

SUSTAINABILITY REPORT 2018
HUAN HSIN HOLDINGS LIMITED

INTRODUCTION

ABOUT HUAN HSIN HOLDINGS LIMITED

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

We provide one-stop solutions to original equipment / design manufacturers, mainly plastic injection and finished product assembly for notebook casing. We also manufacture various types of cords and wires.

Our manufacturing plant are located in the People’s Republic of China, and marketing office are located in Taiwan. Our current headquarters are located in Singapore.

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

OUR MISSION AND STRATEGY

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

[102-14]

CONTACT US

For questions or to deliver feedback about this report, please contact:

General Manager

Chang Shih Hsing

Huan Hsin Holdings Limited

77 Robinson Road #13-00,

Singapore 068896

Tel.: (65) 6500 6400

Fax: (65) 6438 6221

E-mail: shchang@huanhsin.com

[102-53]

ABOUT THIS REPORT

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

This report is published on an annual basis to provide a holistic overview of our Environmental, Social and Governance ("ESG") initiatives and strategies related to sustainability and responsible business development.

This report covers the sustainability performance of our operations for the financial year ended 31 December 2018 ("FY2018"), unless stated otherwise.

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

- **Stakeholder Inclusiveness:**
To determine the report context through the refreshment of materiality assessment exercise conducted in December 2018.
- **Sustainability Context:**
To determine the report context which covered the ESG aspects.
- **Materiality:**
To determine the report context based on the internal and external factors that were considered when assessing whether a topic is material.
- **Completeness:**
To evaluate specific and material topics on data availability as well as to determine the topics' boundaries.

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

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

MESSAGE FROM BOARD

BOARD STATEMENT



Dear Stakeholders,

Huan Hsin Holdings Limited has progressed into the second year of sustainability reporting and we believe that integrating sustainability in our business strategies will influence our business success.

This year, we have made good progress in managing the Environmental, Social and Governance (“ESG”) issues in our long-term sustainable business strategies. We strengthened our commitment to build a sustainable business with the direction to improving the economic, environmental and social well-being of the communities.

At Huan Hsin, we are committed to provide equal opportunities and fair employment practices. Furthermore, we also recognise the importance of employees’ welfare and strive to ensure that it is always taken care of. In FY2018, we have made good progress in managing the turnover rate within the organisation. The employee turnover rate has decreased to 12% as compared to 32.3% in FY2017.

We recognise the importance of maintaining a balance between economic, environmental, social and governance obligations. In this regard, the Board of Directors (the “Board”) of the Company takes into consideration sustainability issues as part of the strategic formulation even as they pursue business growth.

Looking ahead, we will continually improve our performance and proactively integrate sustainable practices into our business strategy.

[102-14]

CERTIFICATION OBTAINED

CERTIFICATION AND RECOGNITIONS



Figure 1: Certification and Recognitions

[102-12]

STAKEHOLDER ENGAGEMENT AND MATERIALITY REVIEW

STAKEHOLDER ENGAGEMENT

We recognise the importance of stakeholders in maintaining the company’s long-term growth as well as responsible business development in ESG topics. Therefore, maintaining effective communication channels with our stakeholders are of utmost importance to Huan Hsin. We communicate regularly with our stakeholders by providing an open and transparent channel for their concerns, reviewing and considering those concerns and responding in a timely manner. This allows us to continuously improve our business processes. [102-42, 102-43, 102-44]

