

Katrina

GROUP LTD.

SUSTAINABILITY REPORT 2017



ABOUT THIS REPORT

We are pleased to present Katrina Group Ltd's (Katrina's) inaugural annual Sustainability Report, for our financial year ended 31 December 2017. This report is set out on a "comply or explain" basis in accordance with Catalist Rule 711B and Practice Note 7.6 of the Singapore Exchange Securities Trading Limited (SGX-ST) Listing Manual on Continuing Listing Obligations. Katrina has chosen the Global Reporting Initiative (GRI) Standards: Core Option as it is the most established international sustainability reporting standard that covers a comprehensive range of sustainability disclosures. In accordance with the GRI Standards, the report highlights the key economic, environmental, social and governance related initiatives carried out throughout a 12-month period, from 1 January to 31 December 2017.

In defining our reporting content, we applied the GRI's principles for defining report content by considering the Group's activities, impacts and substantive expectations and interests of its stakeholders. We observed a total of four principles, including materiality, stakeholder inclusiveness, sustainability index and completeness. For reporting quality, we observed the principles of balance, comparability, accuracy, timeliness, clarity and reliability.

The EESG 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.

BOARD STATEMENT ON SUSTAINABILITY

The key material economic, environmental, social and governance (EESG) factors for Katrina have been identified and reviewed by the Chairman and the CEO. The board of directors of Katrina (Board) oversees the management and monitoring of these factors and takes them into consideration in the determination of the company's strategic direction and policies. Sustainability is a part of Katrina's wider strategy to create long term value for all our stakeholders.

With the availability of EESG data, sustainability reporting has gained greater significance to investors eager to analyse more and more data. Far from being just an image building exercise today it is widely accepted that good EESG practices contribute to the overall long-term success of the company and plays an important part in the competition for investment.

Businesses must be quick to adapt to key stakeholders' concerns, closing any potential gaps and capitalising on given opportunities. Amid today's rapid business environment, the Board is fully committed in supporting the management in upholding governance and sustainability practices to achieve long-term success and value for its stakeholders.

31 December 2018

OUR APPROACH TO SUSTAINABILITY

SUSTAINABILITY VISION AND MISSION

We, Katrina have a great passion for various flavours of dining experience through delectable dishes. A wide array of dishes and quality food served in all our restaurants, surrounded from fine-dining experience, cozy ambience to casual atmosphere that is fun and friendly.

We envision to be the leading food and beverage (F&B) company helming exciting restaurant brands that offer customers great dining experiences by delivering great food and service.

SUSTAINABILITY GOVERNANCE

At Katrina, we believe that strong governance is the key to a sustainable business. Throughout 2017, we continue to comply with the Code of Corporate Governance. Please refer to pages 14 to 49 of our Annual Report 2017 on more details of Katrina Group corporate governance practices.

It is a continual challenge to successfully manage the environmental and social issues. Katrina has incorporated this into our business model and implemented sustainable and responsible practices in the company. Our products and services meet what we believe are key requirements demanded by our customers and the regulatory bodies. We meet key environmental and safety standards that are expected of us.

Katrina pays strict attention to enforce good labour practices in all our operations. The company provides many training opportunities for continued employee development and this is reflected in the quality and delivery of our products and services. We value our relationships with our clients and the wider community in which we operate and these relationships have helped us through challenging times in the past. Katrina strongly believes that in the long run, these efforts will have a positive impact on our economic performance.

RISK MANAGEMENT

The Board recognises the importance of maintaining a sound system of risk management and internal control to safeguard the shareholders' interests and the Group's assets, and to manage risks. The Company manages risks under an overall strategy determined by the Board and supported by the various Board Committees. The Board and various Board committees oversee and ensure that such a system is appropriately implemented and monitored. The risk management and internal control processes framework are intended to provide reasonable but not absolute assurance against material misstatements or loss, to safeguard assets and maintenance of proper accounting records, reliability of financial information, compliance with appropriate legislations, regulations and best practices, and the identification and containment of business risks.

BUSINESS ETHICS, ANTI-CORRUPTION AND COMPLIANCE

Here at Katrina, we do not tolerate corruption in any form. This has been made clear to all of our employees, our suppliers and our business partners. Any report of corruption is escalated to the attention of the Chairman.

