



THE HOUR GLASS

SUSTAINABILITY REPORT 2022

BOARD STATEMENT

The Board is pleased to present the fifth Sustainability Report for The Hour Glass Limited (the **"Company"**) and its subsidiaries (collectively, the **"Group"**), for the financial year ended 31 March 2022 (**"FY2022"**). 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. The Group has conducted a review of the material ESG matters in FY2022 and made some amendments to them which will be elaborated in the rest of the report.

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

26 August 2022

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. 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 watches from the world's best watch manufacturers. Each of the Group's boutiques are strategically located in the core luxury retail precincts in Singapore, Hong Kong, Japan, Australia, New Zealand, Malaysia, Thailand and Vietnam. Principal activities of the Group include the retail and wholesale distribution of watches, jewellery and other luxury goods, investment in properties and investment holding.

ABOUT THIS REPORT

This is the Company's fifth Sustainability Report, which presents our approaches and performance in respect of our key ESG matters for the period from 1 April 2021 to 31 March 2022 ("**FY2022**"). 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 FY2022, while comparative data from 1 April 2020 to 31 March 2021 ("**FY2021**") and 1 April 2019 to 31 March 2020 ("**FY2020**") 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 the Group's management that reports directly to the Board and key employees representing various relevant departments.

With the Board's endorsement, the Group Sustainability Committee 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 Hong Kong, Japan, Australia, New Zealand, Malaysia, 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 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	
Clients	<ul style="list-style-type: none"> Excellence in service delivery Good product quality High levels of brand and product knowledge offered by trained watch specialists Good after-sales care A unique retail experience 	<ul style="list-style-type: none"> The Group's digital platforms Engaging with clients through events and tailored experiences 	Ongoing	<ul style="list-style-type: none"> Responding to our clients' enquiries and feedback in a prompt and professional manner Update and upkeep our boutiques to enhance our clients' shopping experience Team members are trained to provide consistent and qualitative consultations Frequent client engagement activities and events
Brand Partners	<ul style="list-style-type: none"> Conduct of business Prompt payment Provision of retail environment that is in line with their brand positioning 	<ul style="list-style-type: none"> Correspondence through emails and phone calls Business 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 maintain the boutiques so that they are in line with their desired brand positioning

STAKEHOLDER ENGAGEMENT

Engaged Stakeholder Group	Key Concerns Raised by Stakeholder Group	Modes of Engagement	Frequency of Engagement	The Hour Glass' Response
Employees	<ul style="list-style-type: none"> • Job security and fair remuneration • Career progression, training and upgrading of skills • Workplace safety 	<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 • Regular team luncheons between team members and the executive committee team to gather members' feedback on issues and challenges at work • Performance appraisals 	Ongoing	<ul style="list-style-type: none"> • Talent management policy in place to identify and develop talent, and to ensure they acquire the desired skills and knowledge • Conduct performance evaluation and reward team members with appropriate recognition based on key performance indicators ("KPIs") • Enhance specific safety measures and awareness at workplace: Training employees for emergency procedures and protocol • Render support to employees in times of crises due to personal or work circumstances • Strict adherence to government's guidelines on safety and health procedures
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 • Regular review and update of policies, procedures and practices • 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"> • Policies, procedures and practices to ensure regulatory compliance • 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

The comprehensive materiality assessment helps the Group to assess and identify ESG matters that are important to The Hour Glass and our stakeholders. This assessment is conducted through a four-step process as shown in Figure 1 below.

Figure 1: Materiality Assessment Process

1	Identification 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.
2	Prioritisation 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.
3	Validation Material matters that were identified in Step 2 were presented to the Board for their validation.
4	Review 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.

In FY2022, the Group conducted a review of the ESG matters to ensure that we continue to stay focused on relevant priorities. Through this process, two material and one additional ESG matters were retained. 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	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. A healthy mix of experience, differing perspectives and backgrounds helps the Company to stay ahead.

