



SUSTAINABILITY REPORT 2019

HUAN HSIN HOLDINGS LIMITED

INTRODUCTION

ABOUT HUAN HSIN HOLDINGS LIMITED

Huan Hsin Holdings Limited ("Huan Hsin") was founded in 1980 as an integrated contract manufacturer of telecommunications and electronic products.

Our core business activity includes providing one-stop solutions to original equipment and design manufacturers, mainly manufacturing various types of cords and wires.

Our manufacturing plant is located in the People's Republic of China, and the marketing office is located in Taiwan. Our current headquarter is located in Singapore.

[102-1, 102-2, 102-3, 102-4, 102-6, and 102-7]

OUR MISSION AND STRATEGY

We constantly upgrade and adapt our business to anticipate and meet evolving customer needs in an increasingly challenging business environment and ensure the highest levels of customer satisfaction.

[102-14]

CONTACT US

We welcome your comments, thoughts, and remarks, which can be directed to:

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[102-53]

ABOUT THIS REPORT

Reference and Guidelines

Huan Hsin is delighted to present its third year of a Sustainability Report ("SR") which has been prepared in accordance with the Global Reporting Initiative ("GRI") Standards: Core option, the international standard for sustainability reporting. This report is developed with reference to the primary components set in Singapore Exchange Securities Trading Limited's ("SGX-ST") Listing Rules 711A and 711B. For further information on the relevant references, kindly refer to the GRI Content Index found on [GRI Content Index](#) at the end of this report.

This annually published SR discloses our diverse achievements in creating impact through the lenses of economic, environmental, social, and governance ("ESG") for our wide array of stakeholders. The report highlights our key responsible business initiatives and strategies for a continued sustainability commitment.

Reporting Period

This SR covers the sustainability performance of our operations for the financial year ended 31 December 2019 ("FY2019"), unless stated otherwise.

Reporting Principles

The content of this report was defined by the four reporting principles established by GRI Standards:



External Assurance

This SR has not been externally assured. However, we will consider doing so in the future as our sustainability reporting matures.

[102-46, 102-50, 102-52 and 102-54]

MESSAGE FROM BOARD

BOARD STATEMENT



Dear Stakeholders,

Huan Hsin Holdings Limited has continued to produce its third SR and we believe that sustainability is integral in our business strategies that have a direct and indirect impact on our overall business successes.

In our sustainability reporting journey, we have established various responsible business practices to promote long-term sustainability solutions. In line with our sustainability vision to improve the economic, environmental, and social well-being of the communities, we reinforce our sustainability commitment from year-to-year for the best results.

We believe employees are important throughout our business functions. Hence, we uphold fair employment principles by providing equal opportunities and care for our employees' welfare. In FY2019, our employee turnover rate has decreased to 10% as compared to 12% in FY2018. We are proud to maintain good progress in retaining our workforce within the organisation.

As we recognise that sustainability trends in business sectors are always changing for greater ESG impact, the Board of Directors (the "Board") of the Company takes into consideration sustainability issues as part of the strategic formulation as they pursue business growth.

As we progress ahead to FY2020, we pledge in continuing our efforts to improve our ESG performance and proactively integrate sustainable practices into our business strategies.

[102-14]

CERTIFICATION OBTAINED

CERTIFICATION AND RECOGNITIONS



Figure 1: Certification and Recognitions

STAKEHOLDER ENGAGEMENT AND MATERIALITY REVIEW

STAKEHOLDER ENGAGEMENT

At Huan Hsin, we place a strong emphasis on being receptive to our diverse stakeholders' needs and concerns. Over the years, the materiality and stakeholders' interest are evolving, allowing us to re-align our business strategies to the most pertinent issues identified by both our internal and external stakeholders. We maintain regular communication with our stakeholders by providing an open and transparent channel for their concerns. We review their concerns and respond in a timely manner. This allows us to continuously improve our business processes. [102-42, 102-43, 102-44]

