

OUTLINING GROWTH STRATEGIES

SUSTAINABILITY REPORT 2022



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BOARD STATEMENT

We are pleased to present the annual Sustainability Report of HS Optimus Holdings Limited (“**HSO**”, the “**Company**”, and together with its subsidiaries, the “**Group**”) for our financial year ended 31 March 2022 (“**FYE22**”).

The continuous outbreak of the COVID-19 pandemic has significantly disrupted the global supply chain and raw material disruptions together with the ongoing Russian – Ukraine conflict that continues to affect the global economy. Nonetheless, the Group remains committed to manoeuvring through the ongoing COVID-19 pandemic and conduct our business in an economically sustainable manner. In light of the pervasive health impact of COVID-19, the protection of health of our employees remains to be the Group’s greatest concern. In order to safeguard the wellbeing of our employees, a series of safe workplace measures such as the mandatory fortnightly self-testing of COVID-19 using the Rapid Antigen Saliva Test Kit, mandatory wearing of face masks, safe distancing and regular sanitisation at our workplaces were implemented in FYE22.

Recognising the importance of sustainability, our Board of Directors (“**Board**”) leads the sustainability efforts of the Group. The Board has considered sustainability issues as part of its strategic formulation, determined the material economic, environmental, social and governance (“**EESG**”) factors relevant to its business and overseen the management and monitoring of these material EESG factors.

We continue to stay committed to conducting business in a sustainable manner to build a sustainable future and delivering greater value to our esteemed stakeholders.

ABOUT THIS REPORT

In this report, we have applied the Global Reporting Initiative (“**GRI**”) Standards by considering the Group’s activities, impact and substantive expectations as well as interests of its stakeholders. For reporting quality, we observed the principles of balance, comparability, accuracy, timeliness, clarity and reliability.

The EESG data and information provided in this report have been derived from internal data monitoring and verification to ensure accuracy. We may consider seeking external assurance in the future.

REPORTING PERIOD, SCOPE AND FRAMEWORK

This report is issued on an annual basis (most recently on 31 August 2021) and has been prepared with reference to the GRI Standards: Core option, and on a “comply or explain” basis in accordance with Rule 711B and Practice Note 7F of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Section B: Rules of Catalist (“**Catalist Rules**”). We have chosen to report using the GRI Standards because it is an internationally recognised sustainability reporting framework that covers a comprehensive range of sustainability disclosures. Moreover, the structured framework promotes

reporting a full and balanced picture of the material EESG factors affecting the Group and the management of its impact.

Corresponding to the GRI Standards' emphasis on materiality, this report highlights the EESG related initiatives carried out throughout the 12-month period, from 1 April 2021 to 31 March 2022 by the Group's Doors Business. Further information on the Group's activities, products, brands and services can be found in the "Our Businesses" section of our 2022 Annual Report released via SGXNET and our corporate website on 13 July 2022.

While the Group has property investment and development business, this report has not included information on our property business. As disclosed previously and in our voluntary business update released via SGXNET on 30 August 2022, the Group has completed the acquisition of land in Jakarta, Indonesia and will continue to remain cautious and calibrated in relation to the necessary applications for the respective permits. This process has been delayed in Jakarta due to the outbreak of the COVID-19 pandemic. In relation to our property at Lincoln Square in Melbourne, as disclosed in our voluntary business update on 30 August 2022, we engaged Melbourne's leading realtors and agents to continue to pursue suitable tenants to lease out the fully refurbished five-storey freehold heritage building.

The Group has obtained shareholders' approval in December 2021 for the secured property financing business and due to the continued uncertainties and the current global economic outlook impacted by the COVID-19 pandemic, the Group will continue to rely substantially on its existing doors business

In FYE22, the Group has completed the voluntary winding up of its wholly owned subsidiary, Dongguan Lebex Doors Co Ltd. ("**Lebex**") which was announced via SGXNET on 1 August 2021. As such, no data relating to Lebex has been relied on to prepare this report.

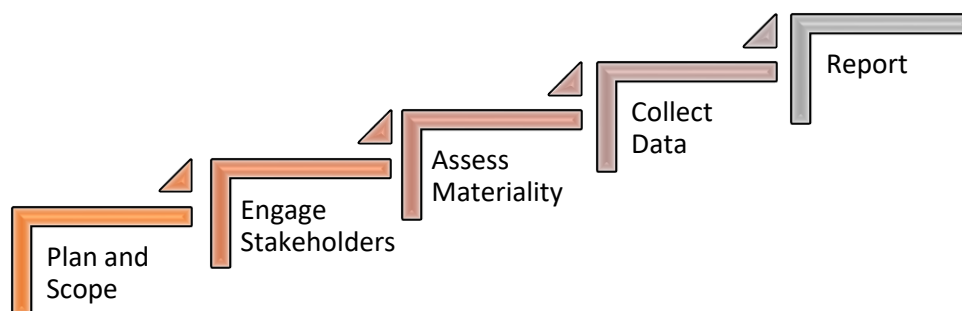
FEEDBACK

We welcome feedback from our stakeholders with regards to our sustainability efforts as this enables us to improve our policies, systems and results. Please send your feedback to enquiries@hso.com.sg.