Figure 2: Employees by Gender

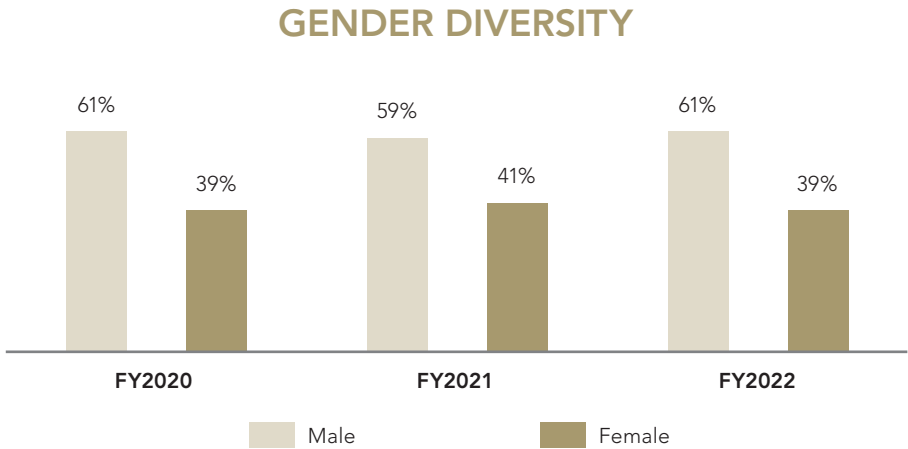
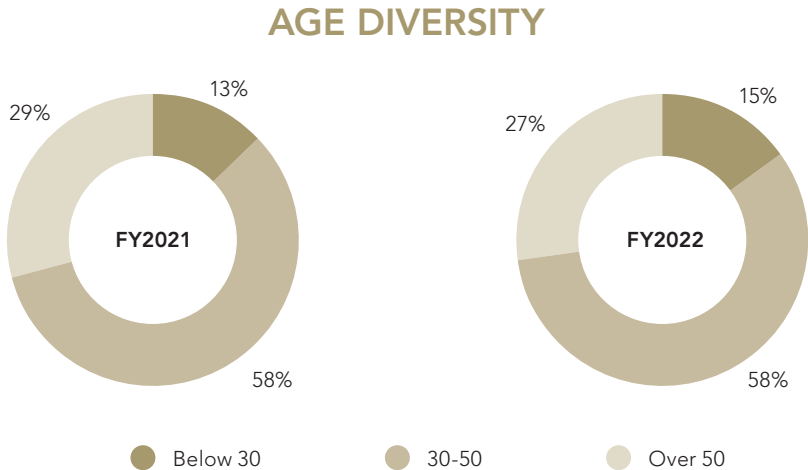


Figure 3: Employees by Age Group



In FY2022, our operations in Singapore employed a total of 241 employees² (FY2021: 241 employees) and 6 contractors (non- employees³) (FY2021: 4 contractors).

² 239 Full-time, permanent employees and 2 full-time, temporary employees for FY2022 and FY2021

³ Contractors (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 1967, 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

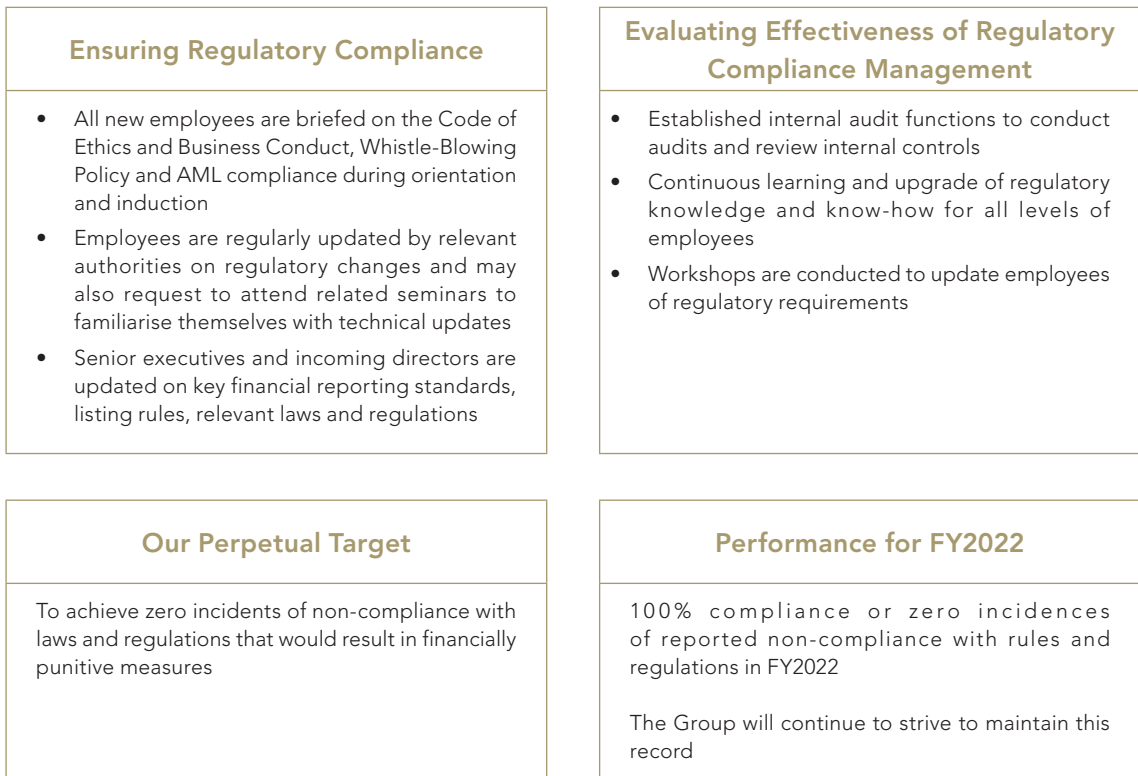
Policy	Elaboration
Code of Ethics and Business Conduct	<ul style="list-style-type: none"> • All employees are obliged to act in alignment with the code, which is accessible to all via the Group's intranet platform • Employees are expected to act with integrity, objectivity and in compliance with the 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 and regularly circulated to employees via electronic mail, provides a channel for employees to raise concerns about possible impropriety in matters of financial reporting, fraudulent acts or behaviour that might constitute a contravention of any rules, regulations or internal policies • 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 ("AML")	<ul style="list-style-type: none"> • The Company implements internal policies, procedures and controls ("IPPC") as a guide to AML responsibilities • To ensure compliance, employees are required to attend training sessions during the onboarding process • Internal training sessions are conducted twice a year • IPPC are made available to all employees through the employees' online platforms

