



THE HOUR GLASS

SUSTAINABILITY REPORT 2021

CONTENTS

Board Statement	03
Introduction and Sustainability at The Hour Glass	04
Profile of Our Workforce	08
Regulatory Compliance	09
Security of Information	11
Occupational Health and Safety	12
Risk Management	13
GRI Content Index	14

BOARD STATEMENT

The Board is pleased to present the fourth Sustainability Report for The Hour Glass Limited (*the "Company"*) and its subsidiaries (*collectively, the "Group"*), for the financial year ended 31 March 2021 (*"FY2021"*). As the Group strives towards becoming the leading cultural retail enterprise for specialty watch retailing, it is acknowledged that managing the socio-environmental impact of our business operations is crucial for achieving excellence in our field, and for ensuring the long-term sustainability of our business.

It is the Board's responsibility to drive the Group's policies and performance in key Environmental, Social and Governance (*"ESG"*) matters. The Board also provides oversight for and monitors the management of these material ESG matters. For this Sustainability Report, material ESG matters that have previously been identified – Regulatory Compliance, Security of Information, Occupational Health and Safety and Risk Management – continue to be relevant to the Group.

As we continue in our sustainability journey, the Group is committed to further incorporating sustainability into our business decisions and assuring our stakeholders that our business is conducted in a transparent and sustainable manner.

BOARD OF DIRECTORS

31 August 2021

INTRODUCTION AND SUSTAINABILITY AT THE HOUR GLASS

ABOUT THE HOUR GLASS

Founded in 1979, the Company is a limited liability company listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”), incorporated and domiciled in Singapore. Having pioneered the awareness and appreciation of horological culture, the Group endeavours to be the watch world’s leading cultural retail enterprise, making it the primary port of call for all enthusiasts and collectors alike.

The Group is proud to be the official retailer for a thoughtfully curated selection of luxury timepieces from the world’s finest watch brands. Each of the Group’s boutiques are strategically located in the main retail corridors in Singapore, Malaysia, Hong Kong, Japan, Australia, New Zealand, Thailand and Vietnam. Principal activities of the Group include those of retailing and distribution of watches, jewellery and other luxury products, investment in properties and investment holding.

ABOUT THIS REPORT

This is the Company’s fourth Sustainability Report, which presents our approaches and performance in respect of our key ESG matters for the period from 1 April 2020 to 31 March 2021 (“FY2021”). The report has been prepared in accordance with the Global Reporting Initiatives (“GRI”) 2016 Standards – “Core” option.

The scope of this report covers the retailing and distribution of watches and related products in Singapore¹. The data displayed in this report covers FY2021, while comparative data from 1 April 2019 to 31 March 2020 (“FY2020”) and 1 April 2018 to 31 March 2019 (“FY2019”) have been incorporated where relevant. The Company has not sought external assurance for this Sustainability Report. However, the Company may consider doing so in the future as our sustainability reporting practice matures.

GOVERNANCE STRUCTURE

The Board sets the Group’s sustainability direction and is responsible for ensuring that expectations by our key stakeholders, including ESG expectations, are understood and met. The Board is supported by the Group Sustainability Committee, comprising key employees representing various relevant departments.

With the Board’s endorsement, the Group Sustainability Committee (comprising the Group’s management that reports directly to the Board) continues to revise and supervise the management of sustainability-related risks and opportunities in these areas as well as the Group’s performance and targets for the upcoming year.

¹ Operations in Malaysia, Hong Kong, Japan, Australia, New Zealand, Thailand and Vietnam; and retail and distribution of jewellery and investment in properties have been excluded from the coverage of this report.

STAKEHOLDER ENGAGEMENT

The Hour Glass' sustainability approach remains focused on delivering value for all stakeholders. The Group is committed to understanding the key concerns of our stakeholders, and we seek to address these concerns by engaging stakeholders on a regular basis. The Group's main stakeholder engagement activities (including the Group's engagement with stakeholders amid the evolving COVID-19 situation) are summarised in the table below.

