

CONSISTENTLY DELIVERING YOU THE BEST QUALITY **20**
THROUGHOUT UNPRECEDENTED TIMES **20**

HOSEN GROUP SUSTAINABILITY REPORT



The image shows a low-angle shot of a modern building with a light-colored, grid-patterned facade. On the left side of the building, the logo for Hosengroup Ltd. is prominently displayed. The logo consists of a stylized blue graphic above the text "HOSENGROUP LTD." in a bold, dark blue font. To the right of the main facade, there is a section of the building with large, multi-paned windows that reflect the sky.

HOSENGROUP
LTD.

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1 BOARD STATEMENT

BOARD STATEMENT

We are pleased to present the annual Sustainability Report of Hosen Group Ltd (“Hosen” or the “Company”, and together with its subsidiaries, the “Hosen Group”) for our financial year ended 31 December 2020.

Being one of Asia’s leading trader and distributor of fast-moving consumer goods (“FMCG”) and in particular, processed food and chocolate products, Hosen Group is vigilant to remain viable in the long-run. In addition to regular financial reports and updates on business developments, the Company understands that shareholders may be eager to know how the Group runs its business in a responsible and sustainable manner.

Hosen Group views the Group’s sustainability of its business to be linked to, and is associated to its various stakeholders, which includes customers, suppliers, employees, bankers, investors, government, regulatory authorities and communities in locations that the Group’s operations are situated. With the support received from the different stakeholders, Hosen Group has been operating in the FMCG industry over the past 50 years (including operations under other names). Hosen Group went on its initial public offering and became a public listed company in September 2004.

Sustainability is a part of the Group’s wider strategy to create long-term value for all its stakeholders. As such, the key material economic, environmental, social and governance (“EESG”) factors for the Group have been identified and cautiously reviewed by the management. The data and information provided have not been verified by an independent third party. We have relied on internal data monitoring and verification to ensure accuracy of data and information. The board of directors of the Company (the “Board”) having considered sustainability issues as part of its strategic direction and policies, has determined the material EESG factors and overseen the management and monitoring of these material EESG factors.

REPORTING FRAMEWORK, PERIOD AND SCOPE

This report is prepared in compliance with the requirements of Rules 711A and 711B of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalist (“Catalist Rules”), and with reference to Practice Note 7F: Sustainability Reporting Guide of the Catalist Rules and the Global Reporting Initiative (“GRI”) Standards, Core option. We have chosen GRI as the sustainability reporting framework as it is internationally recognised and is widely adopted, enabling us to achieve a comprehensive and comparable disclosure of environmental, social and governance performance. This report highlights the key EESG related initiatives carried throughout a 12-month period, from 1 January to 31 December 2020 (“FY2020”).

The Company’s sustainability report summarises the expectation from various stakeholders, general business environment that the Group is operating in and what the Group has done in order to ensure the sustainability of the Group.

The information disclosed in this Sustainability Report, read together with the information in the Company's annual report for FY2020 ("2020 Annual Report"), will provide the reader with a holistic view of the operations of our Group. We will strive to maintain and/or improve the standards of the various EESG factors reported where appropriate and practicable, in accordance with the business activities of the Group in the future.

FEEDBACK

We welcome feedback from our stakeholders with regards to our sustainability efforts as this enables us to consistently improve our policies, systems and results. Please send your comments and suggestions to <https://www.hosengroup.com/contact.php>.

On behalf of the Board

Lim Hai Cheok
Chief Executive Officer

28 May 2021

2 CORPORATE PROFILE

Hosen Group was established in the 1970s and has since grown to become one of Asia's leading importers, exporters and distributors of fast-moving consumer goods ("FMCG"), specialising in processed food.

The Company adopted the name Hosen Group Ltd when it went public on the Singapore Stock Exchange in September 2004.

Hosen Group, through its subsidiaries in Singapore, Malaysia and China, has developed over the past 50 years an extensive and robust distribution network that spans across Asia, Europe, Middle East, Africa and the Oceanic countries. Today, Hosen's house brands of products can be found in various continents of the world.

Besides our strength in developing a distribution network, the Company has also honed its skills in brand management and product development.

Our Brands are renowned for its premium quality products at affordable prices. HOSEN® brand, our key house brand, has won many accolades and bagged numerous awards over the years, including the Most Promising Brand Award and Superbrands Awards. The Company has also been awarded Singapore 1000 Company (Public Listed) for consecutive years.

Our Hosen® brand carries a wide range of fruits, vegetables, condiments and beverages in various packaging such as can, bottle and pouch. The Fortune® brand carries an exquisite range of high-quality canned seafood such as braised abalone and various types of shellfish. The Group also owns the Highway® Brand that carries canned meat and breakfast spreads. In 2013, LaDiva® brand was launched to cater to a growing demand for western product lines. The Sincero® and Calbuco® brands carry chocolate products with various contents packed in bottle, pouch and tin while Cocoa Grande® brand carries semi-finished and finished industrial chocolate products.

Over the decades, the Company has built an extensive distribution network managed by an experienced team.

