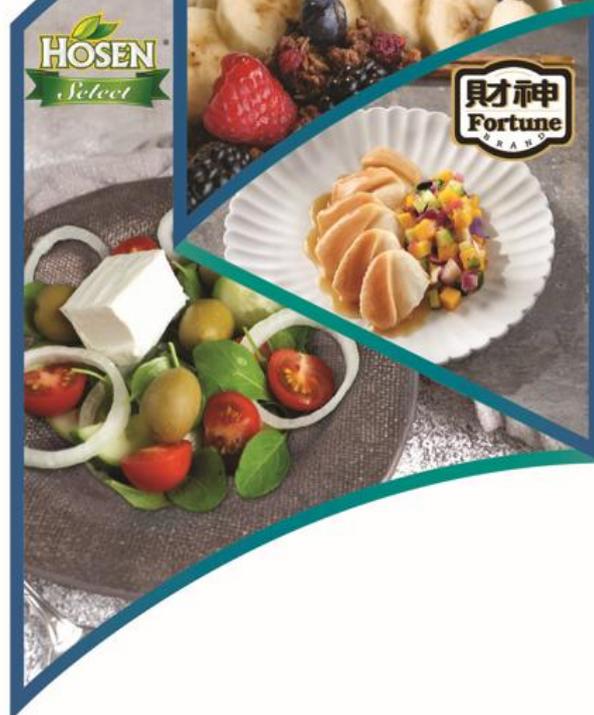
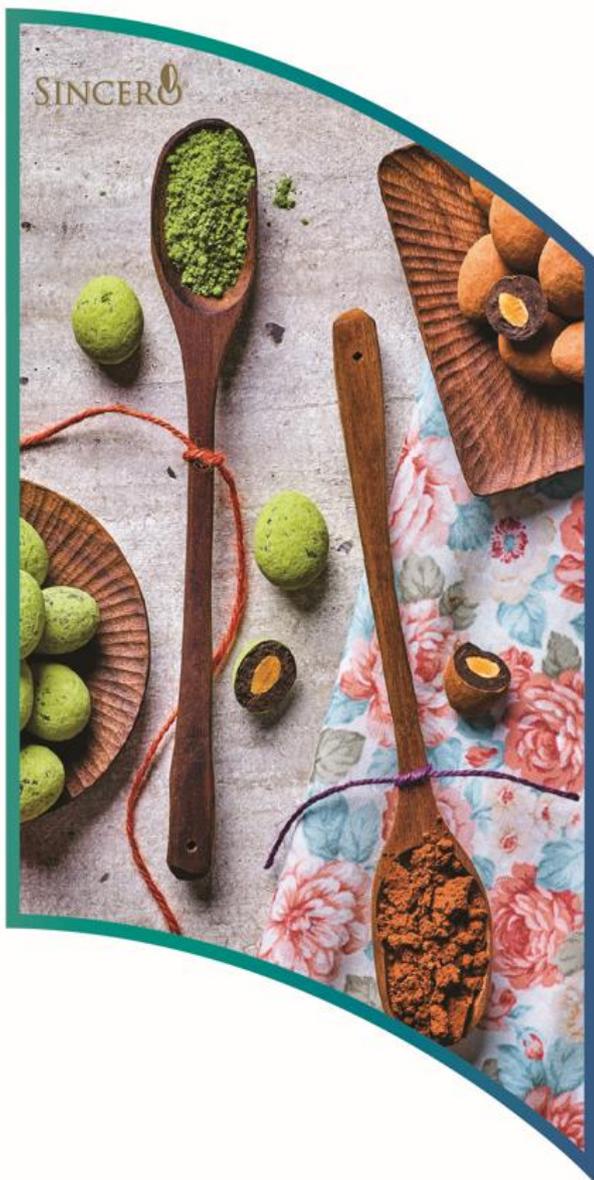


**CREATING
QUALITY
ENRICHING
LIVES**

SUSTAINABILITY
REPORT
2024



HOSENGROUP
LTD



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

The contact person for the Sponsor is Ms. Ng Shi Qing, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg

1. BOARD STATEMENT

Hosen Group Ltd (“Hosen” or the “Company”, and together with its subsidiaries, the “Group” or “We”) reaffirm its commitment to sustainability with the publication of this sustainability report (“Report”) for the financial year (“FY”) ended 31 December 2024 (“FY2024” or “Reporting Period”). For this Report, we provide insights into the way we do business, while highlighting our sustainability factors under the pillars of environmental, social, governance and economic performance (collectively referred to as “Sustainability Factors”).

