

2022

# SUSTAINABILITY REPORT



PAVILLON HOLDINGS LTD.

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# BOARD STATEMENT

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**Dear Valued Stakeholders,**

We are pleased to share Pavillon Holdings Ltd.'s fifth sustainability report, which provides a comprehensive overview of our environmental, social, and governance (“**ESG**”) practices throughout the financial year ending 31st December 2022.

Our sustainability vision is to produce and supply high-quality products and services in a manner that minimises any adverse impact on the environment, while at the same time creates sustainable value for our stakeholders. To this end, we integrate our ESG initiatives into our strategy and operations to ensure that our commitment to sustainability remains steadfast, and we are pleased to present our progress throughout this report.

At our Group, providing a unique and exceptional dining experience to our customers is our top priority. We invest in our employees to equip them with the knowledge and skills needed to serve our customers better. Our commitment to customer satisfaction is reflected in the quality of our service and the attention to detail that we put into every aspect of our business.

Our mission is to maintain high standards of service and food quality across all our restaurants and kiosks, which form our portfolio of food and beverage (“**F&B**”) brands. To achieve this mission, we rely on several fundamental pillars. These pillars serve as the foundation for our commitment to excellence in the F&B industry, including customer satisfaction, employee development, and food safety.

We take great pride in adopting best practices in the management of our food storage and preparation. Our highly trained staff adhere to strict guidelines to ensure that all food products meet our high standards of quality and safety. We have obtained ISO 22000 certification for our food safety management systems, which comply with international standards, ensuring that the food we serve is not only delicious but also of the highest quality.

We believe that providing an exceptional dining experience goes beyond just serving delicious food. It requires a deep understanding of our customers' needs, a passion for excellence, and a commitment to continuous improvement. By prioritising these pillars, we can deliver unparalleled experiences to our customers at every touchpoint, from the moment they enter our establishments to the last bite of their meal.

Our unwavering dedication to these commitments enables us to uphold our reputation for providing exceptional service and high-quality food products. We continuously strive to exceed our customers' expectations by innovating our processes, products, and services. With these pillars at the forefront of our operations, we are confident that we will continue to provide our customers with the best F&B experiences possible.

Thank you for your continued support and trust in our company. We look forward to serving you and sharing our progress in sustainability in the coming years.


**Dr John Chen Seow Phun**

**Executive Chairman, Pavillon Holdings Ltd**

# ABOUT THIS REPORT

Our Sustainability Report delves into the Group's plans, actions, and accomplishments regarding ESG topics that we have determined to be most relevant to our business and stakeholders throughout our value chain. This is Pavillon's fifth sustainability report that describes the Group's sustainability strategies and approaches and provides detailed information about our sustainability performance for the financial year 1<sup>st</sup> January 2022 to 31<sup>st</sup> December 2022 ("FY2022"), with any relevant past performance data included for comparison.

This report is prepared with reference to the Singapore Exchange Securities Trading Limited ("SGX-ST") Mainboard Listing Rule 711A and 711B and the Global Reporting Initiative ("GRI") Standards, specifically the GRI Universal Standards 2021 and its reporting principles. We have selected this reporting standard as it is globally recognised for sustainability reporting due to its reporting principles, which are as follows:

| GRI REPORTING PRINCIPLES   |                                  |  |
|--|----------------------------------|--|
|  | <b>Materiality</b>               | Concentrating on ESG concerns that influence the development of the business and are crucial to stakeholders.                    |
|  | <b>Stakeholder Inclusiveness</b> | Actively addressing stakeholders' expectations and interests in advance.   |
|  | <b>Sustainability Context</b>    | Providing an overview of the Group's performance within the broader context of sustainability.                                   |
|  | <b>Completeness</b>              | Incorporating data that has a considerable ESG impact to enable stakeholders to make an accurate evaluation of APS' performance. |

Although the Food and Beverages sector requires incorporation of climate report in line with the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations, we have yet to do so as we are currently assessing our operations and formulating an implementation plan for climate reporting. We plan to progressively include climate-related disclosures in our sustainability report from FY2023 onwards.

The accuracy of this Report is ensured through the use of internal data monitoring and verification procedures and no external assurance has been obtained. As we make further progress in our sustainability journey, the possibility of obtaining external assurance for future reports will be considered.