Our Retail Team showcases our products in the supermarkets, warehouse clubs, online malls and convenience stores. Our direct presence at retail stores enable us to launch new products and gather first-hand consumer response within a short period of time. This is a critical domain for us in this FMCG industry to create and innovate new products.

Our Food Service Divisions in Singapore, Malaysia and China service hotels, restaurants, airlines, clubs, caterers, cafes, ship-chandlers, bakeries and dessert chain stores. With the evolving changes in the businesses of these customer groups, we have, beyond product supplies and prompt services, engaged customers in the area of product development and other value-added services.

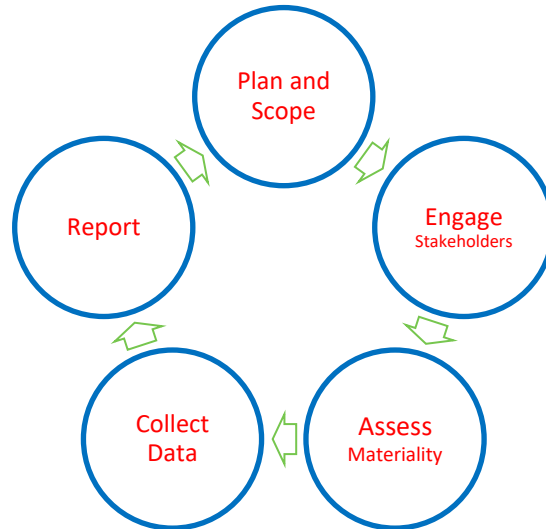
Our Export Division has, over the years, developed a good client base in our overseas network, spanning more than 40 countries, and gained a reputation of delivering high quality products and excellent services. The Company has leveraged on this strength and has also taken on the role of a service provider for procurement and logistic requirements for our established customers.

In 2015, the Company established a Malaysia subsidiary in Senai, Johor being the first manufacturing arm of the Group, to develop, process, trade and distribute house brands and new chocolate products for both retail and industrial uses.

The Group will continue to provide an efficient, innovative and cost-effective distribution network in the domestic and international markets to supply and distribute our house brands and other FMCG products thereby enhancing the value of the Group and its stakeholders.

3 SUSTAINABILITY APPROACH

OUR SUSTAINABILITY METHODOLOGY



STAKEHOLDERS ENGAGEMENT

An important starting point in our sustainability journey is to identify our stakeholders and material factors relevant to our business. The interests and requirements of key stakeholders are also taken into account when formulating corporate strategies. These key stakeholders include, amongst others, shareholders, employees, customers, suppliers and authorities. We adopt both formal and informal channels of communication such as face-to-face meetings and supplier visits to understand the needs of key stakeholders and incorporate these into our corporate strategies to achieve mutually beneficial relationships.

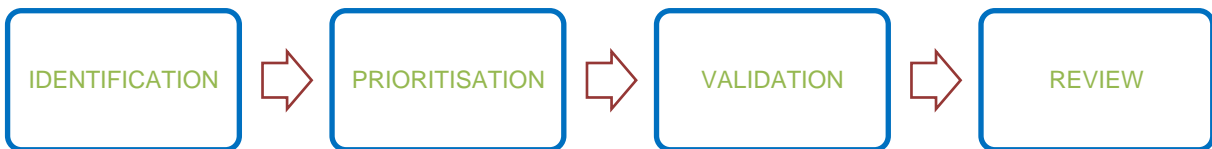
Stakeholders	Areas of Concern	Meeting their Concerns	Our strategies on engagement
Customers	Premium quality products Competitive pricing Timely delivery	Provide consistent level of quality of products Review our prices to stay competitive without compromising on the quality Maintain good and professional delivery team	Business contacts Preferred selling price offered to customers with good payment records Virtual meetings and/or via various communication channels.
Suppliers	Fair trading terms Timely payment Reasonable demand on quality of materials and products Advice/Updates on health regulations and hygiene requirements by relevant laws	Commit to the terms of the supply agreement Make timely payments according to agreed credit terms	Business contacts Assess suppliers' hygiene and health policies Virtual meetings and/or via various communication channels.

Stakeholders	Areas of Concern	Meeting their Concerns	Our strategies on engagement
Employees	Competitive salary and benefits Career development and chance of promotion Job satisfaction Work-life balance Working environment and condition Occupational health and safety Fair employment policies	Review and compare the prevailing salaries in the market Health and wellness benefits Spirit of teamwork Harmonious and cooperative working environment Open door policy Practice fair employment policy Cleanliness, tidiness and safety of workplace	Employee benefit in the form of discounted prices for staff purchases Encourage direct communication with management team Provide on-the-job training Arrange staff to attend virtual workshops and seminars for upskill opportunities
Bankers	Timely repayment of loans and borrowings Utilisation of facilities Stable stream of earnings Healthy cash flow	Establish and maintain a high standard of risk management and corporate governance Retain competent and experienced directors, officers and management team Furnish financial results on a regular basis or upon request Maintain strong financial positions and healthy cash flow Timely repayment of loans and instalments as scheduled	Maintain good banking relationship with bankers Update the bankers on the latest development and financial needs of the Group
Investors and shareholders	Strong financial positions and healthy cash flow Sound corporate governance Succession planning Constant and stable growth of business Reasonable rate of return on investment Timely disclosures	Establish and maintain high standard of risk management and corporate governance Review and re-assess existing investments Evaluate and appraise potential investment opportunities Retain competent and experienced directors, officers and management team Disclose financial results on a regular basis in accordance to the requirements of the listing rules Announce material information and provide updates in due course when appropriate	Hold general meetings with shareholders to receive feedback and address their concerns and queries Make timely announcements pursuant to the listing rules Publish circulars and annual reports with management discussion and analysis on the SGXNet Comply with code of corporate governance
Government and regulatory authorities	Regulatory, legal and industrial requirements Succession planning Prevention of fraud and irregularities Timely tax payments	Comply with both local and foreign laws, regulations, policies and procedures, where applicable Maintain sound risk management	Consult the relevant authorities Consult professional firms and seek advice Engage internal and external auditors to conduct audits

