



HWA HONG CORPORATION LIMITED

HWA HONG

CORPORATION LIMITED

SUSTAINABILITY REPORT
2021



Towards Excellence **2021**
in Corporate Governance

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BOARD MESSAGE ON SUSTAINABILITY REPORT

The Group is pleased to present the 5th Sustainability Report for Hwa Hong Corporation Limited and its subsidiaries (“Hwa Hong”, “HHC”, or the “Group”). The Group continues to embark on its sustainability reporting journey for greater sustainable value creation in the areas of Environmental, Social and Governance (“ESG”). This effort has led the Group to work on ways to improve its value chain, combining its own actions with those of the service providers and joint venture partners, to create positive impacts.

In compliance with Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Rules 711A and 71B, the Board of Directors (the “Board”) has placed great importance on adopting a strategic approach in managing and overseeing the ESG matters that are significant to Hwa Hong as identified by the Board. The Board has also reviewed the sustainability performance of the organisation and will continue to provide guidance to the Management in defining future priorities.

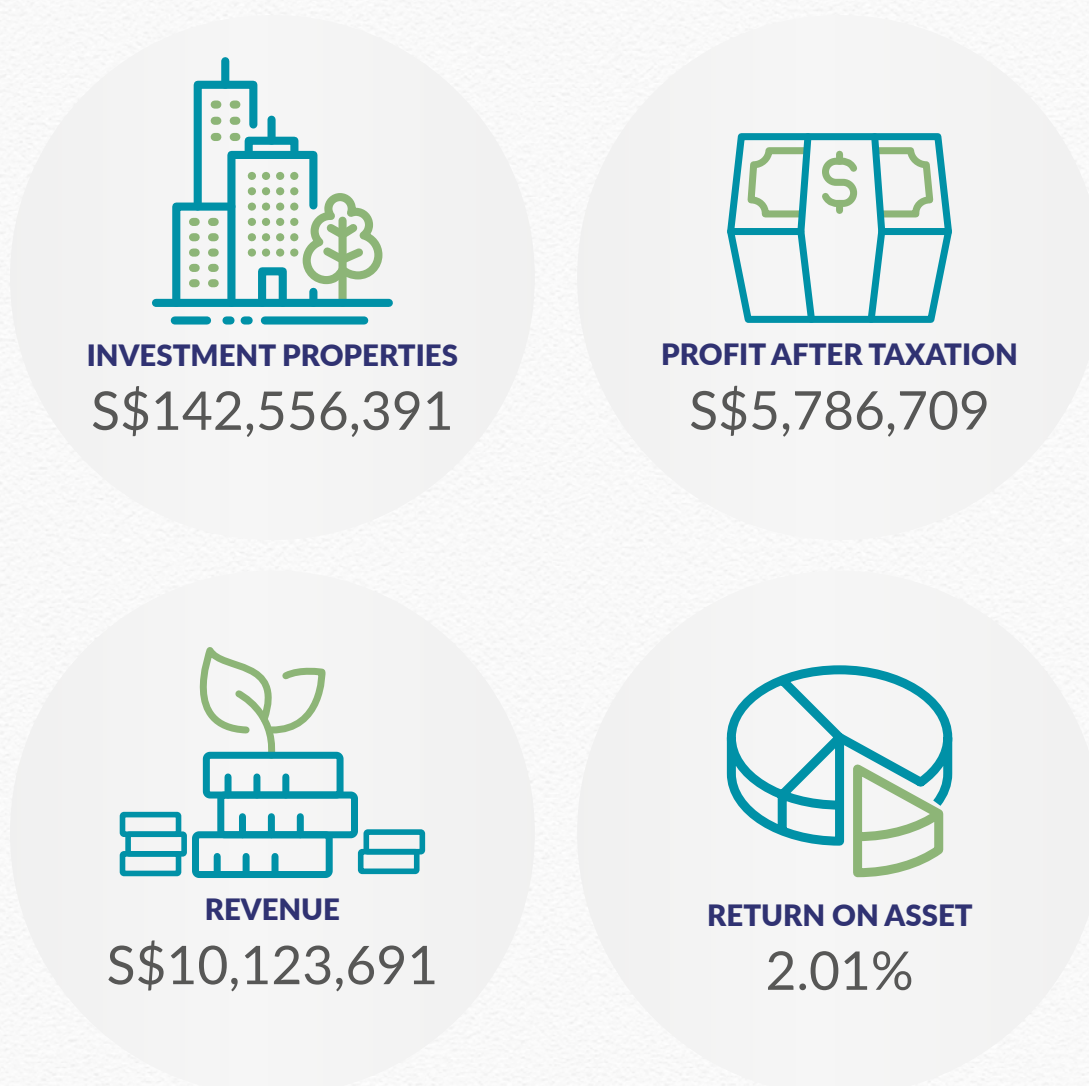
The COVID-19 pandemic presents an ongoing challenge to the global economy. Hwa Hong remains committed towards minimising the impacts of COVID-19 on our business and will continue to prioritise the well-being of all our stakeholders.

Together with the Management, the Board strives to promote greater resilience and sustainability in its business operations whilst engaging with all stakeholders of Hwa Hong.

ABOUT HWA HONG

Hwa Hong's history stems from the partnership first formed in 1952 where it grew to be admitted to the Official List of SGX in 1979. With its headquarters located in Singapore, the Group is primarily involved in investments in private and public securities and investment, development and rental of properties in Singapore, and the United Kingdom ("UK"). The key highlights of the Group operations in FY2021 are summarized in [Figure 1](#).

▼ [Figure 1](#). FY2021 key highlights of Hwa Hong



ABOUT THIS SUSTAINABILITY REPORT

REPORTING SCOPE AND STANDARDS

The Group's 5th Sustainability Report is aimed at addressing non-financial matters in the aspects of ESG which are significant to the Group's property investment operations in Singapore and UK¹ (Figure 2). Unless otherwise stated, this Sustainability Report covers the period from 1 January 2021 to 31 December 2021 ("FY2021").

This Sustainability Report has been prepared in accordance with the requirements of SGX-ST Listing Manual Rule 711(B) and with reference to the Global Reporting Initiative ("GRI") Standards 2016. The GRI Standards is a globally-recognised framework and has been adopted for its universal application for reporting on ESG performance that allows for meaningful use of information and comparability in the market. In the preparation of the report, we have applied GRI's reporting principles (Figure 3) for defining the content and quality of Hwa Hong's Sustainability Report.

