

**ADVANCING
STEADFASTLY
INTO THE FUTURE**



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

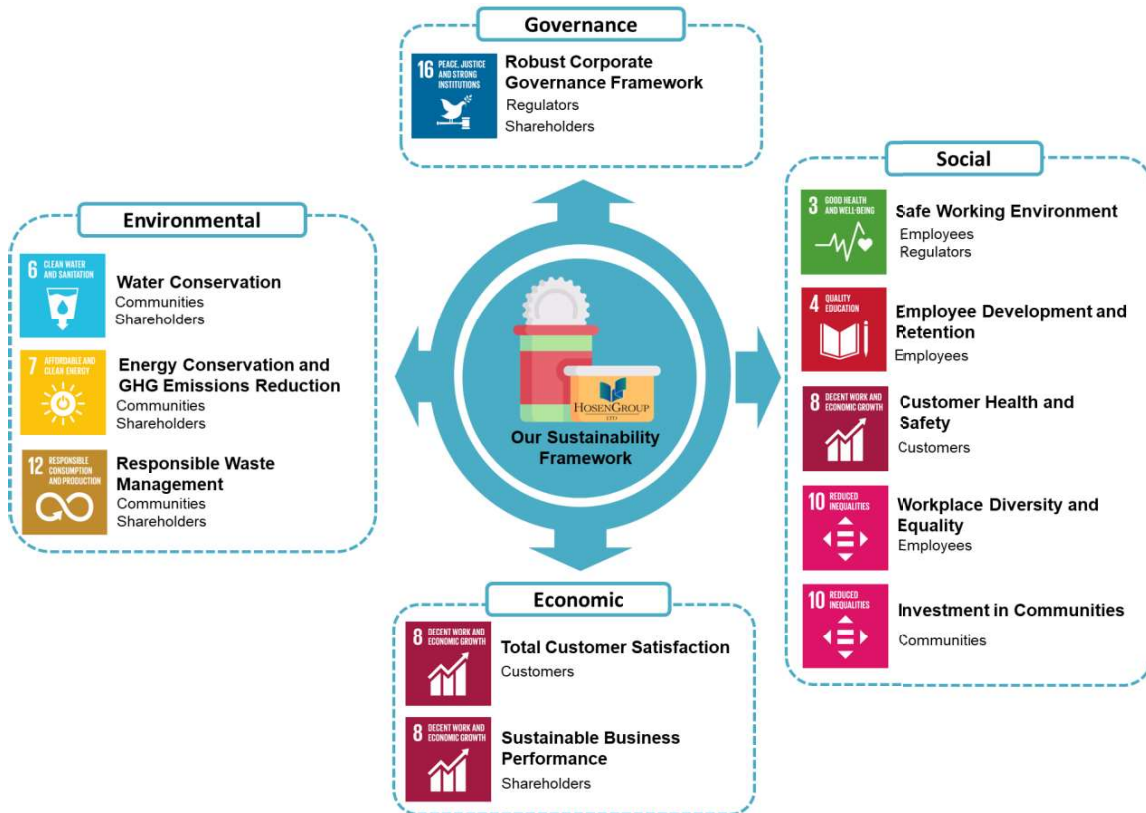
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1. BOARD STATEMENT

The Board of Directors (“**Board**”) of Hosen Group Ltd (the “**Company**”), and together with its subsidiaries, the “**Group**”) are pleased to publish our sustainability report (“**Report**”) for the financial year (“**FY**”) ended 31 December 2023 (“**FY2023**” or “**Reporting Period**”). Sustainability is a part of the Group’s wider strategy to create long-term value for all its stakeholders. In this Report, we provide insights into the way we perform business, while highlighting our management approach in addressing our key sustainability factors under the sustainability pillars of economic, environmental, social and governance (collectively referred to as “**Sustainability Factors**”) that are important to our business, but more importantly for the well-being of the communities where we operate. The Board having considered the Group’s sustainability issues as part of its strategic formulation and business strategies, determined the key Sustainability Factors and oversaw the management and monitoring of the key Sustainability Factors.

Whilst mindful of our profit-oriented objective, we are committed to driving sustainable business growth, protecting the environment and empowering our people and communities to secure the long-term future of our Group. Building upon our efforts to integrate sustainability into our values, strategy and business activities, we will continue to expand our business by building long-term capabilities, delivering sustainable products and services as well as exploring projects and collaborations to serve our clients and markets better.

We are also committed to supporting the United Nations’ Sustainable Development Goals (“**SDGs**”) which are primarily driven by the concerns of our key stakeholders. Through our sustainability framework, we strive to work closely with key stakeholders to actively address and manage our key Sustainability Factors as illustrated below:



The information disclosed in this Report, when read together with the information in the Company’s annual report for FY2023 (“**AR FY2023**”), provides a comprehensive view of our Group’s operations. We strive to improve the standards of our future sustainability reports, as we grow and develop.

On behalf of the Board
 Lim Hai Cheok
 Executive Director and Chief Executive Officer
 11 April 2024

2. SUSTAINABILITY PERFORMANCE AT A GLANCE

A summary of our key sustainability performance in FY2023 is as follows:

Sustainability Pillar	Performance Indicator	Sustainability Performance	
		FY2023	FY2022
Economic	House brand portfolio	16 house brands	16 house brands
	Market standards adopted ¹	Relevant market standards are adopted in our operations	Relevant market standards are adopted in our operations
	Economic value generated (S\$ million) ²	68.2	74.5
	Operating costs (S\$ million) ³	56.6	61.9
	Employee benefits expenses	7.7	7.6
	Payment to providers of capital (S\$ million) ⁴	1.1	1.1
	Taxes to governments (S\$ million)	0.7	0.8
Environmental	Water consumption intensity (Cu M/ revenue S\$'000)	0.092	0.076
	Greenhouse gas (“GHG”) emissions (Scope 1 and 2) intensity (tonnes CO ₂ e/ revenue S\$'000)	0.011	0.010
Social	Number of workplace fatalities	-	-
	Number of high-consequence work-related injuries ⁵	-	-
	Number of recordable work-related injuries	1	3
	Number of recordable work-related ill health cases ⁶	-	-
	Number of reported incidents of unlawful discrimination against employees	-	-
	Turnover rate (%)	18	26
Governance	Number of reported incidents of serious offence ⁷	-	-

¹ The market standards adopted or certifications attained by the Group include Food Safety System Certification (“FSSC”) 22000, Halal certification, Hazard Analysis and Critical Control Point (“HACCP”) and Singapore Food Agency (“SFA”) license.

² Economic value generated includes revenue and other income and excludes government grants.

³ Operating costs include cost of sales, selling and distribution expenses, administrative expenses, other expenses, and excludes non-cash items and employee benefits expenses.

⁴ Payments to providers of capital include finance costs and dividends to ordinary shareholders.

⁵ A high-consequence work-related injuries refer to injuries from which the worker cannot recover or cannot recover fully to pre-injury health status within six months.

⁶ A work-related ill health cases refer to negative impacts on health arising from exposure to hazards at work.

⁷ A serious offence is defined as one that involves fraud or dishonesty involving an amount not less than S\$100,000 and is punishable by imprisonment for a term of not less than two years, which is being or has been committed against a company by officers or employees of the company.

3. OUR BUSINESS

We are principally involved in the manufacturing and distribution of fast-moving consumer goods (“FMCG”) with a focus in processed food products. An overview of our value chain is as follows:



Sourcing

We procure:

- Raw materials such as chocolate liquor, butter, sugar and packaging materials from our suppliers; and
- Finished goods from our contract manufacturers.

Manufacturing and Distribution

We are involved in:

- Production of food products in our production facilities; and
- Distribution of food products to local and overseas markets.

Sale of Food Products

We sell our products to:

- Major supermarkets;
- Convenience stores, provision shops and wholesalers;
- Hotels, restaurants, hawkers and food courts; and
- E-commerce platforms and export markets.

4. REPORTING PERIOD AND SCOPE

This Report covers the following operating entities which contributed 100% of the Group’s revenue for FY2023 (FY2022: 100%):

S/N	Entity	Location
1	Hosen Group Ltd	Singapore
2	Hock Seng Food Pte Ltd	
3	Fortune Melinka Pte. Ltd.	
4	Hock Seng Food (M) Sdn Bhd (“HSM”)	Malaysia
5	Hosen Chocolate Sdn Bhd	China
6	Hock Seng Food (Shanghai) Co., Ltd	

5. REPORTING FRAMEWORK

This Report is prepared in accordance with Rules 711A and 711B of the Singapore Exchange Securities Trading Limited’s Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”). This Report is also prepared with reference to the Global Reporting Initiative (“**GRI**”) Standards. We chose to report using the GRI framework as it is an internationally recognised reporting standard that covers a comprehensive range of sustainability disclosures.

As part of our continual efforts to align our sustainability reporting with relevant market standards, we mapped our sustainability efforts to the 2030 Agenda for Sustainable Development which was adopted by all United Nations Member States in 2015 (“**UN Sustainability Agenda**”). The UN Sustainability Agenda provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 SDGs, which form an urgent call for action by all developed and developing countries in a global partnership. We incorporated the SDGs, where appropriate, as a supporting framework to shape and guide our sustainability strategy.