Stakeholders	Areas of Concern	Meeting their Concerns	Our strategies on engagement
	<p>Responsive to changes in relevant government policies</p> <p>Being alert to and in the avoidance of money-laundering</p>		
Community	<p>Fair employment policies towards aged citizens</p> <p>Good corporate citizenship</p> <p>Contributions to green-house exercises</p>	<p>Fair employment opportunity towards aged citizens</p> <p>Provision of jobs to the community</p>	<p>Donations of cash and food products</p> <p>Sponsorship to and participation in activities of voluntary organisations</p> <p>Usage of energy-saving equipment and low-electricity consuming devices</p>

MATERIALITY ASSESSMENT

Our sustainability process begins with the identification of relevant factors. Relevant factors are then prioritised to identify material factors which are validated internally. The end result of this process is a list of material factors disclosed in the Sustainability Report. The aforementioned process are as shown below:



We engaged our employees from different departments of Hosen Group to seek our internal stakeholders' feedback on the prioritisation of these topics. A materiality review is conducted annually, incorporating inputs gathered from stakeholders' engagements.

In order to determine if a factor is material, we assessed its potential impact on the economy, environment, society and its influence on the stakeholders. Applying guidance from GRI, we have identified the following as our material factors for FY2020 which are the same as those determined last year as they are still relevant and current to the Group:

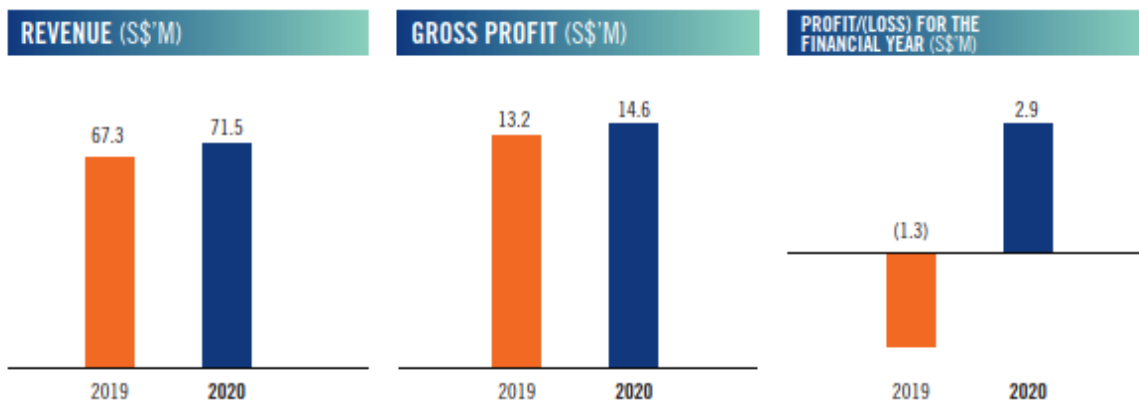


4 ECONOMIC

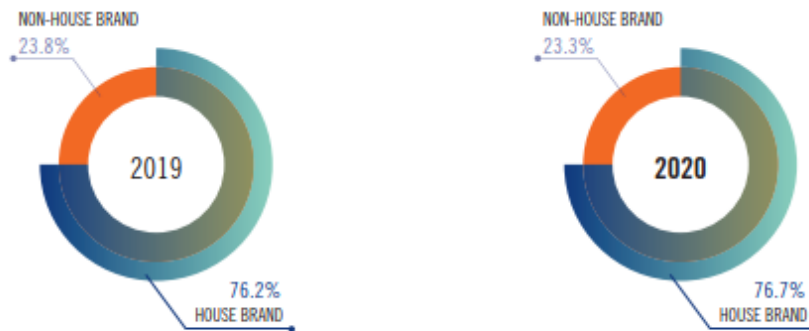
ECONOMIC PERFORMANCE

Hosen is committed to exceed our customers' expectations and to enhance operational efficiency by incorporating cutting-edge technology, developing performance measures, communicating outcomes and results and implementing necessary changes to provide fast and high-quality services at low transactional costs.