We place great importance on listening to our stakeholders. We sincerely value any feedback on our sustainability performance and this report, and we encourage you to contact us at [general@pavillon.com.sg](mailto:general@pavillon.com.sg) to share your thoughts.

As part of our commitment to minimise resource consumption in report production, we have opted not to produce physical copies of this report. Stakeholders are encouraged to access the electronic version of the report which can be found uploaded on to SGX-ST website ([www.sgx.com/securities/company-announcements](http://www.sgx.com/securities/company-announcements)).

# ORGANISATIONAL PROFILE

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Pavillon Holdings Ltd, formerly known as “Thai Village Holdings Pte Ltd”, is a publicly listed investment holding company based in Singapore. The company was incorporated on 28 August 1999 and changed its name to “Thai Village Holdings Ltd” in January 2014 when it became a public company limited by shares.

Pavillon Holdings Ltd started as a holding company for Thai Village Restaurant Pte Ltd and Thai Village Overseas Ventures Pte Ltd, which serve authentic Thai-Teochew cuisine. The Group has been in the food and beverage industry since 1991 and has also expanded its business into the China market.

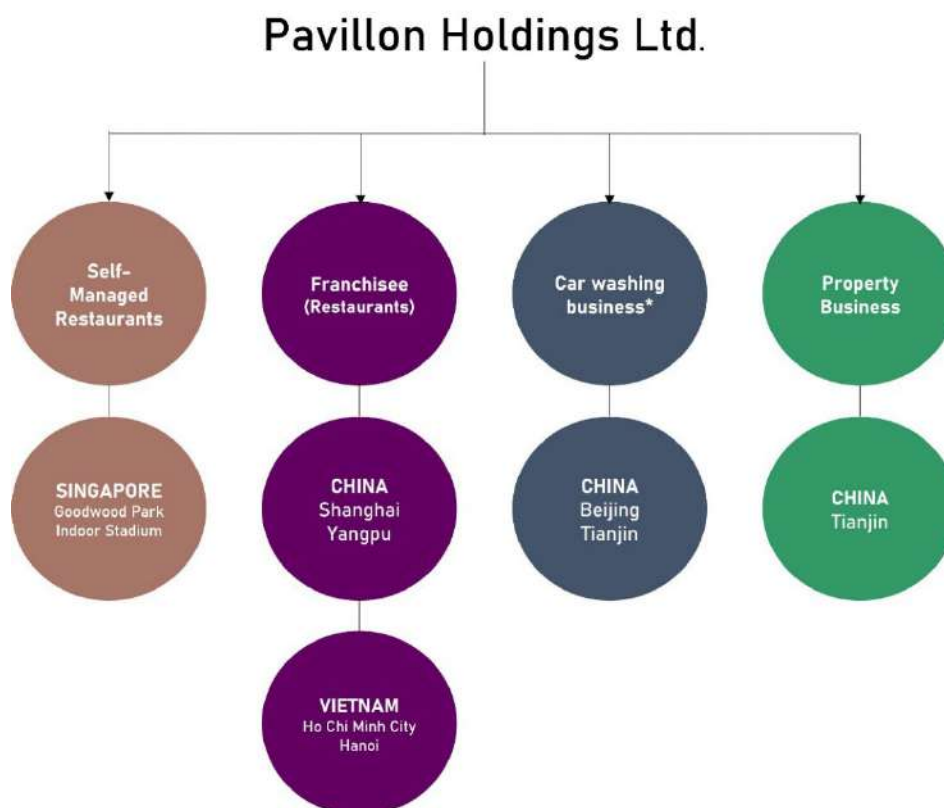
In 2001, Pavillon Holdings Ltd introduced its franchise program, which has since expanded to various cities in China, Indonesia, and Vietnam. Over the years, the company has received numerous awards for its excellence in the food and beverage industry, including the Top 10 Restaurants Award, Most Popular Asian Food Restaurant Award, Golden Brand Award, and Singapore Superbrands Award.

As part of its strategy to diversify its business, Pavillon Holdings Ltd conducted a placement and capitalised on opportunities in commercial properties in Asia, including in the People's Republic of China. In 2014, the company changed its name to Pavillon Holdings Ltd and started trading under its new name on 30 January 2014.

To date, Pavillon Holdings Ltd owns a chain of 2 self-managed restaurants. Furthermore, the Group operates 4 overseas franchise restaurants in China and Vietnam that cater to the taste buds of sophisticated consumers in these countries. The Group will continue to explore opportunities to expand its business and diversify its portfolio while maintaining its commitment to providing authentic Thai-Teochew cuisine and exceptional dining experiences to its customers.