The Board of Directors (“Board”) of the Company, having considered the Group’s sustainability issues as part of its strategic formulation and business strategies, determined the material Sustainability Factors and overseen their management and monitoring. Amidst today’s rapid business environment, the Board is committed to supporting the management in upholding good governance and sustainability practices to achieve long-term success and value for our stakeholders.

This Report communicates our commitment towards supporting the United Nations’ Sustainable Development Goals (“SDGs”) and is supported by our key stakeholders. We work closely with key stakeholders in our value chain and their inputs are considered in driving our material Sustainability Factors towards the SDGs as follows:



On behalf of the Board
 Lim Hock Chye Daniel
 Executive Director and Chief Executive Officer
 10 April 2025

2. SUSTAINABILITY PERFORMANCE AT A GLANCE

A summary of our key sustainability performance in the financial year (“FY”) 2024 is as follows:

Sustainability Pillar	Sustainability Metric	Sustainability Performance	
		FY2024	FY2023
Economic	House brand portfolio	16 house brands	16 house brands
	Customer review percentile ¹ (%)	98	NA ²
	Market standards adopted ³	Relevant market standards are adopted in our operations	Relevant market standards are adopted in our operations
	Economic value generated (S\$ million) ⁴	73.6	68.2
	Operating costs (S\$ million) ⁵	60.4	56.6
	Employee benefits expenses	8.7	7.7
	Payment to providers of capital (S\$ million) ⁶	1.0	1.1
	Taxes to governments (S\$ million)	0.7	0.7
Environmental	Water consumption intensity (Cu M/ revenue S\$'000)	0.069	0.092
	General waste generated intensity (tonnes/ revenue S\$'000)	<0.001	<0.001
	Aggregated greenhouse gas (“GHG”) emissions intensity (Scope 1 and 2) [tonnes CO ₂ e/ revenue S\$'000]	0.012	0.011
Social	Number of workplace fatalities	-	-
	Number of high consequence work-related injuries ⁷	-	-
	Number of recordable work-related injuries	1	1
	Number of recordable work-related ill health cases ⁸	-	-
	Employee turnover rate (%)	20	18
	Number of reported incidents of unlawful discrimination against employees	-	-
Governance	Number of reported incidents of serious offence ⁹	-	-
	Number of reported incidents of non-compliance with any applicable laws and regulations ¹⁰ that resulted in a significant fine or non-monetary sanction	-	-

¹ The customer review percentile is computed based on store ratings tracked from websites such as Shopee.com and Lazada.com over a range of 0% to 100%, with 0% and 100% being the lowest and highest achievable score respectively.

² No comparative data is available as it was not tracked previously.

³ The market standards adopted and certifications attained by the Group include Food Safety System Certification (“FSSC”) 22000, Hazard Analysis and Critical Control Point (“HACCP”), Singapore Food Agency (“SFA”) license, Halal certification and Makanan Selamat Tanggungjawab Industri (“MeSTI”) Certification.

⁴ Economic value generated includes revenue, other income and excludes government grants, gain on disposal of subsidiary and gain on foreign exchange.

⁵ Operating costs include cost of sales, selling and distribution expenses, administrative expenses, other expenses, and excludes non-cash items and employee benefits expenses.

⁶ Payments to providers of capital include finance costs and dividends to ordinary shareholders.

⁷ A high consequence work-related injury refers to an injury from which a worker cannot recover or cannot recover fully to pre-injury health status within six (6) months.

⁸ A work-related ill health case refers to a case with negative impacts on health arising from exposure to hazards at work.

⁹ A serious offence is defined as one that involves fraud or dishonesty involving an amount not less than S\$100,000 and is punishable by imprisonment for a term of not less than two (2) years, which is being or has been committed against a company by officers or employees of the company.

¹⁰ Excluding incidents involving fraud or dishonesty

3. OUR VISION, MISSION AND VALUES

Vision

Our vision is to bring the finest food and beverage products to the marketplace, catering to the needs of discerning consumers from diverse backgrounds and ethnicities, with premium quality products at affordable prices.