When it comes to hiring, we seriously take any possibility of conflict of interest into consideration. Our code of conduct clearly spells out Katrina's expectations from our staff and consequences if any of the rules are violated or standards not met. In addition, we also have clear and fair grievance procedures.

Business ethics are communicated to all our heads of business units regularly and they are fully aware that compliance with rules and regulations is a key part of running a responsible business. The company regularly updates key staff with development in international and local regulations. Katrina fully complies with key environmental rules and regulations, anti-competitive behaviour laws and key requirements on health and safety. We prohibit corruption in all forms, including extortion and bribery.

Cyber security and data privacy are important not just for compliance, but in safeguarding both our data and that of our customers. Katrina takes measures to guard against cyber risks for both our internal and external stakeholders by complying with the Personal Data Protection Act Policy. This policy also applies to our employment process where the privacy of all applicants is safeguarded and access to personal data is restricted to authorised persons of senior management on a need-to-know basis.

For the financial year 2017, there were no significant fines or non-monetary sanctions for non-compliance with laws and regulations. There have also been no reported incidents of corruption during the reporting period. It is Katrina's goal to maintain zero incidents of corruption. We will regularly review policies on whistleblowing and anti-corruption.

STAKEHOLDERS AND MATERIALITY

STAKEHOLDER ENGAGEMENT

An important starting point in our sustainability journey is to identify our stakeholders and material aspects relevant to our business. 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, employees, investors, and regulators. 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 table below sets out our engagement with our stakeholders:

Stakeholders	Engagement Platforms
Employees	Open dialogues among teams Induction and orientation program Comprehensive training Staff appraisal
Customers	Hotline Email queries Customer feedback and survey Social media campaigns Advertisements, marketing or product launch events
Suppliers and Service Providers	Positive relationship management through communication and mutual understanding so that expectations (i.e. timely delivery of goods, prompt payment cycles) are properly communicated and understood on both ends. Annual review and feedback sessions.
Investors/Shareholders	Annual Report Annual General Meeting Investor meetings Results briefings Corporate Announcements / Press releases
Local communities	Donations Various social events
Government and Regulators	Face-to-face meetings Regular reports Participation in discussions Spot checks at central kitchens and outlets Industry workshops

MATERIAL ASPECTS ASSESSMENT

We conducted a materiality assessment during the year with the help of an external consultant. Going forward, materiality review will be conducted every year, incorporating inputs from the stakeholder engagements.

Senior management together with the external consultant identified and prioritised material aspects through internal workshops, peer review and social impact assessments at site level. In addition, we assessed its potential impact on the economy, environment and society, and the influence on the stakeholders. Applying the guidance from GRI, we have identified the following material aspects:

Economic	Economic performance
Environmental	Effluents and waste Supplier environmental assessment Environmental compliance
Social	Employment Diversity and equal opportunity Occupational health and safety Customer health and safety Local community
Governance	Business ethics, anti-corruption and compliance Risk management

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. Accordingly, the process of target setting is deferred till a time when adequate data is available to set reasonable targets.

ECONOMIC

ECONOMIC PERFORMANCE

Here at Katrina, we are committed to grow our customers and exceed our customers' expectations and provide them with delicious traditional food in delectable surroundings. For detailed financial results, please refer to the following sections in our Annual Report 2017 (Katrina AR 2017):

- Financial Review, pages 9 – 10
- Financial Statements, pages 50 – 92

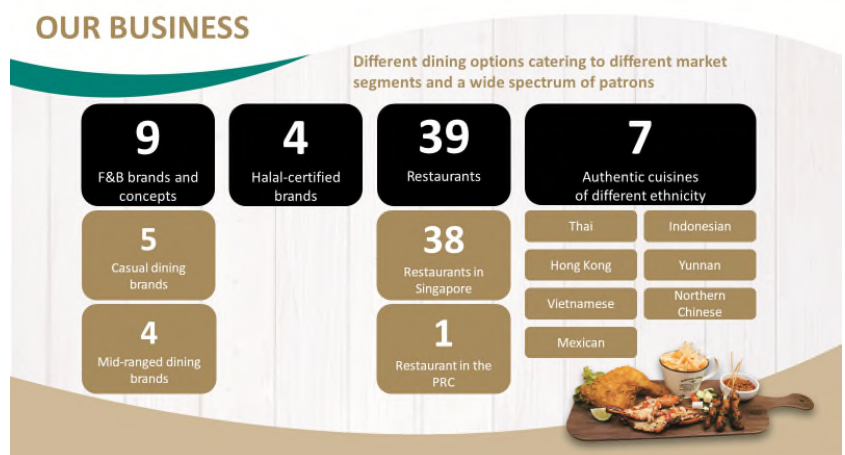
Our goal is to be the F&B company offering customers a great dining experience by delivering quality food and exceptional services.