# GROUP STRUCTURE

All entities in our Group structure are listed as follows:



As of November 4th 2022, Pavillon’s Board of Directors consisted of the following members:

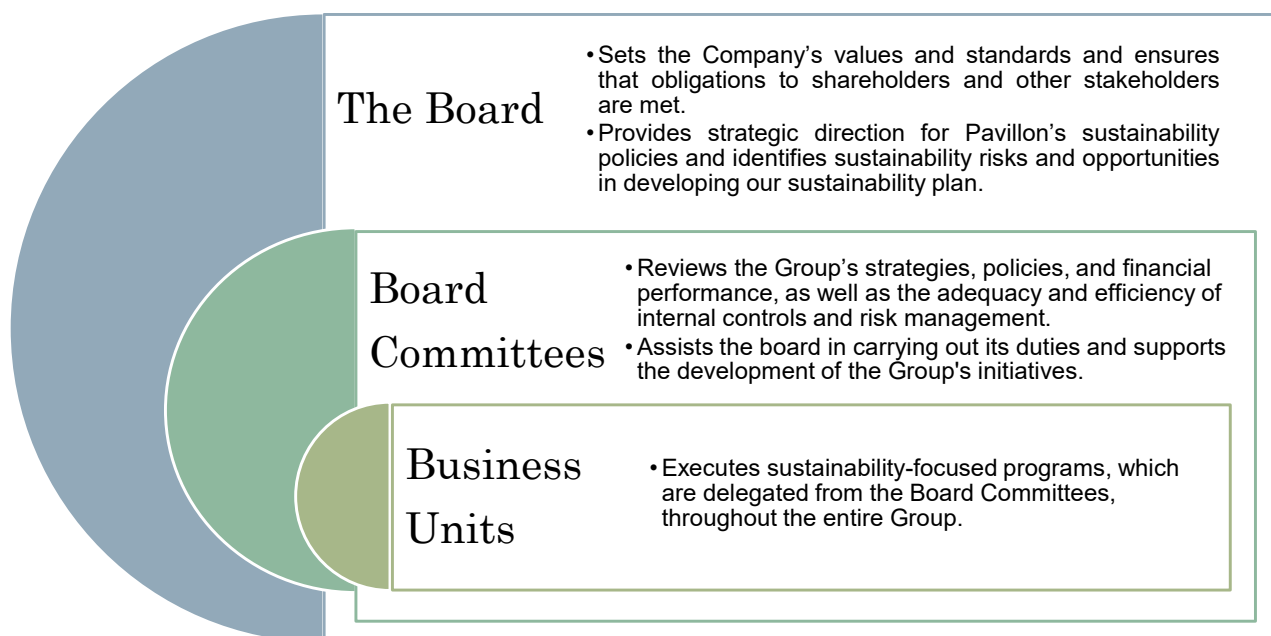
| BOARD OF DIRECTORS |                        |   |
|--------------------|------------------------|---|
|                    | Dr John Chen Seow Phun | Executive Chairman                      |
|                    | Francis Lee Fook Wah   | Lead Independent Director               |
|                    | Kong Wei Li            | Independent Director                    |
|                    | Ding Furu              | Non-Executive Non-Independent Director  |
|                    | Fan Bin                | Non-Executive Non-Independent Director  |
| KEY EXECUTIVES     |                        |   |
|                    | Kok Nyong Patt         | Chief Operating Officer                 |
|                    | Maxtein Oh Kok Thai    | General Manager – Restaurant Operations |
|                    | Hau Ee Boon            | Executive Chef                          |
|                    | Loh Beng Kiat, Calvin  | Financial Controller                    |

# SUSTANABILITY GOVERNANCE

Our Board of Directors leads our sustainability governance efforts, playing a critical role in incorporating sustainability into our business strategy and maintaining excellent corporate governance standards throughout the Group to ensure that Pavillon's ESG performance is closely monitored on an annual basis. The Board receives support from various committees, including the Audit, Nominating, and Remuneration Committees, as well as our employees who work to achieve our sustainability objectives in our daily operations. The Board of Directors has also attended the sustainability training, as mandated by the enhanced SGX sustainability reporting rules.

