 1000 main meals and 500 bubble teas were distributed to show our appreciation for their sacrifice and hard work during these challenging times.



Frontliners at Penjuru Dormitory enjoying their ice bubble tea (left) and at Changi General Hospital showing love for Koufu's coffee and bun set (top)



Koufu staff volunteers preparing for lunch deliveries to the dormitories on Hari Raya Puasa (right)

Mr Choo Teck Chuan, Chief Operating Officer of Koufu, joining in the packing and delivering (far right)



Performance

During the circuit breaker period, the operations of 10 food courts, 3 quick-service restaurants and 2 full-service restaurants were temporarily suspended in order to reduce operating costs. The Group also suspended operations of all but one R&B tea kiosk, in line with the further tightening measures while the rest of the food courts and self-operated F&B outlets remained open to cater for takeaways and food delivery services. Since June 2020, we have gradually resumed operations.

The decrease in our economic value generated and economic value retained in FY2020, as compared to FY2019, was largely attributed to the impacts of COVID-19 which saw two months of Circuit Breaker impacting all F&B businesses. Nevertheless, Koufu's resilient business model continued to ensure stable earnings during this challenging period.

Figure 14: Economic value generated and distributed in FY2019

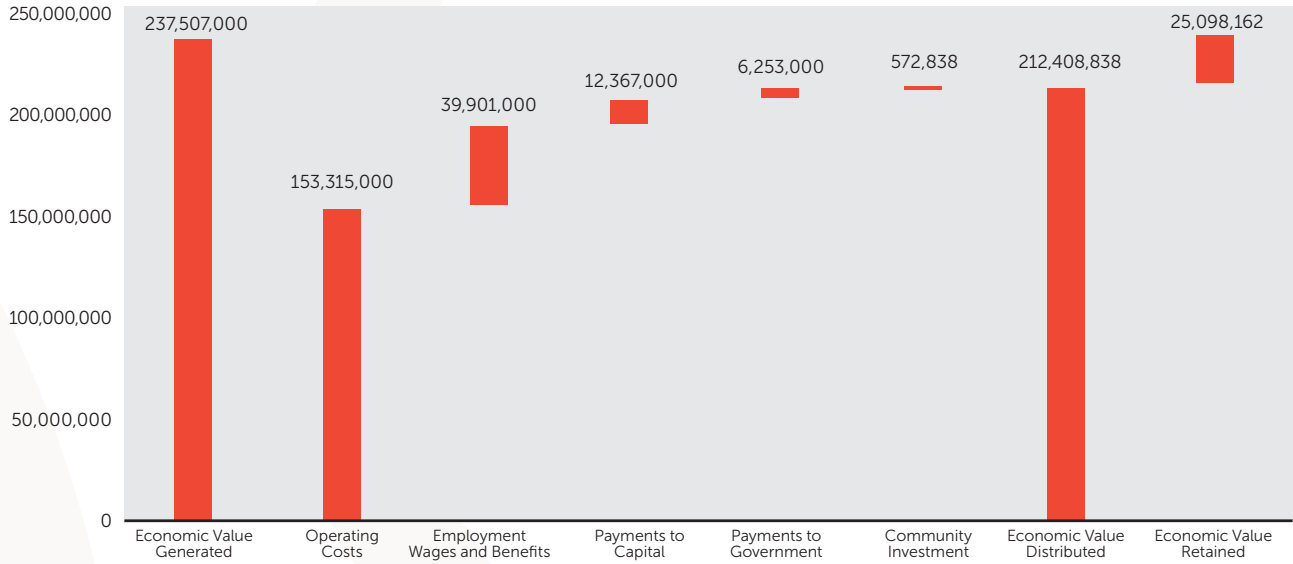
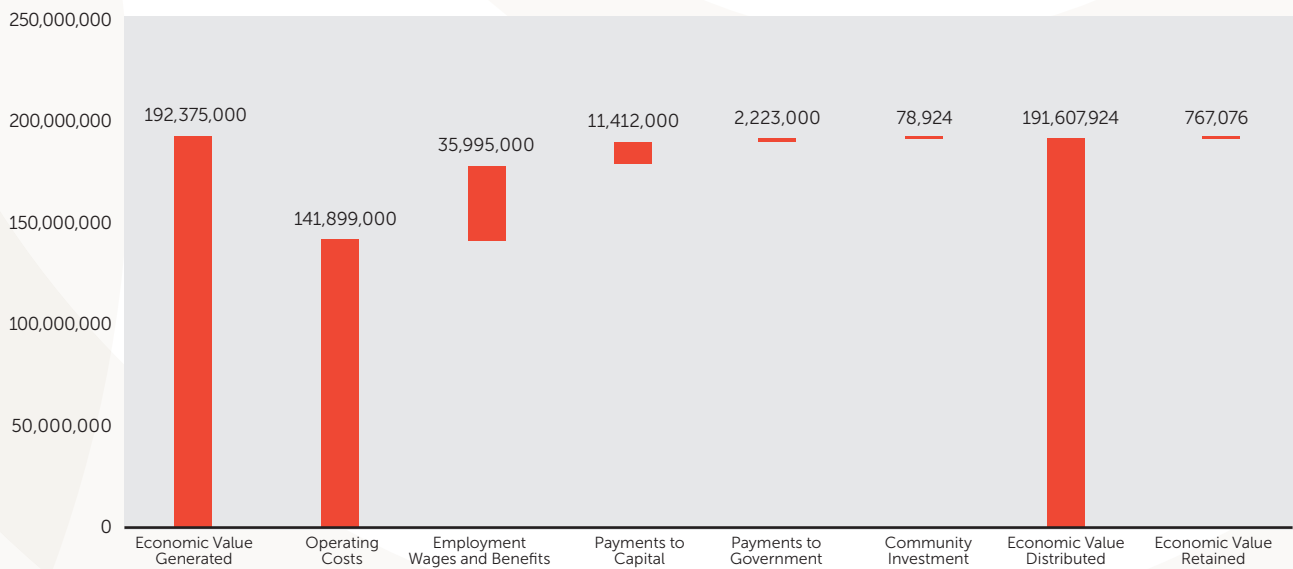