RESULTS FROM MATERIALITY ASSESSMENT

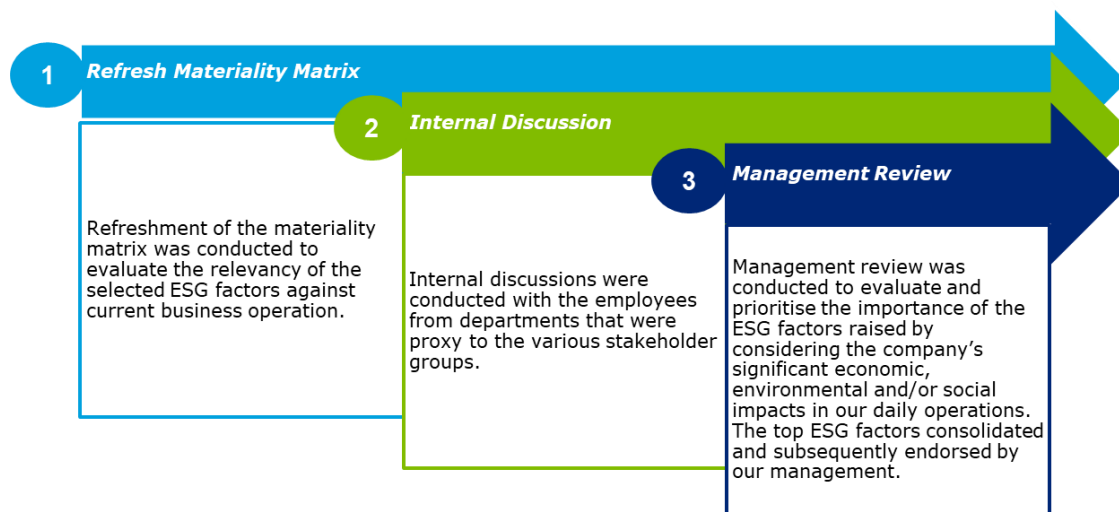


Figure 2: Materiality Assessment Procedures

[102-42, 102-43, 102-44]

MATERIAL ASPECTS AND INDICATORS IDENTIFIED

TOP PRIORITIES	
GRI 201-1	Direct economic value generated and distributed
GRI 302-1	Energy consumption within the organisation
GRI 307-1	Non-compliance with environmental laws and regulations
GRI 308-1	New suppliers than were screened using environmental criteria
GRI 401-1	New employee hires and employee turnover
EMERGING PRIORITIES	
GRI 303-1	Water withdrawal by source
GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities
GRI 404-1	Average hours of training per year per employee

Table 1: Materiality Aspects and Indicators Identified

[102-44, 102-47]

REPORTING SCOPE AND BOUNDARIES

Material Aspects	List of ESG Indicators	Aspect Boundary ¹
Economic Performance	GRI 201-1: Direct economic value generated and distributed	Within organisation
Energy	GRI 302-1: Energy consumption within the organisation	Within organisation
Environmental Compliance	GRI 307-1: Non-compliance with environmental laws and regulations	Within organisation
Supplier Environmental Assessment	GRI 308-1: New suppliers that were screened using environmental criteria	Within organisation
Employment	GRI 404-1: New employee hires and employee turnover	Within organisation

Table 2: Reporting Scope and Boundaries

[102-46, 102-47]

¹ Aspect Boundary is a description of where the impacts occur for a material topic and the organisation's involvement with those impacts. Organisations might be involved with impacts either through their own activities or as a result of their business relationships with other entities. Global Reporting Initiatives (GRI)

OUR ECONOMIC PERFORMANCE

KEY HIGHLIGHT ON OUR ECONOMIC PERFORMANCE

For the financial year ended 31 December 2019, Huan Hsin achieved total revenue of SGD 11.2 million. For a detailed breakdown of its 2019 financial results, please refer to the result announcement for financial year ended 31 December 2019 released on 27 March 2020 for full detail.

[103-1, 103-2, 103-3, 201-1]

OUR PEOPLE

OUR APPROACH

We regard our people as our greatest asset and we continue to maximise our efforts in providing an engaged and conducive working environment for all our employees. We believe in a skilled workforce and career development is vital in achieving maximum productivity and enhanced product quality. Hence, we strive to equip our employees with career development opportunities through training. We further strengthen our workforce by establishing collective team approaches to promote respect amongst employees at Huan Hsin. [103-1, 103-2, 103-3]

EMPLOYMENT DATA

To date, we have a strong workforce of 276 employees. The graphs below show our employees breakdown by gender and age categories.

