

# BreadTalk

SUSTAINABILITY REPORT 2016

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## Introduction

### BOARD STATEMENT

Since 2000, we grew from a single outlet at Bugis Junction into Asia's award-winning food and beverage ("F&B") group. Our sustainable growth strategies and practises received growing attention from our diverse stakeholder communities. We recognised the need to disclose our environmental, social and governance ("ESG") practises and performance which coincides with the release of the "Comply or Explain" sustainability reporting framework by the Singapore Exchange.

At BreadTalk Group ("BTG"), our business priorities are focused on ensuring food safety and hygiene, improving customer satisfaction, and imparting good values and standards to our people. These endeavours are aligned with our material ESG issues. Together with the Board's leadership, our management is committed to monitoring and managing material ESG issues, as we continually strive towards "Baking Better".

### ABOUT THE REPORT

Our inaugural annual sustainability report was prepared in accordance with the Global Reporting Initiative (GRI) G4 guidelines – Core level, and aligned to the GRI Food Processing Sector Supplement.

Our report focuses on BTG's sustainability performance with regards to BreadTalk Singapore from 1 January to 31 December 2016. The historical performance for the previous year 2015 was included for comparison, where possible. Specific sections pertaining to "Our People", "Business Ethics", and "Risk Management" cover information relating to the Group as a whole.

We intend to expand the scope of our report to include other Divisions and countries where BTG is present in the future. The formulation of sustainability targets for material ESG issues requires time and coordination, and we hope to share more about them in our subsequent reports. We have not sought external assurance for this reporting period.



# Our sustainability story: “Building for success”

As an internationally recognised bakery brand with a legacy of 17 years, we promise to deliver the natural goodness and experience of great-tasting breads to our customers. Through the years, we strive to achieve increased brand sustainability in our value chain, ensuring the safety of our employees, products, responding to and satisfying our customers' needs and expectations, and managing business ethics in our workplace and with our business partners.

The process of expanding from one outlet to 862 outlets across 17 different locales\*, including our first outlet in Myanmar in March 2017, best illustrates what sustainability means to us and stands as a testimony to our success in applying the spirit of excellence to creating a sustainable business. The steps we take to achieve this is described in more detail in various sections of this report as outlined below.

\* For details, please refer to page 25 of Annual Report

## Building For Success

## Building A Sustainable Business

*(Where addressed in specific section of this Sustainability Report)*

### Step 1

**Active engagement with key stakeholders**

- Stakeholder Engagement

### Step 2

**Prioritising needs for business**

- Materiality Assessment

### Step 3

**Serving the market capably**

- Risk Management
- Food Safety and Hygiene

### Step 4

**Dedication to service with heart & professionalism**

- Our People
- Business Ethics
- Regulatory Compliance
- Training Courses
- Customer Satisfaction

### Step 5

**Scaling locally and globally responsibly**

- Our Performance in 2016

### Step 1



#### Active engagement with key stakeholders

We actively engage our internal and external key stakeholder groups such as our customers and key departments to identify market trends, needs and drive value.

We aspire to deliver quality food and experiences that our customers will delight in.

### Opening



In July 2000, we opened our 1<sup>st</sup> BreadTalk outlet at Bugis Junction.

### Step 3



#### **Serving the market capably**

We aspire to serve our customers in each market capably. With product innovation and creativity at the core of our business, Research & Development (“R&D”) constantly creates original and unique products. Our Central Kitchen (“CK”) will reproduce these baked goods in a risk-free, safe and hygienic manner.

### Step 5



#### **Scaling locally and globally responsibly**

We expanded our local presence to 17 international locales, replicating more success stories and contributing to the testimony of our sustainable business model.

### Building our reach



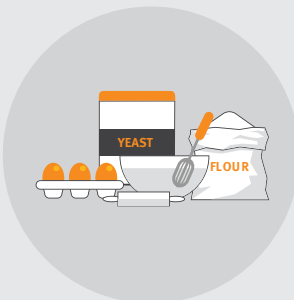
### Step 2



#### **Prioritising needs for business**

To consistently deliver quality products and services to our customers, we invest time and effort to prioritise key locales and position our outlets for maximum impact.

### Step 4



#### **Dedication to service with heart & professionalism**

Our employees are important to us. We adopt a holistic approach towards employee training and development to ensure that our employees continue to delight our customers with a unique blend of concepts that are brought to life across our brands.

## Our sustainability story: “Building for success”



### Step 1

## Active engagement with key stakeholders

#### Stakeholders Groups

#### Key interests raised by our stakeholders groups



#### Customers and Business Partners (Franchisee)

- Food Safety and Hygiene
- Food labeling
- Innovating to meet and surpass market demands
- Building customer brand loyalty



#### Employees (Including Contract Employees)

- Remuneration, training, development, and career advancement opportunities
- Basic Food Hygiene and Workplace Safety
- Customer Service Training



#### Suppliers

- Good relationship management
- Ensuring prompt payment cycles



#### Investors

- Growth strategy of the business
- Outlining business performance and establishing returns
- Financial performance and capital management



#### Media

- Sharing of our contributions through 2 main pillars; Youth & Arts / Culture via media platforms



#### Government institutions

- Operations to meet the food safety standards set by the government (e.g. National Environmental Agency (“NEA”), Agri-Food and Veterinary Authority of Singapore (“AVA”), China Food Drugs Administration)
- Economic contributions



#### Communities

- Community needs and impacts
- Work-life requirements

### Key Stakeholder Engagement

We actively engage our key stakeholder groups to understand each individual market’s needs as the first step to creating value and delivering food that customers love. In the process of replicating our success from the first outlet in Singapore to the 17 locations today, we applied the same step of understanding each market’s needs first. We value strong relationships with local networks, and take pride in delighting our customers with a blend of unique concepts that brought about new food cultures across our outlets. The success of our business today is thus an outcome of our understanding towards what our key stakeholders look for and responding to their expectations. We hold initial discussions with our stakeholders across the value chain, identifying the key groups who have significant interest and impact on our business strategy and operations, and continue to engage them to understand their key concerns and interests so as to increase overall sustainability levels within the organisation.

