



HOSENGROUP
LTD



**REFINE AND
OUTSHINE**

SUSTAINABILITY REPORT 2021

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1 BOARD STATEMENT

BOARD STATEMENT

We are pleased to present the annual Sustainability Report of Hosen Group Ltd (“Hosen” or the “Company”, and together with its subsidiaries, the “Hosen Group”) for our financial year ended 31 December 2021.

Being one of Asia’s leading trader and distributor of fast-moving consumer goods (“FMCG”) and in particular, processed food and chocolate products, Hosen Group is vigilant to remain viable in the long run. In addition to regular financial reports and updates on business developments, the Company understands that shareholders may be eager to know how the Group runs its business in a responsible and sustainable manner.

Hosen Group views the Group’s sustainability of its business to be linked to, and is associated to its various stakeholders, which includes customers, suppliers, employees, bankers, investors, government, regulatory authorities and communities in locations that the Group’s operations are situated. With the support received from the different stakeholders, Hosen Group has been operating in the FMCG industry over the past 50 years (including operations under other names). Hosen Group went on its initial public offering and became a public listed company in September 2004.

Sustainability is a part of the Group’s wider strategy to create long-term value for all its stakeholders. As such, the key material economic, environmental, social and governance (“EESG”) factors for the Group have been identified and cautiously reviewed by the management. The data and information provided have not been verified by an independent third party. We have relied on internal data monitoring and verification to ensure accuracy of data and information.

The board of directors of the Company (the “Board”) having considered sustainability issues as part of its strategic direction and policies, has determined the material EESG factors and overseen the management and monitoring of these material EESG factors.

REPORTING FRAMEWORK, PERIOD AND SCOPE

This report is prepared in compliance with the requirements of Rules 711A and 711B of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalist (“Catalist Rules”), and with reference to Practice Note 7F: Sustainability Reporting Guide of the Catalist Rules and the Global Reporting Initiative (“GRI”) Standards, Core option. We have chosen GRI as the sustainability reporting framework as it is internationally recognised and is widely adopted, enabling us to achieve a comprehensive and comparable disclosure of environmental, social and governance performance. This report highlights the key EESG related initiatives carried throughout a 12-month period, from 1 January to 31 December 2021 (“FY2021”).

The Company’s sustainability report summarises the expectation from various stakeholders, general business environment that the Group is operating in and what the Group has done in order to ensure the sustainability of the Group.

The information disclosed in this Sustainability Report, read together with the information in the Company's annual report for FY2021 ("2021 Annual Report"), will provide the reader with a holistic view of the operations of our Group. We will strive to maintain and/or improve the standards of the various EESG factors reported where appropriate and practicable, in accordance with the business activities of the Group in the future.

FEEDBACK

We welcome feedback from our stakeholders with regards to our sustainability efforts as this enables us to consistently improve our policies, systems and results. Please send your comments and suggestions to <https://www.hosengroup.com/contact.php>.

On behalf of the Board

Lim Hai Cheok
Chief Executive Officer

25 May 2022

2 CORPORATE PROFILE

Hosen Group was established in the 1970s and has since grown to become one of Asia's leading importers, exporters and distributors of fast-moving consumer goods ("FMCG"), specialising in processed food.

The Company adopted the name Hosen Group Ltd when it went public on the Singapore Stock Exchange in September 2004.

Hosen Group, through its subsidiaries in Singapore, Malaysia and China, has developed over the past 50 years an extensive and robust distribution network that spans across Asia, Europe, Middle East, Africa and the Oceanic countries. Today, Hosen's house brands of products can be found in various continents of the world.

Besides our strength in developing distribution network, the Company has also honed its skills in brand management and product development.

Our Brands are renowned for its premium quality products at affordable prices. HOSEN® brand, our key house brand, has won many accolades and bagged numerous awards over the years, including the Most Promising Brand Award and Superbrands Awards. The Company has also been awarded Singapore 1000 Company (Public Listed) for consecutive years.

Our Hosen® brand carries a wide range of fruits, vegetables, condiments and beverages in various packaging such as can, bottle and pouch. The Fortune® brand carries an exquisite range of high-quality canned seafood such as braised abalone and various types of shellfish. The Group also owns the Highway® Brand that carries canned meat and breakfast spreads. In 2013, LaDiva® brand was launched to cater to a growing demand for western product lines. The Sincero® and Calbuco® brands carry chocolate products with various contents packed in bottle, pouch and tin while Cocoa Grande® brand carries semi-finished and finished industrial chocolate products.

Over the decades, the Company has built an extensive distribution network managed by an experienced team.

Our Retail Team showcases our products in the supermarkets, warehouse clubs, online malls and convenience stores. Our direct presence at retail stores enable us to launch new products and gather first-hand consumer response within a short period of time. This is a critical domain for us in this FMCG industry to create and innovate new products.

Our Food Service Divisions in Singapore, Malaysia and China service hotels, restaurants, airlines, clubs, caterers, cafes, ship-chandlers, bakeries and dessert chain stores. With the evolving changes in the businesses of these customer groups, we have, beyond product supplies and prompt services, engaged customers in the area of product development and other value-added services.

