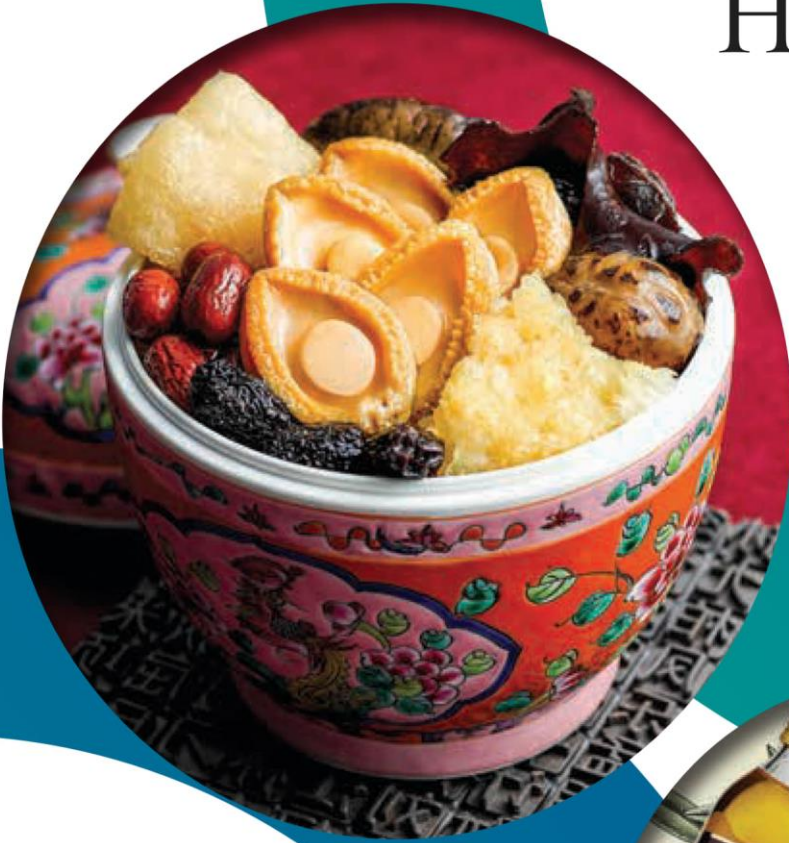




HOSENGROUP

LTD



QUALITY THAT SHINES THROUGH

SUSTAINABILITY REPORT
2022

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This sustainability report has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this sustainability report, including the correctness of any of the statements or opinions made or reports contained in this sustainability report.

The contact person for the Sponsor is Ms Jennifer Tan, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg

1 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 “**Group**”) for our financial year ended 31 December 2022.

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

The Company is of the view that the Group’s business sustainability is 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, the Group has been operating in the FMCG industry over the past 50 years (including operations under other names). The Company 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 board of directors of the Company (the “**Board**”). 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 internal audit function of the Company is outsourced to HLS Risk Advisory Services Pte. Ltd. (“**HLS**”). An internal review has been undertaken by HLS to review the adequacy of internal control system design and identify deviations from the key control procedures as set by the management.

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. The Board also ensured that all directors have attended sustainability training in FY2022 to gain the necessary skills and knowledge to address EESG issues and reflect on our continued commitment to sustainability.

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 Global Reporting Initiative (“**GRI**”) Standards 2021. We have chosen GRI as the sustainability reporting framework as it is internationally recognised and is widely adopted, which enable us to achieve a comprehensive and comparable disclosure of economic, environmental, social and governance performance. This report highlights the key EESG related initiatives undertaken throughout a 12-month period, from 1 January to 31 December 2022 (“**FY2022**”).

We are committed in providing transparent and honest information to our stakeholders. We understand the importance of the Task Force on Climate-related Financial Disclosures (“**TCFD**”) recommendations and have taken steps to be in compliance with its requirements in the coming years as we are gathering the relevant resources and improving the data pertinent to the climate-related disclosures at the present. We will continue to work hard to ensure that our sustainability report meets the highest standard of accuracy and transparency while continuing to work towards meeting the TCFD recommendations.

The Company’s sustainability report summarises the expectations 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 FY2022 (“**2022 Annual Report**”), will provide the reader with a holistic view of the operations of our Group. We will strive to conduct external assurance, 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

13 April 2023

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 a 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 cans, 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 supermarkets, warehouse clubs, online malls and convenience stores. Our direct presence at retail stores enables 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.