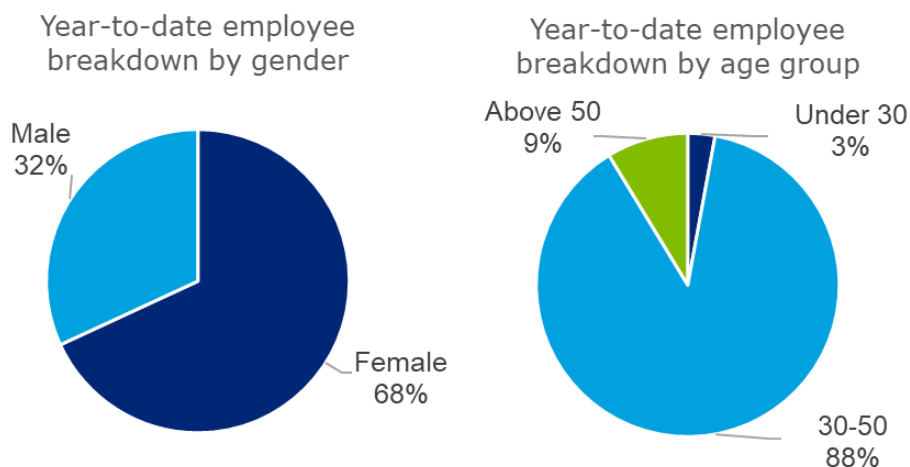


Figure 3: Employee Statistics by Gender and Age Group

In FY2019, our employee turnover rate has shown a decreasing trend since FY2017. Comparatively, our turnover rate for FY2019 is 10%, which is lower compared to 12% in FY2018. Meanwhile, our employee new hire rate has increased to 2% as compared to 1% in FY2018. We thrive on employing employees reasonably in line with our Human Resource Policy, which is in parallel with Singapore's fair employment guidelines laid out by the Ministry of Manpower. In the coming years, we aspire to hire, train, and retain our employees by offering a conducive and satisfactory working environment.

The below charts show the detailed breakdown of our employment statistics on turnover rate and new hire rate from FY2017 – FY2019.

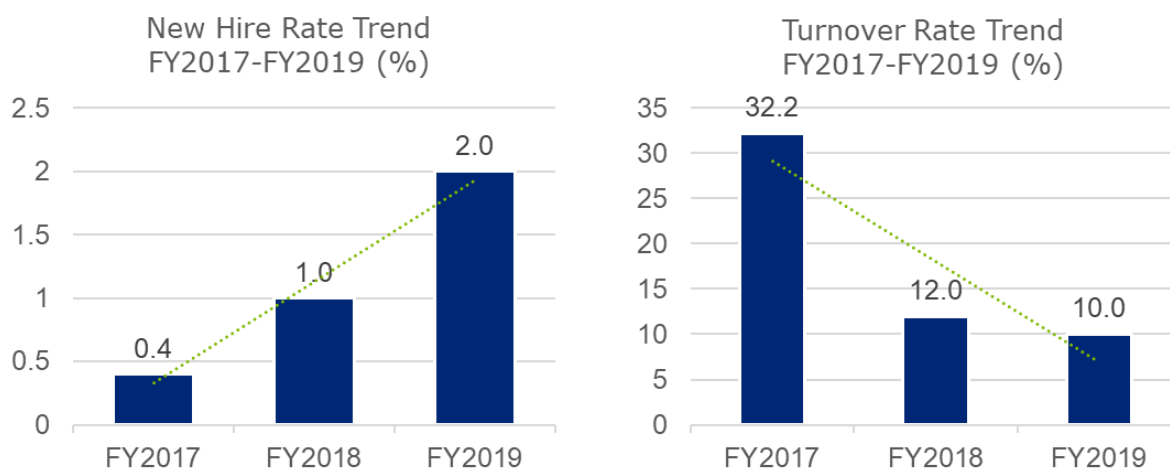


Figure 4: Employee New Hire and Turnover Rate FY2019

[401-1]

EMPOWERING OUR EMPLOYEES

We believe in investing the right resources to maximise overall business productivity and manufacture products with the highest quality while we care for our employees' career development. We provide our employees with training and education to enhance their capabilities at carrying out their respective roles. As part of integrating responsible business practices, we continue to deliver education programmes related to workplace safety and responsible energy consumption to all our employees.