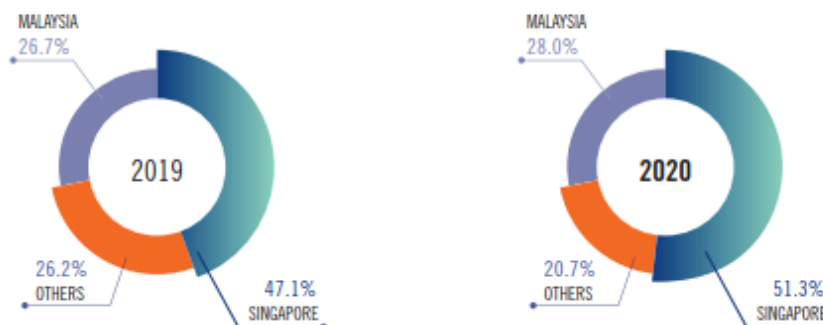
The Group recorded a higher revenue of S\$71.52 million for the financial year ended 31 December 2020 as compared to S\$67.31 million for the financial year ended 31 December 2019.



REVENUE BY OPERATING SEGMENT



REVENUE BY GEOGRAPHICAL SEGMENT



During the period of Circuit-Breaker in Singapore and the Movement Control Order in Malaysia, there were higher demand of our products arising from consumers stockpiling food products in the first half of FY2020. As a whole, our revenue from House Brands increased by S\$3.59 million to S\$54.86 million in FY2020 from S\$51.27 million in FY2019 and the revenue from Non-House Brands increased by S\$0.62 million to S\$16.66 million in FY2020 from S\$16.04 million in FY2019 as the Group prioritised on promoting more of our House Brands products than Non-House Brands products in order to capture a bigger market share for House Brands products in both local and overseas markets.

The impact of COVID-19 pandemic on the Group's financial performance for the financial year ended 31 December 2020 are set out below:

- Higher demand for products arising from consumers' stockpiling of food products;
- Sales to the food service sector dropped as fewer people dined out given the social restrictions and movement, especially during the period of Circuit-Breaker in Singapore and the Movement Control in Malaysia in which the major operating units of the Group are located; and
- Some shipping schedules were delayed and hence the freight costs were adjusted.

Arising from the higher demand of products, the Group had generated positive operating cash flows and made early full settlement of a term loan in respect of one of the properties in Malaysia.

For detailed financial results, please refer to the following sections in our 2020 Annual Report:

- Operations Review, pages 4 to 7;
- Financial Highlights, page 8;
- Financial Statements, pages 42 to 94.

ANTI-CORRUPTION

The Group has zero tolerance on fraudulent and corrupt practices that may disrupt the business operations and impede the growth of the business due to loss of trust in Hosen that we have built over the years. We have established an anti-corruption policy and this was disseminated to our employees and business partners. We also have a whistle-blowing policy and procedures posted in our company website, <https://www.hosengroup.com/pdf/whistle-blowing-final.pdf>.

We have achieved the target we set last year and similar with FY2019, there were no reported incidents of corruption during FY2020. We target to maintain zero incident of corruption in the financial year ending 31 December 2021 ("FY2021").

5 ENVIRONMENTAL

Hosen Group is committed to operate in a green environment, to minimize the impact of its operations to the environment, which also includes reducing the emission of harmful gas pollutants and particulate matter that contributes to global warming.

ENERGY CONSUMPTION

Our Singapore office had made the switch from the use of fluorescent tubes to Light Emitting Diode tubes and bulbs (in short, LED tubes and bulbs) for years. Despite the initial change-over costs, the Group had benefited from lower electricity consumption which in turn led to fewer natural resources consumed by power-generating provider with a lower demand in electricity production.

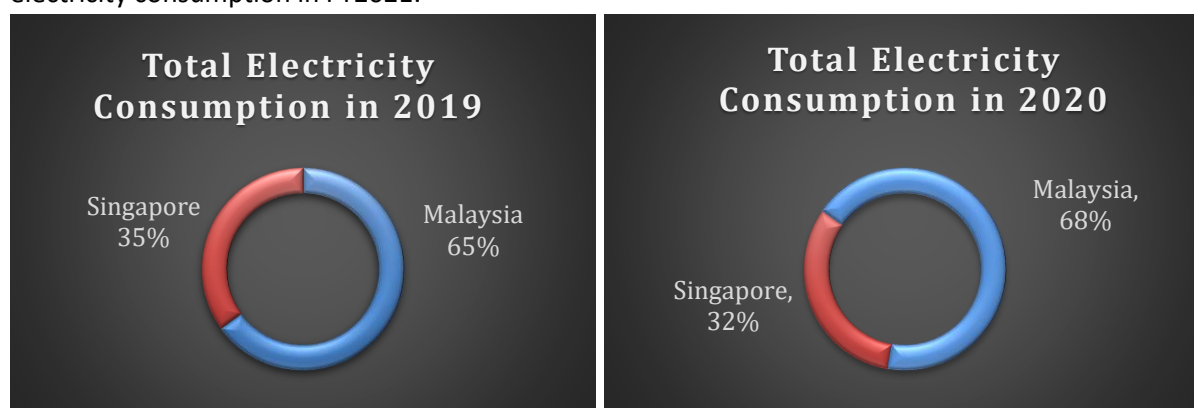
The Group promotes the switching off of lights and air-conditioners in working areas and conference rooms if they are not occupied or in use; and to set the temperature of the air-conditioners to a comfortable level during working hours in order to save energy consumption and hence save the earth.