Our climate-related disclosures are prepared based on the 11 recommendations of the Task Force on Climate-related Financial Disclosures (“**TCFD**”).

We relied on internal data monitoring and verification to ensure accuracy of data and information for this Report. Internal review on the sustainability reporting process has been incorporated as part of our internal audit review cycle and we will work towards external assurance for our future sustainability reports when appropriate.

6. 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 comments and suggestions to <https://www.hosengroup.com/contact.php>.

7. STAKEHOLDER ENGAGEMENT

Through an internal stakeholder mapping exercise, we identified our key stakeholder groups which we prioritise our engagements with. These key stakeholders include communities, customers, employees, regulators, shareholders and suppliers.

Our efforts on sustainability are focused on creating sustainable value for our key stakeholders. We actively engage our key stakeholders through the following channels:

Stakeholder	Engagement Channel	Frequency of Engagement	Key Concern Raised
Communities	<ul style="list-style-type: none"> ▪ Sponsorships of events and donations ▪ Outreach events 	Ongoing	<ul style="list-style-type: none"> ▪ Responsible and ethical business practices ▪ Corporate social responsibilities
Customers	<ul style="list-style-type: none"> ▪ Corporate website ▪ Marketing collaterals ▪ Virtual meetings via various communication channels ▪ Expos and exhibitions ▪ Email communications ▪ Phone calls ▪ Face-to-face meetings 	Ongoing	<ul style="list-style-type: none"> ▪ Customer service standards ▪ Timely response to feedback and complaints ▪ Competitive pricing ▪ Food quality and safety ▪ Diverse range of food products
Employees	<ul style="list-style-type: none"> ▪ Regular emails and meetings ▪ Recreational and wellness activities ▪ Staff training and development ▪ Induction programmes for new staff 	Ongoing	<ul style="list-style-type: none"> ▪ Competitive remuneration and benefits ▪ Training and development opportunities ▪ Safe working environment ▪ Job security ▪ Equal employment opportunities
Regulators	<ul style="list-style-type: none"> ▪ Consultations and briefings organised by key regulatory bodies 	As and when required	<ul style="list-style-type: none"> ▪ Compliance with laws and regulations
Shareholders	<ul style="list-style-type: none"> ▪ Annual reports ▪ Annual general meetings 	Annually	<ul style="list-style-type: none"> ▪ Sustainable profits and creation of shareholder value ▪ Long-term sustainable growth ▪ Compliance with laws and regulations ▪ Distribution of economic value
	<ul style="list-style-type: none"> ▪ Results announcements 	Bi-annually	
	<ul style="list-style-type: none"> ▪ SGXNet announcements ▪ Corporate website ▪ Email communications ▪ Social media 	Ongoing	
Suppliers	<ul style="list-style-type: none"> ▪ Virtual meetings and/or via various communication channels 	Ongoing	<ul style="list-style-type: none"> ▪ Fair trading terms ▪ Order volatility ▪ Timely payment

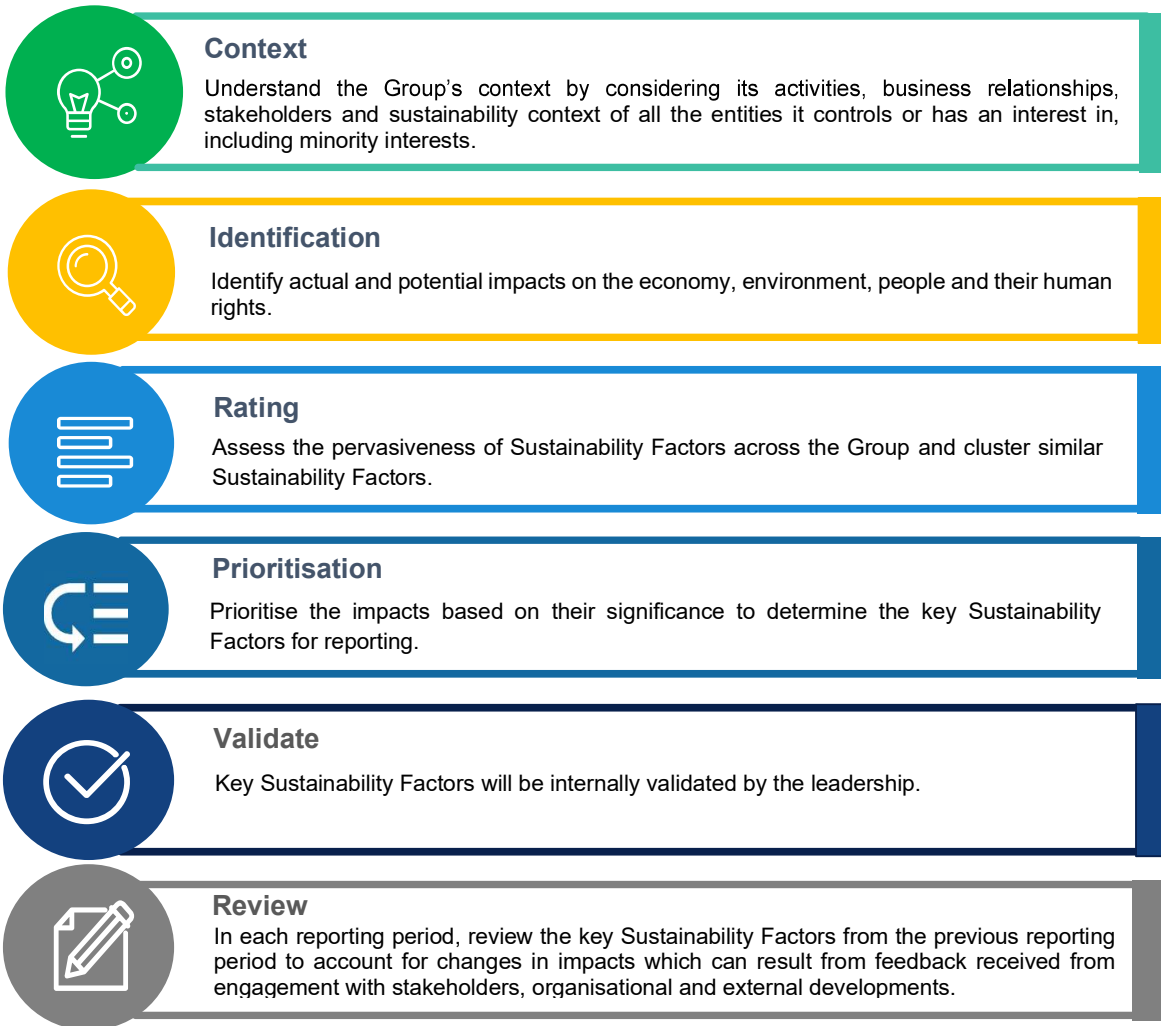
Stakeholder	Engagement Channel	Frequency of Engagement	Key Concern Raised
	<ul style="list-style-type: none"> ▪ Email communications ▪ Phone calls ▪ Face-to-face meetings 		

8. POLICY, PRACTICE AND PERFORMANCE REPORTING

A sustainability reporting policy (“**SR Policy**”) covering our governance structure, sustainability strategies, materiality assessment and processes in identifying and monitoring key Sustainability Factors is in place to serve as a point of reference in the conduct of our sustainability reporting. Under this SR Policy, we will continue to monitor, review and update our key Sustainability Factors from time to time, taking into account the feedback that we receive from our stakeholder engagement as well as organisational and external developments. A sustainability report is published annually in accordance with our SR Policy.