Methods of Engagement	Frequency of Engagement	Our Response
<ul style="list-style-type: none"> <li>Frontline interaction at stores</li> <li>Calls received via main hotline</li> <li>Email correspondence</li> <li>Train franchisees to be familiar with Standard Operating Procedures (“SOPs”)</li> </ul>	<ul style="list-style-type: none"> <li>Monthly</li> </ul>	<ul style="list-style-type: none"> <li>Conduct internal and independent third-party checks on food safety and labelling</li> <li>Foster brand loyalty via improving customer satisfaction</li> </ul>
<ul style="list-style-type: none"> <li>Induction and orientation program</li> <li>Employee surveys</li> <li>Team bonding session</li> <li>Staff appraisal</li> <li>Town halls</li> <li>Comprehensive trainings</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly to Half-yearly</li> </ul>	<ul style="list-style-type: none"> <li>All employees undergo a series of training modules, performance evaluations, and receive rewards for exemplary performances</li> <li>WSQ Certificate in F&amp;B Operations training modules to equip staff with the necessary knowledge, skills and attitude to provide good customer experience</li> </ul>
<ul style="list-style-type: none"> <li>Supplier audit</li> <li>Corrective &amp; Preventive Actions Report (CPAR)</li> <li>Partnering with new suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Monthly</li> </ul>	<ul style="list-style-type: none"> <li>Communicate and provide feedback regarding their services and products</li> <li>Ensure that the suppliers’ business is performing and complying with contract terms for timely payment</li> </ul>
<ul style="list-style-type: none"> <li>Annual General Meeting (AGM)</li> <li>Investor meetings</li> <li>Roadshows for investors</li> <li>Tele-conferences</li> <li>Corporate announcements</li> <li>Results briefing</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing</li> </ul>	<ul style="list-style-type: none"> <li>Two-pronged strategy – increasing efficiency of the backend operational process, while creating new experiences to increase frontline customer engagement – for growth and returns</li> </ul>
<ul style="list-style-type: none"> <li>Press conference</li> <li>Corporate announcement</li> <li>Marketing or product launch events</li> <li>Social media campaigns</li> <li>Advertisement and media relations</li> <li>CSR events</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing</li> </ul>	<ul style="list-style-type: none"> <li>Provide the media with timely press release and follow-up with detailed analysis during combined briefing</li> <li>Media Engagement of key product launches are innovative retail concepts</li> <li>Raise awareness of CSR events through mainstream media</li> </ul>
<ul style="list-style-type: none"> <li>Spot checks at the central kitchen and outlets</li> <li>Industry workshops for awareness of requirements</li> </ul>	<ul style="list-style-type: none"> <li>Daily</li> <li>Quarterly</li> </ul>	<ul style="list-style-type: none"> <li>Uphold health and safety standards by having layers of internal checks</li> <li>Creating direct and indirect jobs, paying taxes that contribute towards nation building, etc.</li> </ul>
<ul style="list-style-type: none"> <li>Sponsorships</li> <li>Donations (e.g. bread to Food from the Heart, Abilities Beyond Limitations and Expectations (“ABLE”))</li> <li>Employee volunteerism (e.g. partnering with CDAC to provide mentorship programs for selected students)</li> <li>1 day CSR leave for employees</li> </ul>	<ul style="list-style-type: none"> <li>Periodic projects</li> <li>Daily</li> <li>Quarterly</li> </ul>	<ul style="list-style-type: none"> <li>Monetary and non-monetary contributions to the needy, youth and arts</li> <li>Work-life enjoyment identity embedded in the BTG IHQ – a strong mix of our food brands, convenience and lifestyle services – that meet the needs of more than 300,000 office workers, families who visit the retail and F&amp;B Hub monthly</li> </ul>

Our sustainability story: “Building for success”

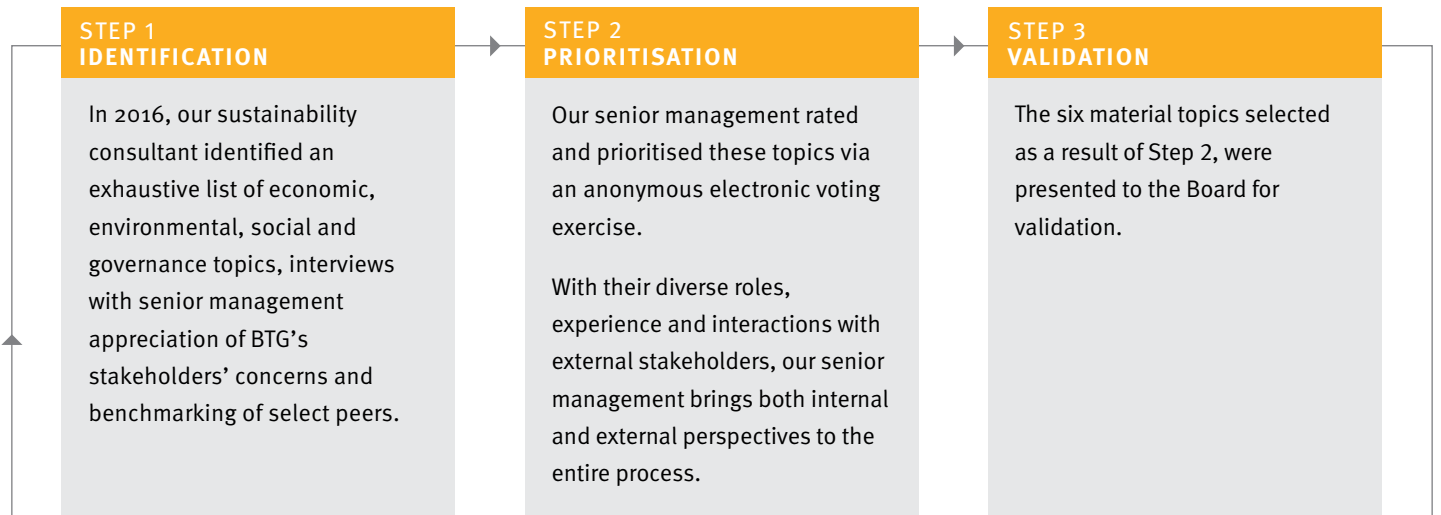


**Step 2**

## Prioritising needs for business

### Materiality Assessment

In order to deliver our commitment to our customers, we invest efforts to identify the most accessible locations, and prioritise these locations to position our outlets for maximum impact. Similarly for our business, we have prioritised six material sustainability topics which reflect our significant economic, environmental and social impacts, and substantively influence the assessments and decisions of our stakeholders. Our materiality determination process and the resulting materiality matrix are detailed below.



**STEP 1 IDENTIFICATION**

In 2016, our sustainability consultant identified an exhaustive list of economic, environmental, social and governance topics, interviews with senior management appreciation of BTG’s stakeholders’ concerns and benchmarking of select peers.

**STEP 2 PRIORITISATION**

Our senior management rated and prioritised these topics via an anonymous electronic voting exercise.

With their diverse roles, experience and interactions with external stakeholders, our senior management brings both internal and external perspectives to the entire process.

**STEP 3 VALIDATION**

The six material topics selected as a result of Step 2, were presented to the Board for validation.

**STEP 4 REVIEW**

The material topics selected will undergo review in subsequent reporting periods to ensure their continued relevance and importance.

Topic	Materiality Status
1 Food Safety & Hygiene	Material
2 Regulatory Compliance	Material
3 Business Ethics	Material
4 Economic Performance	Material
5 Risk Management	Material
6 Customer Satisfaction	Material
7 Energy and Carbon Footprint	Not material but chosen for reporting due to its significance to the business environment

- Legend**
- Material
  - Not material but chosen for reporting due to its significance to the business environment



## Our sustainability story: “Building for success”



### Step 3

## Serving the market capably

We aspire to serve each market capably – our Master Chefs and Research and Development (“R&D”) team – work hand-in-hand to conceptualise the product offerings in the store. Upon approval of the concept, Procurement sources key ingredients with quality and value globally. The Central Kitchen (“CK”) takes on the mission of production in the most efficient and effective manner; hence supporting the whole process while achieving economies of scale, and boosting the sustainability of our economic performance; in a risk-free, safe and hygienic environment.