Hosen Group has in recent years replaced a number of old-typed lorries and vans to Euro5-type and recently to Euro6-type lorries and vans in order to reduce the emission of gas pollutants and particulate matter which are harmful to both the environment and human being.

The Group has also used Enterprise Resource System to plan the delivery schedules in order to reduce the hours of the delivery fleet running on the roads and the emission of pollutants.

In FY2020, our total electricity consumption is 1,057,082kWh which is slightly higher than our consumption in FY2019 (FY2019: 1,024,561kWh). More electricity was consumed in FY2020 than in FY2019 due to more consumer chocolate products produced, which required more production phases, in our chocolate manufacturing plant in FY2020, as compared to one of the then customers who purchased industrial semi-finished chocolate product in FY2019.

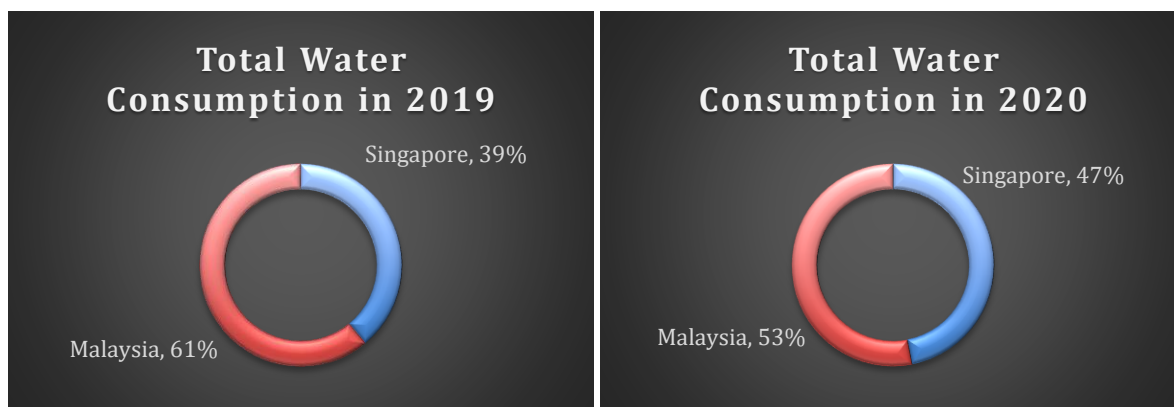
Hock Seng Food (M) Sdn Bhd (“HSM”), one of our subsidiaries in Malaysia, are in the midst of installing solar energy panels to supply cleaner energy for its office and warehouse uses and we expect that this would result in a reduction in electricity consumption. Save for the product mix to be produced in Hosen Chocolate Sdn Bhd which varies from year to year, the Group aims to reduce the overall electricity consumption in FY2021.



WATER CONSUMPTION

Water is another important natural resource in the world. The Group conducts regular checks on water taps to ensure that there is no leakage of water and encourage staff to use less water and wisely.

The Group's total water consumption in FY2020 is 5,992 CuM/M₃ (FY2019: 10,407 CuM/M₃). The lower water consumption was due to completion of construction of our new building in Singapore in FY2020. We have achieved the target set last year and we aim to maintain the same level of water consumption as FY2020, in FY2021.