SUSTAINABILITY REPORTING PROCESS

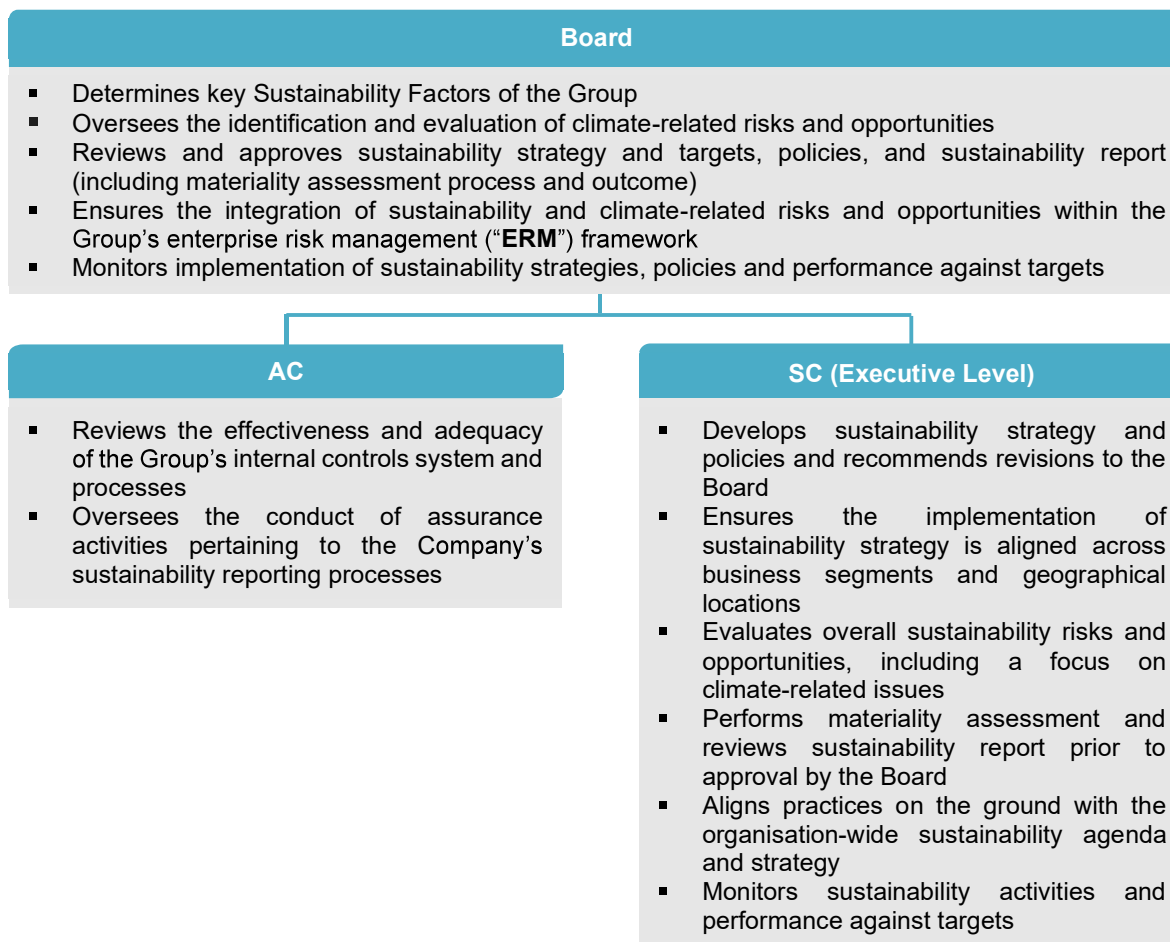
Our sustainability reporting process begins with an understanding of the Group’s context. This is followed by the ongoing identification and assessment of the Group’s sustainability impacts. The most significant impacts are prioritised for reporting and the result of this process is a list of key Sustainability Factors disclosed in this Report.



SUSTAINABILITY GOVERNANCE STRUCTURE

The Board is ultimately responsible for the oversight of the Group's sustainability matters including the development of sustainability strategy, performance target setting and is primarily supported by an executive level Sustainability Committee ("SC") by virtue of delegation. As part of our continual efforts to upgrade the knowledge of our directors on sustainability reporting and to meet the requirement of Rule 720 (6) of the Catalist Rules, we confirm that all our directors attended one of the approved sustainability training courses.

The Group's SC is led by an Executive Director and it comprises selected representative members from the key business units and corporate functions. Beside the SC, the Board is supported by the Audit Committee of the Company ("AC") on specific sustainability matters under its terms of reference. Our sustainability reporting structure and the responsibilities of component parties are detailed as follows:



As we are still refining our sustainability related performance indicator measuring, tracking and target setting mechanism, we will link the key executives' remuneration to sustainability performance when the mechanism is more mature and stable.

MATERIALITY ASSESSMENT

We constantly refine our management approach to adapt to the changing business landscape. The Group performs an annual materiality assessment to ensure that issues disclosed in our sustainability reports remain current, material and relevant. From the assessment, we identify key areas that impact our ability to create value for our stakeholders.

The actual and potential impacts, both positive and negative are assessed based on: (i) the likelihood of the occurrence of impacts; and (ii) their significance on the economy, environment, people and their human rights and contribution to sustainable development.

PERFORMANCE TRACKING AND REPORTING

We track the progress of our key Sustainability Factors by identifying, monitoring and measuring the relevant performance indicators. In addition, we set performance targets that are aligned with our business strategies to ensure that we remain focused in our path to sustainability. We aim to constantly enhance our performance-monitoring processes and data collection processes.

9. KEY SUSTAINABILITY FACTORS

In FY2023, a stakeholder engagement session⁸ and a materiality assessment were conducted by the SC to understand the concerns and expectations of our stakeholders. Through the stakeholder engagement session and materiality assessment, factors material to the sustainability of our business with their reporting priority level were updated. In this Report, we discuss our progress in managing these factors and set related targets to improve our sustainability performance.

Presented below is a list of Key Sustainability Factors applicable to our Group:

S/N	Key Sustainability Factor	SDG	Key Stakeholder
Economic			
1	Total Customer Satisfaction	Decent work and economic growth	Customers
2	Sustainable Business Performance	Decent work and economic growth	Shareholders
Environmental			
3	Water Conservation	Clean water and sanitation	<ul style="list-style-type: none"> ▪ Communities ▪ Shareholders
4	Energy Conservation and GHG Emissions Reduction	Affordable and clean energy	<ul style="list-style-type: none"> ▪ Communities ▪ Shareholders
5	Responsible Waste Management	Responsible consumption and production	<ul style="list-style-type: none"> ▪ Communities ▪ Shareholders
Social			
6	Safe Working Environment	Good health and well-being	<ul style="list-style-type: none"> ▪ Employees ▪ Regulators
7	Employee Development and Retention	Quality education	Employees
8	Customer Health and Safety	Decent work and economic growth	Customers
9	Workplace Diversity and Equality	Reduced inequalities	Employees
10	Investment in Communities	Reduced inequalities	Communities
Governance			
11	Robust Corporate Governance Framework	Peace, justice and strong institutions	<ul style="list-style-type: none"> ▪ Regulators ▪ Shareholders

We update the key Sustainability Factors on an annual basis and when necessary to reflect changes in business operations, environment, stakeholders' feedback and sustainability trends. The details of each Key Sustainability Factor are presented below.

⁸ The Group engaged its internal and external stakeholders, i.e., its employees and customers, for the materiality assessment performed.

9.1 TOTAL CUSTOMER SATISFACTION

We are committed to building and retaining a loyal customer base for our long-term sustainability. We strive to enhance customer satisfaction through the following strategies:

Diverse Range of Brands and Products

With over five decades of established track record in the FMCG industry, our Group grew from strength to strength and offer a diverse range of 16 house brands (FY2022: 16 brands) which include the following key house brands:



Details of our key house brands are as follows:

S/N	Brand	Nature of Product
1	Hosen Quality	Fruits, vegetables, condiments and beverages
2	Hosen Select	
3	Fortune Seafood	Abalone and shellfish variants
4	Fortune Tuna	Seafood spread
5	Sincero	Assorted chocolate range packed in bottles, pouches and tins
6	Calbuco	
7	LaDiva	
8	Cocoa Grande	Industrial chocolate products
9	Living Forest	Clean and wholesome food options
10	Q'serve	Home essentials such as aluminium foils and food wraps
11	Highway	Canned meat and breakfast spreads
12	Hula	Salted egg fish skin products.

Extensive Distribution Channels and Outreach

From our local setups in Singapore, Malaysia and China, an established network of distribution channels is built across the continents of Asia, Europe and Africa.

Through this network we built, our products are available through a wide array of channels including supermarkets, warehouse clubs, convenience stores and e-commerce platforms. Our presence in these channels enable us to launch new products to the market swiftly, gather feedback timely from customers and respond to it by creating or revamping our products to better serve our customers.

Our food products are also distributed to customers from the food service segment including hotels, restaurants, airlines, clubs, caterers, cafes, bakeries and dessert chain stores. Our products are known for their exceptional, consistent quality and at prices that are reasonable and accessible to all.

Value-Added Services

Building on the trust placed on us by our customers, we provide value-added services including: (i) research and development services and creation of new product type; (ii) customised packaging services including consolidation and packing, labelling and stickering; and (iii) last mile fulfilment services.