Table 1: Stakeholder Engagement Approach

Engaged Stakeholder Group	Key Concerns Raised by Stakeholder Group	Modes of Engagement	Frequency of Engagement	The Hour Glass' Response
Shareholders/ Investors	<ul style="list-style-type: none"> Profitability and performance Relevant results and information about the Group are provided on a timely basis 	<ul style="list-style-type: none"> Annual General Meeting Annual Report 	Yearly	<ul style="list-style-type: none"> Announcements on half-yearly and annual results, material transactions, and other developments related to the Group are released on SGX-ST via SGXNET on a timely basis
		<ul style="list-style-type: none"> Announcement of half-yearly financial results 	Half-yearly	
		<ul style="list-style-type: none"> Corporate announcements on SGXNET 	Ongoing	
Employees	<ul style="list-style-type: none"> Job security and fair remuneration Career progression, training and upgrading of skills Workplace Safe Management Measures ("SMM") in response to COVID-19 	<ul style="list-style-type: none"> Performance appraisals 	Yearly	<ul style="list-style-type: none"> The Company gave assurance to all employees that there would be no retrenchment and salary reduction during the pandemic Conduct performance evaluation and reward employees with appropriate recognition based on key performance indicators ("KPIs") Talent management policy in place to identify and develop talent, and to ensure they acquire the desired skills and knowledge Enhance specific safety measures and awareness at workplace: Employees participation in fire drills Strict adherence to government's guidelines on safety and health procedures, contact tracing and personal hygiene protocol Split team arrangements to lower the risk of COVID-19 spread Default work-from-home arrangement for employees who are able to work from home Regular communications with employees to update on the COVID-19 situation Equipping employees with protective face masks, thermometers and hand sanitisers
		<ul style="list-style-type: none"> Induction and orientation programme for new employees Training, workshops and seminars on developing product knowledge, and technical and soft skills Training on SMM Updates on COVID-19 through emails and briefing sessions 	Ongoing	

STAKEHOLDER ENGAGEMENT

Engaged Stakeholder Group	Key Concerns Raised by Stakeholder Group	Modes of Engagement	Frequency of Engagement	The Hour Glass' Response
Clients	<ul style="list-style-type: none"> • Excellence in service • Good product quality • Good product knowledge offered by trained Watch Specialists • Good after-sales service • Safe shopping experience 	<ul style="list-style-type: none"> • The Group's website and social media • Engaging with clients through events and boutique experiences 	Ongoing	<ul style="list-style-type: none"> • Prompt response to clients' enquiries and feedback in a professional manner • Renovate, refurbish and upkeep the boutiques to improve and enhance clients' shopping experience • Full compliance with government guidelines on safe-distancing, crowd management, contact tracing and temperature screening • Deep-cleaning of stores conducted periodically • Employees trained to ensure safe and hygienic shopping environment
Suppliers	<ul style="list-style-type: none"> • Conduct of business • Prompt payment • Provision of retail environment that is in line with the brand positioning 	<ul style="list-style-type: none"> • Correspondence through emails and phone calls • Review meetings • Appraisal of boutiques and merchandise presentation 	Ongoing	<ul style="list-style-type: none"> • Code of Ethics and Business Conduct in place for all suppliers and subcontractors to be treated with fairness and integrity • Renovate, refurbish and upkeep the boutiques to be in line with the brand image
Government/Regulators	<ul style="list-style-type: none"> • Regulatory compliance • Timely reporting • Risk management policies and framework in place 	<ul style="list-style-type: none"> • Raise awareness on any change in regulatory rules by attending workshops and seminars organised by relevant regulatory bodies • Conduct updates on changes applicable to listing rules, financial reporting standards and other regulations at Board meetings • Monitoring of key risks using established framework and processes 	Ongoing	<ul style="list-style-type: none"> • Compliance with all relevant laws and regulations in place • Commit to strong principles and high standards of corporate governance • Monitor, report, manage and mitigate key risks identified

MATERIALITY ASSESSMENT

In FY2018, the Group assessed and identified ESG matters that were important to The Hour Glass and our stakeholders through a four-step process as shown in Figure 1 below.

Figure 1: Materiality Assessment Process

1	<p>Identification</p> <p>A comprehensive list of ESG matters was identified through a desktop analysis of sustainability reports published by peers and interviews with key personnel from various departments.</p>
2	<p>Prioritisation</p> <p>The identified ESG matters were rated and prioritised by representatives from the various departments. Both internal and external stakeholders' perspectives were considered during the prioritisation process.</p>
3	<p>Validation</p> <p>Material matters that were identified in Step 2 were presented to the Board for their validation.</p>
4	<p>Review</p> <p>Material matters that were approved by the Board will continue to be re-assessed in successive reporting periods to ensure that the reported topics remain relevant and material.</p>

The Group conducted a review of the ESG matters in FY2020 to ensure that we continue to stay focused on relevant priorities, resulting in several updates to our material ESG matters. Through this process, two material ESG matters were retained and two additional ESG matters were identified as shown in Table 2. Following a review in FY2021, the Group has concluded that the same matters remain relevant in this reporting cycle. To keep abreast of current ESG matters in this dynamic operating environment, The Hour Glass will continually review our ESG matters on a yearly basis.