▼ Figure 2. Investment properties in scope for Sustainability Report 2021

Investment Properties	In Scope
SINGAPORE	
Global Trade Investment Management Pte Ltd – 93, 95 Robertson Quay Singapore 238255/6/7	●
Singapore Warehouse Company (Private) Ltd. – 110 Paya Lebar Road, Singapore 409009	●
253 JB Pte Ltd – Lands lots 2705N and lots 2847M, Jalan Besar Singapore	●
UK	
Thackeray Properties Limited – 58 Queensgate London SW7 United Kingdom – 115B Queensgate London SW7 United Kingdom	●
Pumbledon Limited – 15/17 Hornton Street London W8 United Kingdom	●
Vantagepro Investment Limited – 100% interest in 20 Midtown, Procter Street, Holborn London WC 1 6NX United Kingdom – 50% interest in Head Post office. Fitzalan Square, Sheffield S1 2AB United Kingdom	●
Garrett Property Holdings Ltd – 71.4% interest in 20 Garrett Street , London EC1Y 0TW, United Kingdom	●

¹ The data and information disclosed in this Sustainability Report relates to all properties owned by the Group for which the Group has control, such as the properties held by its subsidiaries and joint operations as outlined in investment properties in scope for this year's reporting.

ABOUT THIS SUSTAINABILITY REPORT

▼ *Figure 3. Encapsulation of GRI's reporting principles applied*

Stakeholder Inclusiveness	The Group has identified key stakeholders to the business and considered their interests as well as impact on them in determining sustainability matters for reporting. Refer to page 16 for the Group's approach to stakeholder communications.
Sustainability context	The Group's investments are predominantly Singapore- and UK-centric. Hence sustainability context is applied as such, where applicable, throughout the report.
Materiality and completeness	The materiality assessment process which draws on the Group's understanding of its ESG impacts areas has allowed it to determine the sustainability matters that are significant for monitoring, and are disclosed accordingly within for relevant stakeholders to make informed decisions. Refer to page 5 for more information on the Group's approach.
Accuracy, balance, clarity, comparability and reliability	The Group has prepared its Sustainability Report in good faith whilst following these principles to ensure unbiased, consistent and clear information are shared annually. Industry benchmarks are also used, where appropriate.
Timeliness	In compliance with SGX-ST's requirements, the Sustainability Report is published within five months after end of the financial year.

EXTERNAL ASSURANCE

The Group has not sought external assurance for this year's report. External assurance will be considered as reporting matures.

FEEDBACK

Hwa Hong is committed to listening to the stakeholders and welcome feedback on this report at secretariat@hwahongcorp.com.

SUSTAINABILITY AT HWA HONG

RESPONSIBILITY FOR SUSTAINABILITY

At Hwa Hong, sustainability matters are governed by the Board which is supported by the Audit and Risk Committee (“ARC”) (Figure 4). This committee is responsible for integrating sustainability principles and policies, which comprise of relevant policies and standard operating procedures (“SOPs”) throughout the Group. Compliance with these policies and SOPs is effected through periodic reviews by the Board.

▼ Figure 4. Hwa Hong's governance structure



MATERIALITY ASSESSMENT

The Management, together with the Board conducted a formal materiality assessment exercise in late 2016. An extensive list of ESG matters were evaluated and then ranked according to their importance from both internal and external stakeholders' perspectives.

A materiality review process was conducted in FY2021 and it was concluded that the same five material sustainability matters reported in the last year remains reflective of the current business condition and are aligned with the Group's sustainability strategy (Figure 5).

The material sustainability matters as detailed in Figure 6² will thus form the focus of this report and be reviewed on a yearly basis to ensure that they continue to be relevant and reflective of key business impacts and stakeholders' needs. Future reviews will ensure a proactive response to emerging sustainability matters.

² The Group did not identify any environmental matters such as energy and water consumption as material sustainability matters for its properties in Singapore and the UK as the usage of water and electricity are not within the Group's control. The property managements in the Singapore properties are mainly carried out either by the Management Corporation Strata Title (“MCST”) or by the anchor tenant in its Paya Lebar property. In the UK, the commercial properties are leased on a full repair, insurance basis (“FRI”) whereby repairs and insurance are largely borne by the tenants and for the residential properties, repairs and maintenance costs are shared by all leaseholders.

SUSTAINABILITY AT HWA HONG

▼ Figure 5. Sustainability Strategy

SUSTAINABILITY STRATEGY OF HWA HONG	
<p>FUNDAMENTAL</p> <p>Ensuring that the foundation of the Group is built on a strong governance meeting all required compliance</p>	<p>STRATEGIC</p> <p>Sustaining long-term financial growth and performance through sound management decision system in evaluating potential buys and sells and strong partnerships</p>
<p>1 High Standards of Corporate Governance</p> <p>2 Regulatory Compliance</p>	<p>3 Sustainable Business Growth</p>
<p>RELATIONAL</p> <p>Communicating with stakeholders to understand and address their concerns, strengthen relationships and work together on sustainability goals and challenges</p>	<p>ASPIRATIONAL</p> <p>Providing equal opportunities, fair remuneration and treatment to all employees and contractors at Hwa Hong</p>
<p>4 Stakeholder Communications</p>	<p>5 Fair Employment Practices</p>

SUSTAINABILITY AT HWA HONG

▼ Figure 6. Results of the Group's materiality assessment



No.	Material sustainability matters	Corresponding GRI disclosures	Where impacts occur within the Group	Where impacts occur outside the Group
1	High standards of corporate governance	<ul style="list-style-type: none"> Anti-corruption 	<ul style="list-style-type: none"> Board of Directors The Management 	<ul style="list-style-type: none"> Regulators
2	Regulatory compliance	<ul style="list-style-type: none"> Compliance 	<ul style="list-style-type: none"> Board of Directors 	<ul style="list-style-type: none"> Regulators
3	Sustainable Business Growth	<ul style="list-style-type: none"> Economic Performance 	<ul style="list-style-type: none"> The Management 	<ul style="list-style-type: none"> Investors Suppliers Customers
4	Stakeholder Communications	<ul style="list-style-type: none"> N.A.³ 	<ul style="list-style-type: none"> All stakeholders 	<ul style="list-style-type: none"> All stakeholders
5	Fair employment practices	<ul style="list-style-type: none"> Employment 	<ul style="list-style-type: none"> Team Members 	<ul style="list-style-type: none"> Industry association

³ The stakeholder communications have been disclosed with reference to the General Standard Disclosures under the GRI Standards 2016. Please refer to the GRI Content Index for the corresponding indicators.