Quality Standards

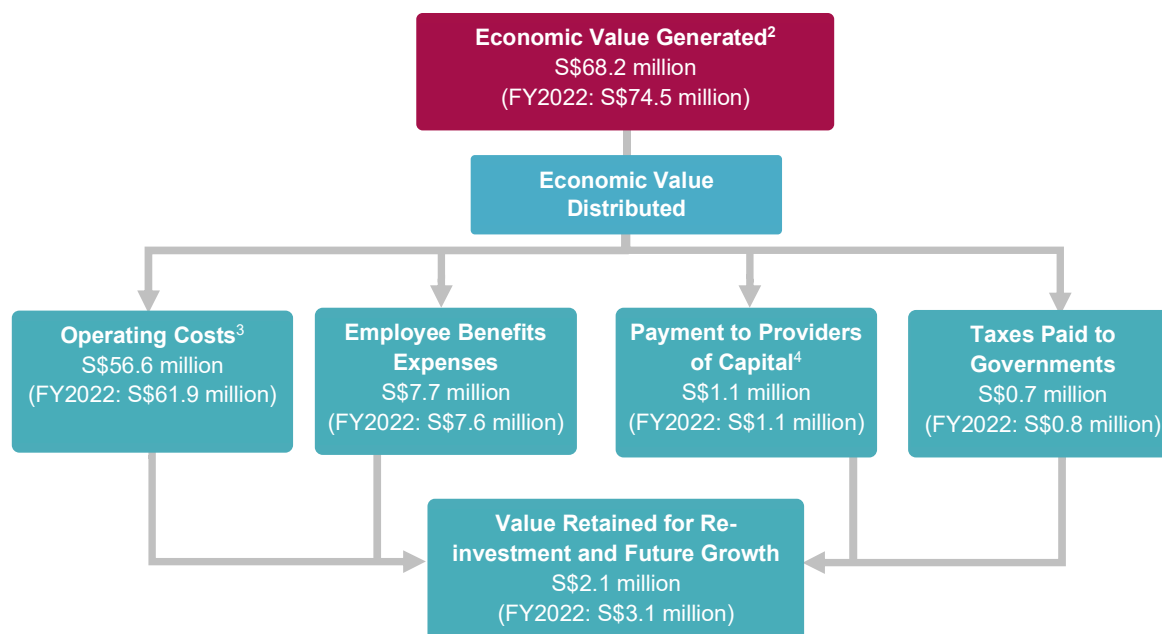
We adopt market standards in our operations to ensure quality and safety in our products. To meet the standards and continual certification, we are subjected to audits or reviews by the relevant agencies and bodies. We adopt the following market standards and certifications:

Standard/ Certification	Focus of Relevant Standard/ Certification
HACCP	This is a globally recognised system for reducing the risk of safety food hazard.
SFA	This is a food standard license repacking of dried food.
Halal certification in Malaysia	This certification ensure that our operations comply with the rules and regulation set out by Jabatan Kemajuan Islam Malaysia (“ Jakim ”).
FSSC 22000	This is a global certification scheme for food safety management.

Refer to Section 9.8 for more details on the food quality and safety management practices.

9.2 SUSTAINABLE BUSINESS PERFORMANCE

We believe in creating long-term economic value for stakeholders by adopting responsible business practices and growing our business in a sustainable manner. In line with this commitment, we present the distribution of our values created in FY2023 as follows:



Further details of our economic performance can be found in the audited financial statements of our AR FY2023.

9.3 WATER CONSERVATION

We are committed to proper management of water consumption efficiently and effectively to avoid wastage. We are dependent on water for washing and cleaning during production and as a direct material for our products. Water consumption is tracked and analysed and corrective actions are taken when abnormal patterns are identified.

We implemented various initiatives to reduce water wastage such as frequent reminders to employees on the importance of water conservation and performing regular maintenance of water pipes and outlets to detect and fix water leakages.

Key statistics on water consumption during the Reporting Period are as follows:

Resource	Water Consumption (Cu M)		Water Consumption Intensity (Cu M/ revenue S\$'000)	
	FY2023	FY2022	FY2023	FY2022
Water	6,186	5,621	0.092	0.076

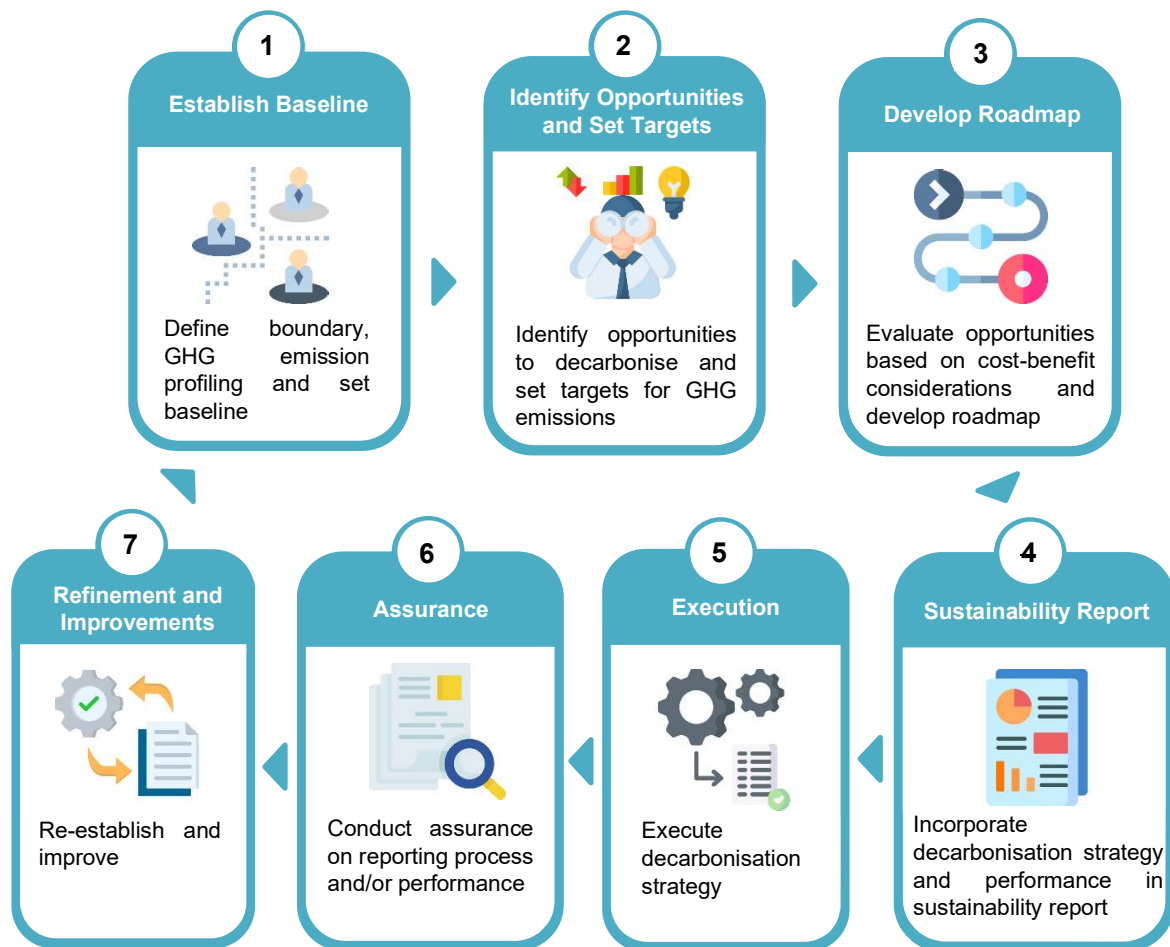
For the Reporting Period, the increase in our total water consumption, combined with a reduction in our revenue, led to an increase in our water consumption intensity. The reason being that a minimum level of water consumption is required to support our daily operations, which is not co-related to the level of business activities. We shall continue to exercise prudence in our usage by tracking our water consumption, observe fluctuation patters and take corrective actions if required.

9.4 ENERGY CONSERVATION AND GHG EMISSIONS REDUCTION

We acknowledge that our energy consumption and the resultant GHG emissions contribute to climate change. Accordingly, we are committed to reducing our carbon footprint whilst open to capitalise on opportunities that may arise as we transit to become a low-carbon organisation.

We aim to reduce our environmental footprint and at the same time, establish operational resilience to deliver long-term and sustainable value to our stakeholders. We adopt a balanced approach in effectively managing the environmental impacts arising from our business operations.

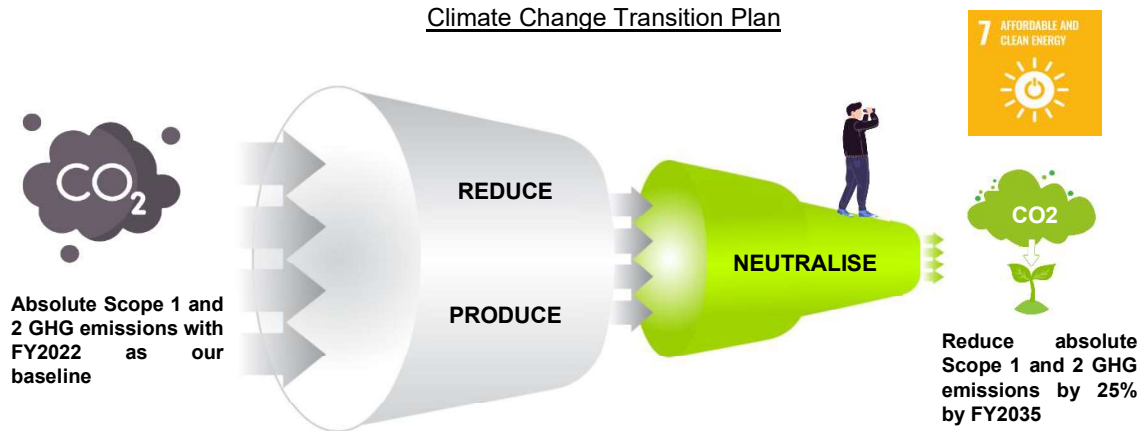
To achieve our decarbonisation goals, we set up a seven-step continuous circular process for our decarbonisation efforts as follows:



We track and monitor our Scope 1, 2 and certain categories of Scope 3 GHG emissions closely and are developing mechanisms to track our other categories of our Scope 3 GHG emissions, where relevant and practicable. We also developed a climate change transition plan and will refine and improve our climate change transition plan as we progressively implement the plan, by considering changes in business operations, environment and market trends. Progress updates and performance will be provided in our sustainability reports with assurance on the reporting process covered by an internal review in the subsequent FYs.