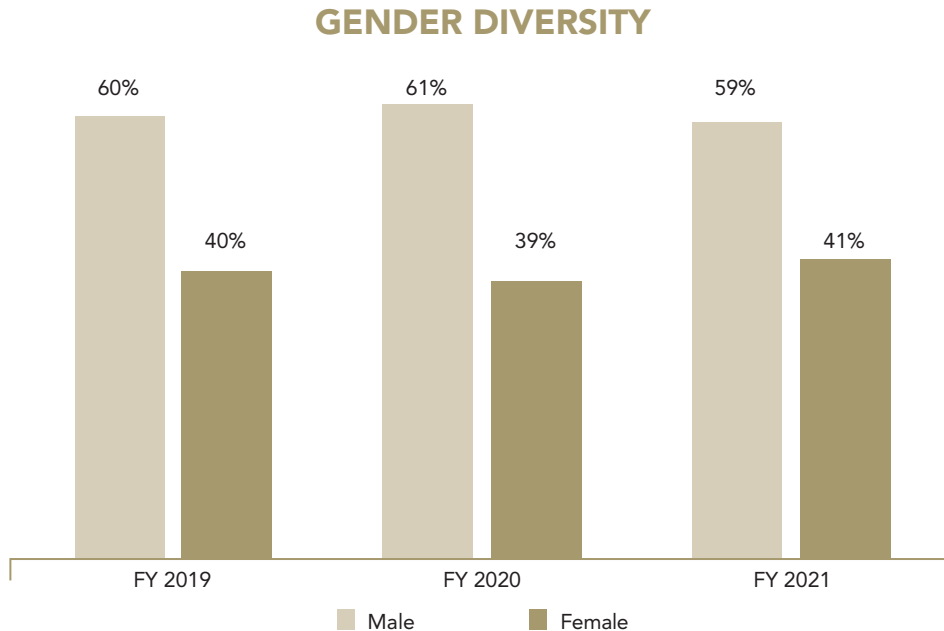
Table 2: The Hour Glass' Reported ESG Matters

Materiality	Sustainability Category	ESG Matter
Material	Governance	Regulatory Compliance
	Social	Security of Information
Additional	Social	Occupational Health and Safety
	Governance	Risk Management

PROFILE OF OUR WORKFORCE

The Hour Glass values our employees as assets of the Company, and we recognise the importance of maintaining a diverse group of employees in a workforce.

Figure 2: Employees by Gender



In FY2021, our operations in Singapore employed a total of 226 employees², as compared to 234 employees in FY2020. Two other workers (non-employees³) were contractors who provided cleaning services at the corporate office.

Vaccination

As at 31 August 2021, 96% of employees were vaccinated against COVID-19. Reasons for the non-vaccination relate to existing medical conditions, pregnancies and other personal reasons. All employees are granted paid medical leave for the vaccinations.

² Full-time, permanent employees. There were no temporary and part-time employees in FY2021

³ Workers (non-employees) do not perform a significant share of our business activities

REGULATORY COMPLIANCE

The Group is committed to complying with all applicable statutory and regulatory requirements, as expected by our key stakeholders. Maintaining a high standard of corporate governance enables the Group to manage the Company's exposure to regulatory and reputational risks, and potential financial losses incurred in the form of fines and penalties.

These laws and regulations include the SGX-ST Listing Rules, Companies Act, Income Tax Act and GST Act, Employment Act, CPF Act, Code of Corporate Governance 2018, Personal Data Protection Act 2012 ("*PDPA*") and Precious Stones and Precious Metals (Prevention of Money Laundering and Terrorism Financing) Act 2019.

The following table describes the key policies that the Group has put in place to guide our employees' behaviour at the workplace.