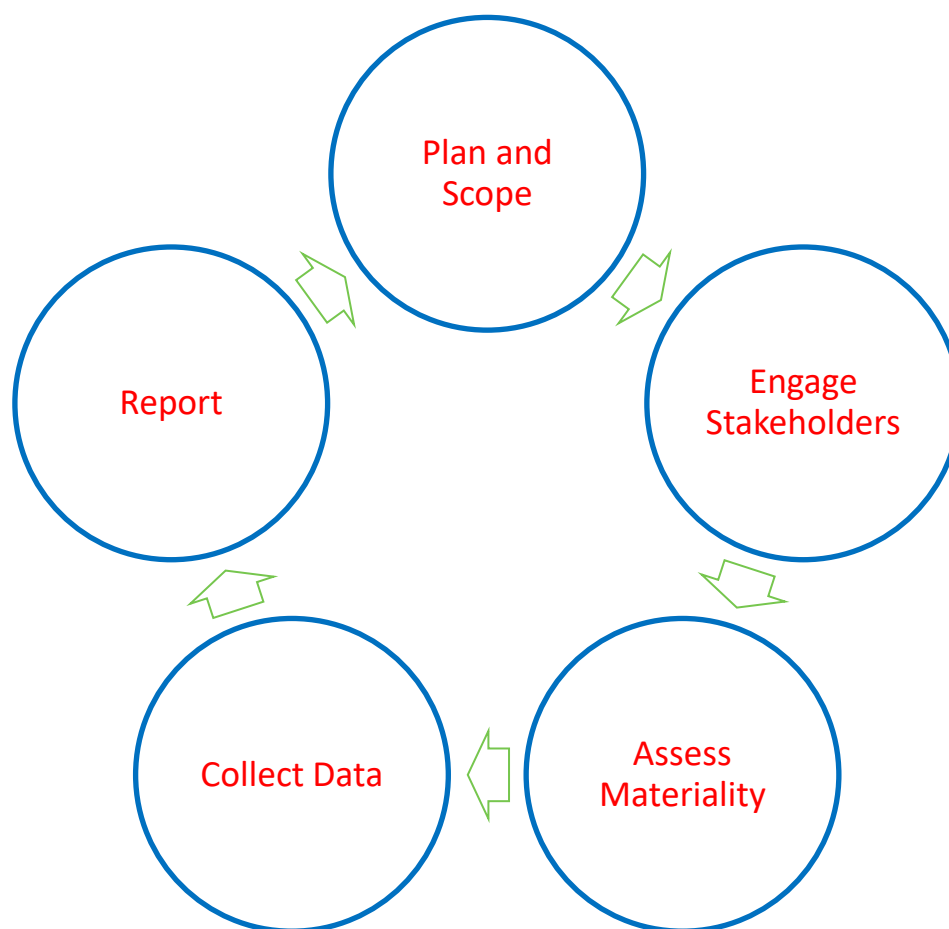
Our Export Division has, over the years, developed a good client base in our overseas network, spanning more than 40 countries, and gained a reputation of delivering high quality products and excellent services. The Company has leveraged on this strength and has also taken on the role of a service provider for procurement and logistic requirements for our established customers.

In 2015, the Company established a Malaysia subsidiary in Senai, Johor being the first manufacturing arm of the Group, to develop, process, trade and distribute house brands and new chocolate products for both retail and industrial uses.

The Group will continue to provide an efficient, innovative and cost-effective distribution network in the domestic and international markets to supply and distribute our house brands and other FMCG products thereby enhancing the value of the Group and its stakeholders.

3 SUSTAINABILITY APPROACH

OUR SUSTAINABILITY METHODOLOGY



STAKEHOLDERS ENGAGEMENT

An important starting point in our sustainability journey is to identify our stakeholders and material factors relevant to our business. The interests and requirements of key stakeholders are also taken into account when formulating corporate strategies. These key stakeholders include, amongst others, shareholders, employees, customers, suppliers and authorities. We adopt both formal and informal channels of communication such as face-to-face meetings and supplier visits to understand the needs of key stakeholders and incorporate these into our corporate strategies to achieve mutually beneficial relationships.

Stakeholders	Areas of Concern	Meeting their Concerns	Our strategies on engagement
Customers	Premium quality products Competitive pricing	Provide consistent level of quality of products	Business contacts Preferred selling price offered to customers

Stakeholders	Areas of Concern	Meeting their Concerns	Our strategies on engagement
	Timely delivery	Review our prices to stay competitive without compromising on the quality Maintain good and professional delivery team	with good payment records Virtual meetings and/or via various communication channels
Suppliers	Fair trading terms Timely payment Reasonable demand on quality of materials and products Advice/Updates on health regulations and hygiene requirements by relevant laws	Commit to the terms of the supply agreement Make timely payments according to agreed credit terms	Business contacts Assess suppliers' hygiene and health policies Virtual meetings and/or via various communication channels
Employees	Competitive salary and benefits Career development and chance of promotion Job satisfaction Work-life balance Working environment and condition Occupational health and safety Fair employment policies	Review and compare the prevailing salaries in the market Health and wellness benefits Spirit of teamwork Harmonious and cooperative working environment Open door policy Practice fair employment policy Cleanliness, tidiness and safety of workplace	Employee benefit in the form of discounted prices for staff purchases Encourage direct communication with management team Provide on-the-job training Arrange staff to attend virtual workshops and seminars for upskill opportunities
Bankers	Timely repayment of loans and borrowings Utilisation of facilities Stable stream of earnings	Establish and maintain a high standard of risk management and corporate governance Retain competent and experienced directors, officers and management team Furnish financial results on a regular basis or upon request	Maintain good banking relationship with bankers Update the bankers on the latest development and financial needs of the Group

Stakeholders	Areas of Concern	Meeting their Concerns	Our strategies on engagement
	Healthy cash flow	Maintain strong financial positions and healthy cash flow Timely repayment of loans and instalments as scheduled	
Investors and shareholders	Strong financial positions and healthy cash flow Sound corporate governance Succession planning Constant and stable growth of business Reasonable rate of return on investment Timely disclosures	Establish and maintain high standard of risk management and corporate governance Review and re-assess existing investments Evaluate and appraise potential investment opportunities Retain competent and experienced directors, officers and management team Disclose financial results on a regular basis in accordance to the requirements of the listing rules Announce material information and provide updates in due course when appropriate	Hold general meetings with shareholders to receive feedback and address their concerns and queries Make timely announcements pursuant to the listing rules Publish circulars and annual reports with management discussion and analysis on the SGXNet Comply with code of corporate governance
Government and regulatory authorities	Regulatory, legal and industrial requirements Succession planning Prevention of fraud and irregularities Timely tax payments Responsive to changes in relevant government policies Being alert to and in the avoidance of money-laundering	Comply with both local and foreign laws, regulations, policies and procedures, where applicable Maintain sound risk management	Consult the relevant authorities Consult professional firms and seek advice Engage internal and external auditors to conduct audits

Stakeholders	Areas of Concern	Meeting their Concerns	Our strategies on engagement
Community	Fair employment policies towards aged citizens Good corporate citizenship Contributions to green-house exercises	Fair employment opportunity towards aged citizens Provision of jobs to the community	Donations of cash and food products Sponsorship to and participation in activities of voluntary organisations Usage of energy-saving equipment and low-electricity consuming devices

MATERIALITY ASSESSMENT

Our sustainability process begins with the identification of relevant factors. Relevant factors are then prioritised to identify material factors which are validated internally. The end result of this process is a list of material factors disclosed in the Sustainability Report. The aforementioned process are as shown below:



We engaged our employees from different departments of Hosen Group to seek our internal stakeholders' feedback on the prioritisation of these topics. A materiality review is conducted annually, incorporating inputs gathered from stakeholders' engagements.