FUNDAMENTAL

HIGH STANDARDS OF CORPORATE GOVERNANCE

The Group recognises that good corporate governance and conducting of the business in a responsible and ethical manner is vital to the sustainability of the Group.

At Hwa Hong, the Board and the Company Secretary regularly reviews corporate governance practices, to ensure conformance with Singapore's Code of Corporate Governance (the "Code") 2018 and meet recommended best practices. Robustness of the Management's governance of the Group is also monitored to ensure that they are attuned to the fast-moving economic landscape and regulatory requirements.

RISK MANAGEMENT

The Group has established a formalised risk management process where risks, control measures, risk tolerance level or limits and follow-up actions are identified and monitored by the Management and reported to the Board for review and evaluation. During the risk management process, the Board determines acceptable levels of risk tolerance and policies to ensure that all identifiable material risks should be analysed, understood, managed and monitored. The Group believes that effective risk management is the responsibility of all directors and managers, with the Board providing general oversight.

Every year, the Management carries out a review of the Group's risk registers to update and identify new risks that may adversely affect the Group's operations. A risk management report highlighting high risk areas or new risks and measures to mitigate such identified risks is submitted annually to the ARC for review and discussion.

For the year under review, the Management believes that the current framework for managing risks remains appropriate. Although risks cannot be completely eliminated, an effective risk management framework will reduce the uncertainties in achieving the Group's business objectives and allow the Group to take advantage of opportunities that may arise. Please refer to the Corporate Governance Report and Risk Management and Control Environment sections of the Annual Report.

FUNDAMENTAL

ANTI-CORRUPTION, ANTI-BRIBERY

The Group recognises the importance of good governance, anti-corruption and anti-bribery and adopts an integrated Fraud Risk Management Framework, designed to identify and minimise fraud occurrences within the Group. The Group adheres to the Code of Corporate Governance 2018 and listing rules and regulations set out by SGX and MAS Securities and Futures Act, as well as all other applicable laws and regulations.

In addition, the Group expects its business partners, such as joint ventures and suppliers, to approach issues of corruption and bribery in a manner that is consistent with the Group's principles. The Group will use its influence to ensure that business partners meet high integrity standards. The Group will also ensure that the procurement procedures for appointing suppliers are open, fair and transparent. The selection of suppliers will be based on evaluation of merits, and not on personal recommendations.

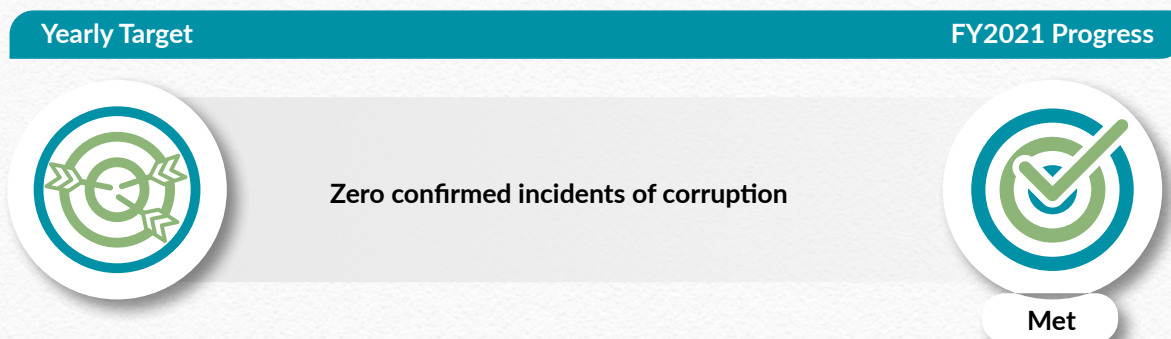
Most of the Group's investments are in developed markets such as Singapore and UK where there is very strong rule of law including anti-corruption laws. Where we have investments in emerging markets, the Group is careful that the investments are made with thorough due diligence.

In support of an open and transparent communication culture, the Group has a whistle-blowing policy in place to provide an avenue for employees and external parties to raise concerns and offer reassurance that they will be protected from reprisals or victimisation for whistle blowing in good faith. The whistle-blowing policy is available on Hwa Hong's website and details clear procedures for reporting. For FY2020 and FY2021, there were no confirmed cases of corruption.

FUNDAMENTAL

▼ Figure 7. Summary of corporate policies

Corporate policies	Description of guidance provided	Made available to/at
Code of Business Conduct & Ethics	<ul style="list-style-type: none"> • Code of Business Conducts & Ethics for members of the Board of Directors • Company values, ethics and conduct in relation to: <ul style="list-style-type: none"> o General employee conduct o Records and communication o Information confidentiality • Conflicts of interest • Insider trading 	Internal Policy Internal Policy
Whistle-Blowing Policy	Independent channel to report following concerns: <ul style="list-style-type: none"> • Improprieties in financial reporting • Professional misconduct • Irregularities or non-compliance with laws and regulations 	Available at: www.hwahongcorp.com
Anti-Corruption and Anti-Bribery Policy	Prevention and management of fraud	Internal Policy
Personal Data Protection Act Policy	Compliance with the Personal Data Protection Act 2012 ("PDPA")	Internal Policy
Legal and Regulatory Compliance Tracker	Provides guidance on compliance with relevant rules and regulations	Internal Policy
Outside Directorship	Provides guidance for Executive Directors and key officers who intend to hold directorship appointments in their personal capacity in any company in which the Company has no direct interest.	Internal Policy



FUNDAMENTAL

REGULATORY COMPLIANCE

Any form of non-compliance could potentially damage the Group's reputation and affect the confidence levels of the shareholders. It may also result in penalties such as fines, public warnings or reprimands from the regulators. The Group is also of the view that compliance with the applicable law and regulations is critical, so as to uphold Singapore's reputation as a fair and reliable marketplace to conduct businesses.

The Group has established policies and SOPs to ensure that applicable regulations and legislation are complied with, which includes periodic self-testing, completing of routine compliance checklists and tracking of any regulatory breaches. In assessing the effectiveness of the management of regulatory compliance, the Group undergoes internal audits once every few years, conducted by an external accredited party. The auditor evaluates and provides an independent assessment on the robustness of the Group's internal controls, risk management and corporate governance processes. All of which, provides an additional layer of review to ensure relevant regulatory requirements are met.