Table 3: The Hour Glass' Policies and Guidelines

Policy	Elaboration
Code of Ethics and Business Conduct	<ul style="list-style-type: none"> ■ All employees are obliged to act in alignment with the code, which is accessible to all via the Group's intranet platform ■ Employees are expected to act with integrity, objectivity and in compliance with the law and company's policies relating to: <ul style="list-style-type: none"> • Conflict of interest • Procurement activities • Integrity of records and accounting procedures • Protection of proprietary information • Workplace behaviour
Dealing in Securities	<ul style="list-style-type: none"> ■ The Group adopts a strict policy with respect to dealings in securities modelled on the SGX-ST's best practice recommendations
Whistle-Blowing Policy	<ul style="list-style-type: none"> ■ The policy, which is available on the Group's intranet platform, provides a channel for employees to raise concerns about possible impropriety in confidence ■ The policy also states the Company's stance on ensuring that whistle-blowers are protected from any form of retaliation, harassment or other discriminatory acts ■ The policy is overseen by the Audit Committee which ensures that procedures are in place for independent investigations and appropriate follow-up action
Anti-Money Laundering (" <i>AML</i> ")	<ul style="list-style-type: none"> ■ The Company implements internal policies, procedures and controls as a guide to AML responsibilities ■ Employees are required to attend training sessions to ensure compliance
Corporate Governance	<ul style="list-style-type: none"> ■ The Board is fully responsible for managing the Company's business affairs, corporate governance matters and driving the overall strategy for the Group ■ At the operational level, the senior management team provides leadership in decision-making with regard to the implementation of corporate targets and policies

REGULATORY COMPLIANCE

The Group believes that its proactive approach towards compliance has underpinned its performance in corporate governance, and that its actions continue to be effective. Figure 3 shows several actions taken to ensure and assess the standards of regulatory compliance within the Group.

Figure 3: The Hour Glass' Practices for Ensuring and Assessing Regulatory Compliance

<p style="text-align: center;">Ensuring Regulatory Compliance</p> <ul style="list-style-type: none"> • All new employees are briefed on the Code of Ethics and Business Conduct, Whistle-Blowing Policy and AML compliance during orientation and induction • Employees are regularly updated by relevant authorities on regulatory changes and may also request to attend related seminars to familiarise themselves with technical updates • Senior executives and incoming directors are updated on key financial reporting standards, listing rules, relevant laws and regulations 	<p style="text-align: center;">Evaluating Effectiveness of Regulatory Compliance Management</p> <ul style="list-style-type: none"> • Established internal audit functions to conduct audits and review internal controls • Continuous learning and upgrade of regulatory knowledge and know-how for all levels of employees • Workshops are conducted to update employees of regulatory requirements
<p style="text-align: center;">Our Perpetual Target</p> <p>To achieve zero incidents of non-compliance with laws and regulations that would result in financially punitive measures</p>	<p style="text-align: center;">Performance for FY2021</p> <p>100% compliance or zero incidences of reported non-compliance with rules and regulations in FY2021 The Group will continue to strive to maintain this record</p>

More information on the Group's corporate governance policies and practices can be found in The Hour Glass' 2021 Annual Report, Corporate Governance section (pages 16 to 40).

SECURITY OF INFORMATION

Security of information is of utmost importance to The Hour Glass as we recognise our duty of confidentiality towards our clients, prospects, employees and other stakeholders.

We are compliant with PDPA in Singapore and the local data protection laws in the markets we operate in. The Group has also aligned our Privacy Policy to the key principles of the General Data Protection Regulation (“GDPR”), a European Union regulation on data protection and privacy, which is widely regarded as the global standard.

The Group’s Privacy Policy is available on our corporate website⁴, which details the purposes of data collection, uses, disclosures and transfers of personal data. This policy is overseen by The Hour Glass’ Data Protection Officer (“DPO”). Details on how clients and prospects can access and correct their personal data and make a privacy-related complaint can also be found in the policy. The Company takes any reported cases of non-compliance seriously, and will perform a thorough assessment should such cases arise. In cases where any risk or non-compliance is identified, the respective laws and regulations will be reiterated to the team. Where the severity of non-compliance is high and may involve a data breach, the Personal Data Protection Committee will be informed and necessary actions in line with PDPA will be taken.

To ensure the security of our stakeholders’ information and to prevent a breach of data security, the Group undertakes a series of steps to ensure compliance with our Privacy Policy (Figure 4).