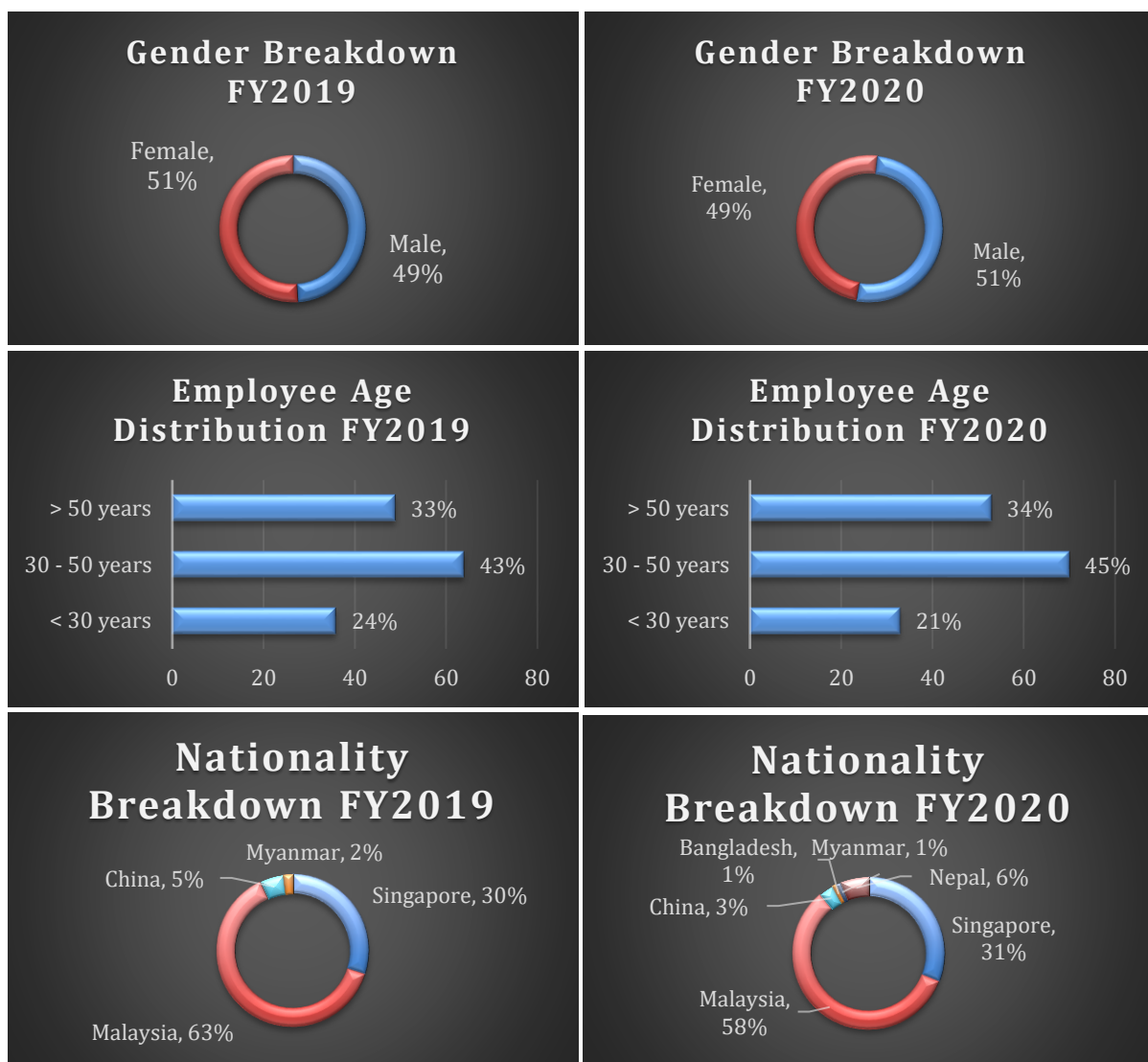
DISPOSAL AND MANAGEMENT OF WASTE

In FY2020, there was no (2019: Nil) incidence of non-compliance with the relevant laws and regulations that has resulted in significant fines or sanctions, including those relating to proper disposal of wastewater. As such, we have achieved the target we set last year. We have also implemented environmental compliance and these initiatives are: disposal by appointed vendor approved by NEA agencies, packaging and paper wastage collected by recycle/wastage vendor, carton and plastic wastage collected by recycle/wastage vendor and wastage managed by warehouse and office management. We endeavor to maintain this track record in FY2021.

6 SOCIAL

DIVERSITY AND EQUAL OPPORTUNITY

The Group offers fair job opportunities to aged staff as we value senior citizens who can value-add to the Group with their marketing and/or management expertise and experience in the industry. When the Group recruits staff, we consider the candidates' educational level, work experience, attitude and merit, regardless of age, race, religion and gender, for comprehensiveness. We implement equal opportunity employment policies and therefore we have staff from Singapore, Bangladesh, Nepal, Myanmar, Malaysia and China. The Group has a total of 156 employees as of 31 December 2020 (FY2019: 149) and the distribution of their gender and age are illustrated below:



We have achieved the target we set last year as there were no (FY2019: Nil) cases of discrimination reported in FY2020. We target to hire employees based on experiences and qualifications and make reference to the prevailing market remuneration for the same or similar position in the job market in FY2021. We will also ensure that there is no age and gender discrimination in the hiring process. For

certain positions that required physically fit employees, a pre-employment medical checkup shall be arranged for them to determine suitability.

Employee Welfare

From time to time, the Group will organise activities to foster ties amongst the employees. However, due to the pandemic, the Group complied with and followed the guidelines from the relevant authorities, and hence, we did not organize any activity for FY2020. Employees are given discounted price for staff purchases.

OCCUPATIONAL HEALTH AND SAFETY

Hosen Group also aims to create safe working conditions for its employees. Forklift operators are sent for training and certified by accredited Forklift Training Provider. The courses include, among others, Forklift Safety Course and Operate Forklift Course. Only staff that have valid forklift license are allowed to drive forklifts and reach trucks. When staff are in the Warehouse Department, they are advised to watch out for forklift traffic.

Some of our existing preventive measures are as follows:

1. All forklift, stacker, hand jack operator are briefed on the operation during first day at work;
2. Prior to operating any machine, as part of the safe work procedure, the operator have to carry out pre-operation check/inspection to ensure that the machine to be used is in good condition;
3. Only warehouse staff who are trained are allowed to drive forklift;
4. All warehouse staff must wear safety shoes during working hours;
5. Company provides Group Personal Accident insurance for all confirmed staff;
6. Health and Safety policies are displayed at the factory's premises;
7. Regular checking on fire alarm system;
8. Monthly Pest control;
9. Due to Covid-19, company provided face mask and sanitizer;
10. Temperature-taking before entering the premises; and
11. Covid-19 test for foreign worker and when necessary, for the rest of the staff.