In order to determine if a factor is material, we assessed its potential impact on the economy, environment, society and its influence on the stakeholders. Applying guidance from GRI, we have identified the following as our material factors for FY2021 which are the same as those determined last year as they are still relevant and current to the Group:



4 ECONOMIC

ECONOMIC PERFORMANCE

Hosen is committed to exceed our customers' expectations and to enhance operational efficiency by incorporating cutting-edge technology, developing performance measures, communicating outcomes and results and implementing necessary changes to provide fast and high-quality services at low transactional costs.

BUSINESS REVIEW

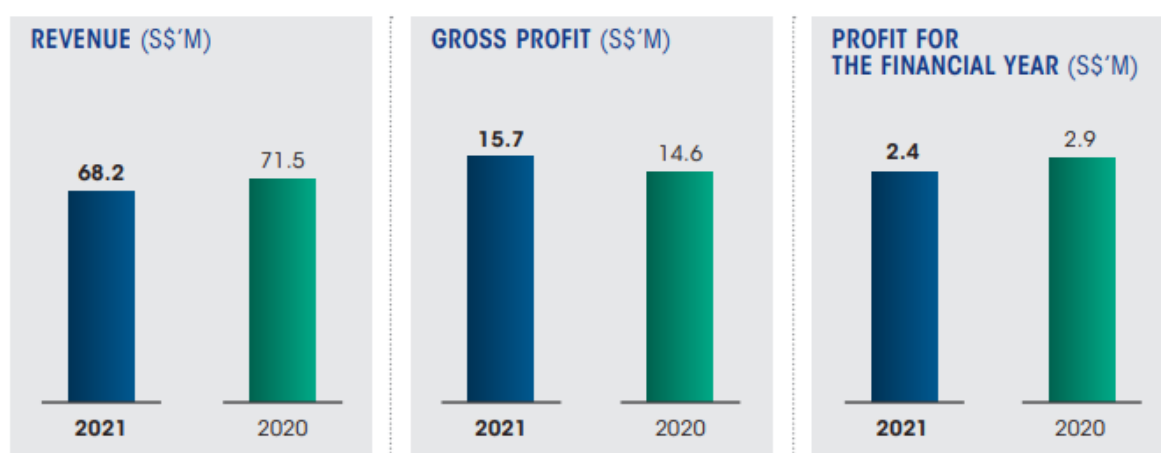
The Group has been facing the challenges in FY2021 during the COVID-19 pandemic. The rising raw material costs and logistic costs have been added to the running cost of business of the Group. Delays in shipping schedules also affected the Group's expected import timing and sales strategies.

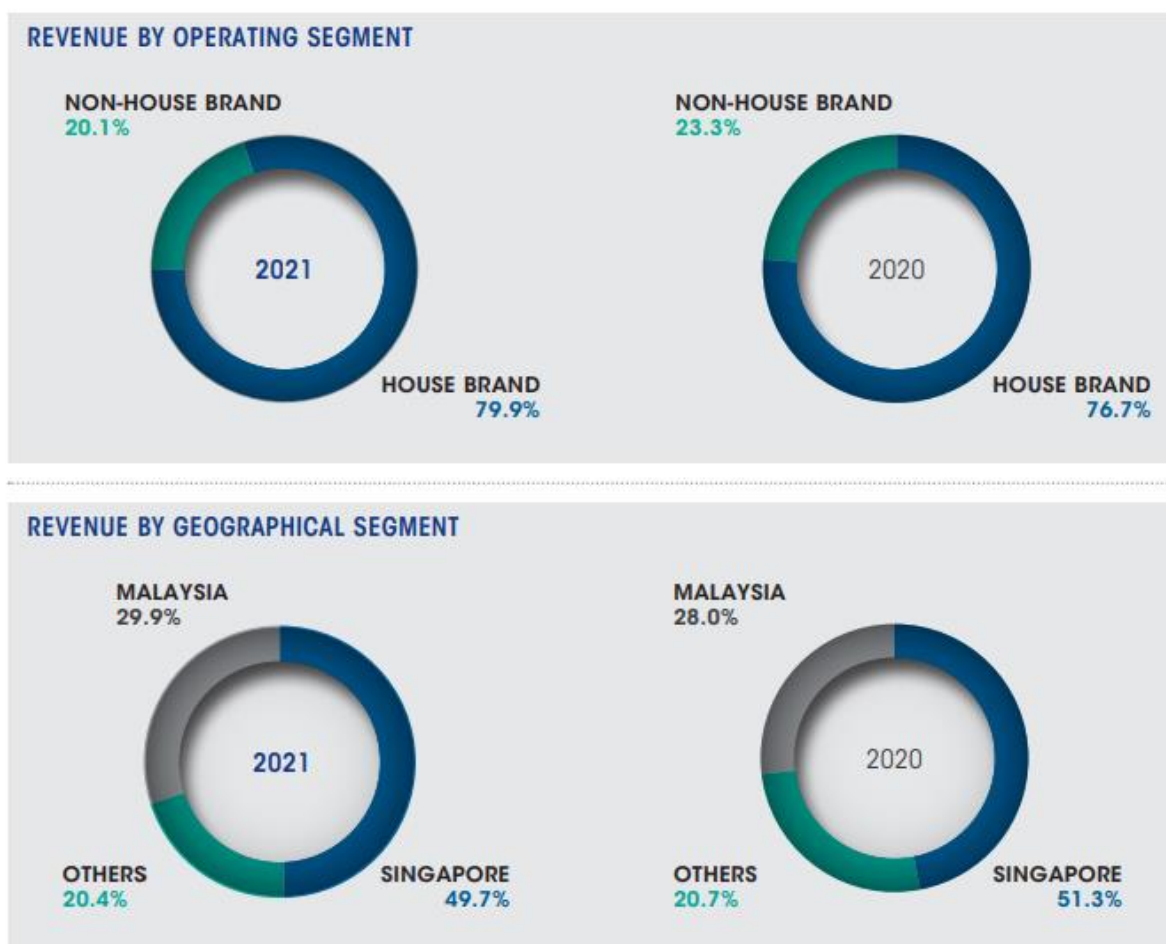
PERFORMANCE

The Group recorded a lower revenue of S\$68.17 million for the financial year ended 31 December 2021 as compared to S\$71.52 million for the financial year ended 31 December 2020 ("FY2020"). The decrease of S\$3.35 million or 4.7% in revenue was mainly due to high demand of our products resulting from consumers' stockpiling of food related products during the early stage of the pandemic period in FY2020.