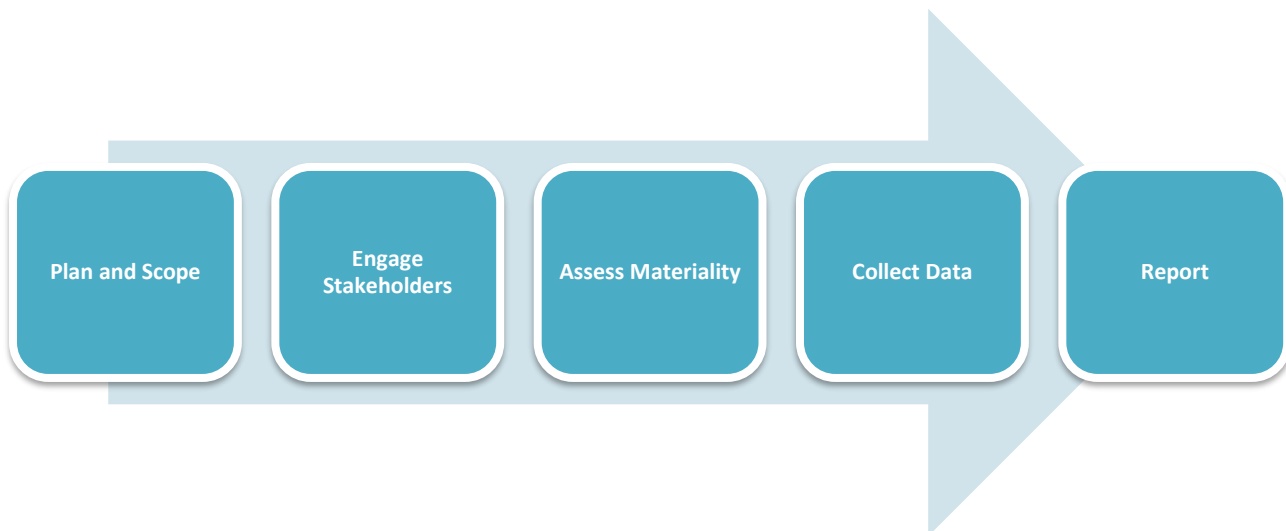
Our Export Division has, over the years, developed a good client base in our overseas network, spanning more than 40 countries, and gained a reputation for delivering high quality products and excellent services. The Company has leveraged on this strength and has also taken on the role of a service provider 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 our key stakeholders are also taken into account when formulating corporate strategies. These key stakeholders include, amongst others, employees, customers, suppliers, shareholders, authorities and community. We adopt both formal and informal channels of communication such as face-to-face meetings and supplier visits to understand the needs of our key stakeholders and incorporate these into our corporate strategies to achieve mutually beneficial relationships.

Stakeholders	Areas of Concern	Engagement Platforms
Employees	<ul style="list-style-type: none"> - Competitive remuneration and benefits - Training development - On-the-job training - Chance of promotion - Job satisfaction - Work-life balance - Clean working environment and condition - Occupational health and safety - Fair employment policies - Company activities and management engagement 	<ul style="list-style-type: none"> - Messaging - Regular dialogues - Travelling - Team bonding events - Employee benefit in the form of discounted prices for staff purchases - Encourage direct communication with management team - Risk assessment
Customers	<ul style="list-style-type: none"> - Customer service and premium quality products - Competitive pricing - Timely delivery - Food safety and hygiene - Variety of food 	<ul style="list-style-type: none"> - Business contacts - Competitive selling price to customers with good payment records - Virtual meetings and/or via

	<ul style="list-style-type: none"> - Accountability to consumers - Create value for society - Meetings with customers - Flexibility to meet market demands 	<ul style="list-style-type: none"> various communication channels - Exhibition - Advertisement and social media campaigns
Suppliers	<ul style="list-style-type: none"> - Fair trading terms - Timely payment - Reasonable demand on quality of materials and products - Advice/Updates on health regulations and hygiene requirements by relevant laws - Meetings with suppliers 	<ul style="list-style-type: none"> - Business contacts - Assess suppliers' hygiene and policies - Virtual meetings and/or via various communication channels
Investors and shareholders	<ul style="list-style-type: none"> - Strong financial positions and healthy cash flow - Sound corporate governance - Succession planning - Constant and stable growth of business - Reasonable rate of return on investment - Anti-corruption policy - Dividend distribution - Timely disclosures based on the requirements of the Catalist Rules 	<ul style="list-style-type: none"> - SGX Announcements - Half yearly reports - Annual reports - Circulars, Announcements and Annual Reports - Corporate governance - Sustainability Report
Government and regulators	<ul style="list-style-type: none"> - 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 - Food safety compliance 	<ul style="list-style-type: none"> - Consult the relevant authorities - Consult professional firms and seek advice - Engage internal and external auditors to conduct audits
Community	<ul style="list-style-type: none"> - Fair employment policies towards aged citizens - Good corporate citizenship - Contributions to green-house exercises - Creating job opportunities 	<ul style="list-style-type: none"> - Sponsorships - Donations