### Risk Management

We believe that well-managed risks will open up hidden opportunities in our journey to create a sustainable business model. One example is the adoption of contactless payment platforms.

Since we started accepting contactless payment for Toast Box in 2015 and BreadTalk in 2016, there has been a significant increase in the number of contactless payment transactions as it brought about increased convenience to our customers.

Our Group-wide risk management framework to identify, mitigate and monitor business risks are detailed in the table below.

POTENTIAL REPUTATION RISK	POTENTIAL FRAUD RISK	POTENTIAL FOOD SAFETY & HYGIENE RISK
<p><b>Reputation could be at risk due to:</b></p> <ul style="list-style-type: none"> <li>• Franchisees’ inability to meet the minimum product quality and service level standard set by BTG</li> <li>• Negative media exposure</li> <li>• Food safety and hygiene incidents</li> </ul>	<p><b>Fraud risk may arise from the following factors:</b></p> <ul style="list-style-type: none"> <li>• Reinforcement of duties segregation</li> <li>• Refreshment of frontline cash handling training</li> </ul>	<p><b>Food safety &amp; hygiene risk could arise on account of:</b></p> <ul style="list-style-type: none"> <li>• Reinforcement of Food Safety and Hygiene Standards</li> <li>• Reinforcement of Quality Compliance Checks</li> </ul>
<p><b>Possible approaches to managing this risk:</b></p> <ul style="list-style-type: none"> <li>• Stringent criteria for selection of new franchisees</li> <li>• Frequent monitoring of performance</li> <li>• Meeting product quality and service level standards</li> </ul>	<p><b>Possible approaches to managing this risk:</b></p> <ul style="list-style-type: none"> <li>• Internal and external audits on the processes deemed riskier</li> <li>• Staff training and awareness</li> <li>• Cashless payment methods</li> </ul>	<p><b>How this risk may be managed:</b></p> <ul style="list-style-type: none"> <li>• Partnering the suppliers with good profiles and track records from regulatory and certification bodies (e.g. ISO certification or other or equivalent companies are prioritised)</li> <li>• Ensure that the facilities and logistics used to deliver our products are well maintained</li> <li>• Several layers of internal and independent checks</li> <li>• Staff training and awareness</li> </ul>
<p>See page 18 under “Customer Satisfaction” for more details</p>	<p>See page 16 under “Business Ethics” for more details on our Code of Conduct and related policies</p>	<p>See page 08 under “Food Safety &amp; Hygiene” for more specific details</p>

Our sustainability story: “Building for success”  
**Step 3: Serving the market capably**

**FOOD SAFETY AND HYGIENE**

Food safety and hygiene is of utmost importance in our commitment to deliver quality products and services to our customers. Placed at the highest priority at all stages across our value chain, we have teamed up with our partners from procurement, warehouse and logistics, quality assurance, and operations, in achieving our set targets. Our operations are certified to the ISO22000<sup>1</sup> standard, following the International Standard specifying requirements for our Food Safety Management System.

**Our Targets**



AVA grade “A” for the license to operate a food establishment



Zero major food safety<sup>2</sup> incidents at Breadtalk and Toast box outlets

- <sup>1</sup> ISO22000 is an international recognised Food Safety Management System that can be applied to any organisation in the food Chain, farm to fork. It helps organisations to identify and control food safety hazards.
- <sup>2</sup> Major Food Safety Incidents is defined as Mass Food Poisoning deemed to have occurred when at least 5 unrelated customers are affected from consuming food items produced by central kitchen supplying to BreadTalk Singapore outlets.

## Procurement



### Pre-qualification

- Our stringent pre-qualification criteria is our first protection in ensuring that our ingredients are sourced from suppliers who uphold high food safety and hygiene standards. The newly implemented criteria include, among others:
  - Prioritising local suppliers with factory grading of minimum requirement of AVA Grade “B”, ISO22000 certification or other equivalent.
  - Sourcing from AVA approved importers and distributors
  - Sourcing from licensed overseas suppliers which conform to the requirements of their local regulatory authorities, and comply to the taste and quality specifications by our Research & Development (“R&D”) department



### Supplier selection

- To ensure the resilience and sustainability of our supply chain, we select our suppliers based on their operational locations, number of factories owned, and our audit results for selected suppliers.
- We work with various suppliers, ranging from wholesalers, manufacturers, contractors and service providers. As at 2016, we have maintained a pool of suppliers of which about 300 are active with regular transactions. Our supplier management system is modeled after the concept of Vendor Managed Inventory (“VMI”), where 90% of our suppliers are local. This results in high order fulfillment of almost 100% and improve inventory efficiency.



### Procurement practises

- To maintain the quality of ingredients used in the midst of rising prices, we have centralised our procurement efforts in the five regions for better management and control.
- Started in 2016, all new ingredients will go through the “New Ingredient Analysis Procedure”.
  - New ingredients are first requested from the R&D
  - Sourced by the procurement sourcing team
  - Checked and approved by the Supply Chain Management Quality Assurance (“SCM QA”)
  - Sensory profiling and application of food ingredients approved by R&D
  - New ingredient and supplier will be placed under approved supplier list
  - Purchased by the procurement team
- To better ensure the freshness of our ingredients, we have requested for a number of initiatives from our suppliers such as packing the ingredients in specific unit of measurements.

## Warehouse And Logistics

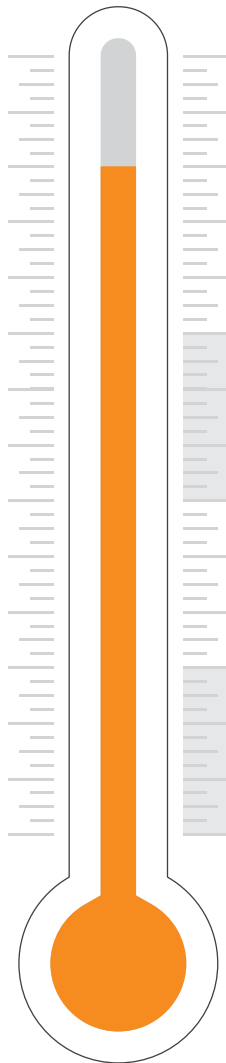
Our warehouse serves as the central distribution point where the majority of the ingredients are received and distributed to the central kitchen and store outlets. To ensure the quality of the ingredients, we practise proper stock rotation system – First-Expired-First-Out system – to ensure the freshest stocks are used in our production. Furthermore, our warehouse and third party logistics work closely to maintain the cold chain throughout the supply chain, so as to preserve the original condition of the ingredients. High standard of hygiene is required and constantly maintained in our central kitchen and outlets stores with the help of our selected suppliers.