Gross profit increased by S\$1.10 million or 7.5% to S\$15.74 million in FY2021 from S\$14.64 million in FY2020 mainly due to higher profit margin earned by our major operating subsidiaries in Singapore and Malaysia.

The Group recorded a net profit attributable to owners of the parent of S\$2.41 million in FY2021 as compared to a net profit of S\$2.92 million in FY2020.





For detailed financial results, please refer to the following sections in our 2021 Annual Report:

- Operations Review, pages 4 to 7;
- Financial Highlights, page 8;
- Financial Statements, pages 49 to 111.

OUTLOOK

As mentioned above, the on-going COVID-19 pandemic has resulted in rising raw material and logistic costs and this is expected to continue in the foreseeable future. The current war between Russia and Ukraine has resulted in near record oil prices and this is likely to have further impact on shipping and other transportation costs. Raw material costs are also likely to further increase.

The Group will continue to monitor the situation closely as it further develops and will endeavor to manage the rising costs and higher risks by diversifying its supplies sources, more effective pricing policies and managing and improving its costs and operations efficiencies. On the other hand, uncertainties sometimes may present opportunities and the Group will continue to be on the lookout for further business opportunities and the possibility of diversifying its business, including but not limited to, the property business, in view of widening the Group's revenue streams.

ANTI-CORRUPTION

The Group has zero tolerance on fraudulent and corrupt practices that may disrupt the business operations and impede the growth of the business due to loss of trust in Hosen that we have built over the years. We have established an anti-corruption policy and this was disseminated to our employees and business partners. Every employee has direct free access to communicate with managerial level and we also have a whistle-blowing policy and procedures posted in our company website, <https://www.hosengroup.com/pdf/whistle-blowing-final.pdf>.

Our 2-year Performance and Target

We have achieved the target we set last year and similar with FY2020, there were no reported incidents of corruption during FY2021.

FY2021	FY2020
No reported incidents of corruption. (Target met)	No reported incidents of corruption. (Target met)

FY2022 Target

We target to maintain zero incident of corruption in the financial year ending 31 December 2022 ("FY2022").

5 ENVIRONMENTAL

Hosen Group is committed to operate in a green environment, to minimize the impact of its operations to the environment, which also includes reducing the emission of harmful gas pollutants and particulate matter that contributes to global warming.

ENERGY CONSUMPTION

Our Singapore office had made the switch from the use of fluorescent tubes to Light Emitting Diode tubes and bulbs (in short, LED tubes and bulbs) for years. Despite the initial change-over costs, the Group had benefited from lower electricity consumption which in turn led to fewer natural resources consumed by power-generating provider with a lower demand in electricity production.

The Group promotes the switching off of lights and air-conditioners in working areas and conference rooms if they are not occupied or in use; and to set the temperature of the air-conditioners to a comfortable level during working hours in order to save energy consumption and hence save the earth.

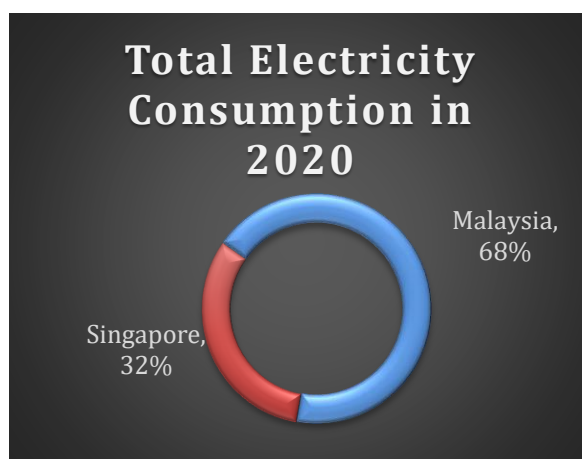
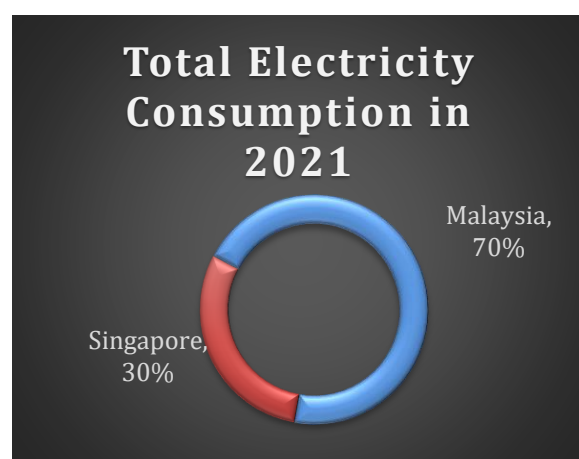
Hosen Group has in recent years replaced a number of old-typed lorries and vans to Euro5-type and recently to Euro6-type lorries and vans in order to reduce the emission of gas pollutants and particulate matter which are harmful to both the environment and human being.

The Group has also used Enterprise Resource System to plan the delivery schedules in order to reduce the hours of the delivery fleet running on the roads and the emission of pollutants.

Our 2-year Performance and Target

In FY2021, our total electricity consumption is slightly lower than our consumption in FY2020 and hence, the Group has met its target for FY2021 to reduce the overall electricity consumption in FY2021.

FY2021	FY2020
Energy consumption: 1,056,040 kWh (FY2020: 1,057,082 kWh). (Target met)	Energy consumption: 1,057,082 kWh (FY2019: 1,024,561 kWh). (Target not met)



Our subsidiary In Malaysia, Hock Seng Food (M) Sdn Bhd ("HSM"), has installed solar panels in September 2021 to provide energy for its office and warehouse use, which we expect will reduce electricity consumption.

FY2022 Target

Excluding the varying power consumption arising from the product portfolio produced at Hosen Chocolate Sdn Bhd, which changes from year to year, the Group aims to maintain the same level of power consumption in FY2022.