Our company has generally adhered to the framework as outlined in the Code of Corporate Governance 2018 for the financial year ended 31 December 2022. The Board acknowledges that a high standard of corporate governance ensures the sustainability of the business and safeguards the interest of stakeholders. You may refer to our Corporate Governance Report in our FY2022 Annual Report for more details of our corporate governance practices.

Our Sustainability Governance Structure is set out as follows:



# STAKEHOLDER ENGAGEMENT

Pavillon recognises that maintaining strong relationships with its stakeholders is essential for achieving sustained success and expansion. We believe that sustainability is not solely about minimising environmental harm but also involves nurturing and empowering our employees, customers, business partners, and local communities by treating them with dignity and providing them with growth opportunities. We have utilised a range of engagement methods to effectively communicate with our stakeholders promptly and comprehend their concerns and expectations. This is outlined in the table below.




| Stakeholders                     | Engagement Methods  | Frequency of Engagement         | Key Topics  |
|----------------------------------|---|---------------------------------|---|
| <b>Customers</b>                 | <ul style="list-style-type: none"> <li>• Customer visits or meetings</li> <li>• Industry exhibitions</li> <li>• VIP/loyalty program</li> <li>• Online platform</li> <li>• Social media</li> <li>• Customer service hotline and email</li> </ul>     | Ad-hoc                          | <ul style="list-style-type: none"> <li>• Service and food quality</li> <li>• Improvements</li> <li>• Customer support</li> <li>• Financial performance</li> </ul>   |
| <b>Employees</b>                 | <ul style="list-style-type: none"> <li>• Social events with employees, internal announcement, and emails</li> <li>• Regular management meeting with staff</li> <li>• Regular review with department heads</li> <li>• Peer to peer review</li> </ul> | On-going                        | <ul style="list-style-type: none"> <li>• Communication and engagement</li> <li>• Career advancement</li> <li>• Staff welfare</li> <li>• Working environment condition</li> <li>• Training</li> </ul>  |
| <b>Suppliers</b>                 | <ul style="list-style-type: none"> <li>• Regular meetings with suppliers</li> <li>• Key suppliers audit</li> <li>• Sustainability report</li> </ul>   | Ad-hoc or on an as-needed basis | <ul style="list-style-type: none"> <li>• Supplier quality performance</li> <li>• Supplier sustainability in business</li> <li>• Operation in compliance with applicable law and regulations</li> </ul>                                      |
| <b>Shareholders</b>              | <ul style="list-style-type: none"> <li>• Half yearly and annual financial results announcement</li> <li>• Annual and Sustainability report</li> </ul>   | Half-yearly / Annually          | <ul style="list-style-type: none"> <li>• Return on investment</li> <li>• Operation in compliance with applicable law and regulations</li> </ul>   |
| <b>Investors</b>                 | <ul style="list-style-type: none"> <li>• Regular meetings with investors</li> <li>• Sustainability report</li> </ul>  | Regularly / Annually            | <ul style="list-style-type: none"> <li>• Strategic plans</li> <li>• Operation in compliance with applicable law and regulations</li> </ul>  |
| <b>Government and Regulators</b> | <ul style="list-style-type: none"> <li>• Regular compliance update and submission</li> </ul>  | Ad-hoc or on an as-needed basis | <ul style="list-style-type: none"> <li>• Operation in compliance with applicable law and regulations</li> </ul>   |
| <b>Communities</b>               | <ul style="list-style-type: none"> <li>• Participation in community activities</li> <li>• Communication through phone and emails</li> <li>• Sustainability report</li> </ul>  | Ad-hoc or on an as-needed basis | <ul style="list-style-type: none"> <li>• Environmental protection</li> <li>• Community activities involvement</li> <li>• Support to society organisations</li> <li>• Operation in compliance with applicable law and regulations</li> </ul> |



# MATERIALITY ASSESSMENT

As a Group, we understand the significance of identifying the most significant ESG risks and opportunities which can facilitate the development of a successful sustainability strategy. Pavillon conducted a materiality assessment in FY2021 to identify, prioritise, and validate ESG factors based on their impact on (a) key stakeholders' evaluations and decisions, and (b) the economy, environment, and society. After receiving feedback from both our internal and external stakeholders, we proceed to evaluate the level of influence and impact that each ESG topic has on them and our company.