RESULTS FROM MATERIALITY ASSESSMENT

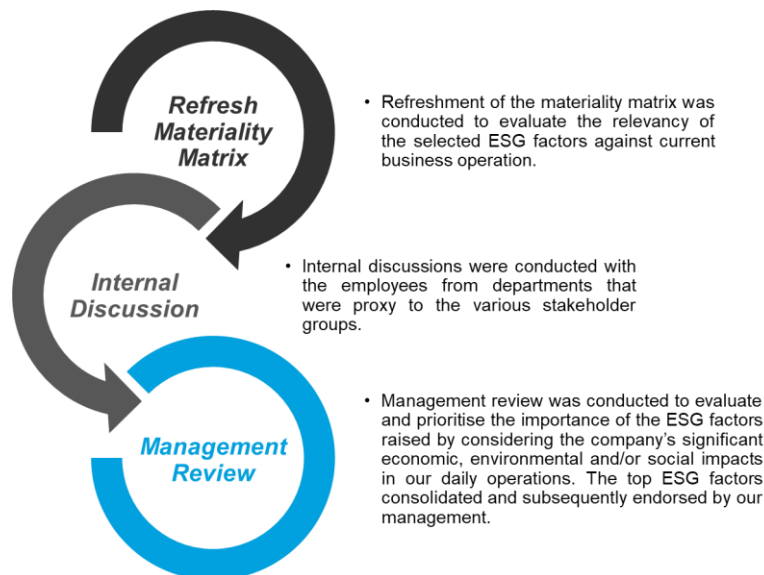


Figure 2: Materiality Assessment Procedures

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

MATERIAL ASPECTS AND INDICATORS IDENTIFIED

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

Table 1: Materiality Aspects and Indicators Identified

[102-44, 102-47]

REPORTING SCOPE AND BOUNDARIES

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

Table 2: Reporting Scope and Boundaries

[102-46, 102-47]

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

ECONOMIC PERFORMANCE

HIGHLIGHT ON ECONOMIC PERFORMANCE

For the financial year ended 31 December 2018, Huan Hsin achieved a total revenue of SGD 15.7 million. For a detailed breakdown of its 2018 financial results, please refer to the relevant sections in Huan Hsin Holdings Limited Annual Report 2018. [103-1, 103-2, 103-3, 201-1]

PEOPLE

OUR APPROACH

Our people are important to us. We are committed to maximising their employment capabilities. We achieve this by organising comprehensive training programmes, not only when they first join the company, but throughout their career here. This training is also necessary to ensure the highest standards of workplace safety and product quality. Furthermore, we believe in establishing a strong team culture at work, where all our employees respect and look out for one another. [103-1, 103-2, 103-3]

EMPLOYMENT DATA

In FY2018, We have a total of 294 employees. The graphs below show our employees broken down by gender and age categories.

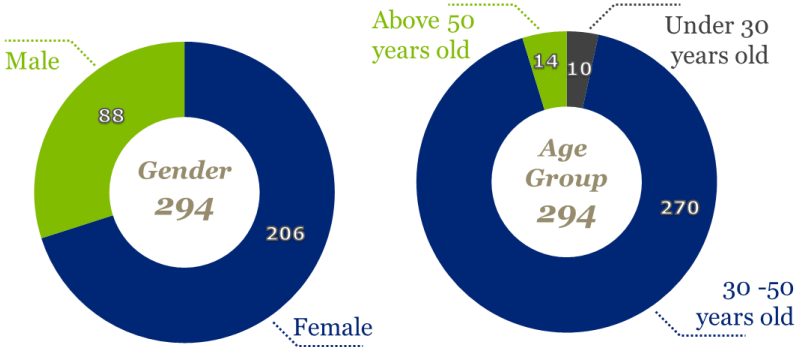


Figure 3: Employee Statistics by Gender and Age Group

This year, our employee turnover rate has decreased to 12.0% as compared to 32.3% in FY2017. Furthermore, our employee new hire rate has also shown a good progress with an increase to 1.0% as compared to 0.4% in FY2017. Recruitment of new employees is conducted in line with Huan Hsin’s Human Resource Policy. This policy is aligned with Singapore’s fair employment guidelines laid out by the Ministry of Manpower.

The below charts show the detailed breakdown of our employment statistics.