In case of emergencies and incidents, the Group also has an incident reporting process as follows:

1. Gathering of information pertaining to the accident (i.e., interview with eye-witness, taking photo for evidence);
2. Identify the causes of the accident;
3. Investigate the findings in a written report; and
4. Develop a correction plan to prevent the accident from occurring again.

We are pleased to confirm that zero (FY2019: Nil) fatal accidents were reported in FY2020. We target to have zero instance of work-related injury in FY2021 which we have achieved in FY2020.

TRAINING AND EDUCATION

During the pandemic period in FY2020, the Group continued to let its employees keep themselves updated with general and/or job-related knowledge via webinar or online programmes if face-to-face courses were not possible.

Our chocolate manufacturing workers attend food handling training courses so that they are equipped with the necessary knowledge on proper food handling procedures in the process of food manufacturing.

In FY2020, 139 employees have attended 298 hours of training (FY2019: 138 employees attended 293 hours of trainings), such as:

Location	Training hours	Number of employees trained	Training programmes included (but not limited to)
Singapore	181	106	<ol style="list-style-type: none"> 1. Enhancing Safe Management Systems in Workplace 2. Update on GST: Import & Export 3. NAV user training for migration to the latest version 4. Singapore Budget 2020 Updates 5. The Future of Company Boards 6. Audit Committee Seminar 2020 7. Cyber Security and Data Protection First Aid Kit 8. Economy 2020 - Navigating the tough world 9. Financial Health Checkup of a Company 10. How should you react to the global lock down caused by COVID-19? 11. Building resilience in your global trade operations 12. Legal considerations to adopt e-signature in the isolation economy: Are electronic and digital signatures good enough? 13. A 360 Approach to an Effective Digital Transformation for the Office of CFO 14. Transitioning from IBOR to Risk Free Rates, how ready are you? 15. Fortitude Budget 2020 16. China Macro and Policy Outlook 17. Digital skills for accounting professionals 18. Cyber threats during the pandemic 19. Round after round: what's next for US-China trade relations? 20. US-China Trade War - Truce or trouble ahead 21. Why is sustainability a critical strategy for SMEs? 22. Best Practices to Reduce Credit Risk and Improve Cashflow 23. ESG in the Spotlight 24. WFH will change the Future of Work - a WSG's Employers Connect in collaboration with Human Resource and Finance Community
Malaysia	117	33	<ol style="list-style-type: none"> 1. Training for new worker registration 2. Food handler course training 3. Facebook marketing & consultation training 4. FSSC 22000 VERSION 5.1 -Awareness Training (Food safety)
Total	298	139	

We have met the targets set last year to provide the level of training hours to our employees in FY2020.

In view of the ongoing Covid-19 pandemic, the number of employees being trained and number of training hours in FY2021 will much depend on the availability and suitability of training programs, especially for those which are job-related.

LOCAL COMMUNITIES

Hosen Group has been active in its contribution towards the local communities. Over the years, the Group has sponsored and donated to various charitable organisations and universities.

We have achieved our target set last year which is to support the local society and charity activities. In FY2020, especially during this pandemic period, HSM donated foods to an old folks' home and a local temple. Hock Seng Food Pte Ltd ("HSF") donated foods to communities event/charity such as Tzu Chi Foundation (Singapore), Lions Clubs of Singapore Paterson, Cheng Hong Welfare Service Society, The Stranded Malaysian Workers in Singapore, Willing Hearts (Soup Kitchen), WCH Dormitory, Transient Workers Count Too and Tap Express.

We aim to continue to support the local society and charity activities in FY2021.

CUSTOMER HEALTH AND SAFETY

Quality Control of Products

Hosen Group, being one of Asia's leading FMCG trader and distributor, specialises in processed food. We strive to meet both our customers' quality requirements and food safety and hygiene standards on our products.

We rely on supplier's Quality Assurance (QA) and Quality Control (QC) but we will randomly pick some samples from different batch shipment for quality check. We have both Health certificate and Certificate of Analysis from our suppliers and relevant authorities for our products which have gone through quality control.

We require our suppliers and our own factory to implement tight controls on food safety and hygiene by installing metal detectors and implementing on-line quality control check on every manufacturing process. We have obtained from Singapore Food Agency, in short, "SFA" (formerly known as Agri-Food & Veterinary Authority of Singapore or "AVA") the import and export permits for our fish and meat products, various health certificates, free sale certificates and other food certificates in order to ensure the supply of safe foods to customers both local and worldwide.

Our own chocolate factory strictly conforms to the following seven principles and standards in Hazard Analysis and Critical Control Point (commonly known as "HACCP"), an internationally recognised system to reduce the risk of safety hazards in food:

Principle 1 - Conduct a Hazard Analysis

Principle 2 - Identify the Critical Control Points

Principle 3 - Establish Critical Limits

Principle 4 - Monitor CCP

Principle 5 - Establish Corrective Action

Principle 6 - Verification

Principle 7 - Recordkeeping

The chocolate factory also obtained HALAL certification, with which our chocolate products can be sold to Muslim consumers. We have met the target we set last year and obtained the certificate of FSSC 22000 V5 Food Manufacturing & MS1480:2019. We target to maintain the certificates on hand in FY2021.