MARKET PRESENCE

Katrina aims to meet consumer trends and allows its customers to enjoy a wide range of cuisines. Katrina is an operator of chains of restaurants and cafes under different F&B brands and concepts. Our Group owns and operates restaurants under nine different F&B brands that are developed and owned by us.

Each of our brands serves authentic cuisines of different ethnicity, namely Indonesian, Thai, Hong Kong, Yunnan, Northern Chinese, Mexican and Vietnamese. In addition, each brand is accompanied by tailored décor and designs in our restaurants and cafes to provide patrons with comfortable ambience.

The Group is actively exploring opportunities to grow its business through acquisitions, joint ventures, franchising and strategic alliances with parties who can help to strengthen its brands and expand its market share in the region, to support its growth with lower investment risks.



Please refer to pages 1 – 3 of Katrina AR 2017 for the location of the outlets in respect of each dining brand.

ENVIRONMENT

EFFLUENTS AND WASTE

OIL WASTE MANAGEMENT

Singapore's solid waste output has increased significantly over the years. The amount of waste sent for disposal rose from 1,260 tonnes per day in 1970 to 8,443 tonnes per day in 2017. This amount would continue to rise at an unsustainable rate without efforts made in recycling. We are environmentally friendly and dispose of our used cooking oil via an accredited used oil collector so that it can be treated before being responsibly recycled. The volume of oil waste managed through accredited oil collector amounted to 15,511 kg in FY2017.

SUPPLIER ENVIRONMENTAL ASSESSMENT

Katrina performs regular vendor evaluation on existing suppliers to assess the following criteria: Timeliness of deliveries, quality of products upon delivery, competitiveness of price, quality of service provided, competitiveness of terms and conditions, credit ratings, reputation of the company, specifications of products to products delivered, expertise of sales staff, and after sales services. All our vendors are judged to be satisfactory in all criteria.

ENVIRONMENTAL COMPLIANCE

Katrina complies with Majlis Ugama Islam Singapura (MUIS) also known as the Islamic Religious Council of Singapore, National Environment Agency (NEA) and Singapore Police Force (SPF) compliance regulations.

In FY 2017, Katrina had only nine visits from the NEA for our thirty-eight restaurants and there were no significant warnings or incidents.

SOCIAL

EMPLOYMENT

Here at Katrina, our employees are the drivers of our business and we believe in creating a respectful, rewarding and safe working environment for all our people. We support and respect the protection of internationally proclaimed human rights.

We respect human rights, support the elimination of all forms of forced and compulsory labour, especially child labour, and do not tolerate any discrimination in respect of employment and occupation.

Katrina believes in employee training and continual career development. Staff attend internal and external workshops together with extensive on-the-job-training. A total of 118,000 employee-hours were invested in training in 2017.

The company provides competitive remuneration based on merit to all our employees. Our employees are not covered by collective bargaining agreements, but are given the right to exercise freedom of association. Employees are given a minimum of one month's notice prior to any implementation of significant operational changes that could substantially affect them.

We at Katrina pride ourselves in offering a stable and secure working environment. Nearly 11.7% of our employees have been with Katrina for at least 5 years.

DIVERSITY AND EQUAL OPPORTUNITY

A diverse workforce is an asset in today's ever-changing global marketplace. We cultivate an inclusive culture where employees with wide-ranging backgrounds and qualities are highly motivated, engaged and connected.



In light of our aging workforce, we look to attract the younger generation by reaching out to vocational educational establishments with internship programmes, sponsorships, and providing more career advancement opportunities. Katrina also adheres to the Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP) guidelines on re-employment of older employees. Although the current statutory retirement age is 62, eligible employees will be offered a re-employment contract on a yearly renewable basis, up to age 67 with effect from 1 July 2017.

A periodic employee engagement survey is conducted to determine the level of employee satisfaction and gather feedback. Employees' inputs are taken into consideration for the formulation of human resource practices and programmes such as Corporate Social Responsibility (CSR) or Workplace Health Promotion (WHP) activities.