Climate Change Transition Plan

Our climate change transition plan steers us on our decarbonisation journey. Under this strategy, we commit to reducing our absolute Scope 1 and 2 GHG emissions by 25% and by FY2035, with FY2022 as our baseline. Our climate change transition plan is focused on three strategic levers of reduce, produce and neutralise as follows:



Details of our strategic levers are as follows:

Lever	Reduce	Produce	Neutralise
Description	<ul style="list-style-type: none"> Reduce absolute GHG emissions first within our operations followed by our supply chain Replace existing energy source with low or zero-carbon sources 	On-site generation of green or renewable energy	Neutralise unavoidable residual GHG emissions
Focus Area	<ul style="list-style-type: none"> Energy efficiency <ul style="list-style-type: none"> Cooling Lighting Equipment Electric vehicles 	Solar energy	<ul style="list-style-type: none"> Renewable energy certificates (“REC”) Carbon credits

We track and review spending on energy consumption regularly to control usage and take corrective actions when unusual consumption patterns are observed. We continuously strive to improve our energy use and efficiency through the following initiatives and aspirations:

Lever	Key Initiative	Description
Reduce	Reduction in energy consumption through efficient lighting and cooling	Our initiatives on this front include: <ul style="list-style-type: none"> Adopting energy-efficient fixtures and fittings, such as light-emitting diode lighting; Routine maintenance of filters for air-conditioning systems to reduce air flow resistance; and Adopting greener work practices such as switching off appliances when not in use and enabling power saving modes.

Lever	Key Initiative	Description
	Reduction in GHG emissions through the replacement of existing motor vehicles with more fuel efficient and electric vehicles	Our initiatives on this front include: <ul style="list-style-type: none"> ▪ Replacing all Euro 5 diesel type motor vehicles to Euro 6 diesel type motor, which releases less nitrogen oxide emissions; and ▪ Our fleet of forklifts are currently: (i) powered by diesel; and (ii) powered by electricity. As the diesel-powered forklifts emit more carbon dioxide than electrical forklifts, we will consider switching these diesel-powered forklifts to electric-powered ones when the need arises.
	Reduction through switching to renewable energy source	We constantly explore opportunities to use clean and/ or renewable energy available in the locations that we operate in.
	Reduction in energy consumption through planning of delivery schedules	Our initiative on this front includes better planning of delivery schedules to optimise delivery routes and reduce GHG emissions.
Produce	Solar energy	Our subsidiary in Malaysia, HSM, installed solar panels on the rooftop of its warehouse, which generates solar energy for consumption within its office and warehouse. In FY2023, the solar panels generated 84,390 kWh (FY2022: 40,000 kWh) of renewable energy. For our operations in Singapore, we are exploring the installation of solar panels on warehouse's rooftop to further reduce our GHG emissions.
Neutralise	<ul style="list-style-type: none"> ▪ REC ▪ Carbon credits 	We plan to explore the use of REC and carbon credits to offset unavoidable residual GHG emissions when the relevant markets mature.

Energy conservation and GHG emissions management are of paramount concern to the Group. As part of our efforts to mitigate climate change, we are committed to responsible usage of energy and GHG emissions reduction through enhancing our energy usage efficiency and carbon reduction initiatives.

To run our operations, we rely mainly on the following energy sources:

- Fuels for our motor vehicles;
- Town gas for our factory operations; and
- Electricity for office essentials such as lighting, office equipment and air-conditioning.

Key statistics on energy consumption and GHG emissions during the Reporting Period are as follows:

Performance Indicator	Unit of Measurement	FY2023	FY2022
Energy consumption			
Town gas consumption	litre	392	392
Town gas consumption intensity	litre/ revenue S\$'000	0.01	0.01
Petrol consumption	litre	10,872	11,623
Petrol consumption intensity	litre/ revenue S\$'000	0.16	0.16
Diesel consumption	litre	59,439	57,445
Diesel consumption intensity	litre/ revenue S\$'000	0.88	0.78
Electricity consumption	kWh	1,013,625	1,037,402
Electricity consumption intensity	kWh/ revenue S\$'000	15.06	14.01
GHG emissions			
Direct GHG emissions (Scope 1) ⁹	tonnes CO ₂ e	187	183
Indirect GHG emissions (Scope 2) ¹⁰	tonnes CO ₂ e	537	545

⁹ GHG emissions from consumption of petrol and diesel (Scope 1) are calculated based on the GHG Emissions Measurement and Reporting Guidelines published by the National Environment Agency ("NEA").

¹⁰ GHG emissions from electricity purchased (Scope 2) are calculated based on the average GHG emissions factors published by the relevant authorities.

Performance Indicator	Unit of Measurement	FY2023	FY2022
Total GHG emissions (Scope 1 and 2)	tonnes CO ₂ e	724	728
GHG emissions (Scope 1 and 2) intensity	tonnes CO ₂ e/ revenue S\$'000	0.011	0.010

For the Reporting Period, our total GHG emissions reduced as a result of a reduction in business activities. However, our GHG emission intensity increased as a minimum level of energy consumption is required to support our daily operations, which is not co-related to the level of business activities. We shall continue to intensify our energy conservation efforts by tracking our energy consumption and relevant GHG emissions, observe fluctuation patterns and take corrective actions if required.

During the Reporting Period, we started to track selected Scope 3 GHG emissions¹¹ for our core business as follows:

Category	Coverage	Unit of Measurement	FY2023 ¹²
Category 6: Business travel	Air travel	tonnes CO ₂ e	19
Category 7: Employee commuting	Transportation of employees between their homes and their worksites	tonnes CO ₂ e	131

9.5 RESPONSIBLE WASTE MANAGEMENT

We believe that environmental preservation can be achieved through responsible waste management by practicing reduction and recycling. Accordingly, we are mindful of the waste generated and ensure that waste disposal is performed properly in accordance with the rules and regulations set out by the NEA.

We implemented various procedures to minimise waste generated in our operations which include:

- Proper checks are performed, to ensure that suppliers are approved based on NEA's list of licensed general waste collectors, before a supplier is onboarded as a Group's approved waste collector;
- Residual packaging materials such as paper cartons from our warehouse are given a new lease of life by transferring them to our e-commerce team for reuse, contributing to a circular economy; and
- For paper cartons and cans that can no longer be reused, they are properly disposed of for recycling purposes.

Performance Indicator	Unit of Measurement	FY2023 ¹²
Waste generated	tonnes	13
Waste generated intensity	tonnes/ revenue S\$'000	0.001

For the Reporting Period, we started to track our waste generated, observe fluctuation patterns and take corrective actions if required.

As part of the nation's master plan on zero-waste, NEA implemented the Mandatory Packaging Reporting ("MPR") scheme of which we are proud to partake. To enhance our recycling efforts, we purchase carton boxes that are FSC-certified, which are produced from environmentally friendly materials and verified sustainable sources.

9.6 SAFE WORKING ENVIRONMENT

Employee's safety is of eminent importance, and we are committed to providing a safe working environment for our employees, as we believe it strengthens our effectiveness and efficiency.

We adopted the following health and safety measures at our workplaces:

- A set of comprehensive guidelines, policies and procedures are in place;
- Risk assessments are performed periodically;
- An emergency response plan is in place for fire safety;
- Employees, who are involved in operating equipment and machinery, are appropriately certified; and
- Fire safety trainings are conducted annually.

¹¹ Scope 3 GHG emissions are calculated using calculation tools comprising International Civil Aviation Organization Carbon Emissions Calculator and Carbon and Emissions Recording Tool.

¹² FY2022 figures not available as this was not tracked previously.

Key statistics on our work-related injuries and ill health cases are as follows:

Performance Indicator	FY2023	FY2022
Number of workplace fatalities	-	-
Number of high-consequence work-related injuries ⁵	-	-
Number of recordable work-related injuries	1	3
Number of recordable work-related ill health cases ⁶	-	-

The recordable work-related injury in FY2023 related to a fall from height while arranging our product displays at a supermarket. Arising from this incident, we strengthened our relevant procedures to reinforce workplace safety measures. Lessons learnt were disseminated by the management to employees to further minimise the occurrence of safety incidents.

9.7 EMPLOYEE DEVELOPMENT AND RETENTION

Effective talent attraction and recruitment, without any discrimination and bias, are essential in developing a strong foundation for our talent pool for the long-term sustainability of our business.