MATERIALITY ASSESSMENT

Our sustainability process begins with the identification of the EESG factors. Relevant factors are then rated and clustered to show the most pervasive issues. The rated issues are then prioritised in the upcoming year upon receiving validation and sign-off by the Board of Directors. The result of this process is a list of material factors disclosed in the Sustainability Report. The aforementioned process is as shown below:



We engaged our employees from the different departments of the 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, governance and their influence on the stakeholders. Applying the guidance from GRI, we have identified the following as our material factors for FY2022 where some are still relevant and current to the Group:

HOSEN EESG MATERIAL FACTORS FY2022



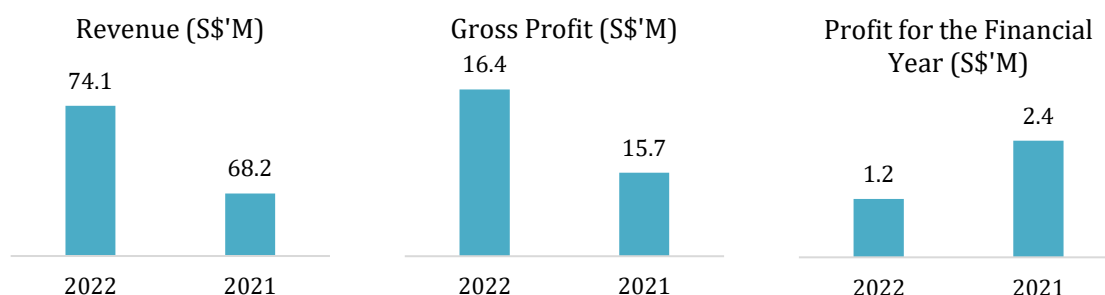
4 ECONOMIC

ECONOMIC PERFORMANCE

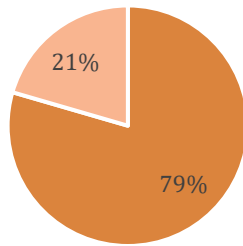
Hosen is committed to meet our customers’ expectations and to enhance operational efficiency by incorporating cutting-edge technology, developing performance measures, communicating outcomes and results and implementing necessary changes to provide fast and high-quality services at low transactional costs. The following is our performance for the past two years:

For detailed audited financial results, business review and performance, please refer to the following Sections in our 2022 Annual Report:

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

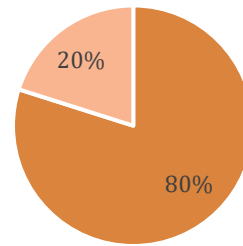


Revenue by Operating Segment
2022



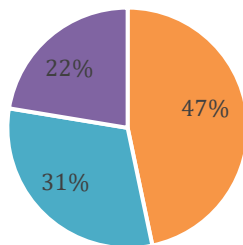
■ House Brand ■ Non-House Brand

Revenue by Operating Segment
2021



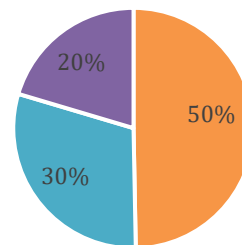
■ House Brand ■ Non-House Brand

Revenue by Geographical Segment
2022



■ Singapore ■ Malaysia ■ Others

Revenue by Geographical Segment
2021



■ Singapore ■ Malaysia ■ Others

ANTI-CORRUPTION

The Group has zero tolerance for fraudulent and corruption 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 Directors and Management on the matters and we also communicate and place our whistle-blowing policy and procedures in our company website for ease of reference, <https://www.hosengroup.com/pdf/whistle-blowing-final.pdf>.

Our 2-year Performance and Target

We have achieved the target we set last year.

FY2022	FY2021
No reported incidents of corruption.	No reported incidents of corruption.

FY2023 Target

We target to maintain zero incident of corruption in the financial year ending 31 December 2023 (“FY2023”).