As part of our conservation efforts, no hard copy of this report is printed. We have uploaded a digital copy on our website at www.hso.com.sg.

SUSTAINABILITY APPROACH



OUR SUSTAINABILITY APPROACH








STAKEHOLDER ENGAGEMENT AND IDENTIFICATION OF MATERIAL EESG FACTORS

An important starting point in our sustainability reporting is to identify our stakeholders and the material EESG factors relevant to our business. We define our stakeholders as persons or groups whom our business has a significant impact on and those with a vested interest in our business or operational performance.

We have identified the following stakeholders who have significant impact on our operations and sustainability performance. We will continue to maintain open communication and strong relationships with our stakeholders to better understand their concerns. These key stakeholders include, but are not limited to the Board, employees, customers, suppliers, the investing public, local government and local communities. We adopt both formal and informal channels of communication to understand the needs of key stakeholders and incorporate these into our corporate strategies to achieve mutually beneficial relationships. The following sets out our engagement platforms with our stakeholders:

Stakeholders	Engagement Platforms	Frequency	Topics Discussed / Key Concerns raised
BOARD OF DIRECTORS 	Board Meetings Board Papers	Quarterly	Financial performance, policies and strategies and annual budgets
EMPLOYEES 	Staff Appraisal Staff bonding sessions & whistleblowing policy	As and when, and annually	Employee compensation and benefits, personal developments and performance appraisal. No reports received for whistleblowing for FYE22
	Employee Sustainability Report Feedback Form	Annually	Feedback on content, style, format of Sustainability Report

Stakeholders	Engagement Platforms	Frequency	Topics Discussed / Key Concerns raised
CUSTOMERS 	Face-to-face/Virtual meetings Email feedback Customer satisfaction questionnaire	As and when, and annually	Product quality level, punctuality of shipment and timely submission of quotation
SUPPLIERS AND SERVICE PROVIDERS 	Face-to-face/Virtual meeting Vendor Assessment	As and when	Delivery performance and Quality performance
INVESTORS / SHAREHOLDERS 	Annual General / Extraordinary General Meeting Annual Report Other corporate announcements Group's website	As and when, and annually	Financial performance and strategic planning. Accurate, timely and transparent disclosure of information
LOCAL GOVERNMENT 	Regular reporting Inspections E-mail / Circulars Survey	As and when, and annually	Regulatory and compliance matters
LOCAL COMMUNITIES 	Community outreach initiatives	As and when	Contribution to local community

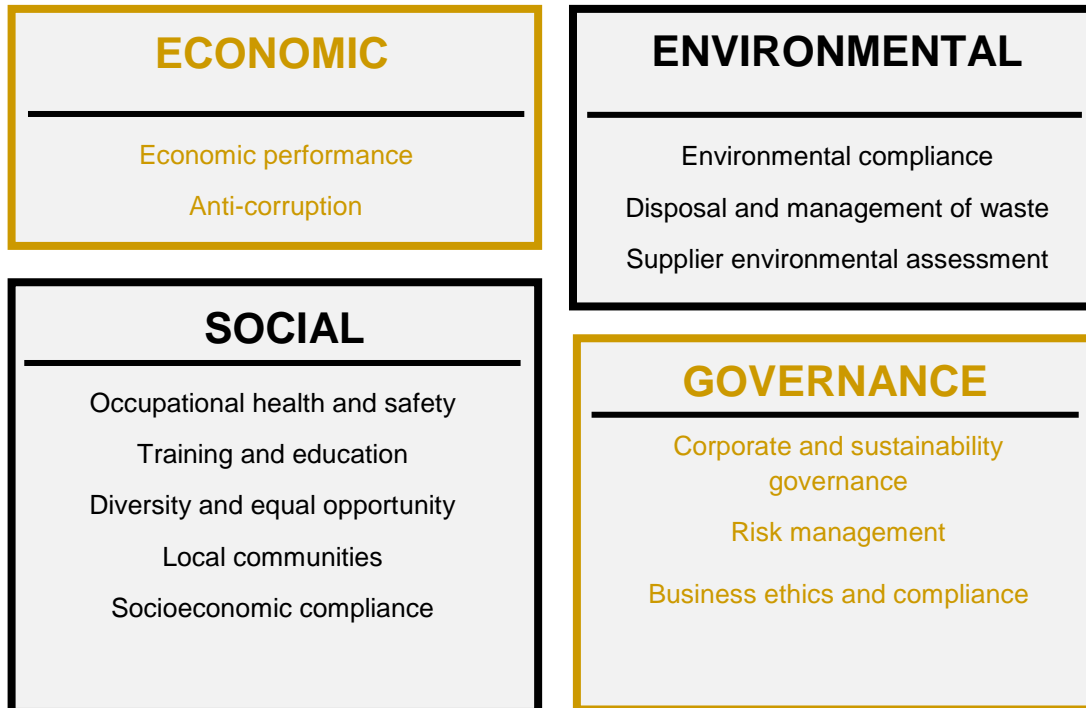
MATERIALITY ASSESSMENT

After identifying key stakeholders, Management identifies relevant EESG factors, taking into consideration their relevance to the business, strategy, business model and key stakeholders. Relevant EESG factors are then prioritised to identify material EESG factors that the Management considers significant to the Group and its stakeholders which are subject to validation by our Board. The result of this process is a list of material EESG factors to be disclosed in this report. The process described is shown below:



Materiality refers to issues or factors that have a present or future impact on the Group's value creation and its business over time.