Key statistics on new hires and turnover of full-time employees are as follows:

New Hires

In FY2023, we welcomed 38 new employees into our Group (FY2022: 40). The demographics of new hires are presented below:

Performance Indicator	FY2023		FY2022	
	Number of New Hire	Rate of New Hire	Number of New Hire	Rate of New Hire
Gender				
Male	25	14%	20	12%
Female	13	8%	20	12%
Age				
Below 30	20	11%	17	10%
30 to 50	15	9%	18	11%
Above 50	3	2%	5	3%
Overall new hires	38	22%	40	24%

Turnover

In FY2023, 31 employees resigned from our Group (FY2022: 43) and the demographics of employee turnover are presented below:

Performance Indicator	FY2023		FY2022	
	Number	Rate of Turnover	Number	Rate of Turnover
Gender				
Male	14	8%	18	11%
Female	17	10%	25	15%
Age				
Below 30	9	5%	21	13%
30 to 50	15	9%	19	11%
Above 50	7	4%	3	2%
Overall turnover	31	18%	43	26%

We are consistently working towards improving our turnover rate and remain dedicated to ensuring our employees are retained through the following efforts:

- Provide training and development programmes;
- Leading by example in our business operations;
- Segregate the decision-making process by empowering our employees to make decisions at workplace;
- Regular communication between leaders and employees to obtain feedback and align business goals across all levels of the workforce; and
- Re-employment contracts for eligible employees reaching retirement age.

The well-being of our employees is crucial to us. We are committed to enhancing employee benefits which include reimbursement of medical consultation fees, medical and accident insurance coverage, duty meals and dormitory housing subsidies are also provided to eligible employees.

We also provide pro-family benefits to eligible confirmed employees which include matrimonial leave, maternity leave, paternity leave, childcare leave and adoption leave.

Key statistics on maternity leave and paternity leave (collectively referred to as “**Parental Leave**”) taken by confirmed full-time employees are as follows:

Performance indicator	FY2023		FY2022	
	Male	Female	Male	Female
Number of employees entitled to Parental Leave	35	18	23	22
Number of employees who took Parental Leave	10	2	7	3
Number of employees who returned to work after Parental Leave ended	10	2	7	3
Return to work rate of employees who took Parental Leave	100%	100%	100%	100%
Retention rate of employees 12 months after they returned to work from Parental Leave ¹³	100%	100%	100%	100%

9.8 CUSTOMER HEALTH AND SAFETY

As a leading FMCG distributor and SFA licensed trader in Asia, we pride ourselves in ensuring that all food products are safe for consumption and that our customers’ well-being is taken care of.

To ensure our products meet the highest standards of health and safety, we implemented stringent internal control procedures for our products as well as ensure that our products undergo vigorous quality assurance (“**QA**”) processes. Products that fall short of our QA standards are rejected and not accepted into our inventory.

Our relevant employees are required to undergo food hygiene courses and trainings on safety protocols, to ensure that food processing area is clean and that there is no cross contamination. Our factory strictly follows the seven principles and standards set out in the HACCP, a globally recognised system for reducing the risk of safety food hazard. The seven principles comprise: (i) conduct a hazard analysis; (ii) identify critical control points; (iii) establish critical limits; (iv) establish monitoring procedures; (v) establish corrective actions; (vi) establish verification procedures; and (vii) establish record-keeping procedures.

Our factory in Malaysia is awarded with FSSC 22000 certification, a global certification scheme for food safety management. To qualify for the certification, we implemented a robust system for management of food safety with following key measures:

- Perform periodic assessments to ensure our raw materials are purchased from competent and reliable suppliers and sub-contractors;
- Track temperature records of chillers and freezers and follow up on deviations promptly;
- Engage third-party laboratories to carry out tests on whether our products are safe for consumption; and
- Perform in-house and third-party audit checks on compliance with applicable requirements.

Our chocolate factory is Halal certified, to ensure that the concerns of our Muslim customers are addressed. To comply with Jakim’s rules and regulations, we implemented the following procedures:

- Set-up a formal Halal team with proper appointments, job descriptions and hire persons with the relevant experience and competency;
- Implement policies and procedures including control measures and corrective actions;
- Establish proper documentation and record keeping systems;
- Verify the Halal system by checking for compliance with the guidelines established by Jakim; and
- Perform periodic review of the Halal system especially when changes are made.

During the Reporting Period, there was no incident of non-compliance relevant to the prevailing rules regulations (FY2022: nil incident).

¹³ Retention rate is calculated based on employees who took Parental Leave in the preceding reporting period.

9.9 WORKPLACE DIVERSITY AND EQUALITY

We are a strong advocate for diversity and equality. Our employees are treated with respect regardless of race, language, religion, gender, age or education background.

Board Diversity

The tone for diversity is set at the Board level and we strongly believe in creating an environment that encourages different perspectives and allows new ideas to be heard. To further strengthen our stand on diversity, we implemented a board diversity policy to achieve diversity on the Board level. The current Board composition provides a diversity of skills, experience, and knowledge to the Company for fostering constructive discussions and decision-making. For FY2023, we have 1 (FY2022: 1) female Director out of 6 (FY2022: 6) or 16.7% (FY2022: 16.7%) female representation on the Board.

We strive to maintain a fair and non-discriminatory working environment for our employees. As at 31 December 2023, the Group has a workforce of 173 permanent full-time employees (31 December 2022: 166 permanent full-time employees) and most of our employees are based in Singapore and Malaysia with the following breakdown:

Singapore	Malaysia	China	Total
Overall¹⁴			
81	90	2	173

Gender Diversity (%)

We view gender diversity in the workplace as an important element in supporting sustainable development. Key statistics on gender diversity of our employees are as follows:

Performance Indicator	FY2023		FY2022	
	Male	Female	Male	Female
Overall	57%	43%	52%	48%
Employee category				
Management	50%	50%	50%	50%
Non-management	57%	43%	53%	47%

Age Diversity (%)

We value mature workers for their experience, knowledge and skills. Key statistics on age diversity of our employees are as follows:

Performance Indicator	FY2023			FY2022		
	Below 30	30 – 50	Above 50	Below 30	30 – 50	Above 50
Overall	23%	42%	35%	20%	44%	36%
Employee category						
Management	-	25%	75%	-	13%	87%
Non-management	24%	43%	33%	21%	45%	34%

¹⁴ The Group did not employ any temporary employees, non-guaranteed hours employees and part-time employees for the Reporting Period.

Educational Background Diversity (%)

On diversity in educational background, an inclusive environment is in place for employees from different educational backgrounds. Our workforce mainly consists of non-tertiary educated and they contributed to 75% of our total workforce as at 31 December 2023 (31 December 2022: 73%).

Performance Indicator	FY2023		FY2022	
	Tertiary	Non-Tertiary	Tertiary	Non-Tertiary
Percentage of employees by educational diversity	25%	75%	27%	73%

During FY2023, there was no (FY2022: nil incident) reported incident of unlawful discrimination against employees.

9.10 INVESTMENT IN COMMUNITIES

We believe that investing in our local communities contributes to our long-term growth. By doing so, we help to create a more vibrant environment for everyone. With this belief, we are active in the contribution towards the local communities and implementation of community initiatives.

Our volunteers participated in KampungKakis’s Re-Energise Our Elders with Joy, an outreach programme to support isolated and frail seniors. Aside from monetary donations, we provide emotional support to elderly left behind by society, by providing a listening ear, purchasing groceries and medical escort for seniors without caregivers and teaching seniors how to use technology.



Beneficiary



KampungKakis

Sponsors & Contributing Vendors



Source: KampungKakis

As part of our sustained efforts to empower local communities, we serve the following beneficiaries through donations for the Reporting Period (non-exhaustive): (i) Ren Ci; (ii) Lion Club; (iii) Jamiyah Singapore; and (iv) Development of a Brand New Marsiling Community Club.

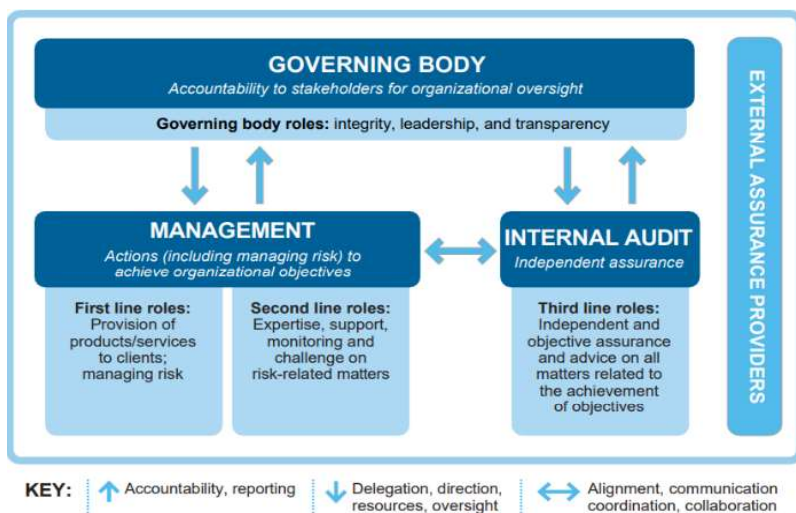
We believe it is our responsibility to contribute to the well-being of our local communities, and we are proud to be able to do this through our initiatives. We will and look forward to continuing our efforts in such enriching activities.