5 ENVIRONMENTAL

The Group is committed to operate in a green environment, to minimise 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

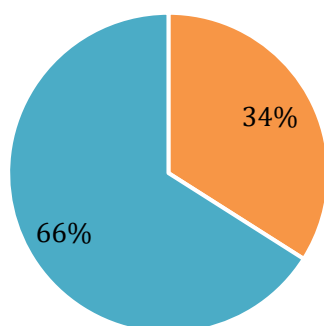
Our Singapore office had made the switch from the use of fluorescent tubes to Light Emitting Diode tubes and bulbs (“**LED tubes and bulbs**”) for years. Despite the initial change-over costs, the Group had benefited from lower electricity consumption which in turn led to fewer natural resources consumed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

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

The 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.

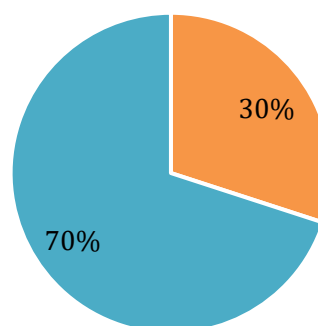
The Group has also used Enterprise Resource System to plan the delivery schedules in order to reduce the hours of the delivery fleet running on the roads and the emission of pollutants.

Total Electricity Consumption in 2022



■ Singapore ■ Malaysia

Total Electricity Consumption in 2021



■ Singapore ■ Malaysia

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 continue to reduce electricity consumption. In FY2022, our solar panels have allowed us to rely on renewable energy sources and generated 40,000 kWh of energy. We will continue to

monitor and analyse our solar panels' performance to ensure that we are doing our part toward achieving a more sustainable future.

Our 2-year Performance and Target

In FY2022, our total electricity consumption was slightly lower than our consumption in FY2021 and hence, the Group has met its target set last year to reduce the overall electricity consumption in FY2022.

Energy consumption	
FY2022	FY2021
1,037,402 kWh	1,056,040 kWh

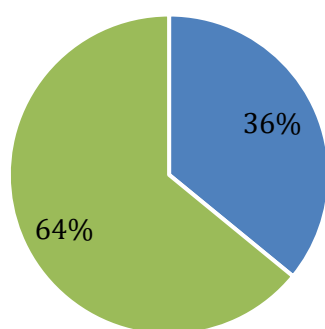
FY2023 Target

Excluding the varying power consumption used by Hosen Chocolate Sdn Bhd (“HSC”), which will change from year to year depending on the volume of orders and product mix of various kinds of chocolate products produced, the Group aims to maintain the same level of power consumption in FY2022.

WATER CONSUMPTION

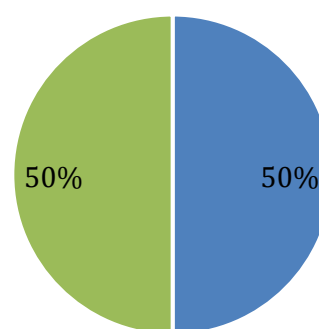
Water is another important natural resource in the world and as such, the Group conducts regular checks on water taps to ensure that there is no leakage of water and encourage staff to use less water and wisely.

Total Water Consumption in
2022



■ Singapore ■ Malaysia

Total Water Consumption in
2021



■ Singapore ■ Malaysia

Our 2-year Performance and Target

Due to frequent optimisation, most of our operations posed normal consumption of water in FY2022. However, there was an uptick of the water consumption for our HSC's operation as our production outputs have been increased during FY2022, and hence we did not meet the target we aspired to attain last year. As we strive to reduce excess consumption of water, we will continue to observe, optimise and where feasible, reduce the consumption of water based on our business activities in each operation.

Water Consumption	
FY2022	FY2021
5,621 CuM/M ₃	4,841 CuM/M ₃

FY2023 Target

We aim to maintain the same level of water consumption as FY2022 based on the same or similar product outputs.

DISPOSAL AND WASTE MANAGEMENT

In FY2022, there was no 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. Some examples of our environmental compliance initiatives are disposal by appointed vendor approved by The National Environment Agency (“NEA”), as well as packaging, cartons, paper and plastic wastages to be disposed and/or recycled by the vendor, warehouse and office management. We also have implemented recycling policies for cartons/paper and cans to support our effective management of waste.

During FY2022, the Group has placed further emphasis on a more mindful waste disposal. While the methodology still evolves during the year, we managed to recycle the following generated waste as our effort to manage the waste.

Type of waste disposed	Disposal Method
Cartons/Paper	Recycle
Cans	Recycle
Plastic	Recycle
Scrap metal	Recycle

Our 2-year Performance and Target

We have achieved the target we set last year.

Incidence of Non-Compliance with the relevant laws and regulation	
FY2022	FY2021
No reported incidents of non-compliance.	No reported incidents of non-compliance.

FY2023 Target

We target to maintain zero reported incidents of non-compliance with the relevant laws and regulations in FY2023 whilst aspiring to recycle more cans and papers wastes generated in our operations.