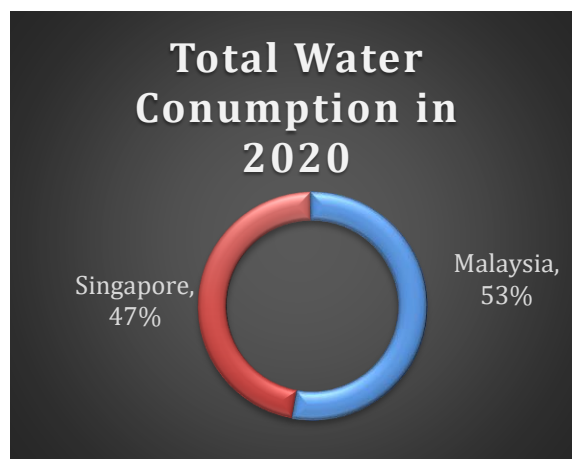
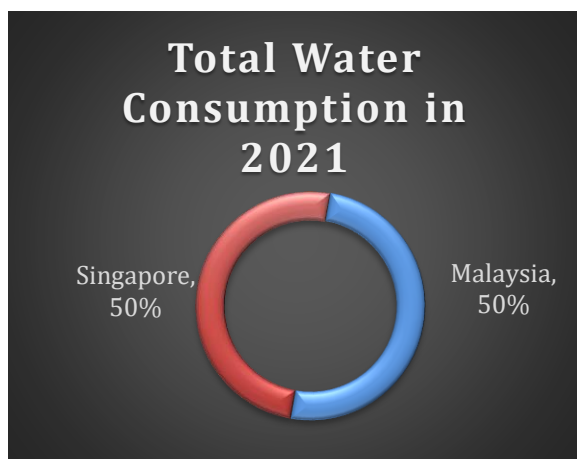
WATER CONSUMPTION

Water is another important natural resource in the world and as such, the Group conducts regular checks on water taps to ensure that there is no leakage of water and encourage staff to use less water and wisely.

Our 2-year Performance and Target

As a result of our continuous efforts to optimize water use, the water consumption in FY2021 was lower than that in FY2020 which falls within the normal usage range. As such, the Group has exceeded its target for FY2021. The unusual increase of the water consumption in FY2020 was mainly due to the unexpected pandemic. During this period, we had conducted more frequent cleaning and disinfection in our premises to prevent the spread of the Covid-19.

FY2021	FY2020
Water consumption: 4,841 CuM/M ₃ (FY2020: 5,992 CuM/M ₃). (Target Met)	Water consumption: 5,992 CuM/M ₃ (FY2019: 10,407 CuM/M ₃). (Target Met)



FY2022 Target

We aim to maintain the same level of water consumption as FY2021.

DISPOSAL AND MANAGEMENT OF WASTE

In FY2021, there was no (2020: Nil) incidence of non-compliance with the relevant laws and regulations that has resulted in significant fines or sanctions, including those relating to proper disposal of wastewater. We have also implemented environmental compliance and these initiatives are: disposal by appointed vendor approved by NEA agencies, packaging, cartons, paper and plastic wastages collected by recycle/wastage vendor, and wastage managed by warehouse and office management.

Our 2-year Performance and Target

We have achieved the target we set last year, as there was no incidence of non-compliance with the relevant laws and regulations that has resulted in significant fines or sanctions.

FY2021	FY2020
No reported incidents of non-compliance with the relevant laws and regulations. (Target met)	No reported incidents of non-compliance with the relevant laws and regulations. (Target met)