Mission

Our mission is to deliver the freshest agricultural goodness to satisfy the consumer's palate desire in a convenient and fuss-free way and to ensure the long-term sustainability of our business.

Values

Our core values are as follows:

- Innovation: We are committed to continuous innovation and expanding the range of products for our stakeholders;
- Responsibility and sustainability: We are committed to be responsible to our stakeholders and sustainable in our operations; and
- Integrity and transparency: We strive to be open and honest in our communications with our stakeholders.

4. OUR BUSINESS

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



Sourcing

We procure:

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

Manufacturing and Distribution

We are involved in:

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

Sale of Food Products

We sell our products to:

- Major supermarkets;
- Convenience stores, provision shops and wholesalers;
- Hotels, restaurants, hawkers, and food courts; and
- Electronic Commerce (“**E-Commerce**”) platforms and export markets.

5. REPORTING PERIOD AND SCOPE

This Report covers the consolidated entities, as disclosed in page 11 of our Annual Report 2024 (“**AR FY2024**”), for the FY 2024.

6. REPORTING FRAMEWORK

This Report is prepared in accordance with Rules 711A and 711B of the SGX-ST’s Listing Manual Section B: Rules of Catalyst (the “**Catalist Rules**”). This Report is also prepared with reference to the Global Reporting Initiative (“**GRI**”) Standards. We chose to report using the GRI framework as it is an internationally recognised reporting standard that covers a comprehensive range of sustainability disclosures. The GRI content index can be found in Section 14.

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

Our climate-related disclosures are prepared based on the 11 recommendations of the Task Force on Climate-related Financial Disclosures (“**TCFD**”). Following the publication of the International Sustainability Standards Board (“**ISSB**”) Standards – International Financial Reporting Standards (“**IFRS**”) S1 and IFRS S2, we conducted a gap analysis against our existing TCFD reporting and are in the process of aligning our climate-related disclosures to the ISSB Standards. We are guided by the phased approach recommended by the Singapore Exchange Regulation in aligning our reporting of climate-related disclosures in accordance with ISSB Standards.

We relied on internal data monitoring and verification to ensure accuracy of data and information for this Report. Internal reviews on the sustainability reporting process are incorporated as part of our internal audit review cycle. We will work towards external assurance for our future sustainability reports subject to market trends and regulatory requirements.

7. FEEDBACK

We welcome our stakeholders to provide feedback on this Report and our sustainability performance as this enables us to improve our policies, systems and results. Please send your comments and suggestions to <https://www.hosengroup.com/contact.php>.

8. STAKEHOLDER ENGAGEMENT

An important starting point in our sustainability journey is to identify our stakeholders and material Sustainability Factors relevant to our business. These include entities or individuals that have an interest that is affected or could be affected by our activities.

Through a stakeholder mapping exercise performed by the management, we identified our key stakeholder groups which we prioritise our engagements with. These key stakeholders include communities, customers, employees, regulators, shareholders and suppliers.

The concerns of key stakeholders are considered when formulating corporate strategies. We adopt both formal and informal channels of communication to understand the needs of our key stakeholders and incorporate them in our corporate strategies to achieve mutually beneficial outcomes.

The table below sets out how we engage our key stakeholders:

Stakeholder	Engagement Channel	Frequency of Engagement	Key Concern Raised
Communities	▪ Sponsorships of events and donations	Ongoing	▪ Responsible and ethical business practices