We trust that good teamwork translates to better working conditions for all our employees; hence, we include teambuilding activities to instill values on cohesiveness. These activities bring together employees from all levels and it allows understanding each other well as we tailor the leadership styles that managers should adopt in managing their employees.

As the industry is actively evolving and market competitiveness is increasing, employees need to continue improving their skills. In FY019, we pledged to roll out training programmes for high-performing individuals with leadership potential to advance them to the next level. At Huan Hsin, we support progressive skill enhancement and encourage our employees to attend career development programmes to perform their roles to their fullest potential further.

In FY2019, 68 employees from all categories, including managerial, executive, and non-executive have received the training we have trained which is higher compared to 33 employees who are trained in FY2018. [102-8]

ENVIRONMENT

OUR APPROACH

We care for our impact on the environment and are aware of recent sustainability trends within the manufacturing industry. Positive ESG impact remains as our core priority in our business operations. We are proud to be an ISO 14001 certified company and we have company policies on mitigating environmental risks, which is documented in our Environmental, Health and Safety Manual. At Huan Hsin, we continue to advocate and encourage all our employees including Board members to read, understand, and uphold the highest integrity to promote best practices in managing or reducing environmental impact.

All our potential suppliers are also expected to adhere to The Environmental Health and Safety Manual. In ensuring we conduct our business responsibly in our supply chain, all suppliers must meet the strict set of environmental criteria that we set. We look forward to engaging suppliers who demonstrate a strong commitment to the sustainable supply chain. [103-1, 103-2, 103-3]

ENVIRONMENTAL COMPLIANCE

We regularly analyse the current law trends concerning environmental compliance in countries we operate. To stay ahead of ever-evolving environmental compliance demands, we have designed and rolled-out environmental management mechanisms, emergency plans, and environmentally-safe work procedures. We strive to monitor our mechanism from time to time. We aspire to maintain this level of performance through continued policy adherence and by aligning it to current environmental compliance industry trends. [307-1]



Total number of non-monetary sanctions



Cases brought through dispute resolution mechanisms



Total monetary value of significant fines

In FY2019, there were no incidences involving fines or non-monetary sanctions for non-compliance with environmental law and/or regulations

ENERGY

As we recognise, that energy consumption is the key issue of concern, we embrace practices that are more environmentally friendly, such as improving energy efficiency in our business operation. We regularly raise awareness among our employees to be mindful of their actions to reduce energy consumption. For instance, employees periodically remind each other to switch off their equipment when not in use or been away from their respective workstations for a long time. We keep tracking our energy consumption level every week by assigning our managerial staff to run regular monitoring and strict inspections at workstations.

We continue to align our efforts and initiatives to our goal to reduce energy consumption by having regular monitoring initiatives in place. The measures that we take on enable us to achieve greater energy efficiency that reduces the overall operational costs.

The below charts show the detailed breakdown of our energy consumption statistics.