The last internal audit on regulatory management was carried out in FY2019. With recent enhancements to the Code's disclosures and practices, the internal auditors carried out a gap analysis in FY2019 to assess for areas of potential non-compliance so that the Company can address them in a timely manner.

For FY2021 and FY2020, there were no known material incidents of non-compliance with applicable laws and regulations.

In 2022, during the Company's 69th AGM held on 18 April 2022, one of the Independent Directors was not re-appointed and another Independent Director did not pass the two-tier voting as required under Rule 210(5)(d)(iii)(A) and (B) of the SGX-ST Listing Manual to qualify as an Independent Director of the Company. Cognisant that the Company did not have sufficient Independent Directors to comply with the regulations as set out under the Companies Act 1967, the SGX-ST Listing Manual and the 2018 Code of Corporate Governance, it sought to fill the vacancies expeditiously in order to reconstitute the Board.

Subsequently on 4 May 2022, the Chairman, who was also the last Independent Director resigned from the Board triggering the issuance of a Notice of Compliance from SGX on 6 May 2022 with regards to the nomination process. The Company is currently taking all necessary actions to address compliance matters as notified by SGX and will provide timely updates to our stakeholders.



HWA HONG'S UPDATE ON COVID-19

COVID-19 has brought about unprecedented depths of economic disruption worldwide which similarly impacted Hwa Hong's business. However, as COVID-19 becomes endemic, the Group foresees continued value in our investment properties where we operate in and will continue to build resilience and re-invest strategically to capture long term value and seek new opportunities. Please see our Annual Report 2021 for more information on our business review and prospects highlighted.

Concerning the well-being of our stakeholders, the Group took direction from the Ministry of Manpower's ("MOM's") advisories and implemented measures that reduce the spread of COVID-19 at the workplace. We will continue to support the virtual communication with customers, suppliers and staff, as appropriate. There were no non-compliance incidents or breaches of safe-distancing and the relevant COVID-19 workplace safety measures in FY2020 and FY2021.

Hwa Hong is confident that we will emerge stronger from COVID-19 as we continue to capture new growth opportunities and focus on growing our business sustainably.

STRATEGIC

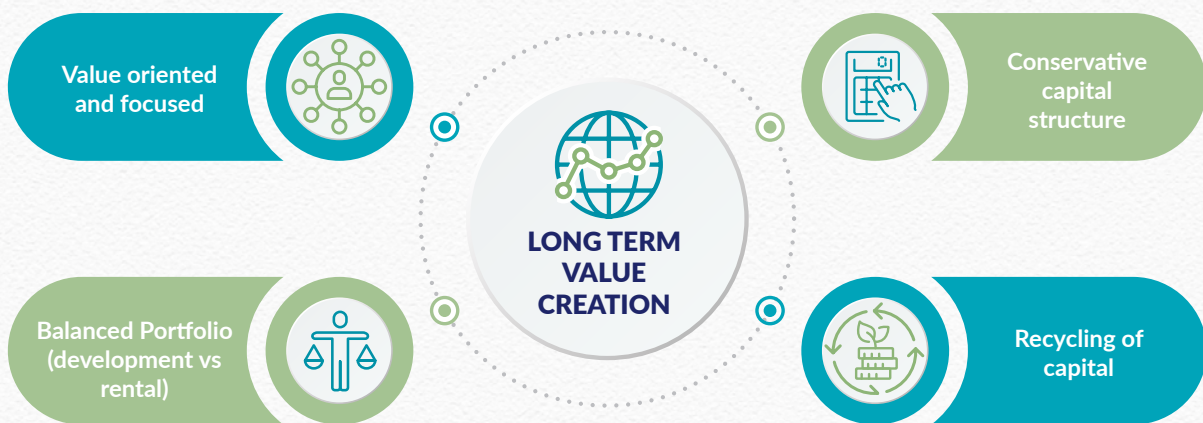
SUSTAINABLE BUSINESS GROWTH

SUSTAINING LONG-TERM FINANCIAL GROWTH AND PERFORMANCE

Listed on the SGX-ST, Hwa Hong reports its financial performance on a half-yearly basis in FY2021. At the time of the release of this report, the most recent financial results released are for the financial year ended 31 December 2021. Total revenue for the year was \$10,123,691 and net profit was \$5,786,709. As at 31 December 2021, Hwa Hong's total investment properties achieved a valuation of \$240,036,757 compared to its carrying value of \$142,556,391.

Through a robust capital and asset management strategy, the Group focuses on investment opportunities that maximises shareholders' value over the medium to long-term (Figure 8).

▼ Figure 8. Long term value creation points of focus



Hwa Hong recognises that encompassing a good governance structure, access to capital and due consideration for the broader economic and business environments in both Singapore and UK are vital for the execution of this strategy.

To meet the commitment of maximising the value of its shareholders, Hwa Hong has developed and paced itself to achieve the following strategic objectives:

1. Acquire properties with long term value given their location and type of use
2. Unlock value from properties or develop sites over time to create value
3. Optimise income from assets
4. Recycle capital
5. Maintain strong, and efficient balance sheet (including ensuring sustainable loans-to-values ("LTVs") and interest cover)
6. Develop overseas markets

STRATEGIC

In addition, the management further strives to strike a balance between the distribution of a consistent dividend to its shareholders and its pursuit of potential investment opportunities with the aim to maximise overall shareholders' value. The dividend payout for a given year is determined by the Board of Directors, after taking into account, inter alia, the Group's balance sheet position, operating results, capital requirements and cash balances. Over the years, Hwa Hong remained fairly consistent dividend in its pay-outs to shareholders.

SUCCESSION PLANNING

A fundamental responsibility of the Board is to ensure the continuity of executive leadership, as well as, to assess if the potential candidate possesses sufficient depth and talent to execute the Group's long-term strategy whilst addressing both current and long-term needs of the Group.

The Group's corporate governance and Nominating Committee's terms of reference details the Board's responsibilities in ensuring succession planning to meet current and future challenges and opportunities. These include ensuring effective processes are implemented, such as the following:

- Establishment of a process to identify and assess potential internal candidates;
- Conduct periodic review and assessment of readiness;
- Implement contingency plans for temporary absences of the Chairman and Group Managing Director due to disability or unexpected event; and
- Ensure long-term continuity and planning for succession to the Group Managing Director's position

The Board will assess such processes with the relevant committees on an annual basis.