## Our sustainability story: “Building for success”

### Step 3: Serving the market capably

#### Quality Assurance

A thermometer is critical in monitoring the right temperature of the dough during the baking stage. Similarly our Supply Chain Management Quality Assurance (“SCM QA”) team conducts checks and suggests improvements at critical points along our value chain. This minimises the occurrences of unintended events and further strengthens our commitment to food quality and safety.



#### 1. Suppliers' Audit and Monitoring



#### 2. Food Audit



#### 3. Operational Audit



#### 4. Issue Management/ Customer Feedback

#### 1. Suppliers' Audit and Monitoring

- All suppliers are categorised based on the risk – high, medium and low – according to the ingredients that they supply<sup>3</sup>.
- We vary the monitoring of suppliers according to the level and nature of risk identified.
- We take a strong stand against suppliers who underperform to our standards:
  - Any complaints will be investigated and the related supplier provided with a Corrective & Preventive Actions Report (“CPAR”).
  - In the event of repeated complaints or non-compliance, the supplier may be disqualified or suspended.

<sup>3</sup> Reference was made to the Codex Alimentarius or “Food Code”, which was established by FAO and the World Health Organisation

## 2. Food Audit

WHAT WE HAVE DONE	ENHANCING THE FOOD SAFETY AND HYGIENE STANDARDS
Checking the ingredient listing from Supplier's Product Specification and verifying against Sale of Food Act under Singapore Food Regulation	All our sourced ingredients are approved by AVA.
Hand swab on food handlers and equipment surface swab on food contact surface	Our commitment to food safety and hygiene is demonstrated by being one of the local food companies to have a Microbiological Laboratory facility. This facility enables us to conduct internal laboratory testing to verify the hand washing technique of food handler and effectiveness of cleaning chemical & program.
Routine food product and water testing	Scheduled Microbiological testing on all existing and any newly developed food products by internal laboratory or external accredited laboratory.
Shelf-life validation program	Conducted at an external accredited laboratory, the test ensures that food are safe for consumption

## 3. Operational Audit

- In our line of business, operational audits on hygiene and food safety management are conducted regularly by the various departments (e.g. Central Kitchen ("CK") and Operations). For an illustration of the full sequence of operational audits we conduct, please refer to the "Outlet store" section.
- SCM QA team was restructured to introduce a QA audit framework that strengthened our quality system to provide an independent perspective to our operational system.
- The SCM QA team consists of certified Food Hygiene Officers ("FHO") and staff with Food Science & Technology background. To qualify as FHO, the staff has to attend and pass the Singapore Workforce Skills Qualifications ("WSQ") Food & Beverage Hygiene Audit Course. As a continuous skill and improvement plan, employees from BreadTalk Singapore are scheduled to attend the course in honing their food hygiene skills, and enhancing the food safety and hygiene standards of our business.

## 4. Issue Management/ Customer Feedback

Upon receiving customer's feedback from the customer service manager, relevant departments will conduct a joint investigation – walkthrough on food supply chain from raw material receipt to processing of finished product. We will conduct and identify the root causes, suggest appropriate corrective and preventive actions to avoid recurrence.

## Our sustainability story: “Building for success”

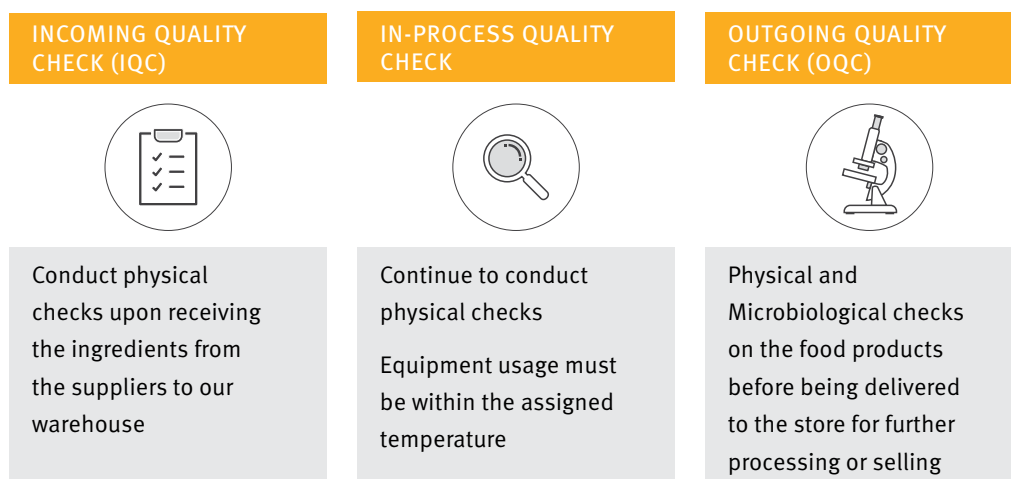
### Step 3: Serving the market capably

#### Operations

Our bread and cakes are baked in the central kitchen and the store outlets. We have continuously invested in trainings and state-of-art facilities to ensure that our food safety and hygiene standard is being maintained at this final touch point.

#### Central Kitchen

Since 2013, our state-of-art central kitchen has been operated in accordance to the Good Manufacturing Practise (“GMP”), certified to ISO 22000:2005 for Food Safety Management System, and awarded Grade “A” by AVA. The activities are as follows:



Physical checks ensure:

- Items are not dented
- No temperature abuse<sup>4</sup> on the ingredients or food products
- Shelf life as per product specifications
- Appropriate unit of measurement