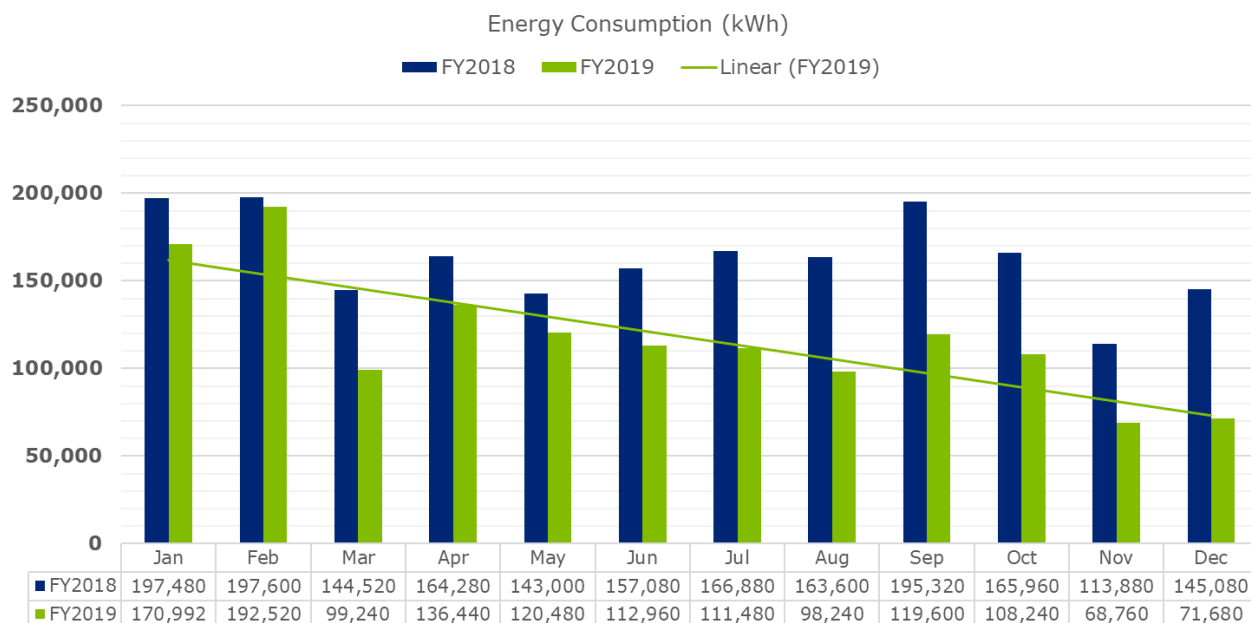


Figure 5: Energy Consumption (kWh)

Our total energy consumption for 2019 was recorded at 1,410,632 kWh shows a decreasing trend from January 2019 to December 2019.

Looking ahead, we have plans to roll out more initiatives to reduce our energy consumption in years to come. We regularly conduct training on energy consumption topic. We continued to update our posters in employees' workstations on the benefits of conserving energy and timely reminders on responsible practices. We are in the process of establishing an Energy Management Policy to regulate energy usage per employee based on their duties

[103-1, 103-2, 103-3, 302-1]

SUPPLIER ASSESSMENT

In ensuring the highest integrity of our suppliers, we assess our potential suppliers. We embrace responsible practices in including relevant environmental standards in our supplier contracts. The environmental standards include compliance with current environmental laws and regulations and the impact of supplier's products and services including transporting operations to the environment.

The Environmental Health and Safety Manual outlines employees' roles and responsibilities in detail, to start the assessment process for potential suppliers. The process includes creating new supplier's files and detailed evaluation of suppliers' choice of material for product manufacturing. This process is crucial for Huan Hsin to uphold responsible practices for improved safety and environmental compliance.

In FY2019, we have onboarded 11 new suppliers, drawing our total number of suppliers to 171 and all of our new suppliers were assessed based on our company's environmental standards. We have established standard procedures to ensure all new and potential suppliers are carefully assessed upon onboarding.

[103-1, 103-2, 103-3, 308-1]

GOVERNANCE

CORPORATE GOVERNANCE

It is essential to have good governance and integrity to protect our reputation, avoid conflict of interests in our business activities and stay on the path towards a sustainable business culture that will generate long-term value creation for all our stakeholders.

[102-18]