Figure 15: Economic value generated and distributed in FY2020



GLOBAL REPORTING INITIATIVE ("GRI") CONTENT INDEX

GRI Standard Disclosure	Disclosure Title	Report Section	Page Reference
GRI 102: General Disclosures 2016			
Organisational Profile			
102-1	Name of the organisation	About Koufu Group Limited	1
102-2	Activities, brands, products, and services	About Koufu Group Limited	2
102-3	Location of headquarters	About Koufu Group Limited	1
102-4	Location of operations	About Koufu Group Limited	2
102-5	Ownership and legal form	About Koufu Group Limited	1
102-6	Markets served	About Koufu Group Limited	2
102-7	Scale of the organisation	About Koufu Group Limited	2
102-8	Information on employees and other workers	Better People: Our Workforce Profile	16
102-9	Supply chain	Koufu's Sustainable Approach: Koufu's Sustainable Value Chain	9
102-10	Significant changes to the organisation and its supply chain	Better Life: Economic Performance	28
102-11	Precautionary Principle or approach	Koufu's Annual Report 2019: Corporate Governance	29
102-12	External initiatives	Tripartite Alliance for Fair and Progressive Employment Practices	-
102-13	Membership of associations	Koufu is part of the Singapore Chinese Chamber of Commerce and Industry Membership, Securities Investors Association Singapore (SIAS), Singapore Business Federation and Singapore Food Manufacturers' Association. Our subsidiary Elemen is a member of the Restaurant Association of Singapore (RAS).	-
Strategy			
102-14	Statement from senior decision-maker	Statement from the Board	4
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behaviour	About Koufu Group Limited	3
Governance			
102-18	Governance structure	Koufu's Sustainability Approach: Koufu's Sustainability Governance	8
Stakeholder Engagement			
102-40	List of stakeholder groups	Koufu's Sustainability Approach: Stakeholder Engagement	6
102-41	Collective bargaining agreements	NIL	-
102-42	Identifying and selecting stakeholders	Koufu's Sustainability Approach: Stakeholder Engagement	6
102-43	Approach to stakeholder engagement	Koufu's Sustainability Approach: Stakeholder Engagement	6
102-44	Key topics and concerns raised	Koufu's Sustainability Approach: Stakeholder Engagement	6
Reporting Practice			
102-45	Entities included in the consolidated financial statements	About the Report: Reporting Period and Scope	5
102-46	Defining report content and topic Boundaries	About the Report: Reporting Period and Scope	5
102-47	List of material topics	Koufu's Sustainability Approach: Materiality Assessment	8
102-48	Restatements of information	Better People: Our Workforce Profile Restatements were made due to misrepresentation of legend in SR2019	16