6 SOCIAL

Hosen is committed to respecting the fundamental human rights of our employees, customers, suppliers and communities in which we operate. We strive to ensure that our operations do not cause harm to anyone, and we take all the necessary measures to prevent and address any potential violations.

At Hosen, we also believe that our actions should always be guided by our corporate values of continuous improvement, customer driven, excellent service, profitability and growth, flexibility, innovation and teamwork. These values are the foundation upon which we build our relationships with our clients, employees, and the wider community.

In term of embedding policy commitment and process to remediate any negative impact, we ensure quality control of products, and enact reporting and remedy procedures to ensure the rights of our workers as we strive to serve the markets we operate in. Our whistleblowing policies to protect workers human rights cover the following areas:

- To communicate the Company's expectations on employees of the Group (hereinafter referred to as "**employees**") in detecting fraudulent activities, malpractices or improprieties
- To guide employees and any other persons on the course of action when addressing their concerns or suspicions of fraudulent activities, malpractices, or improprieties
- To provide a process for investigations and management reporting
- To establish the policies for protecting whistle-blowers against reprisal by any person internal or external to the Group.

Since the start of the year, our team has worked hard to ensure that we are taking a proactive approach in protecting, promoting, and respecting the human rights of our employees, customers, and other stakeholders. At the time of this sustainability reporting, we have formulated a number of initiatives to focus on this goal moving forward, including:

- To recruit and select employees on a basis of merit
- To have regular engagement with our staff and obtain their feedback on fair practices
- To continue safeguarding and enhancing the welfare of our employees in accordance with the relevant employment laws and regulations in respective operating countries.

DIVERSITY AND EQUAL OPPORTUNITY

Board Diversity

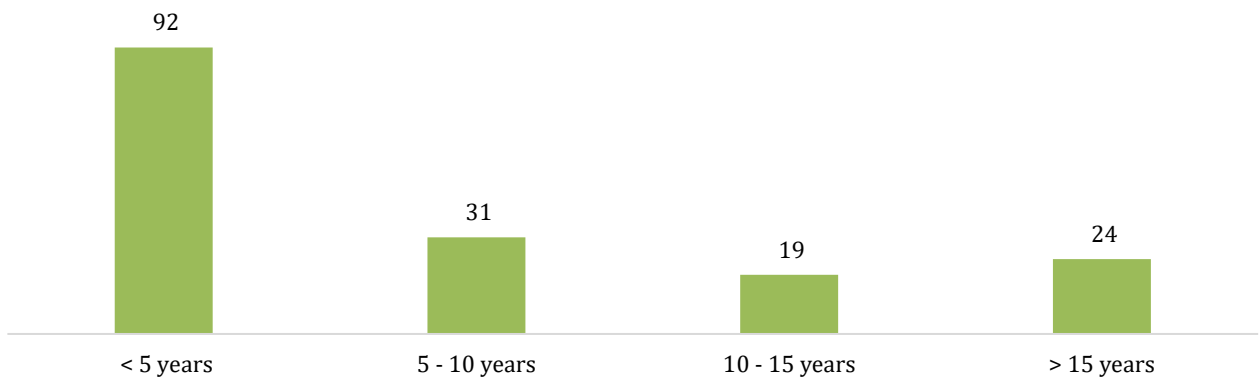
We understand that diversity on our board is essential for our company's success. We believe it is important to create an environment that encourages different perspectives and allows everyone to have their voices heard. The current Board composition provides a diversity of skills, experience, gender, and the knowledge to the company.

The Board's policy in identifying Director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender and age so as to avoid groupthink and foster constructive debate.

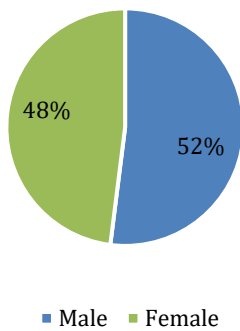
Employee Diversity

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, Myanmar, Vietnam, Malaysia and China. The Group also offers fair job opportunities to aged staff as we value senior citizens who can add value to the Group with their marketing and/or management expertise and experience in the industry. The Group has a total of 166 employees as of 31 December 2022 (31 December 2021 (“FY2021”): 162). The distribution of the workforce gender and age groups are illustrated below:

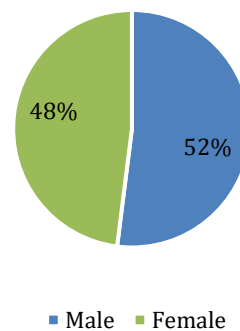
Length of Employee Service FY2022



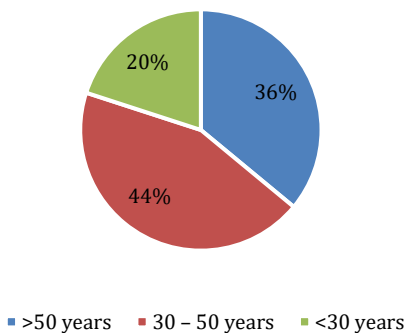
Gender Breakdown FY2022



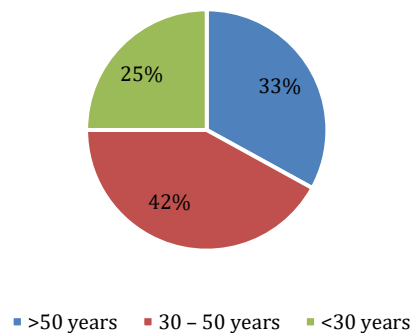
Gender Breakdown FY2021



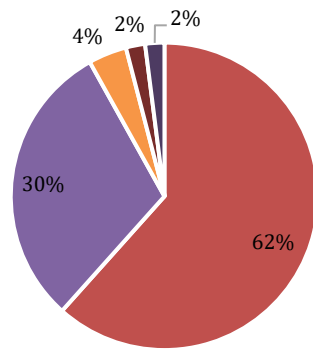
Employee Age Distribution FY2022



Employee Age Distribution FY2021

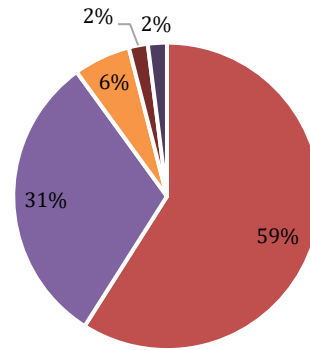


Nationality Breakdown FY2022



■ Malaysian ■ Singaporean ■ Nepal ■ China ■ Others

Nationality Breakdown FY2021



■ Malaysian ■ Singaporean ■ Nepal ■ China ■ Others

We value employees’ contribution to the company. During FY2022, we managed to host staff Mooncake festival celebration, Christmas Lunch for office and sales staffs, Christmas Dinner for warehouse staffs, and coordinated a trip to Bangkok in order to increase our camaraderie.

Our 2-year Performance and Target

We have achieved the target we set last year.

Reported Cases of Discrimination	
FY2022	FY2021
Tracked diversity of our workforce and no cases of discrimination reported.	Tracked diversity of our workforce and no cases of discrimination reported

FY2023 Target

We target to continue tracking the diversity within our workforce and hiring employees based on their merits i.e., qualifications and experiences that match the job descriptions. We will ensure that there is no age, race, gender or religion discrimination in the hiring process.

OCCUPATIONAL HEALTH AND SAFETY

Hosen has put in place a comprehensive system of policies, procedures, and guidelines that ensure the health and safety of all our employees. Our emphasis has been on preventing workplace accidents, injuries, and illnesses, as well as addressing safety hazards before they occur.

Our commitment to safety is unwavering and we will continue to prioritise the health and safety of our employees. In addition, we are constantly monitoring our performance in relation to occupational health and safety standards set by the regulatory authorities. These standards are regularly reviewed to ensure that our processes remain effective and up to date.

In view of keeping our workers safe, we have introduced the following initiatives across our operations:

- 1) Company has implemented Risk Assessment (“RA”)
- 2) All warehouse staff must wear safety shoes during working hours
- 3) Only warehouse staff who are trained to operate forklift, are allowed to drive forklift
- 4) Company provides Group Personal Accident insurance for all confirmed staff
- 5) Regular checking on our fire alarm system
- 6) Pest control performed every month
- 7) Company provides face mask, sanitizer and disinfectant which will be done daily
- 8) To have temperature measure before entering the premises
- 9) Antigen Test Kits were provided to all staff to have self-test on every Monday before entering into office during the pandemic period
- 10) Health and Safety policy/notices established and displayed at the common area e.g., lift lobby.

On top of the above initiatives, we conducted a Fire Safety Training in FY2022.

Our 2-year Performance and Target

We did not meet the target set last year. There were three recorded minor injuries from our workers in Singapore and Malaysia during FY2022. These injuries occurred when transporting goods from lorry, trolley and forklift. The management has reminded our employees the importance of safety in order to minimise the number of accidents.

Recorded Injuries	
FY2022	FY2021
3 Recorded instances of work-related injury.	2 Recorded instances of work-related injury.