To determine if an EESG factor is material, we conducted a materiality assessment during FYE22 and assessed its potential impact on the economy, environment, society, and the influence on the stakeholders. Based on the materiality assessment and feedback from our stakeholders, we have identified the EESG factors which are material to the Group in FYE22.



ECONOMIC

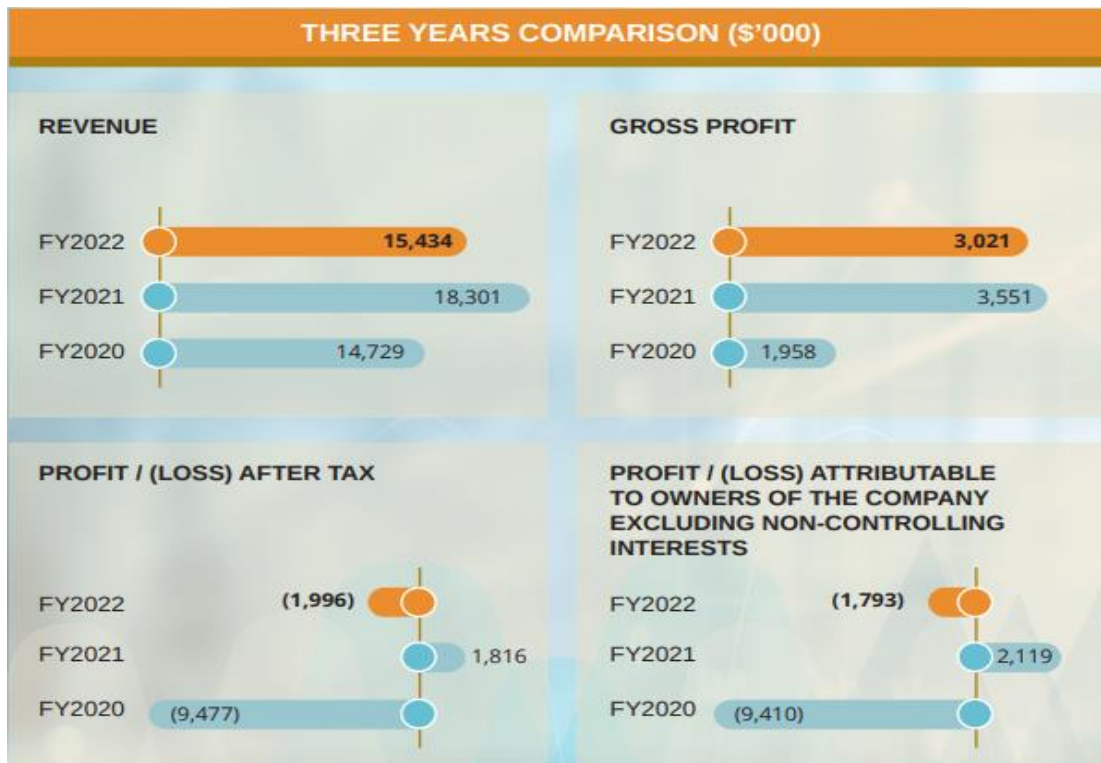
ECONOMIC PERFORMANCE

HSO firmly believes that focusing on financial sustainability is critical and we are fully committed to the highest standards of corporate governance. The Group's basic principle is that long-term profitability and shareholder value is ensured by taking into account the interests of stakeholders, such as shareholders, employees, suppliers, and society as a whole.

In FYE22, the Group continues to feel the impact and disruptions brought about by another year of the global COVID-19 pandemic. Since the onset of the pandemic, global economic and macro-economic difficulties and continued supply chains and raw materials disruption have resulted in obstruction of delivery of finished goods to our overseas customers as well as incoming raw materials not received on time and shortage of raw materials. The Group also had to temporarily cease all production activities due to the movement control orders implemented by the Malaysian Government from 1 June 2021 to 13 September 2021 which contributed to the deterioration in our financial performance for FYE22.

Below are the financial highlights extracted from our 2022 Annual Report:

FINANCIAL HIGHLIGHTS	FY2019	FY2020	FY2021	FY2022
Revenue (\$'000)	30,295	14,729	18,301	15,434
Profit (Loss) after tax (\$'000)	(1,486)	(9,477)	1,816	(1,996)
Shareholders' equity (\$'000)	74,067	62,643	64,631	62,442
Earnings (Losses) per share "EPS" (cents)	(0.026)	(0.175)	0.039	(0.033)
Net asset value per share "NAV" (cents)	1.38	1.16	1.20	1.16



For detailed financial results, please refer to the following sections in our 2022 Annual Report released on 13 July 2022 via SGXNET and our corporate website:

- Financial and Operational Review, pages 7 to 9
- Audited Financial Statements, pages 51 to 116

For the financial year ending 31 March 2023 ("FYE23"), HSO will continue to navigate a highly volatile and uncertain global operating environment still ravaged by the COVID-19 pandemic and the ongoing Russian – Ukraine conflict that continues to affect the global economy. HSO will remain cautious with regards to market conditions and continue to on-board new customers and understand the purchasing trend of customers so as to grow the business in a sustainable manner and to stay vigilant in managing costs in order to remain competitive.