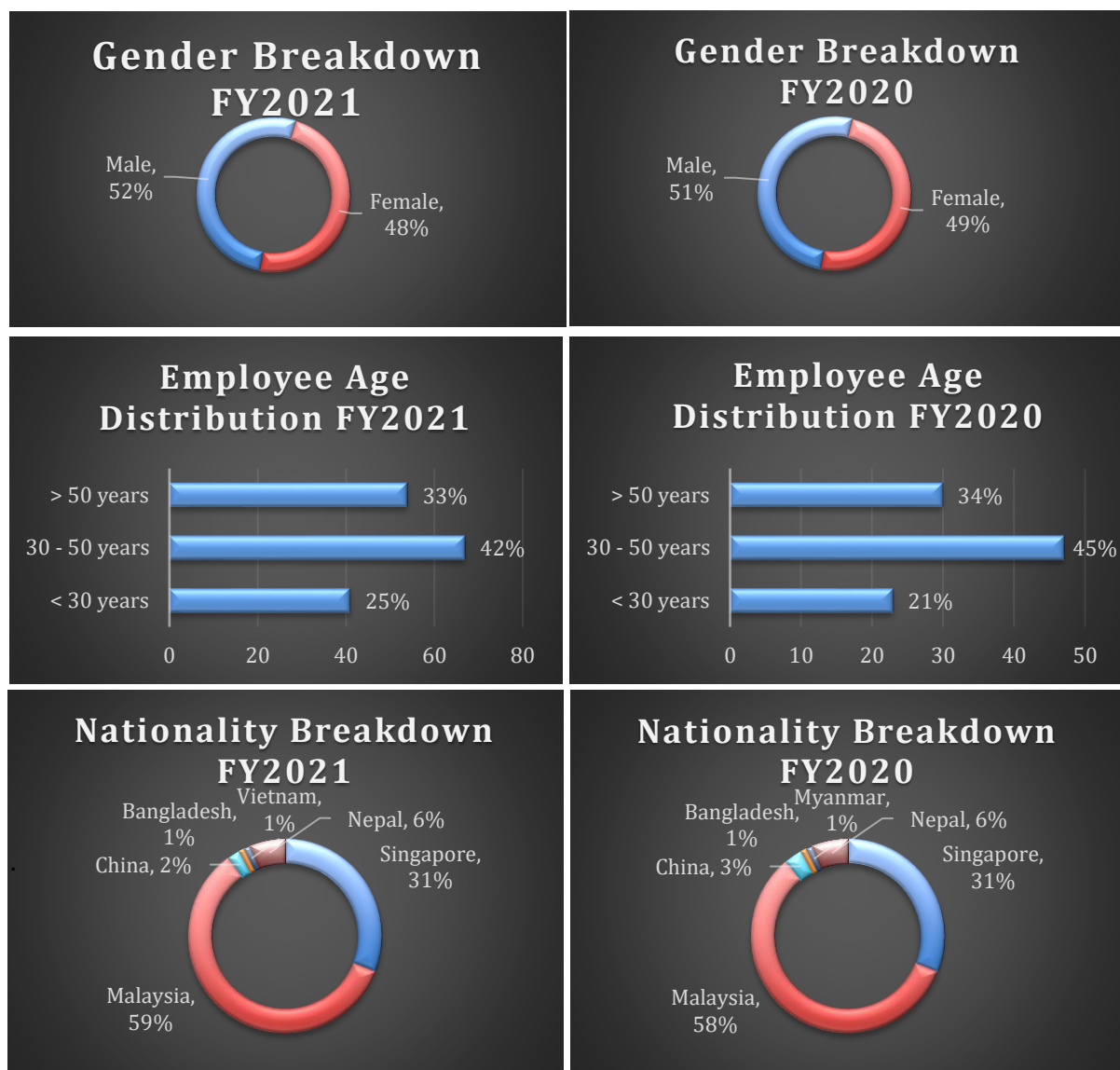
FY2022 Target

We target to maintain zero reported incidents of non-compliance with the relevant laws and regulations in FY2022.

6 SOCIAL

DIVERSITY AND EQUAL OPPORTUNITY

The Group offers fair job opportunities to aged staff as we value senior citizens who can value-add to the Group with their marketing and/or management expertise and experience in the industry. When the Group recruits staff, we consider the candidates' educational level, work experience, attitude and merit, regardless of age, race, religion and gender, for comprehensiveness. We implement equal opportunity employment policies and therefore we have staff from Singapore, Bangladesh, Nepal, Vietnam, Malaysia and China. The Group has a total of 162 employees as at 31 December 2021 (31 December 2020: 156). The increase in the number of employees as at 31 December 2021 compared to 31 December 2020 was due to an increase in the number of employees from the Sales Department to push for more sales for the Group. The distribution of their gender and age are illustrated below:



Our 2-year Performance and Target

Employees are being hired based on experiences and qualifications that matches the job description. We have achieved the target we set last year. There were no cases of discrimination reported in FY2021.

FY2021	FY2020
No cases of discrimination reported. (Target met)	No cases of discrimination reported. (Target met)

FY2022 Target

We target to hire employees based on experiences and qualifications. We will refer to the prevailing market remuneration for the same or similar position in the job market in FY2022. We will also ensure that there is no age and gender discrimination in the hiring process.

Employee Welfare

From time to time, the Group will organise activities to foster ties amongst the employees. However, due to the pandemic, the Group complied with and followed the guidelines from the relevant authorities, and hence, we did not organize any activity for FY2021. Employees are given discounted price for staff purchases.

OCCUPATIONAL HEALTH AND SAFETY

Hosen Group also aims to create safe working conditions for its employees. Forklift operators are sent for training and certified by accredited Forklift Training Provider. The courses include, among others, Forklift Safety Course and Operate Forklift Course. Only staff that have valid forklift license are allowed to drive forklifts and reach trucks. When staff are in the Warehouse Department, they are advised to watch out for forklift traffic.

Some of our existing preventive measures are as follows:

1. All forklift, stacker, hand jack operator are briefed on the operation during first day at work.
2. Prior to operating any machine, as part of the safe work procedure, the operator has to carry out pre-operation check/inspection to ensure that the machine to be used is in good condition.
3. Only warehouse staff who are trained are allowed to drive forklift.
4. All warehouse staff must wear safety shoes during working hours.
5. Company provides Group Personal Accident insurance for all confirmed staff.
6. Health and Safety policies are displayed at the factory's premises.
7. Regular checking on fire alarm system.
8. Monthly Pest control.
9. Due to Covid-19, the Group provided face mask, sanitizer and disinfectant to the staff.
10. Temperature-taking before entering the premises.
11. Covid-19 Antigen Rapid Test ("ART") for foreign worker and, when necessary, for the rest of the staff.

In case of emergencies and incidents, the Group also has incident reporting process as follows:

1. Gathering of information pertaining to the accident (i.e., interview with witnesses, observe accident scene and analyse the facts, seek medical treatment if necessary).
2. Identify the root causes of the accident and report to the management.
3. Investigate the findings in a written report.
4. Develop a correction plan to prevent the accident from occurrence again.

5. Follow up with injured employee and feed back to the management after few months of implementation and action.

COVID-19 Control Measures

The Group has organised several initiatives to help our employees fight against COVID-19. This includes working from home/office arrangements for different departments and all employees' temperatures are taken upon clocking in for work by the Time Clock Management System (TMS) reader. If an employee is not feeling well, employee will be reminded to visit a doctor and to consult the doctor first instead of reporting to work. Safe physical distances are implemented at working areas and no social gatherings at workplace are allowed. All employees are required to perform daily check-in via TraceTogether SafeEntry in Singapore and My Sejahtera in Malaysia when entering the workplace.

Rostered Routine Testing for Workplace for 8 weeks in Singapore

- As a precaution measure, ART were done by all employees on a weekly basis over a two-month period from 27 September 2021.
- These tests are administered by the respective Head of Departments ("HOD") and after ART self-testing, the employees are required to submit a photo of their test results with their NRIC/Work Permit Card in the same photo to their HOD who will consolidate all test results from their own department in the same format and email them to HR by 6.00pm of the day tested.
- Those employees detected positive from the test kits have to leave the office immediately via own transport or private transport.

Our 2-year Performance and Target

We have not achieved the target we set last year. There were 2 minor accidents reported in FY2021. One of the employees had acute severe back pain when he was carrying goods at work resulting in difficulty of movement. He is getting better after two sessions of physiotherapy. Corrective action has been performed and we reiterated and emphasized that proper lifting techniques had to be followed. Another incident happened where two trucks collided at the cargo lift lobby as the area were blocked with pallet of goods. The truck's flip-down driver platform hit the worker, causing him to fall down resulting in bruises and cuts. After this incident, the cargo lift lobby is kept clear with no blockage of pallet goods.

FY2021	FY2020
Recorded instances of work-related injury. (Target not met)	No reported incidents of work-related injury. (Target met)

FY2022 Target

We target to have zero instance of work-related major injury in FY2022.