Throughout the year, Katrina holds a range of activities to foster team-building such as Bubble Soccer, River Race, Basketball, Escape Room, Dinner & Dance and visit to the Nursing Home.



OCCUPATIONAL HEALTH AND SAFETY

We are also committed to safeguard our employees' health and safety against any potential workplace hazards.

The focus on health and safety is important for Katrina to achieve world-class performance. It is a basic need for our workers to work in a safe environment, it also provides attainment of our employees' wellness, our productivity increases, and our best is given to our customers. We implement job safety guidelines and procedures to conduct, we are committed to provide a hazard-free workplace to ensure the wellbeing of both our employees and environment.

Katrina employs a variety of measures to ensure the health and safety of all our staff. We start with a methodological documentation of key occupational health and safety issues on an employee level, we listen to all our employees' safety concerns and suggestions. The company conducts regular safety checks and enforces key relevant health and safety rules. Our employees are trained to be safety conscious and key potential hazards in the workplace are identified.

Our new employees undergo the required safety training and drills to familiarize themselves with the operation of the machinery and equipment as well as the safety precautions and procedures.

We encountered 17 minor work injuries in 2017. We will continue to stress workplace safety at all times and aim for accident frequency rate of zero in the upcoming years.

CUSTOMER HEALTH AND SAFETY

FOOD SAFETY & HYGIENE

Food safety and hygiene is of utmost importance in our commitment to deliver quality products and services to our customers. We work with our partners from procurement, warehouse and logistics, quality assurance, and operations, to achieve this objective.

Staff attend both internal and external workshops together with extensive on-the-job-training on a range of areas on food safety and hygiene. In addition, staff have been sent to attend the Certified On-the-Job Training Centre (COJTC) Scheme conducted by the Institute of Technical Education (ITE) to recognise on-the-job-training by employers.

FOOD & SERVICE LABELLING

Katrina complies with key food and service labelling stipulated by NEA.

CUSTOMER SATISFACTION

Katrina has engaged Mobikon, a Singapore-based marketing and customer engagement platform for restaurants, to obtain real-time feedback from customers on customer satisfaction to encourage a build up of loyal customers. On average, for all outlets across the different brands, the rating given by customers are above 4.5 on a scale of 1-5.

Our staff have also won the Excellent Service Awards (Retail) by the Singapore Retailers Association from 2011 to 2017. This is an annual national award that recognises individuals who have delivered quality service. It seeks to develop service models for others to emulate and to create service champions. In 2017, we have 29 staff receiving Silver, 16 staff receiving Gold and 9 staff receiving Star.

In addition, Katrina has been awarded the Excellent Service Award 2017 & 2016, Top Influential Brands Award 2017, Certificate of Excellence 2016, Singapore's Top Restaurant Award 2015, Singapore Health Bronze Award 2014, Marketing Magazine – Marketing Excellence Award 2013 which recognises marketing excellence, Enterprise 50 Award 2012 & 2010 and Singapore service Star Award 2011.

The Singapore Health (Helping Employees Achieve Life-Time Health) recognises companies with outstanding workplace health promotion practices. The Enterprise 50 Award, first established in 1995, recognises local, privately-held companies who have contributed to economic development in Singapore and abroad.

Katrina has also commenced the upgrading of its Enterprise Resource Planning and Point-Of-Sales systems to improve customer experience and increase staff proficiency and productivity while lowering costs in the long run.

ASSOCIATIONS

Our director, Mr Alan Goh, Executive Chairman of the Board, Chief Executive Officer of the company, is an EXCO member of Restaurant Association of Singapore.

LOCAL COMMUNITIES

CSR ACTIVITIES

Over the years, Katrina has engaged in CSR efforts in a number of ways, seeking to touch the lives of many through its CSR efforts and bringing the community at large together in the common quest for a better tomorrow. For more details, please refer to the Corporate Social Responsibility section in Katrina AR 2017 on page 11.

Katrina was a sponsor at the 2017 Seakeepers annual dinner. The International SeaKeepers is to recognise Nature Society (Singapore) Marine Conservation Group for their extraordinary efforts and commitment towards Singapore's marine conservation.

Katrina was also a sponsor at the Student Care Services Charity Golf 2017. This annual tournament aimed to raise funds to support positively in the development of its children and youth into competent, confident and young people of exemplary character.

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