**DAILY CLEANING INSPECTION CHECK**



**DAILY METAL DETECTOR VERIFICATION CHECK**  
Verifications to prevent physical hazard from metal contamination



**MONTHLY PEST CONTROL INSPECTION**



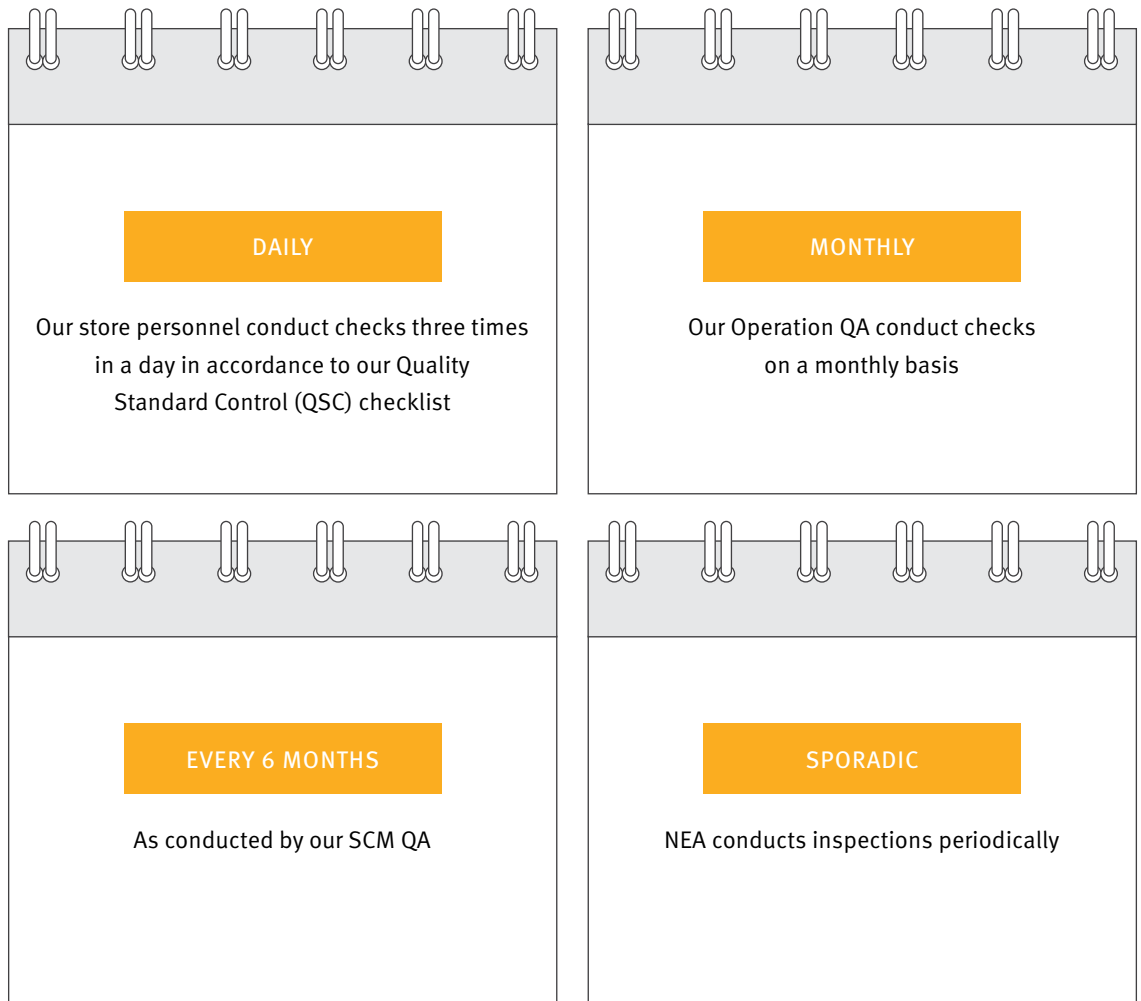
**MONTHLY DELIVERY TRUCK INSPECTION AUDIT**  
Inspections to ensure that the cold chain is being maintained

<sup>4</sup> Time and temperature abuse occurs when the temperature of food is allowed to fall in the danger zone.

### Store front

To ensure that our food products are safe for consumption and are within the stipulated shelf life, we:

- Conduct many layers of checks in our store



- First-Expired-First-Out system for inventory handling practises, also practised in our warehouse and logistics

## Our sustainability story: “Building for success”



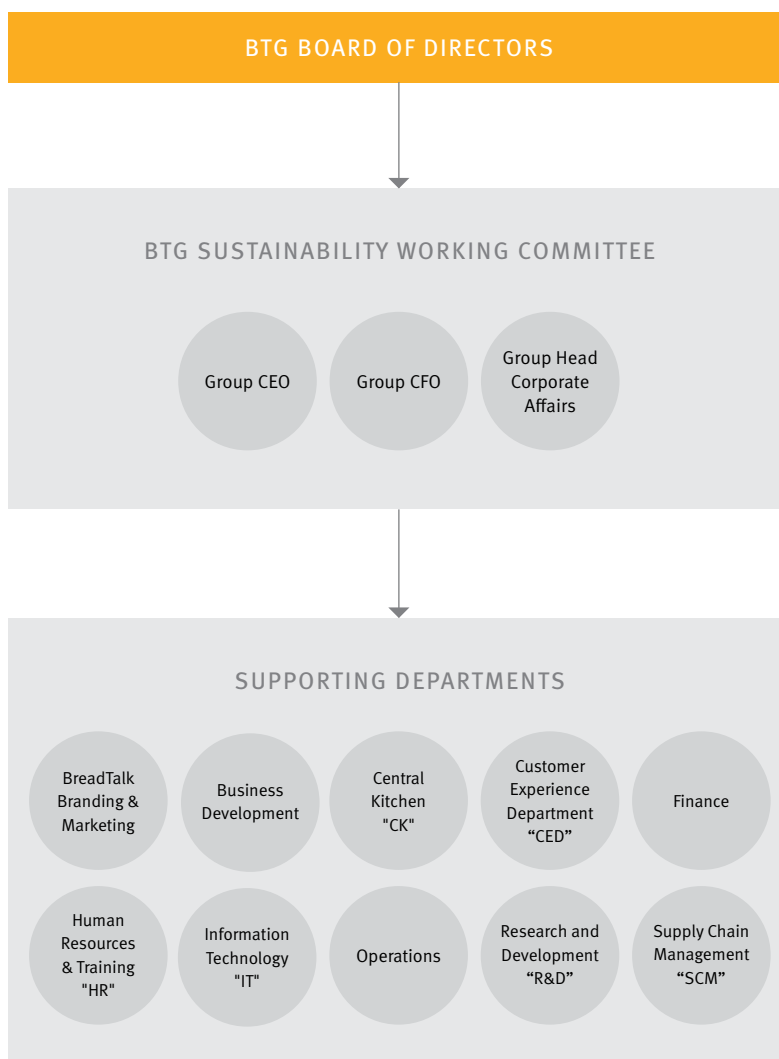
### Step 4

## Dedication to service with heart & professionalism

Our employees are important to us. We adopt a holistic approach towards employee development to ensure that our employees continue to delight our customers with a unique blend of concepts that are brought to life across our brands.

### Our People

With the right people and a collaborative culture, a business model will continue to be sustainable in the long term. This is especially true for an F&B company like us. We have built our foundation on a strong governance structure<sup>5</sup> and business ethics that is underpinned by a sustainability working committee which is in turn supported by various departments representing our people. Together, we focus on driving performance and managing ESG risks in a sustainable manner (see “Risk Management” for details).