TRAINING AND EDUCATION

During the pandemic period in FY2021, the Group continued to let its employees keep themselves updated with general and/or job-related knowledge via webinar or online programmes if face-to-face courses were not possible.

New workers who join our chocolate factory are required to attend food handling training courses so that they are equipped with the necessary knowledge on proper food handling procedures in the process of food manufacturing.

Our 2-year Performance and Target

Our employees are encouraged to equip themselves by attending training classes, whether virtual or physical, if there are relevant courses for them. Although there were a lower number of employees who attended training, resulting in the lower number of total training hours for FY2021, our average training hours per employee who attended training remained at approximately 2 hours. As such, we have met the target we set last year.

FY2021	FY2020
80 employees have attended 173 hours of trainings. (Target met)	139 employees have attended 298 hours of trainings. (Target met)

Details of the training attended by our employees are as follows:

Location	Training hours	Number of employees trained	Training programmes
Singapore	138	77	<ol style="list-style-type: none"> 1. Audit Committee Seminar 2021 2. Singapore Customs Academy 3. Workplace Communications Predictions in 2022 4. Kazakhstan Webinar 5. Asian Business Clinic 6. Skills Future Digital Workplace at CMM provided by NTUC LearningHub Pte Ltd 7. Eyeing Asia: Investment Law In Vietnam 8. Export Opportunities in Germany, Belgium & Netherland 9. Asian Series 3 10. Singapore- France F&B Webinar and B2-B Matching 11. Warehouse Management System-Procurement Team 12. Warehouse Management System-Shipping Team 13. Warehouse Management System-Finance Team 14. Accounting Implications Arising from Covid-19 15. Global economic outlook and FX strategy overview 16. Asia economic outlook and equity strategy overview 17. Manage your supply chains and finances in the next normal 18. Economy, Business and Life in 2021: Global and Malaysia Economic Outlook & Investment and Business Climate - Tax Perspective 19. Times of Uncertainty – Wind-down and Generating Surplus Cash 20. Practical Tax Considerations for Outbound Investments 21. Authenticity and unconscious bias in the workplace 22. Data Protection updates for businesses (IMDA) - Supporting Business Innovation through the Act Amendments 23. Singapore Budget 2021 24. Interest rate reforms in Singapore relating to SORA 25. Tripartite Advisory on Mental Well-being at Workplaces 26. Fraud Investigation of Asset Misappropriation Schemes

			27. Tips & Tricks for Contract Risk Management in the COVID Era 28. Financing for Solar Projects 29. New Developments in Withholding Tax in Malaysia 30. The Impact of Covid-19 on Bonds 31. Asia's outlook and cross-border trade opportunities for SMEs 32. Investing in cryptocurrencies 33. Rethinking Dispute Resolution amidst the COVID-19 Pandemic 34. Financial Crimes - AML and Combating the Financing of Terrorism 35. Politics in Malaysia and Thailand: Implications for investors 36. Update on key IASB projects and recent IFRS amendments - Financial Reporting Webinar Series 37. Decoding Chinese Regulatory Developments: perspectives from a prominent foreign lawyer in China 38. Leverage on Cloud Technologies to Maximise Productivity 39. Policymaker Briefing: Central Bank of Malaysia 40. Ethics Files Festival 2021: Recycling Sham 41. ICC Singapore Arbitration Group's Annual Townhall 2021
Malaysia	35	3	1. Transfer pricing 2. First aid training
Total	173	80	

FY2022 Target

We aim to maintain the same level of training hours to our employees in FY2022.

LOCAL COMMUNITIES

Hosen Group has been active in its contribution towards the local communities. Over the years, the Group has sponsored and donated to various charitable organisations and universities.

In FY2021, especially during this pandemic period, HSM donated food to old folks' homes, local temples, welfare and the homeless, as well as food banks. Hock Seng Food Pte Ltd ("HSF") donated food to communities' event/charity such as Tzu Chi Foundation (Singapore), Lions Clubs of Singapore Paterson, Cheng Hong Welfare Service Society, Sing Long Foodstuff Trading Co Pte Ltd, Jamiyah Singapore, Willing Hearts (Soup Kitchen) and Yishun Link Community Club.

Our 2-year Performance and Target

We have achieved our target set last year which is to support the local society and charity activities.

FY2021	FY2020
Donated food to communities. (Target met)	Donated food to communities. (Target met)

FY2022 Target

We aim to continue to support the local society and charity activities in FY2022.

CUSTOMER HEALTH AND SAFETY

Quality Control of Products

Hosen Group, being one of Asia's leading FMCG trader and distributor, specialises in processed food. We strive to meet both our customers' quality requirements, food safety and hygiene standards on our products.

We rely on supplier's Quality Assurance (QA) and Quality Control (QC) but we will randomly pick some samples from different batch shipment for quality check. We have both Health certificate and Certificate of Analysis from our suppliers and relevant authorities for our products which have gone through quality control.

We require our suppliers and our own factory to implement tight controls on food safety and hygiene by installing metal detectors and implementing on-line quality control check on every manufacturing process. We have obtained from Singapore Food Agency, in short, "SFA" (formerly known as Agri-Food & Veterinary Authority of Singapore or "AVA") the import and export permits for our fish and meat products, various health certificates, free sale certificates and other food certificates in order to ensure the supply of safe foods to customers both local and worldwide.

Our own chocolate factory strictly conforms to the following seven principles and standards in Hazard Analysis and Critical Control Point (commonly known as "HACCP"), an internationally recognised system to reduce the risk of safety hazards in food:

Principle 1 - Conduct a Hazard Analysis

Principle 2 - Identify the Critical Control Points

Principle 3 - Establish Critical Limits

Principle 4 - Monitor CCP

Principle 5 - Establish Corrective Action

Principle 6 - Verification

Principle 7 - Recordkeeping

The chocolate factory also obtained HALAL certification, with which our chocolate products can be sold to Muslim consumers.

Even though we strictly follow the policies, we have received two complaints/ feedback regarding the quality of our products. Internal investigations had been performed and we had provided updates to the customers.

Our 2-year Performance and Target

We have met the target we set last year which is to maintain the certificates on hand in FY2021.

FY2021	FY2020
Maintained the certifications. (Target met)	Obtained the certificate of FSSC 22000 V5 Food Manufacturing & MS1480:2019. (Target met)

FY2022 Target

We aim to maintain all the certificates on hand in FY2022.