9.11 ROBUST CORPORATE GOVERNANCE FRAMEWORK

We adhere to the principles and guidelines of the Code of Corporate Governance and we are committed to responsible business practices and long-term value creation for all stakeholders.

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

We aligned our corporate governance and risk management approach with the Three Lines Model issued by the Institute of Internal Auditors ("IIA"). The Three Lines Model serves to identify structures and processes that best assist the achievement of organisational objectives and facilitate strong governance and risk management. Under the Three Lines Model, the roles and responsibilities of governing body, management (first- and second-line roles), internal audit (third-line roles) and the relationship among them are defined as follows:



Source: The IIA's Three Lines Model

The Group has zero tolerance for fraudulent and corruption practices that may disrupt the business operations and impede the growth of the business due to a loss of trust which we built over the years. To encourage the appropriate use of whistle blowing channel, a whistle-blowing policy is maintained and it covers the following areas:

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

We communicate and place our whistle-blowing policy and procedures on our website for ease of reference. A copy of our whistle-blowing policy can be found at <https://www.hosengroup.com/pdf/whistle-blowing-final.pdf>.

For more details on our corporate governance practices, please refer to the AR FY2023, pages 13 to 40 for the Group's Corporate Governance Report.

During FY2023, there was no (FY2022: nil) incident of serious offence and no (FY2022: nil) reported incidents of non-compliances with laws and regulations for which fines and/or non-monetary sanctions were incurred.

10. TARGETS AND PROGRESS

To measure our ongoing sustainability performance and drive continuous improvement, we have developed a set of targets related to our key sustainability issues. Our progress against these targets is reviewed and reported on an annual basis with details as follows:

Legend	Progress Tracking
ooo	New target
●●●	Target achieved
●●o	On track to meet target
●oo	Not on track, requires review

S/N	Key Sustainability Factor	Target ¹⁵	Current Year Progress
Economic			
1	Total Customer Satisfaction	<u>Ongoing and long-term</u> Maintain or improve house brand portfolio	ooo
2	Sustainable Business Performance	<u>Short-term</u> Maintain or improve our economic value generated subject to market conditions	ooo
Environmental			
3	Water Conservation	<u>Short-term</u> Maintain or reduce the water consumption intensity	ooo
4	Energy Conservation and GHG Emissions Reduction	<u>Short-term</u> Reduce Scope 1 and 2 GHG emissions intensity by FY2025 with FY2022 as our baseline <u>Medium-term</u> Reduce absolute Scope 1 and 2 GHG emissions by 25% by FY2035 with FY2022 as our baseline	ooo
5	Responsible Waste Management	<u>Short-term</u> Maintain or reduce waste generated intensity	ooo
Social			
6	Safe Working Environment	<u>Short-term</u> ▪ Reduce the number of recordable work-related injuries <u>Ongoing and long-term</u> ▪ Maintain zero workplace fatalities, high-consequence work-related injuries and recordable work-related ill health cases	●●o ●●o
7	Employee Development and Retention	<u>Ongoing and long-term</u> Maintain or improve employee turnover rate	ooo
8	Customer Health and Safety	<u>Ongoing and long-term</u> Maintain zero incident of non-compliance with food safety and hygiene rules and regulations	●●●
9	Workplace Diversity and Equality	<u>Ongoing and long-term</u>	●●●





¹⁵ Time horizons for target setting are (1) short-term: before FY2025; (2) medium-term: FY2025 – FY2035; (3) long-term: after FY2035; and (4) ongoing: continuous time horizon.

S/N	Key Sustainability Factor	Target ¹⁵	Current Year Progress
		Maintain zero incident of unlawful discrimination against employees	
10	Investment in Communities	<u>Ongoing and long-term</u> Continue to engage in community projects and charities	●●●
Governance			
11	Robust Corporate Governance Framework.	<u>Ongoing and long-term</u> <ul style="list-style-type: none"> ▪ Maintain zero incident of serious offence ▪ Maintain zero incident of significant fines or non-monetary sanctions for non-compliance with applicable laws and regulations 	●●●

For certain key Sustainability Factors identified above, we are still in the process of setting the related medium and long-term targets as their historical data trends have yet to stabilize. We will disclose such targets in our future sustainability reports when the data trends have stabilized and subject to market trends.

11. SUPPORTING THE SDG

We incorporated the SDGs under the UN Sustainability Agenda, where appropriate, as a supporting framework to shape and guide our sustainability strategy. The results shown below are how our Sustainability Factors relate to these SDGs:

SDG	Key Sustainability Factor
 <p>3 GOOD HEALTH AND WELL-BEING</p>	<p>Ensure healthy lives and promote well-being for all at all ages</p> <p><u>9.6 Safe Working Environment</u> We adopt safety measures and procedures to avoid accidents that are preventable and in so doing, maintain the well-being and safety of our employees.</p>
 <p>4 QUALITY EDUCATION</p>	<p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p> <p><u>9.7 Employee Development and Retention</u> We invest in training and development of our people to enhance our business competencies and maintain a quality workforce that contributes to the continuity of our business.</p>
 <p>6 CLEAN WATER AND SANITATION</p>	<p>Ensure availability and sustainable management of water and sanitation for all</p> <p><u>9.3 Water Conservation</u> We implement checks and measures to reduce water wastage in our business operations, which in turn help us to work towards achieving sustainable management and efficient use of natural resources.</p>
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>Ensure access to affordable, reliable, sustainable, and modern energy for all</p> <p><u>9.4 Energy Conservation and GHG Emissions Reduction</u> We implement measures to reduce our energy consumption as it helps to improve energy efficiency and reduce GHG emissions.</p>

SDG		Key Sustainability Factor
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<p><u>9.1 Total Customer Satisfaction</u> We maintain the quality of our products to meet our customers' needs. Customer satisfaction is vital to the success of our business, which in turn helps to contribute to economic growth and the creation of employment opportunities.</p> <p><u>9.2 Sustainable Business Performance</u> We contribute to economic growth through creating long-term economic value for our stakeholders.</p> <p><u>9.8 Customer Health and Safety</u> We ensure compliance to market standards with regards to the quality and safety of our products which also help us to maintain customer satisfaction.</p>
 <p>10 REDUCED INEQUALITIES</p>	<p>Reduce inequality within and among countries</p>	<p><u>9.9 Workplace Diversity and Equality</u> We build a working environment in which employees can enjoy equal opportunities regardless of age and gender.</p> <p><u>9.10 Investment in Communities</u> We contribute towards the local communities through volunteer programmes and donations.</p>
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>Ensure sustainable consumption and production patterns</p>	<p><u>9.5 Responsible Waste Management</u> We have in place initiatives to minimise waste materials generated in our operations.</p>
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective accountable and inclusive institution at all levels</p>	<p><u>9.11 Robust Corporate Governance Framework</u> We maintain a high standard of corporate governance to drive sustainable growth.</p>

12. SUPPORTING THE TCFD

We are committed to supporting the recommendations by the TCFD and disclosed our climate-related financial disclosures in the following key areas as recommended by the TCFD:

Governance

a. Describe the board's oversight of climate-related risks and opportunities.

The Board oversees the management and monitoring of key Sustainability Factors and oversees the identification and evaluation of climate-related risks and opportunities in determining the Group's strategic direction and policies.

b. Describe management's role in assessing and managing climate-related risks and opportunities.

Our sustainability strategy is developed and directed by the SC in consultation with the Board. The SC is led by an Executive Director of the Company and comprises representatives from the key business units and corporate functions. The responsibilities of the SC include considering climate-related risks and opportunities in the development of sustainability strategy, target setting, as well as collection, monitoring and reporting of performance data.

Strategy

a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.

b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.

The climate-related risks and opportunities identified by the Group during a climate-related risk assessment exercise include the following:

- **Enhanced GHG emissions-reporting obligations** - With rising concerns over the effects of climate change, key stakeholders such as the regulators, shareholders, employees and customers are demanding more climate-related information and detailed disclosure. Failure to comply with the relevant climate reporting requirements may lead to adverse impacts on the Group's reputation and financial performance. On the other hand, enhanced GHG emissions-reporting obligations raise climate awareness amongst our employees and with more defined job responsibilities and training, the Group will be in a better position to use energy resources responsibly and meet the rising needs and expectations of regulators and our shareholders on the environment;
- **Increased severity of extreme weather events** - Adverse changes in climate patterns such as rising temperatures and extreme weather events (such as floods and droughts) may affect the availability of raw materials for production of food products. As a result, the Group may face adverse impacts on financial performance due to the escalating cost of raw materials and sub-standard product quality. Conversely, this risk presented an opportunity for the Group to review and assess its value chain to identify new products and services; and
- **Expansion of carbon pricing mechanism** – Changes in policies such as expansion in carbon tax coverage and increase in carbon tax rates may increase operating costs. On the other hand, increased operating costs raise climate awareness amongst our employees and with more defined job responsibilities and training, the Group will be in a better position to use energy resources responsibly and meet the rising needs and expectations of regulators and our customers on the environment.