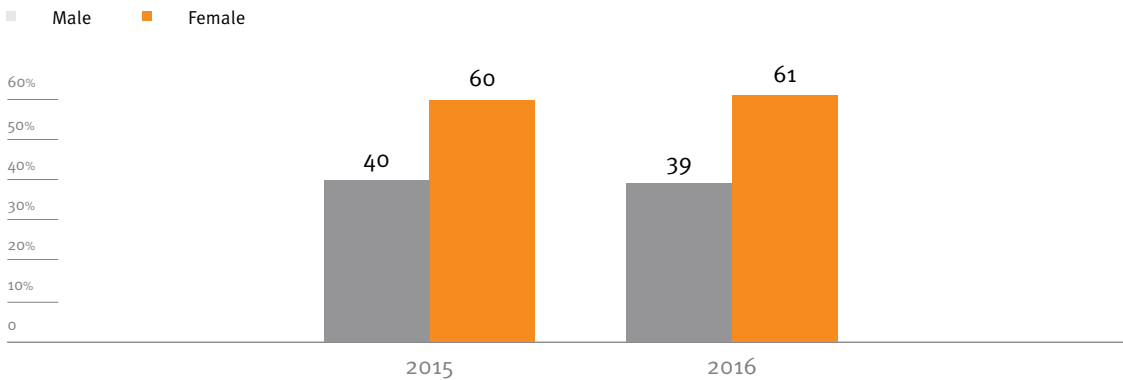


<sup>5</sup> See more about our Corporate Governance on pages 33 to 52 of our Annual Report.



In 2016, 86% of our people were in non-executive roles, while 14% were in executive roles. Our global workforce comprises 7000 team members from different nationalities, age group and gender in our regional markets, namely Singapore (3400), China (2500), Thailand (300), Hong Kong (600), Malaysia (150) and Taiwan (80). Overall, we have a relatively young workforce, with a higher proportion of female employees as compared to male employees.

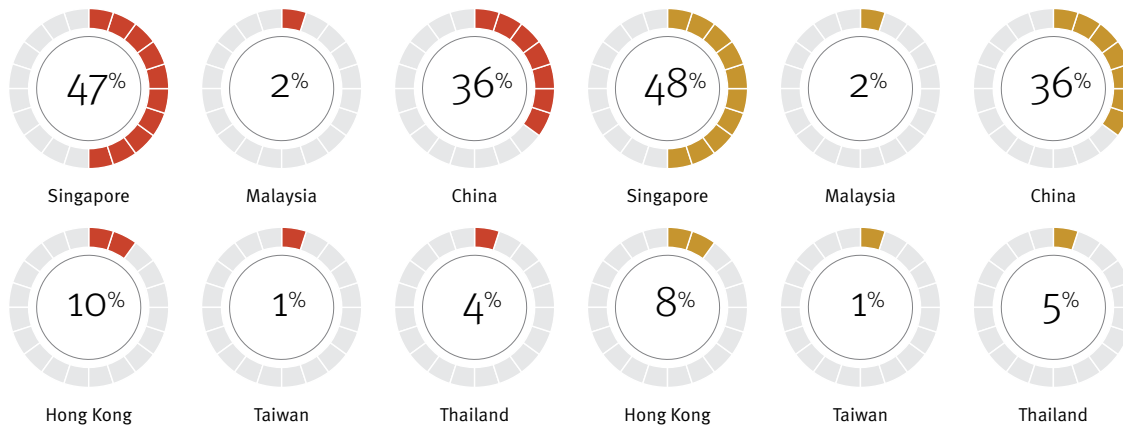
### PERCENTAGE OF EMPLOYEES BY GENDER



### PERCENTAGE OF EMPLOYEES BY COUNTRY

FY 2015

FY 2016

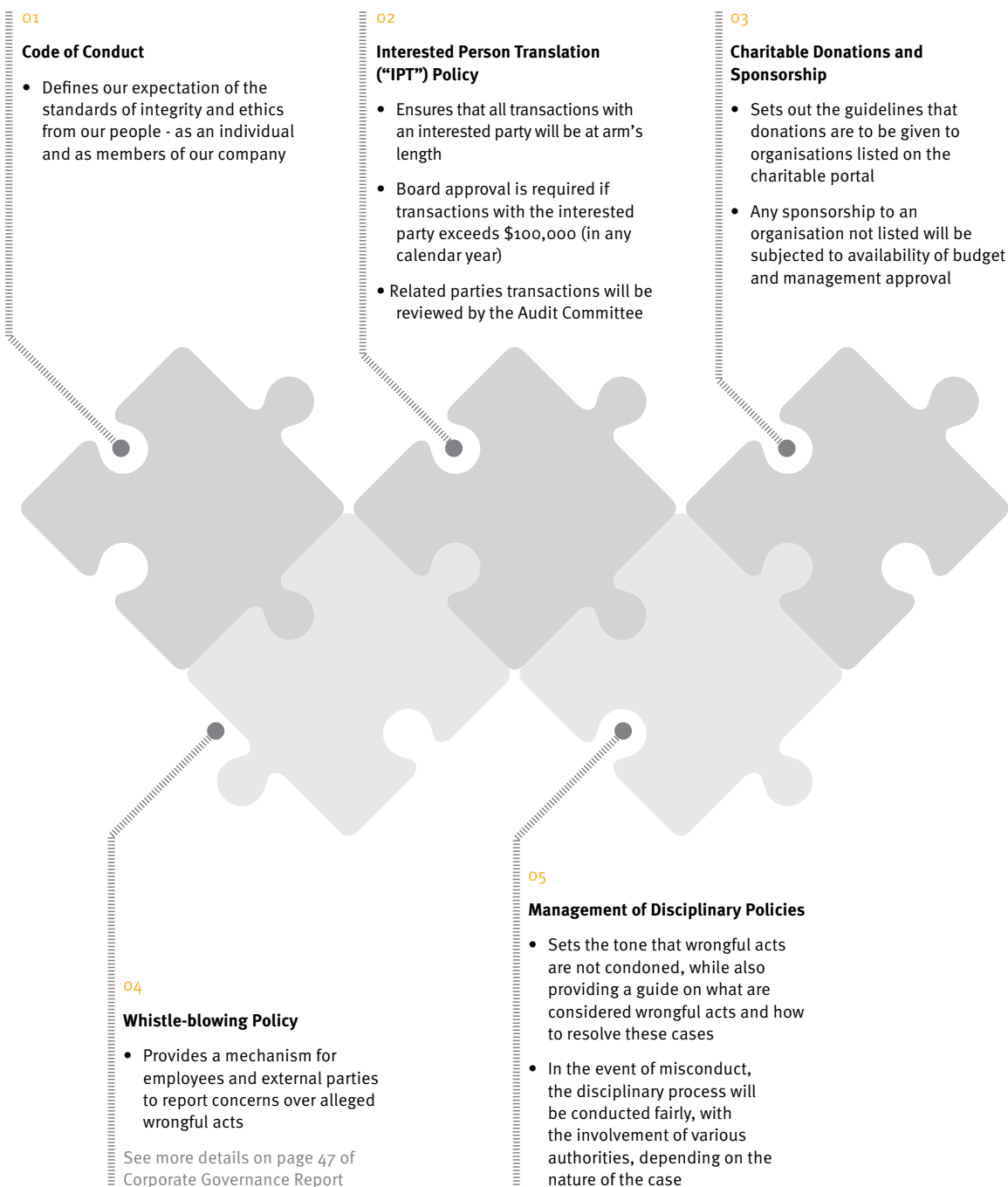


## Our sustainability story: “Building for success”

### Step 4: Dedication to service with heart & professionalism

#### Business Ethics

Our values and standards serve as a guide for us to make ethical business decisions. These values keep us grounded to our corporate mission, vision and values as we continue to expand our business over time.