STRONG PARTNERSHIPS

From a geographical perspective, the Group continues to focus its property investments in its two key markets that are, Singapore and the UK. Given the Group's small size and limited capital availability, the Group operates in the UK primarily through partnerships. As such, forging and maintaining strong partnerships for continued growth and sustainability is a key pillar of our sustainability strategy.

The Group's presence in UK has been longstanding and it continues to view London, and to a lesser extent, the UK, as a key overseas market for the Group. The Group believes the depth and liquidity of the London property market, in addition to, the transparency and the rule of law in the UK make the market attractive for foreign investors. Beginning in 2013, the Group has broadened its partnerships and resources in UK which has helped identify promising investment opportunities over time. Furthermore, this has managed to allow us to seize key investment opportunities to invest in properties for recurring income and potential long-term value creation.

In evaluating suitability for partnerships, the Group assesses largely on these criteria:

1. Potential partner's profile and track record;
2. Potential partner's previous partnership experience or reputation in the industry for new partnership;

STRATEGIC

Hwa Hong further considers several key process issues which are deemed vital in achieving optimal partnership outcomes. These process issues include:

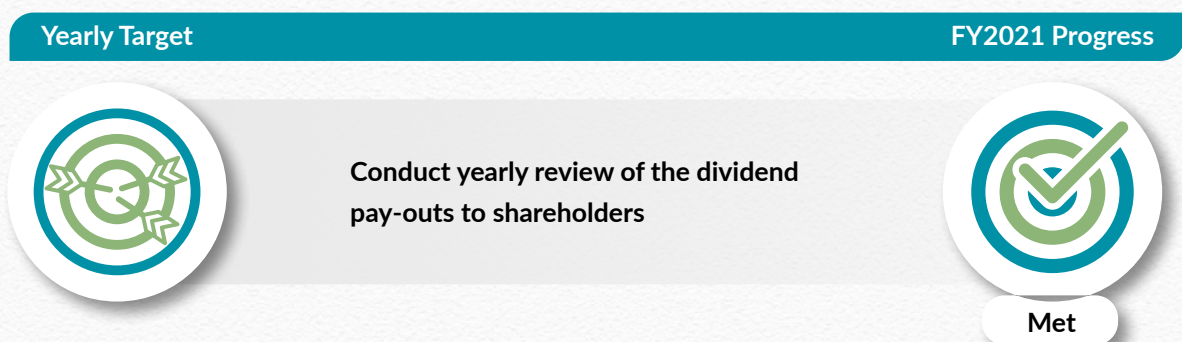
1. Creating a shared vision on the investments;
2. Agreeing on terms upfront with robust and thorough legal agreements;
3. Regular monitoring of the investment;
4. Ensuring that dispute resolution is agreed upfront

With the above approach, the Group has managed to foster and maintain amicable and professional relationships with its partners, in which Hwa Hong believes will create opportunities for future investments.

INFLUENCING HWA HONG'S SUPPLY CHAIN

Sustainability impacts occur at every aspect of the business and extends beyond the Group's operations. Hwa Hong is committed to influence its value chain in sustainability matters. The Group's main suppliers are property and project management service providers and professional service providers. In areas where the Group is in joint operations with joint-venture partners, the Group has varying degrees of control and influence over its property and project management service providers.

Hence, where relevant and practicable, the Group actively engages the property and project manager and related service providers for collaboration to create a positive sustainability impact. To that end, Hwa Hong works closely with the property operators to undertake appropriate and adequate risk management procedures during the sourcing and procurement process of materials and services. For example, where relevant, only service providers verified to have the required license are allowed to carry out maintenance work and fitting-out works in the Group's properties.



RELATIONAL

STAKEHOLDER COMMUNICATIONS



All stakeholders are important to Hwa Hong's long-term success. Recognising the interdependency between Hwa Hong and its stakeholders in building a business that is sustainable and primed for growth, this has driven the Group to proactively engage with its key stakeholders and obtain feedback for operational improvement. The Group further seeks to address the concerns of key stakeholders through various forms of engagement methods, as outlined in **Figure 9**.

▼ **Figure 9. Stakeholder engagement summary**

	Engagement description	Key topics	Hwa Hong's response
Stakeholders	Customers		
	<ul style="list-style-type: none"> Tenant requests and feedback via phone calls or emails 	<ul style="list-style-type: none"> Responsiveness of the property management teams to tenant requests and feedback. 	<ul style="list-style-type: none"> Consistently reviews service standards of the property management teams and the customer relationship.
	Investors (i.e. equity shareholders)		
	<ul style="list-style-type: none"> Annual General Meetings Annual/Quarterly Reports Website (www.sgx.com), annual reports and SGXNet announcements as and when required 	<ul style="list-style-type: none"> Business operations and performance Growth strategy and market outlook Capital management 	<ul style="list-style-type: none"> Proper communication and engagement with shareholders within the investment community Proactive management of foreign currency exposure and liquidity while maximising capital efficiency
	Board of Directors and the Management		
<ul style="list-style-type: none"> Half-yearly Board and Committee meetings Annual Board evaluation and performance review Orientation and training programmes for new Directors upon joining HHC Regular meetings and calls Timely updates from key Management on relevant business activities as and when required 	<ul style="list-style-type: none"> Profit maximizing Compliance with laws and regulations 	<ul style="list-style-type: none"> Strategic planning communicated to all departments 	
Team members			
<ul style="list-style-type: none"> Orientation and on-the-job training programmes for new hirers Regular meetings and calls Regular performance feedback 	<ul style="list-style-type: none"> Fair and equal employment opportunities Remuneration, compensation and benefits Employee wellness 	<ul style="list-style-type: none"> Reviews fair employment practice Ensures that remuneration package comprises a base salary and performance bonus Provides healthcare benefits to Team Members 	