ANTI-CORRUPTION

At HSO, we do not tolerate any form of corruption. This has been made clear to all of our employees, our suppliers and our business partners. We, together with our Board of Directors, are committed to conducting business that is consistent with the standards of corporate governance. As one of the elements of corporate governance, HSO has an existing Whistleblowing policy in place to protect a genuine whistle blower from any unfair treatment.

The individual may report his/ her concern to the Audit Committee Chairman (via e-mail, mail or telephone) on a confidential basis. The Audit Committee Chairman is responsible for handling all the reported cases and ensuring that issues raised are properly resolved by the Management or such parties as appropriate and within a reasonable timeframe. Any report of corruption is escalated to

the attention of senior management.

We have achieved our target set in FYE22, which was to maintain zero incidents of corruption. For FYE23, we will strive to maintain our target of zero incidents of corruption too. Additionally, we will conduct regular review on the policies regarding whistleblowing and anti-corruption as well as regular monitoring in relation to any sanctions-related risks in view of the Russian – Ukraine conflict.

ENVIRONMENTAL

ENVIRONMENTAL COMPLIANCE

Regular activities including inspection and testing were performed in HSO to ensure compliance with environmental and safety regulations (Environmental Quality Act 1974 & ISO 14001:2015). Throughout FYE22, the following activities took place at our Johor production facility and were monitored by our external service providers:

Date	Details / Regulation
21 January 2022	Isokinetic Stack and Air Emission
22 October 2020	Chemical Exposure Monitoring
2 December 2021	Environmental Noise Monitoring
1,2 December 2021	Environmental Air Monitoring
1,2 December 2021	Annual Examination & Testing of Local Exhaust Ventilation
2 December 2021	Sewage Monitoring
2 December 2021	Effluent Monitoring
26 April 2022	Chemical Health Risk Assessment

The Quality and Environmental Policy sets out the Group's quality control policies for incoming raw materials and acceptable environmental standards for production procedures, which is based on the quality standards set under ISO 9001:2015, the air, noise, sewage and effluent standards set under ISO 14001: 2015, and the chemical exposure and annual local exhaust ventilation requirements under the Occupational Safety and Health Administration, respectively. The Quality and Environmental Policy is well-communicated to all workers, and made available as an attachment to the employee card in their respective languages.

In FYE22, we have received from Johor State, Department of Environment a field citation on some improvements points to take note which are (i) making improvement at temporary schedule waste collection area (ii) to send representative to attend Scheduled Waste Competency Course and (iii) to send in written declaration for installation of new dust collector. All improvements points were completed between May – July 2022.

Apart from the improvement points mentioned above, we have achieved the target we set last year, which was to record no (FYE21: nil) significant fines or non-monetary sanctions for non-compliance with environmental laws or regulations in our operations. We aim to maintain zero incidents of non-compliance in the upcoming years.

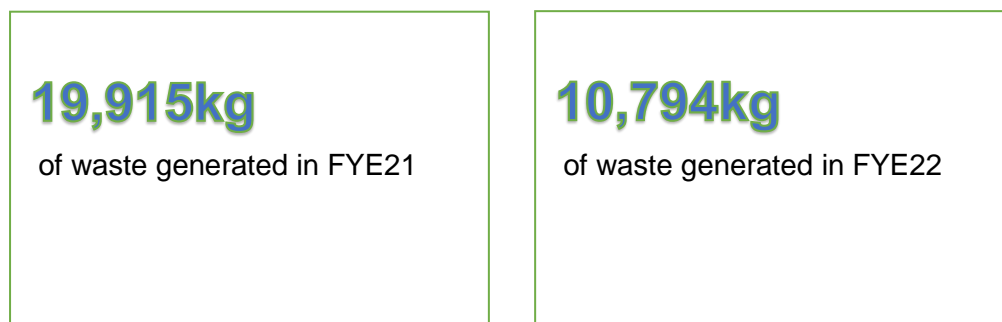
DISPOSAL AND MANAGEMENT OF WASTE

Globally, wastage has increased significantly over the years. Here at HSO, we aim to minimise wastage. The amount of waste would continue to rise at an unsustainable rate without recycling efforts in an environmentally friendly manner. Our waste is carefully handled by an accredited third-

party service provider so that it can be treated and processed before being responsibly recycled. We have ISO-recognised procedures in place to improve waste reduction such as:

- Recycle by-products and/or waste;
- Avoid using hazardous raw materials;
- Substitute raw materials by using less hazardous varieties;
- Modify processes so that by-products or waste could be reduced; and
- Reduction of unnecessary waste as part of our conservation efforts.

Amount of waste generated is as follows:



In FYE22, the amount of waste generated was lesser as compared to FYE21 which was brought about by the pandemic and movement control orders implemented by the Malaysian Government from 1 June 2021 to 13 September 2021 which affected our top line, Revenue in FYE22, as shown in page 8 of this report.