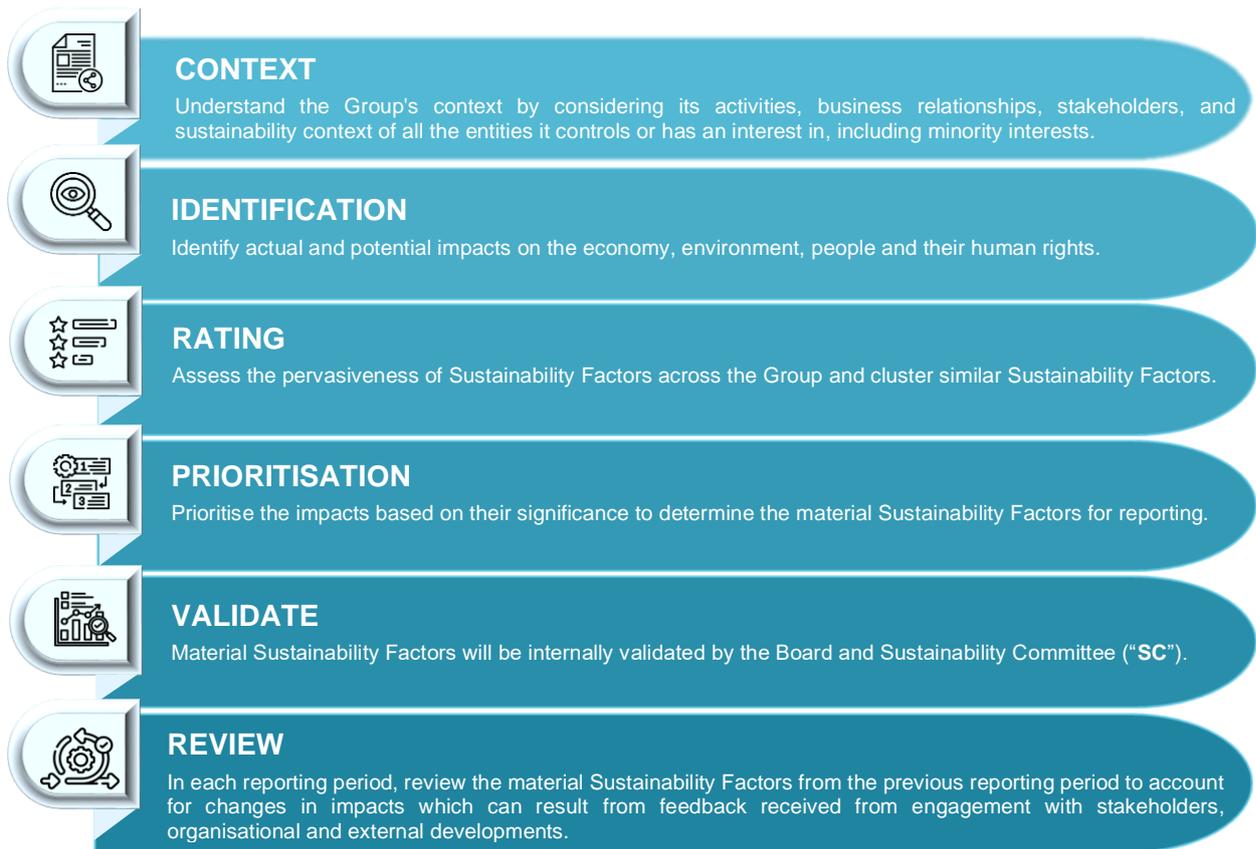
Stakeholder	Engagement Channel	Frequency of Engagement	Key Concern Raised
	<ul style="list-style-type: none"> ▪ Outreach events 		<ul style="list-style-type: none"> ▪ Corporate social responsibilities
Customers	<ul style="list-style-type: none"> ▪ Corporate website ▪ Marketing collaterals ▪ Virtual meetings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

9. POLICY, PRACTICE AND PERFORMANCE REPORTING

In line with our commitment to sustainability, a sustainability reporting policy (“**SR Policy**”) covering our sustainability strategies, sustainability governance structure, materiality assessment and processes in identifying and monitoring material Sustainability Factors is in place and serves as a point of reference in the conduct of our sustainability reporting. Under this SR Policy, we will continue to monitor, review and update our material Sustainability Factors periodically, considering the feedback that we receive from our engagement with our stakeholders, organisational and external developments.

9.1 SUSTAINABILITY REPORTING PROCESS

Under our SR Policy, our sustainability reporting process begins with an understanding of the Group’s context. This is followed by the ongoing identification and assessment of the Group’s sustainability-related impacts. The most significant impacts are prioritised for reporting and the result of this process is a list of material Sustainability Factors disclosed in this Report. Processes involved are as shown below:



9.2 SUSTAINABILITY GOVERNANCE STRUCTURE

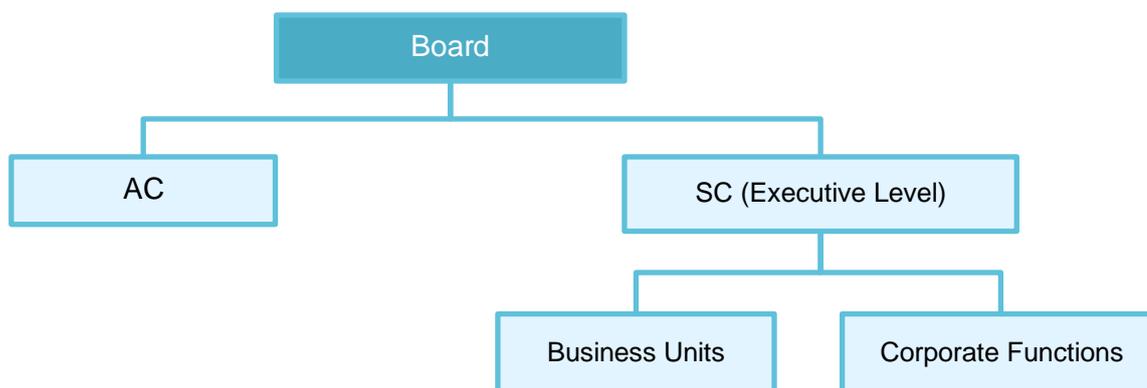
The Board is ultimately responsible for the oversight of the Group's strategic direction on sustainability including, but not limited to, advising and supervising the development of sustainability strategy and performance targets setting while being supported by an executive level SC by virtue of delegation. As part of our continuous efforts to upgrade the knowledge of our directors on sustainability reporting and to meet the requirement of Rule 720 (6) of the Catalist Rules, we confirm that all our directors attended one of the Singapore Exchange Regulation's approved sustainability training courses.

The SC is led by the Chief Executive Officer ("**CEO**") and its members comprise the Chief Financial Officer ("**CFO**"), General Manager and selected representative members from the key business units and corporate functions.

Beside the SC, the Board is supported by the Audit Committee ("**AC**") on specific sustainability matters under its terms of reference ("**TOR**"). As we are still refining our sustainability related metrics measuring, tracking and target setting mechanism, we will link the key executives' remuneration to sustainability performance when the mechanism is more mature and stable.

Our sustainability reporting structure and the responsibilities of component parties are detailed as follows:

Sustainability Governance Structure



TOR of Component Parties

Component Party	Member	TOR
Board	Board members	<ul style="list-style-type: none"> ▪ Determine material sustainability factors of the Group ▪ Review and approve sustainability strategies, policies and targets (including materiality assessment process and outcome) ▪ Monitor implementation of sustainability strategies, policies and performance against targets ▪ Oversee the identification and evaluation of climate-related risks and opportunities ▪ Ensure that sustainability and climate-related risks and opportunities are covered by the Group's enterprise risk management ("ERM") framework ▪ Review and approve sustainability reports
AC	AC members	<ul style="list-style-type: none"> ▪ Review the adequacy and effectiveness of the Group's internal controls and risk management systems ▪ Oversee the conduct of assurance activities pertaining to the Group's sustainability reporting processes
SC (Executive Level)	<ul style="list-style-type: none"> ▪ CEO ▪ CFO ▪ General Manager 	<ul style="list-style-type: none"> ▪ Develop sustainability strategies and policies, as well as recommends revisions to the Board ▪ Ensure that the implementation of sustainability strategy is aligned across business segments and geographical locations ▪ Evaluate overall sustainability risks and opportunities, with a focus on climate-related risks and opportunities ▪ Perform materiality assessment, prepare and review sustainability reports prior to approval by the Board ▪ Monitor sustainability activities and performance against targets ▪ Align the Group's practices with the organisation-wide sustainability agenda and strategies ▪ Consolidate sustainability metrics to track sustainability impact

Component Party	Member	TOR
Working Committee	Representatives from the following corporate functions: <ul style="list-style-type: none"> Export and Local Sales; Procurement; Warehouse; Marketing Finance; and Human Resources. 	<ul style="list-style-type: none"> Align practices at the operational level with the organisation-wide sustainability agenda and strategy Collect and compile sustainability metrics to track sustainability impact and for reporting purposes

9.3 MATERIALITY ASSESSMENT

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

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

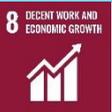
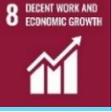
9.4 PERFORMANCE TRACKING AND REPORTING

We track the progress of our material Sustainability Factors by identifying, monitoring and measuring the relevant sustainability metrics. In addition, we set performance targets that are aligned with our business strategies to ensure that we remain focused in our path to sustainability. We constantly enhance our performance-monitoring processes and improve our data collection processes. A sustainability report is published annually in accordance with our SR policy.