RELATIONAL

	Engagement description	Key topics	Hwa Hong's response
Stakeholders	Suppliers (i.e. Property Management and professional service providers)		
	<ul style="list-style-type: none"> Regular meetings/email exchanges Supplier screening and review on ad-hoc basis 	<ul style="list-style-type: none"> Timely provision of services Timely payment upon completion of work Regulatory compliance 	<ul style="list-style-type: none"> Review quality and timeliness of services provided Payments are monitored closely by the finance departments Ensures compliance with relevant laws and regulations, adherence to code of conduct
	Regulators		
	<ul style="list-style-type: none"> Compliance with rules and regulations throughout the year Industry regulatory briefings and consultations such as Inland Revenue Authority of Singapore ("IRAS") when required 	<ul style="list-style-type: none"> Regulatory compliance 	<ul style="list-style-type: none"> Ensures compliance with relevant laws and regulations, adherence to code of conduct and internal policies
Industry associations			
	<ul style="list-style-type: none"> Regular member of Real Estates Developers' Association of Singapore ("REDAS") Subscribers to UK Trade Press throughout the year 	<ul style="list-style-type: none"> Issues concerning both short and long-term interests of the property markets in Singapore and UK. 	<ul style="list-style-type: none"> Review latest knowledge obtained from industry associations

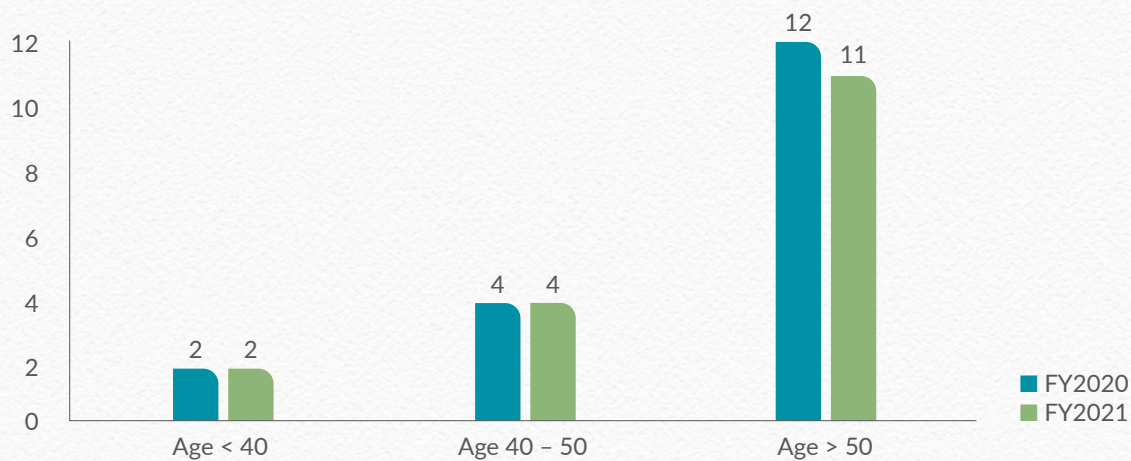
Yearly Target	FY2021 Progress
 <p>Conduct an internal review to ensure that the concerns of our key stakeholders have adequately been addressed</p>	 <p>Met</p>

ASPIRATIONAL

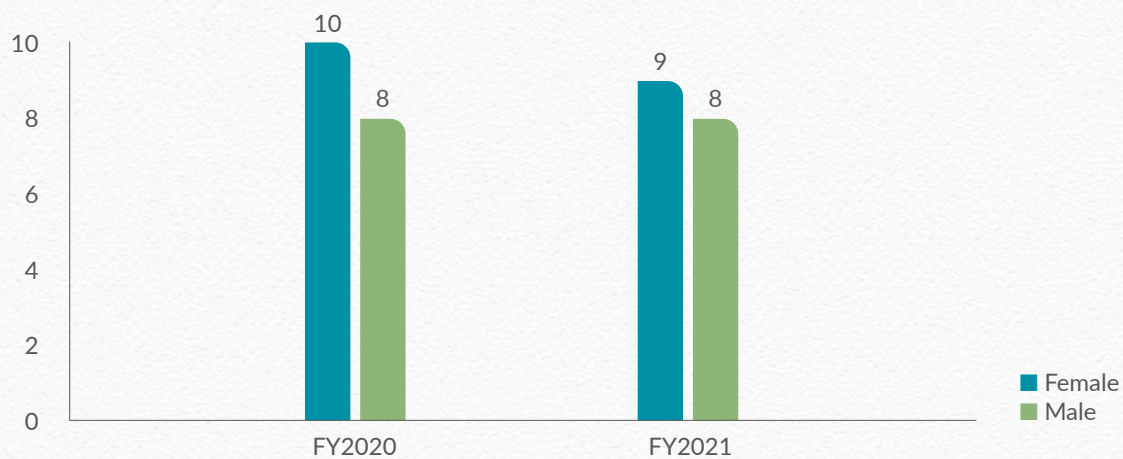
TEAM PROFILE

As at 31 December 2021, there were a total of 17 team members in Singapore (Figure 10 to 12), of whom 15 were full-time and 2 were part-time team members. There were no team members in the UK, as joint operations are mainly carried out by the property and project management service providers.

▼ Figure 10. Team Members' Age Profile as at end of financial year



▼ Figure 11. Team Members' breakdown by Gender as at end of financial year



ASPIRATIONAL

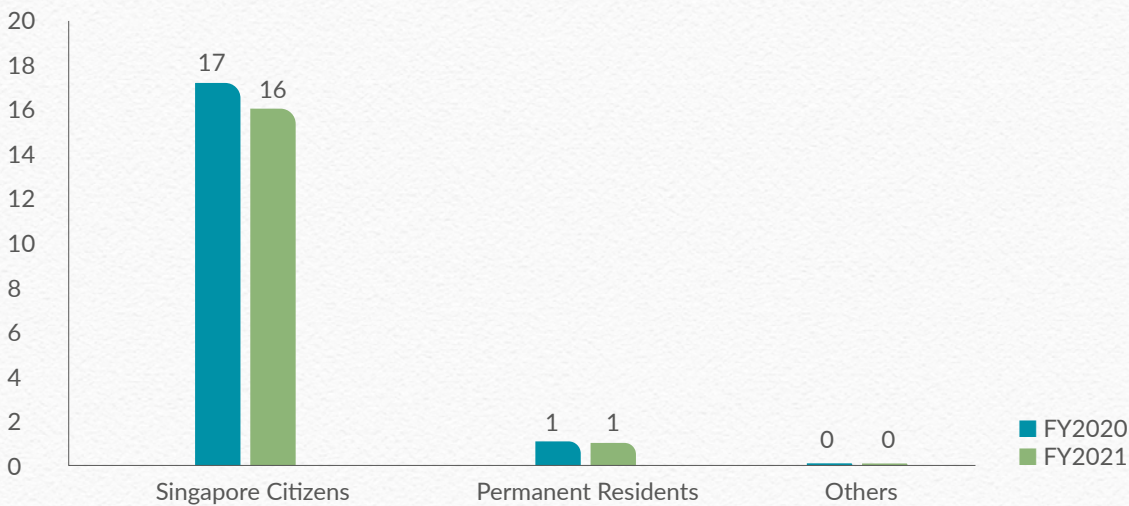
▼ **Figure 12.** Team Members' breakdown by Employment Category as at end of financial year



The Group endeavors to keep workforce numbers relatively constant over the years to meet operational needs of the Group. During the year, workforce numbers remained stable with one female, non-executive new hire and a turnover of two female non-executive team members.