We have achieved our goal of not accumulating more than 6 months or 20 metric ton for scheduled waste collection. We aim to continue to put in place proper processes in handling waste disposal in FYE23 and to comply with the guidelines set by the Department of Environment of the Ministry of Environment and Water of Malaysia of accumulating not more than 6 months or 20 metric ton for scheduled waste collection.


SUPPLIER ENVIRONMENTAL ASSESSMENT

HSO will continue to reduce its environmental impact and to encourage its stakeholders, such as suppliers and trading partners, to meet the same expectations. The Group also performs annual supplier assessment on their vendors to verify that they are providing high quality and green products in accordance with our Quality and Environmental Policy. We have attained the certificate for chain of custody of forest based products for the central office and other multiple sites, under the Forest Stewardship Council ("**FSC**") and Programme for the Endorsement of Forest Certification ("**PEFC**"). The scope of our certification includes the (i) to purchase FSC or PEFC certified and FSC controlled wood and PEFC controlled source of medium-density fibreboard, particleboard, sawn timber and veneer and (ii) to manufacture FSC or PEFC certified doors and door components using transfer system and percentage system in FSC and physical separation and percentage based method in PEFC. Our FSC certification is valid until 11 October 2025 while our PEFC certification is valid until 25 August 2024. Our procurement manager is responsible for purchasing of raw materials, for verifying the validity and scope of the supplier's FSC or PEFC certificate via the FSC and PEFC data in info.fsc.org or www.pefc.org and for verifying purchase documents. HSO purchased FSC Certified medium-density fibreboard, particleboard, wooden timber, veneer and FSC controlled wooden timber and veneer for its FSC production.

In FYE22, there was no new supplier (FYE21:2) who were screened under the Environmental Requirement Guidelines (HSO-EMS-FM-04-00) to our significant suppliers as per Environmental Significant List (HSO-EMS-FM-05-00).

ENVIRONMENTAL REQUIREMENT GUIDELINES

In line with the World's aspiration in protecting the environment, **HSO OPTIMUS WOOD PRODUCTS SDN BHD** seeks to implement, promote and maintain an Environmental Management Systems in mitigating the impacts created by our operations with relation to the manufacturing of wooden doors and fire retardant doors. We therefore seek full cooperation from your esteemed company in realizing our endeavour. We shall take the opportunity to communicate our environmental policy as below.

**HS OPTIMUS WOOD PRODUCTS SDN BHD**
Reg. No: 199201001572 (233076-U)

QUALITY AND ENVIRONMENTAL POLICY

HS OPTIMUS WOOD PRODUCTS SDN BHD is committed to be:

H

H Highly committed to achieve customer satisfaction by implementing quality and environmental procedure which will be operated, communicated and continuously review to meet or exceed the requirement of ISO 9001 and 14001,

S

S Significantly providing customers with good products and services to the agreed requirement, protect the environment by using sustainable resources, protect the ecosystems and biodiversity by preventing pollution, adhering to interested party advices by complying with legal and customer requirements through continual improvement programmes,

O

O Objective in respecting human rights. Aiming to ensure employees and supply chain are meeting all aspects in promoting decent work through complying with company Safety and Health Policy and Human Rights Policy.

Since we started screening our suppliers in 2015, as of FYE22 a total of 38 (FYE21: 38) suppliers have passed our assessment.

Our Malaysia plant is ISO9001 and ISO14001 certified. Our products do not possess any materials which may qualify it as hazardous waste and zero (FYE21: nil) environmental hazards have been reported or known. All new chemicals brought into factory will be carefully managed by the related person in charge regarding hazard warning labels, CDS, PPE, storage and handling.

We have achieved our goal set in prior year to maintain zero incidents of non-compliance through the supplier assessment. In FYE23, we aim to continue the supplier assessment on a yearly basis and ensure that the suppliers are carefully selected taking into consideration their adherence with environmental requirements specifically with our Environmental Requirement Guidelines.

LOCAL PURCHASES

Most of our accessories are sourced locally, which is in line with our goal set for FYE22 which was to continue the current procurement practice. Our local purchases include accessories such as abrasive, cutter, glass, glue, hardware, oil, packaging, paint, tools, bearing, belt, motor and spare parts. We target to continue the current procurement practice.

Malaysia

97% for FYE22

(FY2021: 92%) of our accessories purchased in the past 6 months were sourced locally

SOCIAL

OCCUPATIONAL HEALTH AND SAFETY

We are committed to safeguarding our employees' health and safety against any potential workplace hazards. The focus on health and safety is important for HSO to achieve outstanding performance. It is a fundamental right for our workers to be able to work in a safe environment. By doing so, not only is the health of our employees safeguarded, our overall productivity also increases, enabling us to deliver the best goods and services to our customers. From implementing job safety guidelines and procedures to conducting rigorous safety trainings, we are committed to provide a hazard-free workplace to ensure the well-being of both our employees and the environment.