GRI Standard Disclosure	Disclosure Title		Report Section	Page Reference
Reporting Practice				
102-49	Changes in reporting		NA	–
102-50	Reporting period		About the Report: Reporting Period and Scope	5
102-51	Date of most recent report		Koufu Sustainability Report 2020	–
102-52	Reporting cycle		About the Report: Reporting Period and Scope	5
102-53	Contact point for questions regarding the report		About the Report: Commitment to Quality Disclosures	5
102-54	Claims of reporting in accordance with the GRI Standards		About the Report: Reporting Standards	5
102-55	GRI content index		GRI Content Index	32
102-56	External assurance		About the Report: Commitment to Quality Disclosures	5
Material Matters				
Food Safety and Hygiene				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Koufu's Sustainability Approach: Koufu's Sustainable Value Chain	9
	103-2	The management approach and its components	Better Food: Food Safety and Hygiene	11
	103-3	Evaluation of the management approach	Better Food: Food Safety and Hygiene	11
GRI 416: Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Better Food: Food Safety and Hygiene	11
Corporate Governance				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Koufu's Sustainability Approach: Koufu's Sustainable Value Chain	9
	103-2	The management approach and its components	Better Life: Corporate Governance	26
	103-3	Evaluation of the management approach	Better Life: Corporate Governance	26
GRI 205: Anti-Corruption 2016	205-3	Confirmed incidents of corruption and actions taken	Better Life: Corporate Governance	26
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	Better Life: Corporate Governance	26
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	Better Life: Corporate Governance	26
Customer Satisfaction				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Koufu's Sustainability Approach: Koufu's Sustainable Value Chain	9
	103-2	The management approach and its components	Better Food: Customer Satisfaction	14
	103-3	Evaluation of the management approach	Better Food: Customer Satisfaction	14
Non-GRI performance indicator		Average number of complaints received per month	Better Food: Customer Satisfaction	14
Occupational Health and Safety				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Koufu's Sustainability Approach: Koufu's Sustainable Value Chain	9
	103-2	The management approach and its components	Better People: Occupational Health and Safety	20-24
	103-3	Evaluation of the management approach	Better People: Occupational Health and Safety	20-24

GLOBAL REPORTING INITIATIVE ("GRI") CONTENT INDEX

GRI Standard Disclosure	Disclosure Title	Report Section	Page Reference
Occupational Health and Safety			
GRI 403: Management Approach - Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Better People: Occupational Health and Safety 20-23
	403-2	Hazard identification, risk assessment, and incident investigation	Better People: Occupational Health and Safety 20-23
	403-3	Occupational health services	Better People: Occupational Health and Safety 20-23
	403-4	Worker participation, consultation, and communication on occupational health and safety	Better People: Occupational Health and Safety 20-23
	403-5	Worker training on occupational health and safety	Better People: Occupational Health and Safety 20-23
	403-6	Promotion of worker health	Better People: Occupational Health and Safety 20-23
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Not applicable for Koufu -
GRI 403: Topic-specific disclosure - Occupational Health and Safety 2018	403-9	Work-related injuries	Better People: Occupational Health and Safety 24
Active Employee Engagement			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Koufu's Sustainability Approach: Koufu's Sustainable Value Chain 9
	103-2	The management approach and its components	Better People: Active Employee Engagement 17-19
	103-3	Evaluation of the management approach	Better People: Active Employee Engagement 17-19
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Better People: Active Employee Engagement 19
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Better People: Active Employee Engagement 17-19
Additional Matters			
Economic Performance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Koufu's Sustainability Approach: Koufu's Sustainable Value Chain 9
	103-2	The management approach and its components	Better Life: Economic Performance 28-30
	103-3	Evaluation of the management approach	Better Life: Economic Performance 28-30
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Better Life: Economic Performance 31
Energy and Emissions			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Koufu's Sustainability Approach: Koufu's Sustainable Value Chain 9
	103-2	The management approach and its components	Better Life: Energy and Emissions 25
	103-3	Evaluation of the management	Better Life: Energy and Emissions 25
GRI 302: Energy	302-1	Energy consumption within the organisation	Better Life: Energy and Emissions 25
	302-2	Energy consumption outside of the organisation	Better Life: Energy and Emissions 25
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	Better Life: Energy and Emissions 25
	305-2	Direct (Scope 2) GHG emissions	Better Life: Energy and Emissions 25



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