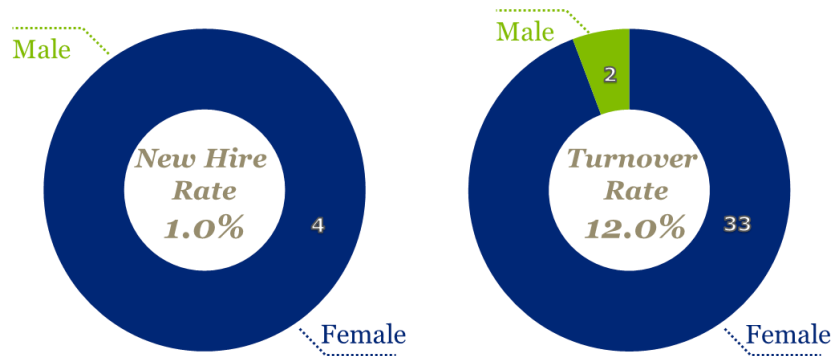


Figure 4: Employee New Hire and Turnover Rate FY2018

[401-1]

EMPLOYEE DEVELOPMENT

We believe that training and education play an important role in cultivating, developing and enhancing employees' skill and career development to enable them to be efficient and effective in their respective roles at work. We endeavor to provide training programmes to ensure that employees understand the importance of workplace safety and responsible usage of energy, which are key priorities in our organisation.

We also encourage teambuilding activities or workshops to foster greater workplace cohesion and trust. These activities help managers to better understand the employees working under them and tailor their leadership style to match their needs.

We are currently in the process of implementing a management training programme to prepare high-performing individuals with great leadership potential for the next step in their careers. We advocate ongoing skills improvement and attending development programmes to enable the high-performing individuals to achieve and perform to their highest capabilities. [102-8]

ENVIRONMENT

OUR APPROACH

Huan Hsin is fully aware of the increased environmental consciousness within the manufacturing industry and has identified the ESG aspect as one of our top priorities. We are ISO 14001 certified and have company policies on environmental issues documented in our Environmental Health and Safety Manual. All members of the company – from employees to Board members – are expected to read and understand the guidelines stated in the manual. We encourage our employees to become strong advocates for the environment, and ensure they adhere to our policies.

Our Environmental Health and Safety Manual is also applicable to all potential suppliers. Suppliers have to meet a strict set of environmental criteria in order to be a part of our supply chain. We believe that it is our responsibility to not only ensure that we conduct our business responsibly, but also encourage businesses who work alongside us to adopt safe environmental practices. [103-1, 103-2, 103-3]

ENVIRONMENTAL COMPLIANCE

We analyse and follow the environmental laws and regulations in the countries we operate in closely. We have formulated and established various environmental management systems, emergency plans and environmental safety work procedures.



In FY2018, there were no incidences involving fines or non-monetary sanctions for non-compliance with environmental law and/or regulations

We aim to maintain this level of performance through continual adherence and enhancement of our policies and practices. [307-1]

ENERGY

Energy consumption is a key issues of concern, we have established energy management guidelines to effectively manage energy usage within our organisation. The Environmental Health and Safety Manual guidelines has outlined clearly the various roles and responsibilities among the employees, which to ensure that employees are mindful of their actions and collect relevant energy data. For example our employees are encouraged to minimise energy usage by reminding one another to switch off their equipment when not in use or leaving their workstations for long period of time. Managerial staff also conduct regular inspections and keep track of weekly energy consumption levels.

With the monitoring initiative in place, it aligns with the company’s goal by reducing the energy consumption and achieve greater efficiency in the use of energy to lower the operating costs.

The below charts show the detailed breakdown of Huan Hsin’s energy consumption statistics.

Energy Consumption (kWh)