HSO employs a variety of measures to ensure the health and safety of all our staff. We have achieved 100% compliance of Occupational, Safety & Health Workplace Audit (OSHWA) in MYKKP system under the Department of Occupational, Safety and Health (DOSH, Malaysia). In FYE22, we have conducted the following safety policy briefings and awareness training for our employees:

- HR, Safety & Health and Quality induction plan for new employees
- Safety and Health training for emergency event and safety, fire drill, accident reporting and investigation procedure
- Fire Emergency Rescue team and Fire Drill conducted by Fire and Rescue Department of Malaysia
- Quality Assurance Training on calibration, handling of machineries (using sand paper, glue ratio, equipment caliper, Measuring Tape and L Square, thermometer and micrometer water level, G/meter, cross Cut), Handling AQL - Tolerance Defect Glass, introduction Process Door (Engineered and Full Board Door), Material use, Model, drawing and timber density and introduction to QA procedure – incoming, in-process and outgoing inspection method
- Production training on the work instruction in workplace
- Workers safety awareness to forklift movement
- Chemical and Spillage Handling
- Schedule Waste Handling and storage
- Machinery Safe Work Procedures and Work Instructions at workplace
- COVID-19 Preventive Measures
- Basic Awareness and Internal Auditor Skills for ISO 9001:2015 (QMS) and ISO 14001:2015 (EMS)



Fire Drill – 13 January 2022

On a monthly basis, key performance indicators on safety and health were reported and tabulated by the Health and Safety Officer. These reports track and monitor the injuries and accidents on site. In FYE22, we reported 4 cases (FYE21: 5) of work-related incidents. We investigated all 4 work-related incidents in compliance with the Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease Regulations 2004 as per the Occupational Safety and Health Act 1994 (Act 514). While all 4 cases were non-fatal, they were considered major as each worker received more than 4 days of medical leave, and the incidents were duly reported to Jabatan Keselamatan dan Kesihatan Pekerjaan Negeri Johor @ Department of Safety & Health. Out of the 4 unrelated cases, 2 workers required hospitalisation. The main cause of the aforementioned work-related incidents was due to human error especially relating to handling of machineries. Whenever each case occurs, the Safety and Health Officer will conduct an investigation and committee meeting to review the hazard identification risk assessment and risk control in workplace. Thereafter, corrective and preventive action are put in place such as, to equip the machinery with new safety features, review safe work procedures and refresh machinery and forklift training. Following each work-related incident, the management adopted the following actions:



We will continue to stress on workplace safety at all times through safety and environment campaigns, hazard and awareness training, and monthly inspections as we aim for a workplace accident rate of not more than 5 accident cases for FYE23.

COVID-19 Safety Measures

Taking into consideration of the detrimental health impact of COVID-19 pandemic, we endeavour to protect our employees and have implemented the following health and safety measures:

- Mandatory wearing of face masks at workplace;
- Spilt team arrangement to avoid interaction between employees of different shifts where possible;
- Work-from-home arrangements for employees where possible;
- Provision of hand sanitisers to employees at accessible locations;
- Frequent disinfection of common areas in office;
- Daily temperature screening for all employees;
- Conduct virtual meetings between colleagues, customers and employees where possible to avoid physical contact;
- Foreign workers who stayed in hostel are to reduce interaction with foreign workers from other companies;
- Conducted swab tests for all local and foreign workers who displayed COVID-19 related unwell

- symptoms, in addition to mandatory ART test fortnightly;
- Conduct of health declarations and MySejahtera scans at workplace;
 - Encourage employees to be vaccinated and necessary booster shots; and
 - Formalised reporting procedures for any suspected and confirmed COVID-19 cases

We are also bound by the relevant procedures from the Ministry of International Trade and Industry of Malaysia (MITI). Ongoing updates and memos are circulated to our employees to keep them up to date. In FYE22, 4 of our employees were infected with COVID-19 and 20 employees were issued isolation order by the Health Ministry Department to undergo quarantine for 14 days. We will continue to do our best to curb the spread of COVID-19 within the Group and remain vigilant and undertake adequate preventive measures for COVID-19 to safeguard the health of our employees.

TRAINING AND EDUCATION

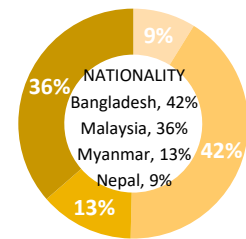
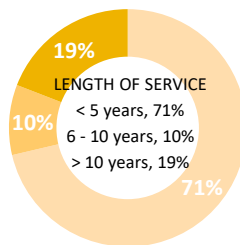
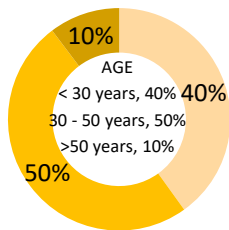
HSO has provided its employees with regular training to ensure that they upgrade their skillsets, continue to keep pace with the growth and developments of the Group, and professional development. Training is conducted to educate our employees about the Group's processes. In FYE22, we conducted training on topics such as COVID-19 awareness, fire drills, fire safety awareness, ISO standards, induction trainings to smoothly on board new employees, health and safety training, tools handling, machine training and department/function-specific training. The average training hours per employee per month for FYE22 is 0.8 hours (FYE21: 3.2 hours), with total training hours amounting to 2,827.5 hours (FYE21: 7,274.5 hours). We were not in a position to meet the target set last year because of the 3.5 months of movement control orders implemented by the Malaysian Government which resulted in training being unable to be carried out physically on site for the workers. We will continue to deploy our resources and offer training courses to continuously enhance safety and ensure the competency of all our employees. In FYE23, our target is to achieve 10 trainings session per month instead of a target measure in training hours with the intent that it will be more reflective in the event there are any movement control orders implemented.