Every year we reassess the selected material topics to ensure that they remain relevant to our business. This year, we have reviewed the three (3) ESG topics identified in the previous year and determined that they remain material to our business and our stakeholders for FY2022.

| Material Topic                        | Our Commitment   | Our Performance in FY2022   | Our Targets   |  |  |
|---------------------------------------|--|---|---|--|--|
|                                       |  |   | Short   | Medium   | Long   |
| <b>Economic Performance (GRI 201)</b> | To create long-term value by using financial strategies to maximise shareholder value and generate positive returns. In doing so, we aim to address the needs of our stakeholders and contribute to the betterment of society. | <p><b>Achieved</b></p>  <p>We have seen a 74.2% increase in the Group's revenue.</p>  | To achieve our revenue targets and create positive economic value for our shareholders.                           | To continue looking for opportunities for new business ventures. | To achieve consistent and sustainable financial growth while ensuring responsible business practices.          |
| <b>Employment (GRI 401)</b>           | Our priority is to retain our employees and create a work environment that prioritises their well-being and safety.  | <p><b>Achieved</b></p>  <p>The no. of resignees for FY2022 has decreased by 2.02% as compared to FY2021.</p>                   | To enhance our employee benefits and incentives while maintaining current staff level.                            | To expand our workforce and draw in more skilled individuals.    | To minimise employee turnover and retain highly skilled personnel.   |
| <b>Energy (GRI 302)</b>               | Our goal is to reduce our environmental impact by implementing eco-friendly and energy-efficient practices throughout our workplaces.  | <p><b>Achieved</b></p>  <p>We have introduced energy-efficient cookware and appliances to supply energy to our facilities.</p> | To conduct energy audits to identify opportunities for improvement and establish a baseline for future reporting. | To implement more effective energy management strategies         | To promote an energy conservation program to foster positive energy-saving habits throughout our organisation. |

# ECONOMIC PERFORMANCE

The Singaporean restaurant industry has experienced significant growth because of the easing of COVID-19 restrictions, and we have seen an increase in both local and tourist patronage at our dining establishments. This has contributed towards a 74.2% increase in the Group's revenue, from S\$9.362 million in FY2021 to S\$16.309 million in FY2022.

| <b>Economic Performance</b>         | <b>FY2022</b> | <b>FY2021</b> |
|-------------------------------------|---------------|---------------|
| Economic Value Generated            | 16,309,000    | 9,362,000     |
| Economic Value Distributed          | 14,549,000    | 9,381,502     |
| Economic Value Retained (EVG - EVD) |               |               |
| <b>Net Profit/(Loss)</b>            | 1,760,000     | (19,502)      |

In FY2022, Singapore's government schemes provided The Group with subsidies totalling approximately S\$159,000. For more information on Pavillon's FY2022 financial performance, please refer to pages 12 – 91 of the Annual Report.

## Customer Retention Management

Establishing and sustaining strong customer relationships is essential for our business to succeed. It is mutually beneficial for both the customers and the Group, as customers are more loyal and understanding when they have a positive relationship with the business, and employees can more effectively provide customer service that contributes to customer satisfaction. By prioritising customer retention, the business can safeguard its customer base and ensure long-term sustainability.

Our approach to customer retention management aims to ensure that our current customers remain satisfied and loyal to our business long after their first purchase. By doing so, we can increase returns from existing customers who tend to spend more due to their familiarity with our business and products. Moreover, this loyalty often translates to a willingness to try new products. Thus, we believe that retaining our existing customers is a more cost-effective strategy than acquiring new ones, and it will ultimately lead to better revenue.

## Strategic Partnerships

Strategic partnerships have become increasingly crucial for corporate growth strategies, and our company has devoted more resources and efforts towards managing them. In today's global economy, where information is readily available, strategic partnerships allow businesses to combine their knowledge and resources, share costs, diversify their businesses, and create opportunities for sales growth and improved operations.

In addition to the benefits mentioned above, we have centralised our procurement function and established reliable partnerships with effective suppliers. Our selection of suppliers is based on their proven track record, which is overseen by a dedicated committee. Additionally, we provide monthly reports to our management on these efforts.

Moreover, we have collaborated with multiple delivery companies and shared platforms to ensure business continuity during the pandemic. As a result, we have established a dependable supply chain with our overseas partners to ensure the continuous flow of goods and stock for our operations, despite the pandemic-related disruptions.