Figure 4: Steps Taken to Ensure Information Security

PDPA & GDPR Compliance	Implementation of Data Protection Procedures	Training	Internal Audits
<ul style="list-style-type: none"> • Continuous education on privacy policies • Ensure compliance of data protection regulations • Strict control over user access rights with approval process in place 	<ul style="list-style-type: none"> • Prospect and client data collection only conducted upon consent • Data is stored digitally in the Customer Relationship Management system, which can only be accessed within The Hour Glass’ network • Marketing information sent on an opt-in basis based on prospects and clients’ preferred mode of contact • Request for identification only if required (e.g. watch collection post-servicing) • Electronic files are password-protected if they contain sensitive data 	<ul style="list-style-type: none"> • DPO provides training relating to security of information • The Hour Glass internal learning platforms provide resources and references on PDPA • New hires’ orientation and induction include briefing on PDPA policies and procedures 	<ul style="list-style-type: none"> • The Hour Glass conducts internal audits and reports audit findings on areas for improvement

Our Perpetual Target	Performance for FY2021
To achieve zero incidents of non-compliance with PDPA and data protection laws that would result in financially punitive measures	<p>100% compliance or zero incidence of reported non-compliance with PDPA and data protection laws in FY2021</p> <p>There were zero substantiated complaints concerning breaches of customer privacy and identified losses of customer data</p> <p>The Group will continue to strive to maintain this record</p>

⁴ <https://www.thehourglass.com/privacy-policy/>

OCCUPATIONAL HEALTH AND SAFETY

Occupational health and safety is important to the Group. The COVID-19 pandemic has resulted in the Group prioritising this key concern as an additional ESG matter.

The Group strives to provide a healthy and safe working environment for all employees at all times. The pandemic heightened the awareness of the need for a safe working environment during COVID-19, and the Group has implemented SMM to enhance the safety and health of all employees accordingly. Our emphasis is on the prevention of the spread of COVID-19 and the protection of well-being of employees and clients. The SMM used in Singapore is developed in conjunction with the government's safety guidelines, which may evolve over time.

Figure 5: Workplace Safe Management Measures

Appointment of Safe Management Officers ("SMO")	Ensure Safe Distancing at Boutiques	Contact Tracing	Observe Good Personal and Work Place Hygiene	Implement Health Checks and Protocols to Manage Potential COVID-19 Cases
<ul style="list-style-type: none"> • Identify risks, recommend mitigating measures and implement measures • Conduct and keep records of inspections and checks • Report non-compliance to Management 	<ul style="list-style-type: none"> • Proper queue and crowd management processes • Work in split teams with no cross deployment between teams • Staggered working hours and break hours for employees 	<ul style="list-style-type: none"> • Record entry of employees and visitors via TraceTogether-Only SafeEntry 	<ul style="list-style-type: none"> • Team members wear masks in boutiques and offices • Train team members on hygiene practices • Clean and disinfect common spaces, high-touch surfaces and equipment frequently 	<ul style="list-style-type: none"> • Check for fever and respiratory symptoms for all team members and visitors • Team members who are feeling unwell must not go to work and should see a doctor

All employees have been informed of the requirements of the SMM and are promptly updated of new developments and protocols with regards to COVID-19.

To safeguard the well-being of our employees during these challenging times, the Group has also implemented a series of talks on health and well-being.

RISK MANAGEMENT

The Group has also adopted Risk Management as an additional ESG matter to reflect the importance of managing risks in the Group. Besides maintaining a sound system of risk management and internal controls, the Group has developed and implemented a Board Assurance Framework which includes an Enterprise Risk Management (“ERM”) Framework to identify the significant risks faced by the Group, the potential impact and likelihood of those risks occurring, the control effectiveness and action plans being taken to mitigate those risks. The Group has also developed a risk governance structure, which provides details on the roles and responsibilities for the Board and management in risk monitoring, escalation, mitigation and reporting.

The Group’s ERM process aims to achieve the following:

- A structured, disciplined and systematic approach to managing risks;
- Robustness of risk information;
- Accountability for outcomes and risk treatment action plans; and
- Sustainability

The following are steps that the Group follow for identifying, assessing and reporting risks:

Figure 6: Steps in Identifying, Assessing and Reporting Risks

STEP 1 Communication and Consultation	STEP 2 Establish Context	STEP 3 Risk Assessment	STEP 4 Risk Treatment	STEP 5 Monitor and Report
Communication of risks and consultation of all relevant external and internal stakeholders to support risk management decisions	<p>A) Establish internal and external context: Understanding of our objectives, KPIs and the external and internal organisational environment in which we operate</p> <p>B) Review risk parameters to assess the likelihood and impact of risks</p>	<p>A) Identify and prioritise key risks: Identification and prioritisation of key risks based on the strategic objectives which we aim to achieve</p> <p>B) Risk analysis and evaluation: Analysis of risk drivers, consequences and existing controls and evaluation of whether the risks identified are managed properly and within the tolerance limits</p>	Implementation of risk treatment action plans to further manage risks to an acceptable level	<p>A) Risk monitoring activities ensure risks are managed in a structured and timely manner</p> <p>B) Risk reporting and escalation to Management and Board / Audit Committee</p>

The Group has established risk appetite statements and tolerance limits to monitor shifts in its significant risks and to proactively manage them within acceptable levels.