DIVERSITY AND EQUAL OPPORTUNITY

HSO does not discriminate on the basis of the employees' race, age, gender, religion, ethnicity, facial attractiveness, physical impairments, sexual preference, political viewpoints or nationality. Based on the group's human resource records, we have a total of 283 (FYE21: 335) employees. During the year, there have been no reported cases (FYE21: nil) concerning any discrimination or unfair employment practices. We will continue to uphold the principle of equal opportunities and respect the rights of our people.

The Group considers its employees the most valuable asset and offers them fair and competitive remuneration packages. Discretionary incentives are granted to eligible employees based on the performance of the Group and contribution of individual employees. Contributions to retirement benefit schemes are offered as part of the remuneration package. Remuneration policies and packages are reviewed regularly to ensure that compensation and benefits are in line with the market, thus helping the recruitment and retention of talent. Employee rewards were distributed in February 2021 to all employees in the form of monetary yearly bonus.

Malaysia



14.48% of our employees in Malaysia are subject to an agreement between our subsidiary, HS Optimus Wood Products Sdn Bhd, and the Timber Employee Union of Malaysia.

Throughout the year, activities were held to promote cohesiveness and inclusiveness within the workplace such as potluck before Ramadhan, food and beverages for workers during Ramadhan period and Chinese New Year celebration.

In FYE22, several employees were awarded 'Perfect Attendance Reward' in our Malaysia Plant. 'Perfect Attendance Rewards' are given to employees who have perfect attendance as of March 2022. We will continue to recognise the contributions of our employees and award them accordingly.



Perfect Attendance Reward

In FYE22, we have achieved the goal set in FYE21 of zero incident of complaints on discrimination and we will continuously aim to maintain zero incident of complaints on discrimination in FYE23.

LOCAL COMMUNITIES

HSO strongly believes in being a socially responsible corporate citizen and contributing back to the communities is one of our key values. On 22 December 2021, we contributed back to the community in the form of donations to the Simpang Rengam, Royal Malaysian Police, General Operations Force for replacement of computers. HSO will continue to support the community in FYE23.

SOCIOECONOMIC COMPLIANCE

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

The Group complies with and puts in every effort in complying with the relevant laws and regulations that include the Occupational Safety and Health Act 1994, Factory and Machinery Act 1957, and Employment Act 1955. We have achieved the target we set last year, which was to record no significant fines and non-monetary sanctions for non-compliance with the applicable laws and regulations reported in FYE22. We aim to maintain zero incidence of non-compliance with the applicable legal laws and regulations in the relevant jurisdictions of operations in FYE23.

MEMBERSHIP OF ASSOCIATIONS

- Malaysian Wood Moulding & Joinery Council
- Forest Stewardship Council (FSC)
- Malaysian Timber Industry Board
- Licensed Manufacturing Warehouse
- Programme for the Endorsement of Forest Certification

GOVERNANCE

CORPORATE AND SUSTAINABILITY GOVERNANCE

At HSO, we believe that strong governance is the key to a sustainable business. Throughout FYE22, we continue to comply with the Code of Corporate Governance and achieved the target we set last year to continue complying with the Code of Corporate Governance and to meet the requirements expected by stakeholders. Please refer to the "Report on Corporate Governance" section in our 2022 Annual Report for more information on the governance structure of the Group, including committees of the Board of Directors and their roles and responsibilities.

It is a continual challenge to successfully manage environmental and social issues. HSO has incorporated this into our business model and implemented sustainable and responsible practices throughout the Group. Our products and services meet relevant safety and environmental requirements demanded by our customers and the regulatory bodies.

HSO pays strict attention to enforce good labour practices in all our operations. The Group provides various training opportunities for continued employee development and this is reflected in the quality and delivery of our products and services. We value our relationships with our clients and the wider community in which we operate and these relationships have helped us through the challenging times in the past. HSO strongly believes that in the long run, these efforts will have a positive impact on our economic performance.

Similar in the past, we will continue to comply with the Code of Corporate Governance and meet all requirements that are expected of us by our stakeholders in FYE23.

RISK MANAGEMENT

Risk Management ("RM") is an integral part of good corporate governance as well as resource management. HSO has a thorough and comprehensive RM framework to identify and manage its risks and exposures in an integrated, systematic and consistent manner. For detailed disclosure on RM, please refer to the "Report on Corporate Governance" section in our 2022 Annual Report.

In FYE22, we reviewed the RM policies to ensure all relevant risks are identified, communicated and addressed timely and accomplished our target last year. We will perform the same review in FYE23.

BUSINESS ETHICS AND COMPLIANCE

In respect of hiring personnel, we take into consideration any possibility of conflicts of interest. Our code of conduct clearly spells out HSO's expectations for our staff and consequences if any of the rules are violated or standards are not met. In addition, we also have clear and fair grievance procedures.