At Hwa Hong, the Group believes in supporting and nurturing of local talent, while simultaneously keeping an open mind to hiring foreign talent for their specialised skillsets. As at December 2021, 94% of Hwa Hong's total workforce were Singaporeans (**Figure 13**).

▼ **Figure 13.** Team members' Diversity Profile as at end of financial year



ASPIRATIONAL

FAIR EMPLOYMENT PRACTICES

At Hwa Hong, the recruitment and career progressions follow a meritocratic approach. The Group believes in the provision of fair and equitable opportunities for our team members to grow professionally, and stands firm against any form of discrimination within the Group. Human resource and employment policies which aligns with the Fair Consideration Framework of the Ministry of Manpower and the five key principles defined by the Tripartite Guidelines on Fair Employment Practices (“TGFEF”) are in place to guide the Group as well as protect the team members.

These five key principles by TGFEF are:

Recruit and select team members on the basis of merit (such as skills, experience or ability to perform the job), regardless of age, race, gender, religion, marital status and family responsibilities, or disability.

Treat team members fairly and respectfully and implement progressive human resource management systems.

Provide employees with equal opportunities to be considered for training and development based on their strengths and needs, to help them achieve their full potential.

Reward employees fairly based on their ability, performance, contribution and experience.

Abide by labour laws and adopt the Tripartite Guidelines on Fair Employment Practices.

At Hwa Hong, the recruitment and career progressions follow a meritocratic approach. The Group remains highly committed in treating all team members fairly and equally. For example, the Group provides opportunities for senior citizens who have in turn, demonstrated good knowledge and loyalty to the Group.

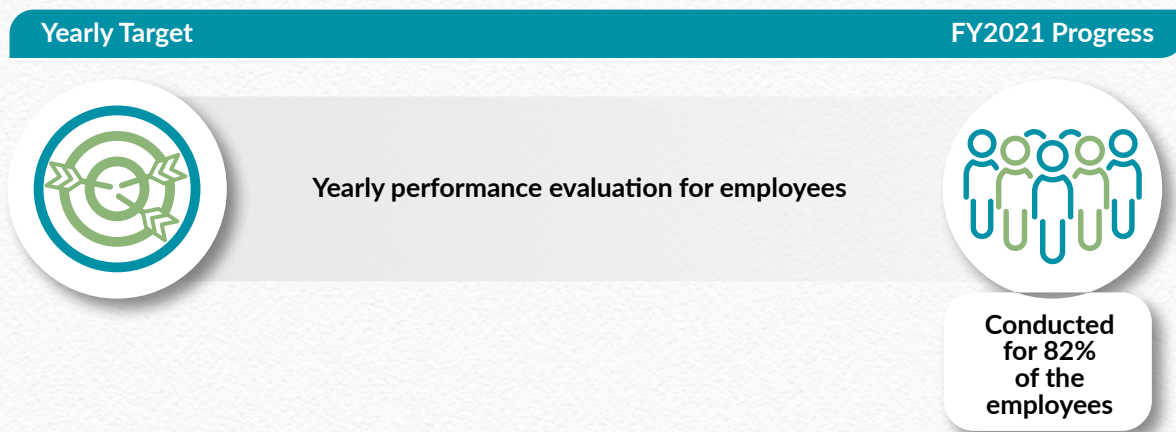
As Hwa Hong has a lean workforce, the Group recognises that talent attraction and retention is an important aspect. Team members are identified as the Group’s most valuable assets and are continuously engaged. The Group views the importance of training, developing, growing and retaining its human capital through implementation of effective human resource policies and practices. The team members are encouraged to upskill themselves by getting trained for career growth and personal development.

ASPIRATIONAL

In addition, the Group offers competitive pay packages that are benchmarked to the market and reward team members based on merit. The Group's remuneration package generally comprises two components. One component is fixed in the form of a base salary. The other is a variable component comprising Annual Wage Supplement ("AWS") and performance bonus. The variable component is largely dependent on the Group's financial performance as well as the individual's performance for the year.

Furthermore, Hwa Hong regards its team members' well-being as its top priority. Positive well-being is believed to lower turnover rates and increase productivity. The Group focuses on providing a safe and conducive workplace for its team members. Various healthcare benefits, such as health insurance and health screenings are further provided to full-time team members. The Group strives to build a working environment that meets the needs of its team members wherever possible. Provision of additional leave days and flexible working arrangements are granted additionally, to allow team members to focus on their personal commitments as necessary.

The Group believes in integrity and professionalism in the conduct of Hwa Hong's business activities and expects the team members to embrace, practice and adopt these values as communicated. The Group's code of conduct is made available to all team members as embedded within the employment policy.



The Group will continue to monitor and improve the performance against the target for FY2022.