## Regulatory Compliance

As a responsible organisation, we seek to comply with laws and regulations as this would foster trust among our stakeholders and help enhance our corporate branding in the long term.

Our policies and practises are set out to be in compliance with the legislation of all countries we operate in. These would include the Company Act, the Employment Act, the Employment of Foreign Manpower Act, and the Food Hygiene Standards. We aim to achieve zero non-compliances across all our operations every year. We are committed to strengthening our internal processes to improve our compliance performance in future.

## Training Courses

### WSQ BASIC FOOD HYGIENE COURSE



- All staff (regardless of rank) have to undergo mandatory WSQ Basic Food Hygiene Course, and obtain a statement of attainment before commencing work.
- We have invested in five Advanced Certificate in Training and Assessment (“ACTA”) qualified trainers – which is comparatively higher than our local industry peers – to conduct the course in-house. This reflects our dedication in acquiring and transferring essential F&B skills to the rest of our business operations.
- To better suit the context of our business, we have customised the topics and teaching methodology of the WDA Basic Food Hygiene Course.
- This ensures that our people possess a strong understanding of practicing good personal hygiene, and maintaining safety in food ingredients, food handling, food storage, and cleanliness of utensils.

### BTG TRAINING MODULES



- Through a series of in-house training modules, we further equip our store personnel with skills for upkeeping of store hygiene, product knowledge and shelf life, and dispensing of food products.

## Our sustainability story: “Building for success”

### Step 4: Dedication to service with heart & professionalism

#### Customer Satisfaction

We aspire to provide our customers with an enjoyable experience, satisfying them with our great-tasting food and services which are crafted according to their palettes and expectations. Besides the joy of serving our customers, this has a significant impact on our brand and the long-term viability of our business. Our aim is to achieve a positive trend in customer feedback about our product quality, service and cleanliness at our outlets.

#### Issue Management

To better serve our customers, we established a Customer Experience Department (“CED”) in 2016. The CED collects, consolidate investigation findings, and responds to feedback from various channels, categorising them into 6 main areas:

1. Ambience
2. Foreign objects
3. Outlet process: Payment methods and process
4. Product: Quality, product innovation (includes innovation of festive products), taste, shape, size
5. Safety: Safety of customers in the store front
6. Service

Each feedback is documented and tracked from the point of receipt to the investigation, and finally to its resolution. Every month, we share both positive and negative learning experiences with other outlets managers and operations. These learning experiences are further shared with the CEO and respective Heads of divisions and departments, through the CED internal portal and management reports.

#### Training Sessions

While it is crucial to respond in a timely fashion to our customers’ feedbacks and concerns, we believe prevention is key to minimising any negative customer experiences. Therefore, we conduct robust training for our store personnel onsite and in the classroom on modules such as customer feedback management, customer enquiry, standard operating procedures to handle complaints, and cashier duties.

#### Rewards and Motivation

Our attitude determines our altitude. Our staff’s engagement and motivation at work directly creates the value for our customers.

In order to continually motivate our people to give their best, we believe in rewarding high-performing staff with positive behaviour traits through recognising their efforts based on the Assessment Criteria table below. For example, we distribute collar pins and honour our employees on social media platforms.

For under-performing staff, we take a firm but nurturing stand to guide them back to the desired behavioural

traits.

## ASSESSMENT CRITERIA

Customer feedback based on to the following 6 main categories:

- Ambience
- Customer Service
- Foreign objects
- Outlet process: Payment methods and process
- Product: Quality, product innovation (includes innovation of festive products), taste, shape, size
- Safety of customers in the store

Customer Complaint (if applicable)

QSC Audit conducted periodically to assess overall health of each outlet

This year, we have also implemented the 3 Smiles campaign, which is further elaborated in the case study below.



### CASE STUDY: 3 SMILES CAMPAIGN

In 2016, the bakery business unit – BreadTalk – introduced the 3 Smiles campaign to emphasise the importance of service delivery to all the managers and outlet store staff.

Under the campaign, each service outlet is assessed by the following criteria:

1. Audit scores from QSC audit

2. Financial performance (e.g. sales/COGS/cost of labour/turnover) of the outlet

3. Quality of supply chain (e.g. by the no. of customer compliments and complaints received)

The best performing outlet and service staff gets recognised and rewarded.

Under-performing outlets will be guided and nurtured by their supervisors to improve their overall performance.

In March 2017, Ion Bread Society was announced the winner for the 3 Smiles Campaign, 2016

#### CATEGORY

#### AWARD



**Best Service Outlet**  
(Finale)

Shanghai Holiday Trip for the entire outlet  
(5D 4 N)



**Best Service Staff**  
(per outlet)

\$50 cash & Best Service Staff Certificate  
(to be displayed in the outlet)

## Our sustainability story: “Building for success”

### Step 4: Dedication to service with heart & professionalism

#### Performance

We received both positive feedback and complaints from our customers. While we thank our customers for recognising the good work we have done, we take responsibility for the complaints received. As a result of our investigations and implementation of preventive measures, our customers were impressed with the prompt responses to address every issue. At the same time, the total number of complaints reduced sharply over the months. We continue to take a serious stand on improving customer satisfaction and are in the midst of formulating realistic customer targets in the coming year.



“ I am very pleased with the customer service that was provided at Bedok Mall BreadTalk. I was being welcomed by your staff... a staff has kindly helped me to get the bread and cakes that I had chosen and ushered me to the counter. The counter staff was also very polite and kind. ”



“ Staff greeted me and offered to help with my decision. Being totally patient and having great product knowledge of the store’s offerings, I have to admit I was blown away by their attitude towards me. ”

## Our sustainability story: “Building for success”



### Step 5

## Scaling locally and globally responsibly<sup>6</sup>

With the success of our initial outlet, BreadTalk Singapore has over the years expanded to 862 outlets across 17 different locales, including the official opening of our newest outlet in Myanmar in March 2017 – replicating more success stories and contributing to the testimony of our sustainable business model.

Our responsible environmental practices include using certified biodegradable plastic bags since 2008 and sourcing our paper cups and cake boxes from sustainable forest management FSC and PEFC Certified suppliers.

### Our Performance in 2016



**TAX CONTRIBUTION**  
**S\$9.1 million\*\***



**INCOME FOR SUPPLIERS**  
**S\$7.3 million\***  
 in incomes for suppliers supported



**FOOD VOLUME MANUFACTURED**  
**5,451 tonnes**  
 of total food volume manufactured in our ISO22000-certified site



**AWARDED**

- **Grade 'A'** for 3 consecutive years – Central Kitchen
- Zero major food safety incidents



**REVENUE GENERATED**  
**S\$306.9 million\***  
 revenue generated for the business



**WAGES**  
**S\$186.7 million\*\***  
 wages supporting around 7000 employees

<sup>6</sup> Household benchmark: 2016 Median Resident Employed Households, Department of Statistics Singapore, <http://www.tablebuilder.singstat.gov.sg/publicfacing/sortOnColumn.action>

\* The figures also includes the full BreadTalk Singapore results

\*\* The figures also includes group results

Our sustainability story: “Building for success”  
**Step 5: Scaling locally and globally responsibly**

**Our Performance in 2016**



**PRODUCT PACKAGING**

**Plastic Bags**

Our plastic bags are certified biodegradable since 2008.