All of our staff are reminded of the importance of upholding the highest standards when it comes to business ethics. We have posters and memos reminding everyone on the importance of ethics clearly displayed in public areas so that employees from all levels are fully aware that compliance

with rules and regulations is a key part of running a responsible business.

The Group regularly updates relevant staff with developments in international and local regulations. HSO complied fully, in all material aspects, with all environmental rules and regulations, anti-competitive behaviour laws and all requirements on health and safety.

Cybersecurity and data privacy are important not just for compliance, but in safeguarding both our data and that of our customers. HSO takes measures to guard against cyber risks and protecting the confidential information for both our internal and external stakeholders. This also applies to our employment process where the privacy of all applicants is safeguarded and access to personal data is restricted to authorised persons on a need-to-know basis.

In FYE22, we have achieved the target we set last year. There were no (FYE21: nil) significant fines or non-monetary sanctions for non-compliance with laws and regulations. Our target in FYE23 is to ensure that all allegations received are promptly addressed and to maintain zero incidents of non-compliance in the upcoming years.

GRI CONTENT INDEX

GRI Standard	Disclosure	Page reference / Description
GRI 101: Foundation 2016		
GENERAL DISCLOSURE		
GRI 102: General Disclosures 2016	102-1	Name of organisation HS Optimus Holdings Limited
	102-2	Activities, brands, products and services AR: Our Business section, page 3
	102-3	Location of headquarters Singapore
	102-4	Location of operations AR: Our Business section, page 3
	102-5	Ownership and legal form AR: Corporate Information; Group Structure, page 4; Statistics of shareholdings section, pages 117 to 118
	102-6	Markets served AR: Group Structure, page 4; Our Business section, page 3
	102-7	Scale of the organisation AR: Chairman's Statement section, pages 5 to 6; Operational and Financial Review section, pages 7 to 9; SR: Diversity and Equal Opportunity, pages 18 to 19
	102-8	Information on employees and other workers SR: Diversity and Equal Opportunity, pages 18 to 19
	102-9	Supply chain SR: Supplier Environmental Assessment, page 12
	102-10	Significant changes to the organisation and its supply chain None
	102-11	Precautionary Principle or approach HSO supports the intent of the Precautionary Principle, but has not expressed a specific commitment.
	102-12	External initiatives SR: Social, page 19
	102-13	Membership of associations SR: Membership, page 19
	102-14	Statement from senior decision maker SR: Board Statement, page 2
	102-16	Values, principles, standards and norms of behaviour SR: Business Ethics and Compliance, Pages 20 to 21
	102-18	Governance structure SR: Corporate and Sustainability Governance, page 20
	102-40	List of stakeholder groups SR: Sustainability Approach, pages 4 to 5
	102-41	Collective bargaining agreements SR: Diversity and Equal Opportunity, pages 18 to 19
	102-42	Identifying and selecting stakeholders SR: Sustainability Approach, pages 4 to 5
	102-43	Approach to stakeholder engagement SR: Sustainability Approach, pages 4 to 5
	102-44	Key topics and concerns raised SR: Sustainability Approach, pages 4 to 5
	102-45	Entities included in the consolidated financial statements AR: Financial Contents section under note: Subsidiaries, pages 77 to 80
	102-46	Defining report content and topic boundaries SR: About this Report, page 2
102-47	List of material topics SR: Sustainability Approach, page 6	
102-48	Restatement of information There are no restatements made in respect of information given in previous reports.	
102-49	Changes in reporting No change in reporting.	
102-50	Reporting period SR: Reporting Period, Scope and Framework, pages 2 to 3	
102-51	Date of most recent previous report 31 August 2021	
102-52	Reporting cycle Annually	
102-53	Contact point for questions about SR: Feedback, page 3	

		the report	
	102-54	Claims if reporting in accordance with the GRI Standards	SR: About this Report, page 2
	102-55	GRI content index	SR: GRI Content Index, pages 22 to 23
	102-56	External Assurance	SR: About this Report, page 2
MATERIAL TOPICS			
GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed	SR: Economic, pages 7 to 9
GRI 205 Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	SR: Anti-corruption, pages 8 to 9
GRI 306: Effluents and Waste 2016	306-2	Waste by type and disposal method	SR: Disposal and Management of Waste, pages 10 to 11
GRI 307: Environmental compliance 2016	307-1	Non-compliance with environmental laws and regulations	SR: Environmental Compliance, page 10
GRI 308: Supplier environmental assessment 2016	308-1	New suppliers that were screened using environmental criteria	SR: Supplier Environmental Assessment, page 12
GRI 403: Occupational health and safety 2018	403-1	Occupational health and safety management system	SR: Occupational Health and Safety, pages 15 to 16
	403-5	Worker training on occupational health and safety	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	SR: Training and Education, page 17
	404-2	Programs for upgrading employee skills and transition assistance programs	
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	SR: Diversity and Equal Opportunity, pages 18 to 19 AR, Corporate Governance, page 18
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	SR: Local Communities, page 19
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	SR: Socioeconomic Compliance, page 19