SOCIOECONOMIC COMPLIANCE

We pride ourselves in having good corporate governance and observing compliance with applicable laws and regulations. The Group is committed to conduct the business with integrity and to safeguard the interest of all our stakeholders, both internal and external.

The Group complies with and puts in every effort in complying with the relevant laws and regulations that include the Companies Act, Employment Act, Employment of Foreign Manpower Act, SGX listing rules, Singapore Code on Take-overs and Mergers, ACRA regulations, Financial Reporting Standards and Singapore Standard on the Code of Practice for Pollution Control, amongst others.

We are vigilant in the prevention of money-laundering and in the prevention of providing assistance to other parties in the conduct of money-laundering and/or other wrongful acts.

Our 2-year Performance and Target

We have achieved the target we set last year which is to maintain zero incidence of non-compliance to the applicable laws and regulations reported in FY2021.

FY2021	FY2020
No reported incidents of non-compliance to the applicable laws and regulations. (Target met)	No reported incidents of non-compliance to the applicable laws and regulations. (Target met)

FY2022 Target

We aim to maintain zero incidence of non-compliance to the applicable laws and regulations in FY2022.

Membership Association

Hock Seng Food Pte Ltd are a member of the following associations

- Singapore Chinese Chamber Of Commerce & Industry
- Singapore-China Business Association
- Woodlands East Industrial & Commercial Association
- Singapore Food Manufacturers
- Singapore Business Federation
- GS1 Singapore Limited
- Singapore Food Manufacturers' Association
- Singapore Manufacturing Federation

7 GOVERNANCE

Hosen Group is a responsible entity and we comply with the laws and regulations of the countries that we are operating in, as well as the customs and health policies of those countries where our customers are located.

CORPORATE GOVERNANCE

The Board and the Management of Hosen Group are committed to the best practices in corporate governance to ensure sustainability of the Group's operations. We believe that our constant drive for excellence in corporate governance will allow us to establish a more transparent, accountable and equitable system, thereby increasing the value of the Company and its value to our shareholders. Please refer to the 2021 Annual Report, pages 13 to 39 for the Group's Corporate Governance Report.

Our 2-year Performance and Target

We have achieved the target we set last year. We are in compliance with the Catalist Rules and the principles, provisions and practices set out in the Code of Corporate Governance 2018, save as otherwise disclosed in the Corporate Governance Report,

FY2021	FY2020
Save as otherwise disclosed in the Corporate Governance Report, no reported incidents of non-compliance with the applicable laws and regulations relating to corporate governance. (Target met)	Save as otherwise disclosed in the Corporate Governance Report, no reported incidents of non-compliance with the applicable laws and regulations relating to corporate governance. (Target met)

FY2022 Target

We aim to maintain the same level of compliance with the applicable laws and regulations relating to corporate governance in FY2022.

INTERNAL POLICIES

Hosen Group implements a tight credit control policy. Customers' ordering trends and payment records are reviewed regularly to minimise credit risk. Delay in payments are identified and followed-up with the customers promptly. The Group may decline the acceptance of purchase orders from a customer if there had been records of payment after the credit terms granted. Preferred selling price may be offered to customers who have good payment records over the years.

8 GRI STANDARDS CONTENT INDEX

GRI Standard	Disclosure	Reference / Description	
GRI 101: Foundation 2016			
GENERAL DISCLOSURE			
GRI 102: General Disclosures 2016	102-1	Name of organisation	Hosen Group Limited
	102-2	Activities, brands, products and services	Corporate Profile, pages 3 – 4
	102-3	Location of headquarters	Singapore
	102-4	Location of operations	Corporate Profile, pages 3 - 4
	102-5	Ownership and legal form	AR pages 11, 54, 112,113
	102-6	Markets served	Corporate Profile, pages 3 - 4
	102-7	Scale of the organisation	Corporate Profile, pages 3 - 4 Social, page 15 – 16
	102-8	Information on employees and other workers	Social, pages 15 - 16
	102-9	Supply chain	Corporate Profile, pages 3 - 4
	102-10	Significant changes to the organisation and its supply chain	None
	102-11	Precautionary Principle or approach	Hosen supports the intent of Precautionary Principle, but has not express a specific commitment.
	102-12	External initiatives	None
	102-13	Membership of associations	Membership Association, page 21
	102-14	Statement from senior decision maker	Board Statement, pages 1 - 2
	102-16	Values, principles, standards and norms of behavior	Governance, page 22
	102-18	Governance structure	Governance, page 22
	102-40	List of stakeholder groups	Stakeholders Engagement, pages 5 - 8
	102-41	Collective bargaining agreements	None
	102-42	Identifying and selecting stakeholders	Stakeholders Engagement, page 5
	102-43	Approach to stakeholder engagement	Stakeholders Engagement, pages 5 - 7
	102-44	Key topics and concerns raised	Stakeholders Engagement, pages 5 - 7
	102-45	Entities included in the consolidated financial statements	AR page 11
	102-46	Defining report content and topic boundaries	Board Statement, pages 1 - 2
	102-47	List of material topics	Materiality Assessment, page 8
	102-48	Restatement of information	None
	102-49	Changes in reporting	None
	102-50	Reporting period	Board Statement, pages 1 - 2
	102-51	Date of most recent previous report	28 May 2021
	102-52	Reporting cycle	Annually
	102-53	Contact point for questions about the report	Board Statement, page 2
	102-54	Claims if reporting in accordance with the GRI Standards	Board Statement, page 1
	102-55	GRI content index	GRI Standards Content Index, SR pages 23 - 24
	102-56	External Assurance	We will seek external assurance in the future.
MATERIAL TOPICS			
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Economic, pages 9 - 10
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	Economic, page 11
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Environment, pages 12 -13
GRI 303: Water 2016	303-3	Water recycled and used	Environment, page 13
GRI 3016: Effluents and Waste	306-2	Waste by type and disposal method	Environment, page 13 - 14
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Social, page 16 – 17
	403-5	Worker training on occupational health and safety	

8 GRI STANDARDS CONTENT INDEX

GRI Standard	Disclosure		Reference / Description
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Social, pages 17 - 19
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	Social, pages 15 - 16
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Social, page 19
GRI 416: Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Social, page 20
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	Social, page 20