REGULATORY COMPLIANCE

Policy	Elaboration
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
Tax Management Policy	<ul style="list-style-type: none"> The policy ensures the Company complies with statutory and legal tax obligations, including conducting appropriate due diligence before adopting a tax position The policy is overseen by the Finance department which is responsible for the overall coordination and tax planning, and monitoring of all tax issues

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 4 shows several actions taken to ensure and assess the standards of regulatory compliance within the Group.

Figure 4: The Hour Glass’ Practices for Ensuring and Assessing Regulatory Compliance



More information on the Group’s corporate governance policies and practices can be found in The Hour Glass’ 2022 Annual Report, Corporate Governance section (pages 16 to 41).

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 5).

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

SECURITY OF INFORMATION

Figure 5: Steps Taken to Ensure Information Security

<p>PDPA & GDPR Compliance</p> <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 <p>Implementation of Data Protection Procedures</p> <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 • Cybersecurity assessments are performed to ensure data security is not compromised <p>Training</p> <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 include briefing and eLearning on PDPA policies and procedures • Employees are enrolled for courses related to data security, PDPA, GDPR and other related courses as part of continuous education <p>Internal Audits</p> <ul style="list-style-type: none"> • The Hour Glass conducts internal audits and reports audit findings on areas for improvement <p>Third Parties</p> <ul style="list-style-type: none"> • Any third party involved in handling of personal data are required to adhere to data protection policies and procedures • Third parties may be required to sign non-disclosure agreements and undertakings to protect personal data

<p>Our Perpetual Target</p>
<p>To achieve zero incidents of non-compliance with PDPA and data protection laws that would result in financially punitive measures</p>

<p>Performance for FY2022</p>
<p>100% compliance or zero incidence of reported non-compliance with PDPA and data protection laws in FY2022</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>

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, and 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

RISK MANAGEMENT

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

Figure 6: Steps in Identifying, Assessing and Reporting Risks

<p>Step 1: Communication and Consultation</p> <p>Communication of risks and consultation of all relevant external and internal stakeholders to support risk management decisions</p>
<p>Step 2: Establish Context</p> <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>Step 3: Risk Assessment</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>
<p>Step 4: Risk Treatment</p> <p>Implementation of risk treatment action plans to further manage risks to an acceptable level</p>
<p>Step 5: Monitor and Report</p> <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 headquarter	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' 2022 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' 2022 Annual Report	13 25-29
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' 2022 Annual Report	34-35

GRI CONTENT INDEX

GRI Standard Disclosure Reference	Description	Section of Report/Reasons for Omission	Page Reference(s)
GOVERNANCE			
102-18	Governance structure	Governance Structure	04
STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups	Stakeholder Engagement	05-06
102-41	Collective bargaining agreements	None of our employees in Singapore are 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 2021 – 31 March 2022	04
102-51	Date of most recent report	Sustainability Report 2021 dated 31 August 2021	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	15-17
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	11-12
103-3	Evaluation of the management approach	Security of Information	11-12
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Security of Information	12

THE HOUR GLASS