FY2023 Target

We target to have zero instance of work-related injury in FY2023.

TRAINING AND EDUCATION

Our commitment to training and education is part of our broader effort to create an inspiring and rewarding workplace for our employees. We believe that such investment in our employees will benefit the Company for years to come.

We provide applied and general knowledge for our new workers who join our factory such as food handling training courses so that they are equipped with the necessary knowledge on proper food handling procedures in the process of food manufacturing.

We believe that everyone at Hosen should have access to quality training and education opportunities, regardless their roles. We understand that these initiatives are instrumental in helping us to reach our goals by providing the best possible services to our customers and clients.

Our training and education initiatives have provided employees with the knowledge and necessary tools to be successful. They are prepared to take on any challenge that comes their

way. With the strong foundations they have built, our employees are now more confident in making decisions and taking risks that could lead to a positive outcome for the Group.

In FY2022, we achieved an average of approximately 5 training hours per employee as compared to an average 2 training hours per employee for FY2021. The increase in training hours was mainly due to fire safety training in our factory that was not required by the relevant government in FY2021.

Training Participants	FY2022	FY2021
Male	47	60
Female	92	20
Total	139	80

Training Hours	FY2022	FY2021
Male	293	137
Female	536	36
Total	828	173

Training Participants	FY2022	FY2021
Full Time	96	77
Part Time	43	3
Total	139	80

As such, we have been offering courses that are aimed at developing the skills and knowledge of our workforce, as shown below:

- Digital Marketing Asia 2022, Theme 3: Social Commerce
- Transfer Pricing (TP) controversy management and Operational TP solutions
- Customs Competency test for Declarants (SC401)
- Webinar on Overseas Vendor Registration (OVR) and Revised GST rate of 8%
- How to run google PPC and display ads to increase your sales revenue
- Making Business Decisions with google analytics
- SGUnited Mid-career pathways programme briefing
- WSQ Operate Forklift Course
- SBF Wholesale Trade Series - eCommerce with Google
- Dynamics 365 Business Central
- Warehouse Management System (WMS)
- Mobile Handheld Device (WMS stock count)
- FairPrice E-portal training
- Financial Management & Financial Reporting
- Fire safety training
- Unlocking Regional Comprehensive Economic Partnership (RCEP)

- FSSC 22000 Awareness training
- FSSC 22000 Internal audit training
- Food handler training.

Our 2-year Performance and Target

Employees Training Hours	
FY2022	FY2021
139 employees have attended 828 hours of trainings.	80 employees have attended 173 hours of trainings.

FY2023 Target

We aim to maintain the same level of training hours for our employees in FY2023.

LOCAL COMMUNITIES

Hosen Group believes that investing in our local communities is the key to long-term growth. By doing so, we are helping to create a more vibrant environment for everyone. As such, we have been active in the contribution towards the local communities and implemented several initiatives to support our local communities.

We have developed a volunteer program, where our employees can directly engage with the local community. We have seen firsthand the positive impact that these initiatives have had on the people and places we serve.

We believe it is our responsibility to contribute to the wellbeing of our local communities, and we are proud to be able to do this through our initiatives. We look forward to continuing our efforts in the coming months and years.

As part of our sustained efforts to empower local communities, we served the following beneficiaries:

Food donations:

1. Everspring
2. Hao Lin Gong
3. Jade Dew
4. Leong Nam Temple
5. Lions Clubs of Singapore Paterson
6. Orchid Vista
7. Yishun Clover
8. Yishun Floral
9. Yishun Green
10. Guan Yin Temple
11. Evangelical Church

Cash donations:

Cheng Hong Welfare Service Society

Charity fund raising:

SJK (C) Pei Hwa, Taman Perling Primary School

Our 2-year Performance and Target

We have achieved our target set last year.

Local Community Initiatives	
FY2022	FY2021
Donated food to communities, community event cash donation, charity fund raising.	Donated food to communities.

FY2023 Target

We aim to continue to support the local community and charity activities in FY2023.

CUSTOMER HEALTH AND SAFETY

Quality Control of Products

Hosen Group, being one of Asia's leading FMCG trader and distributor, pride ourselves in providing excellent customer service and quality products. We understand that the health and safety of our customers is of utmost importance.

We take extensive measures to ensure that our products meet the highest standards of health and safety and on top of supplier's Quality Assurance ("QA") and Quality Control ("QC"). All of our products are rigorously tested and inspected before they reach the shelves, and we use only top-of-the-line materials and ingredients. 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 checks 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 to ensure the supply of safe foods to customers both local and worldwide.