10. MATERIAL SUSTAINABILITY FACTORS

In FY2024, the SC performed a materiality assessment to update the material Sustainability Factors, and this was followed by a stakeholder engagement session¹¹ to understand the concerns and expectations of our key stakeholders. In this Report, we also reported on our progress in managing these factors and set related targets to improve our sustainability performance.

We incorporated the SDGs from the UN Sustainability Agenda, as a supporting framework to shape and guide our sustainability strategy where appropriate. Below are the results showing how our material Sustainability Factors relate to these SDGs:

S/N	Material Sustainability Factor	SDG	Key Stakeholder	Our Effort
Economic				
1	Total Customer Satisfaction		<ul style="list-style-type: none"> Customers Suppliers 	We deliver high-quality products, provide a diverse range of products as well as value-added services.
2	Sustainable Business Performance		Shareholders	We contribute to economic growth through creating long-term economic value for our shareholders.
Environmental				

¹¹ The Company distributed an online survey to both its internal and external stakeholders of customers, employees and suppliers for the materiality assessment.

S/N	Material Sustainability Factor	SDG	Key Stakeholder	Our Effort
3	Water Conservation		<ul style="list-style-type: none"> Communities Regulators Shareholders 	We implement measures to reduce water wastage in our business operations.
4	Responsible Waste Management		<ul style="list-style-type: none"> Communities Regulators Shareholders 	We minimise waste generated in our operations and maximise resource use by reusing and recycling packaging materials.
5	Energy Conservation and GHG Emissions Reduction		<ul style="list-style-type: none"> Communities Regulators Shareholders 	We implement practices to reduce energy consumption, improve efficiency and lower the GHG emissions generated from our business operations.
Social				
6	Safe Working Environment		<ul style="list-style-type: none"> Employees Regulators 	We adopt health and safety measures at our workplace.
7	Employee Development and Retention		Employees	We provide comprehensive employee benefits, training and development programmes.
8	Workplace Diversity and Equality		Employees	We ensure all our employees are treated with respect regardless of race, religion, gender, age or education background.
9	Investment in Communities		Communities	We contribute to community projects and encourage employee involvement in volunteerism.
10	Customer Health and Safety		<ul style="list-style-type: none"> Customers Regulators 	We ensure our products adhere to the highest standards of health and safety and maintain a hygienic production environment.
Governance				
11	Robust Corporate Governance Framework		<ul style="list-style-type: none"> Regulators Shareholders 	We implement policies and procedures to enforce ethical practices and maintain internal control and risk management systems to protect shareholders' interests.

The details of each material Sustainability Factor are presented below.

10.1 TOTAL CUSTOMER SATISFACTION

Commitment

We are committed to building and retaining a loyal customer base for our long-term sustainability and we strive to enhance customer satisfaction.

Approach

Diverse Range of Brands Offerings

With over five (5) decades of established track record in the FMCG industry, we understand the need to constantly re-assess and improve our brand portfolio and refresh our product offering. Our brands include:



Details of our key house brands are as follows:

S/N	Brand	Product Position
1	Hosen Quality	Hosen Quality focuses on a wide array of agricultural produce including fruits, vegetables, seeds, nuts and legumes.
2	Hosen Select	Hosen Select offers a diverse range of Mediterranean products featuring olives, tomatoes and gherkins.
3	Fortune	Fortune offers a premium selection of seafood products, ranging from abalone to pacific clams and sea asparagus.
4	Fortune Tuna	Fortune Tuna is rich in Omega-3 and free of trans fats.
5	Sincero	Sincero chocolate sources the finest ingredients to craft exceptional chocolates, delivering impeccable flavour to chocolate enthusiasts.
6	Calbuco	Calbuco chocolate offers the diverse taste of the world at an accessible price point.
7	LaDiva	LaDiva olive oil is an esteemed Italian import crafted from a careful selection of finest olives, and a cherished choice amongst chefs and connoisseurs.
8	Cocoa Grande	Cocoa Grande chocolate is curated by our chocolatiers using only the most impeccable cocoa beans and ingredients.
9	Living Forest	Living Forest presents a range of clean, wholesome food options, focusing on natural ingredients while limiting added sugars and unhealthy fats.
10	Q'serve	Q'serve offers home essentials such as aluminium foils and food wraps.
11	Highway	Highway offers a selection of luncheon meats, corned beef and breakfast spreads.
12	Hula	Hula salted egg fish skin is a delectable snack that transcends traditional flavours with its unique and innovative range.