GRI CONTENT INDEX

GRI 2016 Standard Disclosure Reference	Description	Cross-Reference / Direct Answer
GENERAL DISCLOSURES		
Organisational Profile		
102-1	Name of the organisation	Hwa Hong Corporation Limited
102-2	Activities, brands, products, and services	About Hwa Hong, Page 2; About this Sustainability Report, Page 3 to 4; Investment Properties Portfolio [Annual Report 2021, Pages 8 to 15]; Corporate Information [Annual Report 2021, Pages 66 to 69]
102-3	Location of headquarters	About Hwa Hong, Page 2; Corporate Information [Annual Report 2021, inside back cover]
102-4	Location of operations	About Hwa Hong, Page 2; Corporate Information [Annual Report 2021, inside back cover]
102-5	Ownership and legal form	About Hwa Hong, Page 2; HHC is a limited liability company listed on SGX-ST.
102-6	Markets served	Letter to shareholders [Annual Report 2021, Pages 3 to 6]
102-7	Scale of the organisation	Aspirational: Team Profile, Pages 18 to 19; Investment Properties Portfolio [Annual Report 2021, Pages 8 to 15]; Financial Highlights [Annual Report 2021, Page 7]; Investment Properties Portfolio [Annual Report, Pages 8 to 15]; Corporate Information [Annual Report 2021, Pages 66 to 69]
102-8	Information on employees and other workers	Aspirational: Team Profile, Pages 18 to 19 This Report references Disclosure 102-8 (c)
102-9	Supply Chain	Strategic: Influencing Hwa Hong's supply chain, Page 15
102-10	Significant changes to the organisation and its supply chain	No significant changes
102-11	Precautionary Principle or approach	Risk Management and Control Environment [Annual Report 2021, Page 46]
102-12	External Initiatives	HHC does not commit to any external initiatives.
102-13	Membership of associations	Fundamental: High Standards of Corporate Governance, Pages 8 to 9; Relational: Stakeholder Communications, Pages 16 to 17
Strategy		
102-14	Statement from senior decision-maker	Board Message on Sustainability Report, Page 1

GRI CONTENT INDEX

GRI 2016 Standard Disclosure Reference	Description	Cross-Reference / Direct Answer
GENERAL DISCLOSURES		
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behaviour	Corporate Governance [Annual Report 2021, Pages 25 to 45]; Risk Management and Control Environment [Annual Report 2021, Page 46]
Governance		
102-18	Governance structure	Sustainability at Hwa Hong: Responsibility for Sustainability, Page 5
Stakeholder Engagement		
102-40	List of stakeholder groups	Relational: Stakeholder Communications, Pages 16 to 17
102-41	Collective bargaining agreements	There are no collective bargaining agreements in place.
102-42	Identifying and selecting stakeholders	Relational: Stakeholder Communications, Pages 16 to 17
102-43	Approach to stakeholder engagement	Relational: Stakeholder Communications, Pages 16 to 17
102-44	Key topics and concerns raised	Relational: Stakeholder Communications, Pages 16 to 17
Reporting Practice		
102-45	Entities included in the consolidated financial statements	About this Sustainability Report, Page 3
102-46	Defining report contents and topic Boundaries	Sustainability at Hwa Hong: Materiality Assessment, Pages 5 to 7
102-47	List of material topics	Sustainability at Hwa Hong: Materiality Assessment, Pages 5 to 7
102-48	Restatement of information	No restatements were made for this report
102-49	Changes in reporting	No changes from prior year's Sustainability Report
102-50	Reporting period	About this Sustainability Report, Page 3
102-51	Date of most recent previous report	Sustainability Report 2020 was published on 31 May 2021
102-52	Reporting cycle	On an annual basis
102-53	Contact point for questions regarding the report	About this Sustainability Report: Feedback, Page 4
102-54	Claims of report in accordance with GRI Standards	About this Sustainability Report, Pages 3 to 4
102-55	GRI content index	GRI Content Index, Pages 22 to 25
102-56	External assurance	About this Sustainability Report: External Assurance, Page 4

GRI CONTENT INDEX

GRI 2016 Standard Disclosure Reference	Description	Cross-Reference /Direct Answer
MATERIAL TOPIC: SUSTAINABLE BUSINESS GROWTH		
Management Approach		
103-1	Explanation of the material topics and its boundary	Sustainability at Hwa Hong: Materiality Assessment, Pages 5 to 7; Strategic: Sustainable Business Growth, Pages 13 to 15
103-2	The management approach and its components	Strategic: Sustainable Business Growth, Pages 13 to 15
103-3	Evaluation of the management approach	Strategic: Sustainable Business Growth, Pages 13 to 15
Economic Performance		
201-1	Direct economic value generated and distributed	Strategic: Sustainable Business Growth, Pages 13 to 15; Financial statements [Annual Report 2021, Pages 54 - 140]
MATERIAL TOPIC: HIGH STANDARDS OF CORPORATE GOVERNANCE		
Management Approach		
103-1	Explanation of the material topics and its boundary	Sustainability at Hwa Hong: Materiality Assessment, Pages 5 to 7; Fundamental: High Standards of Corporate Governance, Pages 8 to 10
103-2	The management approach and its components	Fundamental: High Standards of Corporate Governance, Pages 8 to 10
103-3	Evaluation of the management approach	Fundamental: High Standards of Corporate Governance, Pages 8 to 10
Anti-corruption		
205-3	Confirmed incidents of corruption and actions taken	Fundamental: High Standards of Corporate Governance, Page 10

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GRI 2016 Standard Disclosure Reference	Description	Cross-Reference /Direct Answer
MATERIAL TOPIC FAIR EMPLOYMENT PRACTICES		
Management Approach		
103-1	Explanation of the material topics and its boundary	Sustainability at Hwa Hong: Materiality Assessment, Pages 5 to 7; Aspirational: Fair Employment Practices, Page 20 to 21
103-2	The management approach and its components	Aspirational: Fair Employment Practices, Page 20 to 21
103-3	Evaluation of the management approach	Aspirational: Fair Employment Practices, Page 20 to 21
Employment		
401-1	New employee hires and employee turnover	Aspirational: Team Profile, Pages 18 to 19 This Report references disclosure 401-1 (a) and (b) on the total number of new employee hires, turnover by gender and region during reporting period.
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Aspirational: Fair Employment Practices, Page 20 to 21
MATERIAL TOPIC: REGULATORY COMPLIANCE		
Management Approach		
103-1	Explanation of the material topics and its boundary	Sustainability at Hwa Hong: Materiality Assessment, Pages 5 to 7; Fundamental: Regulatory Compliance, Page 11
103-2	The management approach and its components	Fundamental: Regulatory Compliance, Page 11
103-3	Evaluation of the management approach	Fundamental: Regulatory Compliance, Page 11
Socioeconomic Compliance		
419-1	Non-compliance with laws and regulations in the social and economic area	Fundamental: Regulatory Compliance, Page 11
MATERIAL TOPIC: STAKEHOLDER COMMUNICATIONS		
Management Approach		
103-1	Explanation of the material topics and its boundary	Sustainability at Hwa Hong: Materiality Assessment, Pages 5 to 7; Relational: Stakeholder Communications, Pages 16 to 17
103-2	The management approach and its components	Relational: Stakeholder Communications, Pages 16 to 17
103-3	Evaluation of the management approach	Relational: Stakeholder Communications, Pages 16 to 17



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