Since the introduction of checking with our customers at the counters if they require plastic bags, we achieved a reduction of 3% in overall plastic bag usage.



**PRODUCT PACKAGING**

**Paper Cups and Cake Boxes**

Our paper cups and cake boxes are sourced from sustainable forest management FSC & PEFC certified suppliers.



**ENERGY CONSUMED**

**0.05kWh/S\$**



**CARBON EMISSION**

**0.02kg CO<sub>2e</sub>/S\$**



**PUBLISHED OUR**

**Inaugural Sustainability Report** conforming to an international framework



**COMMUNITY CHEST AWARDS**

**2 years recipient** of the Community Chest Awards in recognition of our concerted efforts in donations & raising funds to help the less fortunate



## GRI Content Index for 'In accordance' – Core Option

### General Standard Disclosures

PROFILE DISCLOSURE	DESCRIPTION	CROSS-REFERENCE/DIRECT ANSWER
<b>Strategy and analysis</b>		
G4-1	Statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability	Board statement page 01
<b>Organisational Profile</b>		
G4-3	Name of the organisation	Annual Report page 20-21
G4-4	Primary brands, products, and/or services	Annual Report page 23-29
G4-5	Location of organisation's headquarters	Annual Report page 174
G4-6	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	Annual Report page 20-21
G4-7	Nature of ownership and legal form	Annual Report page 18-19
G4-8	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries)	Annual Report page 20-21
G4-9	Scale of the reporting organisation	About The Report page 01-03
G4-10	Total workforce by employment type, gender, employment contract and region	Our People page 14-15
G4-11	Percentage of employees covered by collective bargaining agreements	Not Applicable
G4-12	Description of the organisation's supply chain	Food Safety and Hygiene page 08-13
G4-13	Significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain	Food Safety and Hygiene page 08-13
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	Risk Management page 07
G4-15	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses	Not Applicable
G4-16	Memberships in associations (such as industry associations)	Not Applicable
<b>Identified material aspects and boundaries</b>		
G4-17	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures (List all entities in the consolidated financial statements)	Annual Report page 18-19
G4-18	Process for defining report content and the Aspect Boundaries and explain how the Reporting Principles has been implemented	Materiality Assessment page 06
G4-19	List all material Aspects identified	Materiality Assessment page 06
G4-20	The Aspect Boundary within the organisation: Whether the Aspect is material within the organisation; The list of entities included in G4-17 for which the Aspect is or is not material; Specific limitation regarding the Aspect Boundary within the organisation	Materiality Assessment page 06
G4-21	The Aspect Boundary outside the organisation: Whether the Aspect is material outside the organisation; The list of entities for which the Aspect is material, relate to geographical location; Specific limitation regarding the Aspect Boundary outside the organisation material, relate to geographical location; Specific limitation regarding the Aspect Boundary outside the organisation	Materiality Assessment page 06
G4-22	Explanation of the effect of any restatements	Not Applicable
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	Not Applicable
G4-30	Reporting cycle	About The Report page 01
G4-31	Contact point for questions regarding the report or its contents	Annual Report page 32
G4-32	a. Report the 'in accordance' option the organisation has chosen b. Report the GRI Content Index for the chosen option	About The Report page 01
G4-33	Policy and current practise with regard to seeking external assurance for the report	About The Report page 01
<b>Strategy and analysis</b>		
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	Not Applicable
<b>Stakeholder engagement</b>		
G4-24	List of stakeholder groups engaged by the organisation	Stakeholder Engagement page 04
G4-25	Basis for identification and selection of stakeholders with whom to engage	Stakeholder Engagement page 04
G4-26	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Stakeholder Engagement page 04
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting; Report the stakeholder groups that raised each of the key topics and concerns	Stakeholder Engagement page 04
<b>Report Profile</b>		
G4-28	Reporting period	About The Report page 01
G4-29	Date of most recent previous report	About The Report page 01
G4-30	Reporting cycle	About The Report page 01
G4-31	Contact point for questions regarding the report or its contents	Annual Report page 32
G4-32	a. Report the 'in accordance' option the organisation has chosen b. Report the GRI Content Index for the chosen option	About The Report page 01
G4-33	Policy and current practise with regard to seeking external assurance for the report	About The Report page 01

## GRI Content Index for 'In accordance' – Core Option

### General Standard Disclosures

PROFILE DISCLOSURE	DESCRIPTION	CROSS-REFERENCE/DIRECT ANSWER
<b>Governance</b>		
G4-34	Report the governance structure of the organisation, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts	Our People Page 14-15
<b>Ethics and Integrity</b>		
G4-56	Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	Business Ethics page 16

### Specific Standard Disclosures: Disclosure on Management Approach (DMAs)

GRI ASPECT	CROSS-REFERENCE
Economic Performance	Annual Report page 02-03, Our Performance page 21
Energy	Our Performance page 21
Emissions	Our Performance page 21
Anti-corruption	Business Ethics page 16
Regulatory Compliance	Regulatory Compliance page 17
Customer Health and Safety	Food Safety and Hygiene page 08-13
Product and Service Labeling	Customer Satisfaction page 18

### Specific Standard Disclosures: Performance Indicators

INDICATORS	CROSS-REFERENCE	
<b>Category : Economic</b>		
G4-EC1	Direct economic value generated and distributed	Annual Report page 22, Our Performance page 21
<b>Category : Environmental</b>		
<b>ASPECT: ENERGY</b>		
G4-EN3	Energy consumption within the organisation	Our Performance page 21
G4-EN5	Energy intensity	Our Performance page 21
<b>ASPECT: EMISSIONS</b>		
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (scope 2)	Our Performance page 21
G4-EN18	Greenhouse gas (GHG) emissions intensity	Our Performance page 21
<b>Category : Social</b>		
<b>Sub Category : Society</b>		
<b>ASPECT: ANTI-CORRUPTION</b>		
G4-S05	Confirmed incidents of corruption and actions taken	Business Ethics page 16
<b>ASPECT: COMPLIANCE</b>		
G4-S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Regulatory Compliance page 17
<b>Sub Category : Product Responsibility</b>		
<b>ASPECT: CUSTOMER HEALTH AND SAFETY</b>		
G4-FP5	Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognised food safety management system standards	Food Safety and Hygiene page 08-13, Our Performance page 21
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	Food Safety and Hygiene page 08-13, Regulatory Compliance page 17
<b>ASPECT: PRODUCT AND SERVICE LABELING</b>		
G4-PR5	Results of surveys measuring customer satisfaction	Customer Satisfaction page 18





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