## ECONOMIC PERFORMANCE (CONT'D)

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### **Our target for this topic:**

Our aim at Pavillon Holdings Ltd is to be a leading restaurant operator by providing inventive and practical solutions to our clients' diverse needs. To accomplish this, we regularly assess our operational effectiveness, seek out fresh business opportunities, and enhance our range of products and services.

Our commitment lies in attaining sustainable economic growth in the long term. We aspire to meet our revenue objectives while venturing into new markets, all while striving to create value for our shareholders, as well as our wider range of stakeholders such as customers, employees, suppliers, local communities, and the environment.

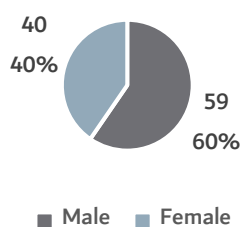
# EMPLOYMENT

We understand that our workforce is our most valuable asset and plays a vital role in ensuring our businesses' sustained success. Hence, we are committed to being a responsible employer and placing the well-being of our employees at the forefront. We firmly believe that a happy and healthy workforce translates into enhanced productivity. As such, we continuously review and enhance our employee benefits to provide better incentives and support.

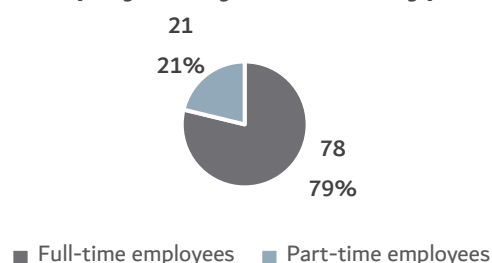
As of 31 December 2022, Pavillon's workforce comprised 99 employees (FY2021: 99 employees), with 63 employees based in Singapore and 36 employees located in Malaysia. The distribution of our employees based on their gender and type of employment contract is outlined below:

## FY2022

### Employees by Gender

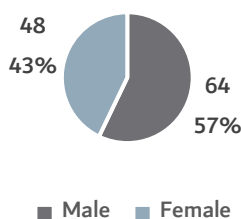


### Employees by Contract Type

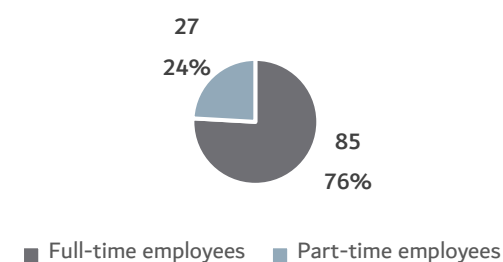


## FY2021

### Employees by Gender



### Employees by Contract Type



| No. of New Hires |           |      |              |               |            |
|------------------|-----------|------|--------------|---------------|------------|
|                  | By Gender |      | By Age Group |               |            |
|                  | Female    | Male | < 30 years   | 30 – 50 years | > 50 years |
| <b>FY2022</b>    | 3         | 6    | 4            | 3             | 2          |
| <b>FY2021</b>    | 0         | 4    | 0            | 0             | 4          |

## EMPLOYMENT (CONT'D)

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| No. of Resignees |           |      |              |               |            |
|------------------|-----------|------|--------------|---------------|------------|
|                  | By Gender |      | By Age Group |               |            |
|                  | Female    | Male | < 30 years   | 30 – 50 years | > 50 years |
| <b>FY2022</b>    | 4         | 1    | 1            | 1             | 3          |
| <b>FY2021</b>    | 4         | 3    | 3            | 4             | 0          |