The Group’s approach to risk management focuses on ensuring that appropriate controls are in place to effectively manage those risks. Measures are adopted to manage such risks, and risk management policies are monitored by management, and periodically reviewed and approved by the Board.

GRI CONTENT INDEX

GRI Standard Disclosure Reference	Description	Section of Report/Reasons for Omission	Page Reference(s)
GRI 102: General Disclosures 2016			
Organisational Profile			
102-1	Name of the organisation	The Hour Glass Limited	
102-2	Activities, brands, products, and services	About The Hour Glass	04
102-3	Location of headquarters	Singapore	
102-4	Location of operations	About The Hour Glass	04
102-5	Ownership and legal form	About The Hour Glass	04
102-6	Markets served	About The Hour Glass	04
102-7	Scale of the organisation	About The Hour Glass Profile of our Workforce The Hour Glass' 2021 Annual Report	04 08 52-54
102-8	Information on employees and other workers	Profile of our Workforce	08
102-9	Supply chain	About The Hour Glass	04
102-10	Significant changes to the organisation and its supply chain	There were no significant changes to the organisation and its supply chain during the reporting year	
102-11	Precautionary principle or approach	Risk Management The Hour Glass' 2021 Annual Report	13 25-28
102-12	External initiatives	Nil	
102-13	Membership of associations	Singapore Clock and Watch Trade Association Singapore Retailers Association Singapore National Employers Federation	
Strategy			
102-14	Statement from senior decision-maker	Board Statement	03
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behaviour	The Hour Glass' 2021 Annual Report	33-34
Governance			
102-18	Governance structure	Governance Structure	04
Stakeholder Engagement			
102-40	List of stakeholder groups	Stakeholder Engagement	05-06

GRI CONTENT INDEX

GRI Standard Disclosure Reference	Description	Section of Report/Reasons for Omission	Page Reference(s)
GRI 102: General Disclosures 2016			
102-41	Collective bargaining agreements	None of our employees in Singapore is covered by collective bargaining agreements.	
102-42	Identifying and selecting stakeholders	Stakeholder Engagement	05-06
102-43	Approach to stakeholder engagement	Stakeholder Engagement	05-06
102-44	Key topics and concerns raised	Stakeholder Engagement	05-06
Reporting Practice			
102-45	Entities included in the consolidated financial statements	About The Hour Glass	04
102-46	Defining report content and topic Boundaries	About this Report Materiality Assessment	04 07
102-47	List of material topics	Materiality Assessment	07
102-48	Restatement of information	No restatements	
102-49	Changes in reporting	No changes in reporting	
102-50	Reporting period	1 April 2020 – 31 March 2021	04
102-51	Date of most recent report	Sustainability Report 2020 dated 27 August 2020	04
102-52	Reporting cycle	Annually	04
102-53	Contact point for questions regarding the report	You may contact ir@thehourglass.com	
102-54	Claims of reporting in accordance with the GRI Standards	About this Report	04
102-55	GRI content index	GRI Content Index	14-16
102-56	External assurance	About this Report	04

GRI CONTENT INDEX

GRI Standard Disclosure Reference	Description	Section of Report/Reasons for Omission	Page Reference(s)
Material Matter: Regulatory Compliance			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	Materiality Assessment	07
103-2	The management approach and its components	Regulatory Compliance	09-10
103-3	Evaluation of the management approach	Regulatory Compliance	09-10
GRI 419-1: Socioeconomic Compliance 2016			
419-1	Non-compliance with laws and regulations in the social and economic areas	Regulatory Compliance	10
Material Matter: Security of Information			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	Materiality Assessment	07
103-2	The management approach and its components	Security of Information	11
103-3	Evaluation of the management approach	Security of Information	11
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Security of Information	11

THE HOUR GLASS