GRI CONTENT INDEX

TABLE OF GRI CONTENT INDEX

GRI Standard 2016	Disclosure Title	Section Reference & Remarks
GRI 102: GENERAL DISCLOSURE 2016		
ORGANISATIONAL PROFILE		
102-1	Name of the organisation	2019 Sustainability Report: About Huan Hsin Holdings Limited
102-2	Activities, brands, products and services	2019 Sustainability Report: About Huan Hsin Holdings Limited
102-3	Location of headquarters	2019 Sustainability Report: About Huan Hsin Holdings Limited
102-4	Location of operations	2019 Sustainability Report: About Huan Hsin Holdings Limited
102-5	Ownership and legal form	Not Applicable
102-6	Markets served	2019 Sustainability Report: About Huan Hsin Holdings Limited
102-7	Scale of the organisation	2019 Sustainability Report: About Huan Hsin Holdings Limited
102-8	Information on employees and other workers	2019 Sustainability Report: Employment Data
102-9	Supply Chain	2019 Sustainability Report: About Huan Hsin Holdings Limited
102-10	Significant changes to organisation and its supply chain	Not Applicable
102-11	Precautionary principle or approach	2019 Sustainability Report: Corporate Governance
102-12	External Initiatives	2019 Sustainability Report: Certification And Recognitions
102-13	Membership of associations	Not Applicable
STRATEGY		
102-14	Statement from senior decision-maker	2019 Sustainability Report: Board Statement
ETHICS AND INTEGRITY		
102-16	Values, principles, standards, and norms of behaviour	2019 Sustainability Report: Our Mission And Strategy
GOVERNANCE		
102-18	Governance structure	2019 Annual Report: Corporate Governance Report – To be released soon 2019 Sustainability Report: Corporate Governance
STAKEHOLDER ENGAGEMENT		
102-40	List of stakeholder groups	2019 Sustainability Report: Stakeholder Engagement
102-41	Collective bargaining agreements	Not Applicable

GRI Standard 2016	Disclosure Title	Section Reference & Remarks
GRI 102: GENERAL DISCLOSURE 2016		
102-42	Identifying and selecting stakeholders	2019 Sustainability Report: Stakeholder Engagement
102-43	Approach to stakeholder engagement	2019 Sustainability Report: Stakeholder Engagement
102-44	Key topics and concerns raised	2019 Sustainability Report: Material Aspects And Indicators Identified
REPORTING PRACTICE		
102-45	Entities included in the consolidated financial statements	2019 Annual Report: Notes to Financial Statements – To be released soon
102-46	Defining report content and topic Boundaries	2019 Sustainability Report: Reporting Scope And Boundaries
102-47	List of material topics	2019 Sustainability Report: Material Aspects And Indicators Identified
102-48	Restatements of information	Not Applicable
102-49	Changes in reporting	Not Applicable
102-50	Reporting period	2019 Sustainability Report: About This Report
102-51	Date of most recent report	2019 Sustainability Report: About This Report
102-52	Reporting cycle	2019 Sustainability Report: About This Report
102-53	Contact point for questions regarding the report	2019 Sustainability Report: Contact Us
102-54	Claims of reporting in accordance with the GRI Standards	2019 Sustainability Report: About This Report
102-55	GRI content index	2019 Sustainability Report: Table Of Gri Content Index
102-56	External assurance	2019 Sustainability Report: About This Report

GRI Standard 2016	Disclosure Title	Section Reference & Remarks
GRI 103: MANAGEMENT APPROACH 2016		
103-1	Explanation of the material topic and its boundary	Economic Performance 2019 Annual Report: Consolidated Statement of Profit or Loss - To be released soon 2019 Sustainability Report: Highlight On Economic Performance Energy 2019 Sustainability Report: Energy Environment Compliance 2019 Sustainability Report: Environmental Compliance Supplier Environmental Assessment 2019 Sustainability Report: Supplier Assessment Employment 2019 Sustainability Report: Employment Data
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
MATERIAL TOPICS		
GRI 201: ECONOMIC PERFORMANCE 2016		
201-1	Direct economic value generated and distributed	2019 Annual Report: Consolidated Statement of Profit or Loss - To be released soon 2019 Sustainability Report: Highlight On Economic Performance
GRI 302: ENERGY 2016		
302-1	Energy consumption within the organisation	2019 Sustainability Report: Energy
GRI 307: ENVIRONMENTAL COMPLIANCE 2016		
307-1	Non-compliance with environmental laws and regulations	2019 Sustainability Report: Environmental Compliance
GRI 308: SUPPLIER ENVIRONEMNTAL ASSESSMENT 2016		
308-1	New suppliers that were screened using environmental criteria	2019 Sustainability Report: Supplier Assessment
GRI 401: EMPLOYMENT 2016		
401-1	New employee hires and employee turnover	2019 Sustainability Report: Employment Data

[102-55]