The Group's assessment on potential implications of the above climate-related risks was undertaken based on a range of climate scenarios using the Representative Concentration Pathway ("RCP") adopted by the Intergovernmental Panel on Climate Change ("IPCC").

Scenario	Description
IPCC RCP 2.6/1.5°C	This scenario is in line with Paris Agreement to limit global warming to below 2°C by 2100 as a result of efficiency enhancements and behaviour changes as key mitigation strategy
IPCC RCP 8.5/4°C	The 'business-as-usual' scenario assumes that GHG emissions continue to rise with significant increases in global temperatures, as no concerted efforts are made to reduce GHG emissions

We selected 1.5°C and > 4 °C warming scenarios for the purpose of our inaugural qualitative climate scenario analysis. The impact of the climate-related risks is analysed on group-wide activities in the short-term (before FY2025), medium-term (FY2025 – FY2035) and long-term (after FY2035) with details as follows:

Warming Scenario 1: 1.5°C Warming (RCP 2.6)

Risk	Significance of Financial Impact ¹⁶		
	Short-term	Medium-term	Long-term
Key transition risk identified			
Enhanced GHG emissions-reporting obligations	●	●	●
Expansion of carbon pricing mechanism	●	●	●
Key physical risk identified			
Increased severity of extreme weather events	●	●	●

Warming Scenario 2: > 4°C Warming (RCP 8.5)

Risk	Significance of Financial Impact		
	Short-term	Medium-term	Long-term
Key transition risk identified			
Enhanced GHG emissions-reporting obligations	NA ¹⁷	NA ¹⁷	●
Expansion of carbon pricing mechanism	NA ¹⁷	NA ¹⁷	●
Key physical risk identified			
Increased severity of extreme weather events	NA ¹⁷	NA ¹⁷	●

Legend

● Minor ● Moderate ● Major

In terms of our business strategy and financial planning based on the scenarios above, we will continue to formulate adaptation and mitigation plans and explore allocating resources towards transitioning to low-carbon practices. We strive to minimise the climate risks associated with our business and will seize opportunities in an effective manner such as expanding collaboration and partnership with key stakeholders to innovate and develop low carbon goods and services for the market.

Strategy

c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

The resilience of an organisation's strategy is dependent on its ability to adapt and thrive in the face of changing circumstances and emerging risks. The climate scenario analysis is crucial in providing insights on the potential extent of the climate-related risk exposure to our businesses as well as the potential opportunities.

Through our climate scenario analysis, we concluded that unmitigated climate risks (under warming scenario > 4°C warming) may result in a severe financial impact in the long-term. Under the warming scenario 1.5°C warming, the vast majority of the impact will be attributable to transition risks from enhanced GHG emissions-reporting obligations. To address the risks and capitalise on opportunities associated with climate change, we will continuously build on our strategy to remain resilient as we make progress in our sustainability journey.

¹⁶ Significance of financial impact is determined based on the risk appetite established in accordance with the Group's climate scenario assessment.

¹⁷ Not applicable as this scenario is unlikely in the short and medium-term.

Risk Management

a. Describe the organisation's processes for identifying and assessing climate-related risks

b. Describe the organisation's processes for managing climate-related risks.

c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.

We acknowledge that maintaining a sound system of climate-related risk management is imperative to safeguarding the interests of the Group and fostering trust with our stakeholders. To keep abreast of any changes in existing regulatory requirements and maintain good corporate governance, we proactively identify any major climate-related risks relevant to our business, as well as reviewing key climate-related risk performance regularly.

Climate-related risk management is covered under our ERM framework whereby potential climate-related risks are identified, assessed, monitored and managed. Under the framework, business units and functions are responsible for identifying and documenting their relevant climate-related risk exposures that might hinder their progress towards contributing to the Group's business objectives. Climate-related risks and opportunities, along with their treatment plans, are reviewed and updated during the ERM assessment exercise and are subsequently presented to the AC along with the other key enterprise-wide risks. Climate-related risks are also monitored based on the trend of climate-related performance indicators.

Metrics and Targets

a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

We track, measure and report on our environmental performance, including GHG emissions, water and waste management and disclose related metrics in our sustainability reports. Monitoring and reporting these metrics help us in identifying areas with material climate-related risks and enabling us to be more targeted in our efforts.

b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks.

To support the climate change agenda, we disclosed our Scope 1, 2 and certain categories of Scope 3 GHG emissions in this Report and set climate-related targets such as those related to GHG emissions, water and waste management. Our disclosure on indirect Scope 3 GHG emissions in this Report includes business travel (category 6) and employee commuting (category 7).

We aim to disclose other relevant categories of Scope 3 GHG emissions in the future, wherever applicable and practicable.

c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

As a commitment towards mitigating climate change, we have set climate-related targets related to GHG emissions, water and waste management. For further details, refer to Section '10 Targets and Progress'.

13. GRI CONTENT INDEX

Statement of use	Hosen Group Ltd has reported the information cited in the GRI content index for the Reporting Period with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI standard	Disclosure	Location
GRI 2: General Disclosures 2021	2-1 Organisational details	4, AR FY2023 – Corporate Information, AR FY2023 – Corporate Profile, AR FY2023 – Group Structure
	2-2 Entities included in the organisation's sustainability reporting	4
	2-3 Reporting period, frequency and contact point	4-5
	2-4 Restatements of information	None
	2-5 External assurance	4-5
	2-6 Activities, value chain and other business relationships	4
	2-7 Employees	17-18
	2-8 Workers who are not employees	None
	2-9 Governance structure and composition	7, AR FY2023 – Corporate Governance Report (The Board's Conduct of Affairs / Board Composition and Guidance)
	2-10 Nomination and selection of the highest governance body	AR FY2023 – Corporate Governance Report (Board Membership)
	2-11 Chair of the highest governance body	AR FY2023 – Board of Directors, AR FY2023 – Corporate Governance Report (Chairman and Chief Executive Officer)
	2-12 Role of the highest governance body in overseeing the management of impacts	7
	2-13 Delegation of responsibility for managing impacts	7, AR 2023 – Corporate Governance Report (The Board's Conduct of Affairs)
	2-14 Role of the highest governance body in sustainability reporting	7
	2-15 Conflicts of interest	AR FY2023 – Corporate Governance Report (The Board's Conduct of Affairs)
	2-16 Communication of critical concerns	19, AR FY2023 – Corporate Governance Report (Audit Committee)
	2-17 Collective knowledge of the highest governance body	7, AR FY2023 – Corporate Governance Report (Risk Management and Internal Controls)
	2-18 Evaluation of the performance of the highest governance body	AR FY2023 – Corporate Governance Report (Board Performance) and (Developing Remuneration Policies)
	2-19 Remuneration policies	AR FY2023 – Corporate Governance Report (Board Performance) and (Developing Remuneration Policies)
	2-20 Process to determine remuneration	AR FY2023 – Corporate Governance Report (Board Performance) and (Developing Remuneration Policies) and (Level and Mix of Remuneration)
	2-21 Annual total compensation ratio	Information is not provided due to confidentiality constraints.
	2-22 Statement on sustainable development strategy	2
	2-23 Policy commitments	6-8, 19, 21-22
	2-24 Embedding policy commitments	6-8, 19, 21-22

GRI standard	Disclosure	Location
	2-25 Processes to remediate negative impacts	19, AR FY2023 – Corporate Governance Report (Audit Committee)
	2-26 Mechanisms for seeking advice and raising concerns	19, AR FY2023 – Corporate Governance Report (Audit Committee)
	2-27 Compliance with laws and regulations	19, AR FY2023 – Corporate Governance Report (Disclosure table for annual report in compliance to the code of corporate governance 2018 and catalist rules)
	2-28 Membership associations	None
	2-29 Approach to stakeholder engagement	5-8
	2-30 Collective bargaining agreements	None of our employees are covered by collective bargaining agreements.
	GRI 3: Material Topics 2021	3-1 Process to determine material topics
3-2 List of material topics		8
3-3 Management of material topics		9-19
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	9
	201-2 Financial implications and other risks and opportunities due to climate change	23-25
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	19
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	10-13
	302-3 Energy intensity	10-13
	302-4 Reduction of energy consumption	10-13
	302-5 Reductions in energy requirement of products and services	10-13
GRI 303: Water and Effluents 2018	303-5 Water consumption	9-10
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	11-14
	305-2 Energy indirect (Scope 2) GHG emissions	11-14
	305-3 Other direct (Scope 3) GHG emissions	11-14
	305-4 GHG emissions intensity	11-14
	305-5 Reduction of GHG emissions	11-14
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	14
	306-2 Management of significant waste-related impacts	14
	306-3 Waste generated	14
	306-4 Waste diverted from disposal	14
	306-5 Waste directed to disposal	14
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	15
	401-3 Parental leave	16
GRI 403: Occupational Health and Safety 2018	403-9 Work-related injuries	14-15
	403-10 Work-related ill health	14-15
GRI 404: Training and Education 2016	404-2 Programmes for upgrading employee skills and transition assistance programmes	15-16
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	17-18, AR FY2023 19-21
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	18

GRI standard	Disclosure	Location
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	18



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