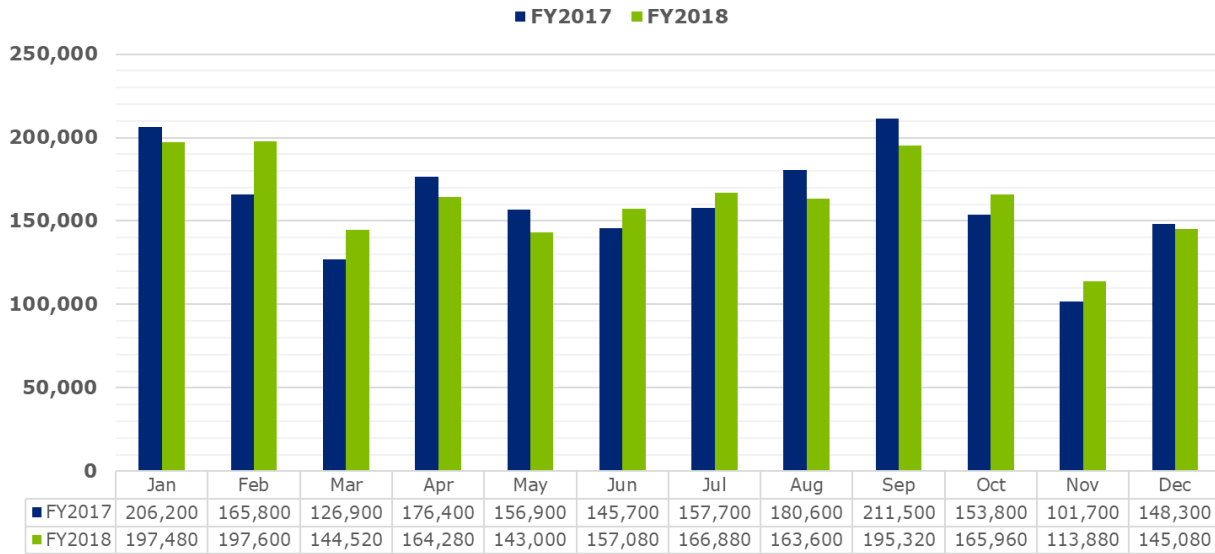


Figure 5: Energy Consumption (kWh)

Our total energy consumption for 2018 was recorded at 1,954,680 kWh.

In the future, we are looking to implement additional initiatives to minimise our energy consumption. We are in the process of establishing an Energy Management Policy to regulate energy usage per employee based on their duties. At the same time, we have conducted training to our employees about energy consumption, such as through poster campaign at workstations. These posters will contain bite-sized information on the benefits of saving energy, as well as reminders about responsible day-to-day energy usage. With these measures in place, we aim to achieve greater efficiency in the use of energy to lower our operating costs. *[103-1, 103-2, 103-3, 302-1]*

SUPPLIER ASSESSMENT

At Huan Hsin, we evaluate our potential suppliers. It is our practice to include applicable environmental standards in our supplier contracts. Some of these standards include compliance with environmental laws and regulations, the impact of the supplier’s products and services and impact of the supplier’s transport operations on the environment.

Employees have detailed roles and responsibilities that are detailed in the Environmental Health and Safety Manual – from creating a new case file for each supplier, evaluating the materials they use in manufacturing, to ensuring safety and environmental compliance.

In FY2018, we have onboarded 2 new suppliers, drawing our total number of suppliers to 179 and all of our new suppliers were assessed based on our company’s environmental standards. We have established standard procedure to ensure all new and potential suppliers are assessed.

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

GOVERNANCE

CORPORATE GOVERNANCE

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

For more details on Huan Hsin's Corporate Governance, please refer to Corporate Governance Report section of the Huan Hsin Annual Report 2018.

[102-18]