Extensive Distribution Channels and Outreach

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

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

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

Value-Added Services

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

Quality Standards

We adopt market standards in our operations to ensure quality and safety in our products. Compliance with standards and continual certifications are subject to audits or reviews by the relevant agencies and bodies.

Refer to Section 10.10 'Customer Health and Safety' for more details on the food quality and safety management practices.

Continuously Gather Customer Feedback

We collect customer feedback from various touchpoints, such as reviews from the sales teams, customer satisfaction surveys and online platforms through our website and online shopping platforms. Customer feedback obtained through customer satisfaction surveys and online reviews are analysed to gather valuable insights into current and future customer requirements. Insights gathered are discussed to drive product and service improvements.

Enhance Convenience for our Customers through E-Commerce

We modernised our operations and expanded our sales channel via E-Commerce, through our own website and online shopping platforms such as Shopee and Lazada. Our customers can access our products at any time, and this allows us to reach markets beyond our traditional channels. The reduced handling time on our products through E-Commerce improves our time to market, enabling our customers to enjoy new products, enhancing their satisfaction and drive increased sales and brand loyalty.

Performance

Diverse Range of Brands Offerings

During the Reporting Period, we offered a total of 16 house brands (FY2023: 16 house brands).

Quality Standards

We adopted the following industry leading and recognised food quality standards to ensure the quality of our products and that they are safe for consumption:

Standard/ Certification	Focus of Relevant Standard/ Certification
FSSC 22000	A Global Food Safety Initiative recognised certification for food safety management, standards and processes.
HACCP	This is a globally recognised system for reducing the risk of safety food hazard.
SFA	This is a food standard license repacking of dried food.
Halal Certification	A certification that ensures our food processing operations are complied with the rules and regulations set out by Majlis Ugama Islam Singapura and Jabatan Kemajuan Islam Malaysia ("Jakim").
MeSTI Certification	A food safety certification by Malaysia Ministry of Health to ensure food hygiene and safety.

Enhance Convenience for our Customers through E-Commerce

During the Reporting Period, we achieved a customer review percentile¹ of 98% (FY2023: NA²) and chat response rate of 99% for our official online E-Commerce platforms (FY2023: NA²).