Additionally, our staff are well-trained in proper hygiene and safety protocols, and our stores have implemented stringent cleaning procedures to keep our customers safe. Our own 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 Critical Control Point (“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. As for other certifications that align with Customers Health and Safety guidance, we possess the following:

- Fire certificate by SDCF
- FSSC 22000 certificate.

Our 2-year Performance and Target

We took extra precautions to ensure that our products, services, and operations meet the highest standards of cleanliness and safety for our customers. In FY2022, we received one complaint of moldy food caused by a dent in the canister which since has been immediately rectified. We have met the target we set last year which is to maintain the certificates on hand in FY2022.

Certifications	
FY2022	FY2021
Maintained the certifications.	Maintained the certifications.

FY2023 Target

We aim to maintain all the certificates on hand in FY2023.

7 GOVERNANCE

CORPORATE GOVERNANCE

We have taken a significant step towards sustainability by adhering to the principles and guidelines of the Code of Corporate Governance. This decision reflects our commitment to responsible business practices and long-term value creation for all stakeholders.

In line with the principles and guidelines, we have enhanced our Board's independence, strengthened shareholder rights, and improved transparency and disclosure. These measures have fostered a culture of accountability and ethical conduct across the Group, ultimately benefiting our stakeholders including employees, customers, and investors.

We firmly believe that embracing good corporate governance practices will drive sustainable growth and enhance our company's reputation in the market. We look forward to sharing our progress with you as we continue implementing the principles and working towards a more sustainable future. Please refer to the 2022 Annual Report, pages 13 - 39 for the Group's Corporate Governance Report.

Our 2-year Performance and Target

We have achieved the target we set last year.

Reported incidents of non-compliance to the Code of Corporate Governance	
FY2022	FY2021
Save as otherwise disclosed in the Corporate Governance Report, no reported incidents of non-compliance with the Code of Corporate Governance.	Save as otherwise disclosed in the Corporate Governance Report, no reported incidents of non-compliance with the Code of Corporate Governance.

FY2023 Target

We aim to maintain the same level of compliance with the Code of Corporate Governance in FY2023.

COMPLIANCE WITH LAWS AND REGULATIONS

Aside from adherence to the Code of Corporate Governance, the Group also puts in every effort in complying with the relevant laws and regulations, i.e., the Companies Act, Employment Act, Employment of Foreign Manpower Act, Singapore Exchange (“**SGX**”) listing rules, Singapore Code on Take-overs and Mergers, Accounting and Corporate Regulatory Authority (“**ACRA**”) regulations, Financial Reporting Standards and Singapore Standard on the Code of Practice for Pollution Control, among 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. As part of our compliance measures, we also follow and implement existing Risk Control Measurement as indicated in Risk Assessment.

Our 2-year Performance and Target

We have achieved the target we set last year.

Reported incidents of non-compliance to the applicable law and regulations	
FY2022	FY2021
No reported incidents of non-compliance to the applicable laws and regulations.	No reported incidents of non-compliance to the applicable laws and regulations.

FY2023 Target

We aim to maintain the same level of compliance with the applicable laws and regulations in FY2023.

Membership Association

Hosen understands the importance of joining memberships in the relevant industry associations. By being a member of industry associations, we can gain access to valuable resources and learn industry best practices for the purpose of value creation and sustainability. This allows us to continuously improve our processes and services to better meet the needs of our clients and stakeholders. Our industry memberships play a critical role in helping us achieve our goal.

Hosen is proud to be a member of the following associations to advance our industry initiatives and mission:



Singapore Chinese Chamber of Commerce & Industry promotes the development of industry and commerce, the economic prosperity, cultural and educational activities as well as the community services of Singapore.



Singapore-China Business Association commits in developing economic and trade exchanges and cooperation between Singapore and China and promoting friendship between Singapore and China.



Singapore Food Manufacturers' Association has championed several industry initiatives that are aligned to the Food Manufacturing Industry Transformation Map, such as Food Innovation Product Award, Singapore Food Gifts Initiative, the Singapore Food Expo and Asia Pacific Food Expo to help food manufacturers innovate, internationalise and create new channels for business growth.



Singapore Business Federation (“**SBF**”) is the APEX business chamber in Singapore. SBF aims to improve the organisation of the business community in Singapore and represent it both locally and abroad.



GS1 Singapore is a not-for-profit organisation established in 1987 to implement and administer the global multi-industry GS1 standards-based system of automatic identification (using barcodes, 2D-codes and radio frequency identification (“**RFID**”) and communication for products, services, assets and locations.

8 GRI CONTENT INDEX

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