GRI CONTENT INDEX

TABLE OF GRI CONTENT INDEX

GRI Standard 2016	Disclosure Title	Section Reference & Remarks
GRI 102: GENERAL DISCLOSURE 2016		
ORGANISATIONAL PROFILE		
102-1	Name of the organisation	2018 Sustainability Report: About Huan Hsin Holdings Limited
102-2	Activities, brands, products and services	2018 Sustainability Report: About Huan Hsin Holdings Limited
102-3	Location of headquarters	2018 Sustainability Report: About Huan Hsin Holdings Limited
102-4	Location of operations	2018 Sustainability Report: About Huan Hsin Holdings Limited
102-5	Ownership and legal form	Not Applicable
102-6	Markets served	2018 Sustainability Report: About Huan Hsin Holdings Limited
102-7	Scale of the organisation	2018 Sustainability Report: About Huan Hsin Holdings Limited
102-8	Information on employees and other workers	2018 Sustainability Report: Employment Data
102-9	Supply Chain	2018 Sustainability Report: About Huan Hsin Holdings Limited
102-10	Significant changes to organisation and its supply chain	Not Applicable
102-11	Precautionary principle or approach	2018 Sustainability Report: Corporate Governance
102-12	External Initiatives	2018 Sustainability Report: Certification And Recognitions
102-13	Membership of associations	Not Applicable
STRATEGY		
102-14	Statement from senior decision-maker	2018 Sustainability Report: Board Statement
ETHICS AND INTEGRITY		
102-16	Values, principles, standards, and norms of behaviour	2018 Sustainability Report: Our Mission And Strategy
GOVERNANCE		
102-18	Governance structure	2018 Annual Report: Corporate Governance Report 2018 Sustainability Report: Corporate Governance

GRI Standard 2016	Disclosure Title	Section Reference & Remarks
GRI 102: GENERAL DISCLOSURE 2016		
STAKEHOLDER ENGAGEMENT		
102-40	List of stakeholder groups	2018 Sustainability Report: Stakeholder Engagement
102-41	Collective bargaining agreements	Not Applicable
102-42	Identifying and selecting stakeholders	2018 Sustainability Report: Stakeholder Engagement
102-43	Approach to stakeholder engagement	2018 Sustainability Report: Stakeholder Engagement
102-44	Key topics and concerns raised	2018 Sustainability Report: Material Aspects And Indicators Identified
REPORTING PRACTICE		
102-45	Entities included in the consolidated financial statements	2018 Annual Report: Notes to Financial Statements
102-46	Defining report content and topic Boundaries	2018 Sustainability Report: Reporting Scope And Boundaries
102-47	List of material topics	2018 Sustainability Report: Material Aspects And Indicators Identified
102-48	Restatements of information	Not Applicable
102-49	Changes in reporting	Not Applicable
102-50	Reporting period	2018 Sustainability Report: About This Report
102-51	Date of most recent report	2018 Sustainability Report: About This Report
102-52	Reporting cycle	2018 Sustainability Report: About This Report
102-53	Contact point for questions regarding the report	2018 Sustainability Report: Contact Us
102-54	Claims of reporting in accordance with the GRI Standards	2018 Sustainability Report: About This Report
102-55	GRI content index	2018 Sustainability Report: Table Of Gri Content Index
102-56	External assurance	2018 Sustainability Report: About This Report

GRI Standard 2016	Disclosure Title	Section Reference & Remarks
GRI 103: MANAGEMENT APPROACH 2016		
103-1	Explanation of the material topic and its boundary	Economic Performance 2018 Annual Report: Consolidated Statement of Profit or Loss
103-2	The management approach and its components	2018 Sustainability Report: Highlight On Economic Performance
103-3	Evaluation of the management approach	Energy 2018 Sustainability Report: Energy Environment Compliance 2018 Sustainability Report: Environmental Compliance Supplier Environmental Assessment 2018 Sustainability Report: Supplier Assessment Employment 2018 Sustainability Report: Employment Data
MATERIAL TOPICS		
GRI 201: ECONOMIC PERFORMANCE 2016		
201-1	Direct economic value generated and distributed	2018 Annual Report: Consolidated Statement of Profit or Loss 2018 Sustainability Report: Highlight On Economic Performance
GRI 302: ENERGY 2016		
302-1	Energy consumption within the organisation	2018 Sustainability Report: Energy
GRI 307: ENVIRONMENTAL COMPLIANCE 2016		
307-1	Non-compliance with environmental laws and regulations	2018 Sustainability Report: Environmental Compliance
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016		
308-1	New suppliers that were screened using environmental criteria	2018 Sustainability Report: Supplier Assessment
GRI 401: EMPLOYMENT 2016		
401-1	New employee hires and employee turnover	2018 Sustainability Report: Employment Data

[102-55]