SOCIOECONOMIC COMPLIANCE

We pride ourselves in having good corporate governance and observing compliance with applicable laws and regulations. The Group is committed to conduct the business with integrity and to safeguard the interest of all our stakeholders, both internal and external. We have achieved the target we set last year as there was no (FY2019: Nil) non-compliance to the applicable laws and regulations reported in FY2020.

The Group complies with and puts in every effort in complying with the relevant laws and regulations that include the Companies Act, Employment Act, Employment of Foreign Manpower Act, SGX listing rules, Singapore Code on Take-overs and Mergers, ACRA regulations, Financial Reporting Standards and Singapore Standard on the Code of Practice for Pollution Control, amongst others.

We are vigilant in the prevention of money-laundering and in the prevention of providing assistance to other parties in the conduct of money-laundering and/or other wrongful acts.

We aim to maintain zero incidence of non-compliance to the applicable laws and regulations in FY2021.

7 GOVERNANCE

Hosen Group is a responsible entity and we comply with the laws and regulations of the countries that we are operating in, as well as the customs and health policies of those countries where our customers are located.

CORPORATE GOVERNANCE

The Board and the Management of Hosen Group are committed to the best practices in corporate governance to ensure sustainability of the Group's operations. We believe that our constant drive for excellence in corporate governance will allow us to establish a more transparent, accountable and equitable system, thereby increasing the value of the Company and its value to our shareholders. Please refer to the 2020 Annual Report, pages 13 to 34 for the Group's Corporate Governance Report.

In FY2020, we have achieved the target we set last year as we are in compliance with the Catalist Rules and to the best extent possible, with the principles, provisions and practices set out in the Code of Corporate Governance 2018 and we aim to continue this track record in FY2021.

INTERNAL POLICIES

Hosen Group implements a tight credit control policy. Customers' ordering trends and payment records are reviewed regularly to minimise credit risk. Delay in payments is identified and followed-up with the customers promptly. The Group may decline the acceptance of purchase orders from customers if there had been records of payment after the credit terms granted. Preferred selling price may be offered to customers who have good payment records over the years.

8 GRI STANDARDS CONTENT INDEX

GRI Standard	Disclosure	Reference / Description	
GRI 101: Foundation 2016			
GENERAL DISCLOSURE			
GRI 102: General Disclosures 2016	102-1	Name of organisation	Hosen Group Limited
	102-2	Activities, brands, products and services	Corporate Profile, pages 3 to 4
	102-3	Location of headquarters	Singapore
	102-4	Location of operations	Corporate Profile, pages 3 to 4
	102-5	Ownership and legal form	AR pages 11, 47, 95, 96
	102-6	Markets served	Corporate Profile, pages 3 to 4
	102-7	Scale of the organisation	Corporate Profile, pages 3 to 4, Social, page 12
	102-8	Information on employees and other workers	Social, pages 12 to 13
	102-9	Supply chain	Corporate Profile, pages 3 to 4
	102-10	Significant changes to the organisation and its supply chain	None
	102-11	Precautionary Principle or approach	Hosen supports the intent of Precautionary Principle, but has not express a specific commitment.
	102-12	External initiatives	Social, page 15
	102-13	Membership of associations	None
	102-14	Statement from senior decision maker	Board Statement, pages 1 to 2
	102-16	Values, principles, standards and norms of behavior	Governance, page 17
	102-18	Governance structure	Governance, page 17
	102-40	List of stakeholder groups	Stakeholders Engagement, pages 5 to 7
	102-41	Collective bargaining agreements	None
	102-42	Identifying and selecting stakeholders	Stakeholders Engagement, pages 5 to 7
	102-43	Approach to stakeholder engagement	Stakeholders Engagement, pages 5 to 7
	102-44	Key topics and concerns raised	Stakeholders Engagement, pages 5 to 7
	102-45	Entities included in the consolidated financial statements	AR page 11
	102-46	Defining report content and topic boundaries	Board Statement, pages 1 to 2
	102-47	List of material topics	Materiality Assessment, page 7
	102-48	Restatement of information	None
	102-49	Changes in reporting	None
102-50	Reporting period	Board Statement, page 1	
102-51	Date of most recent previous report	27 May 2020	
102-52	Reporting cycle	Annually	
102-53	Contact point for questions about the report	Board Statement, page 2	
102-54	Claims if reporting in accordance with the GRI Standards	Board Statement, pages 1 to 2	
102-55	GRI content index	GRI Standards Content Index, SR pages 18 to 19	
102-56	External Assurance	We may seek external assurance in the future.	
MATERIAL TOPICS			
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Economic, pages 8 to 9
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	Economic, page 9
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Environment, page 10
GRI 303: Water 2016	303-3	Water recycled and used	Environment, page 11
GRI 306: Effluents and Waste 2016	306-2	Waste by type and disposal method	Environment, page 11
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Social, page 13
	403-5	Worker training on occupational health and safety	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Social, pages 14 to 15

8 GRI STANDARDS CONTENT INDEX

GRI Standard	Disclosure		Reference / Description
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	Social, pages 12 to 13
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Social, page 15
GRI 416: Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Social, pages 15 to 16
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	Social, page 16