### Our target for this topic:

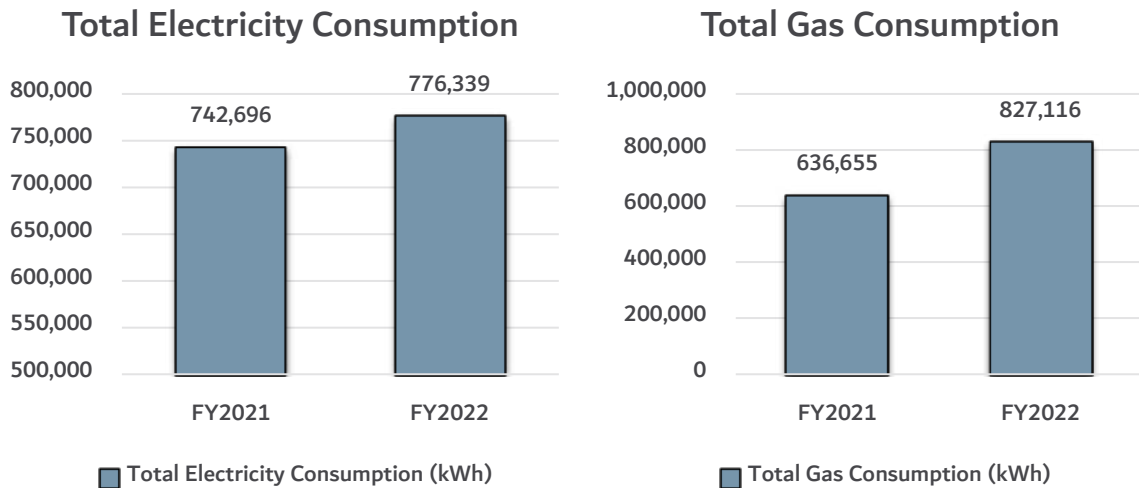
In FY2022 we managed to reduce our turnover rate by 2.02% as compared to in FY2021, and in the long-term, our goal is to increase the no. of new hires and retain skilled personnel.

# ENERGY

Environmental sustainability has always been a top priority for our Group, and we have consistently incorporated sustainability features into our restaurant planning and design. Our store layouts and designs focus on energy efficiency through measures such as LED lighting and natural ventilation, which not only reduce electricity consumption but also enhance the dining experience for our customers. We also conduct regular equipment maintenance to ensure optimal fuel combustion efficiency and performance.

The Group's central kitchen is a significant consumer of fuel and energy for food preparation. However, to reduce this substantial consumption, we have introduced energy-efficient cookware and appliances to supply energy to the facilities wherever possible.

As a responsible business, we are always seeking ways to minimise our environmental impact and lower our emission intensity. By reducing our energy usage, we not only achieve these sustainability goals but also realise cost savings by reducing overheads and expenses during food production.



In FY2022, our operations' electricity consumption has seen a slight increase of 4.53% in comparison to our electricity consumption in FY2021. There has also been a notable increase in gas consumption, rising by around 29.92% from FY2021 to FY2022. This rise could be attributed to the betterment of our F&B business as most of our menu items are prepared using gas and fire.

## Our target for this topic:

Moving forward, we remain dedicated to our environmental sustainability efforts and aim to further reduce our electricity and gas consumption in our outlets for FY2023.

# GRI CONTENT INDEX

| Statement of Use: Pavillon Holdings Ltd. has reported in accordance with the GRI Standards for the period 1 January 2022 to 31 December 2022. |   |  |
|---|---|--|
| GRI DISCLOSURES   |   | PAGE NO.                                 |
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| 2-1   | Organisational details  | 4  |
| 2-2   | Entities included in the organisation's sustainability reporting            | 5  |
| 2-3   | Reporting period, frequency and contact point                               | 3  |
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| 2-8   | Workers who are not employees   | Not applicable                           |
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| 2-16  | Communication of critical concerns  | AR 2022: 46                              |
| 2-17  | Collective knowledge of the highest governance body                         | AR 2022: 92 – 123                        |
| 2-18  | Evaluation of the performance of the highest governance body                | AR 2022: 92 – 123                        |
| 2-19  | Remuneration policies   | AR 2022: 111 – 113                       |
| 2-20  | Process to determine remuneration   | AR 2022: 111 – 113                       |
| 2-21  | Annual total compensation ratio   | Confidentiality constraints <sup>1</sup> |
| <b>Strategy, policies and practices</b>   |   |  |
| 2-22  | Statement on sustainable development strategy                               | 6  |
| 2-23  | Policy commitments  | AR 2022: 119 – 120                       |
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| 2-26  | Mechanisms for seeking advice and raising concerns                          | AR 2022: 119 – 120                       |
| 2-27  | Compliance with laws and regulations  | 3  |
| 2-28  | Membership associations   | Not applicable                           |
| <b>Stakeholder Engagement</b>   |   |  |
| 2-29  | Approach to stakeholder engagement  | 7  |
| 2-30  | Collective bargaining agreements  | Not applicable                           |

<sup>1</sup> Given the sensitive nature of the subject, the competitive business environment the Group operates in and the potential negative impact such disclosure will have on the Group.

# GRI CONTENT INDEX

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