10.2 SUSTAINABLE BUSINESS PERFORMANCE

Commitment

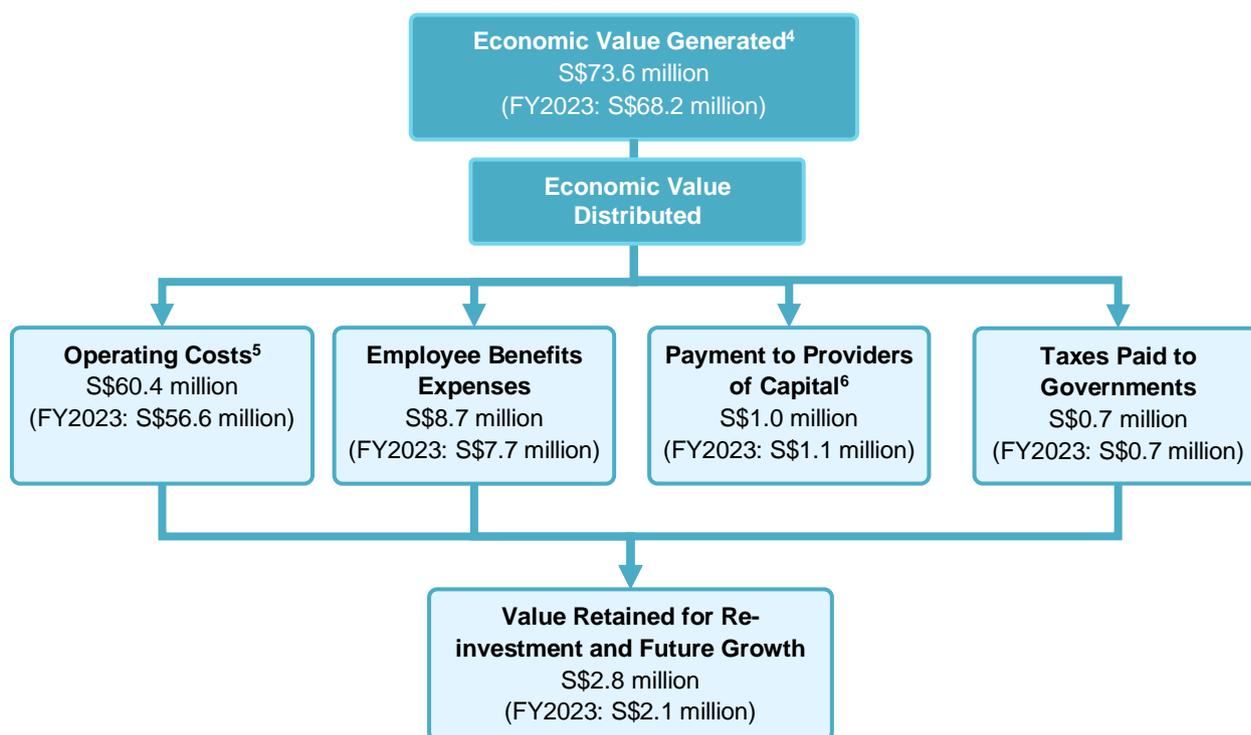
We are committed to creating long-term economic value for stakeholders by adopting responsible business practices and growing our business in a sustainable manner.

Approach

We generate and distribute economic value by executing our business strategy, which includes staying abreast with market trends, maintaining a healthy balance sheet and strong cash flow, whilst mitigating relevant business risks identified.

Performance

During the Reporting Period, economic value generated and distributed are detailed in the table below¹²:



Refer to the audited financial statements in our AR FY2024 for the Group's financial performance and financial risk management disclosure on our efforts and progress to maintain financial sustainability.

10.3 WATER CONSERVATION

Commitment

We are committed to the proper management of water consumption efficiently and effectively to avoid wastage.

Approach

Our water sources¹³ are primarily derived from: (i) Public Utilities Board, Singapore's national water agency; and (ii) Ranhill SAJ Sdn Bhd and Pengurusan Air Selangor Sdn. Bhd., water supply services companies in Malaysia.

We are dependent on water for washing and cleaning during production. Water consumption is tracked and analysed, corrective actions are taken when abnormal patterns are identified.

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

Performance

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

Sustainability Metric	Unit of Measurement	FY2024	FY2023
Water consumption	Cu M	5,027	6,186
Water consumption intensity	Cu M/ revenue S\$'000	0.069	0.092

¹² The information from the table is derived from the audited financial statements of our AR FY2024 and is intended to present an overview of how Hosen distributes its economic value generated to its stakeholders and does not replace the audited financial statements of our AR FY2024.

¹³ Disclosure on water drawn from areas with water stress is not made as the Group does not significantly impact the ability of the countries where it operates, in meeting their human and ecological water demands.

During the Reporting Period, the decrease in total water consumption, combined with an increase in revenue, led to a reduction in our water consumption intensity. This is primarily attributed to an increase in water conservation efforts and increased awareness amongst our employees. The efforts, coupled with an increase in revenue, led to a reduction in water consumption intensity for the Reporting Period.

For the Reporting Period, there were zero incidents of non-compliance associated with water standards and regulations (FY2023: zero incidents).

10.4 RESPONSIBLE WASTE MANAGEMENT

Commitment

We are committed to environmental preservation through responsible waste management by practicing reuse, reduction and recycling, and ensuring that waste is disposed in accordance with the rules and regulations set out by the National Environment Agency (“NEA”) in Singapore and Department of Environment in Malaysia.

Approach

In line with the Singapore government’s Zero Waste Nation, Malaysia’s National Policy on Climate Change and prevailing waste regulations¹⁴, we track our waste generated¹⁵ from our value chain and they include:

S/N	Type of Waste	Examples of Waste Generated
1	General	Paper, metal, glass and plastic waste such as corrugated boards, and plastic packaging materials
2	Food	Raw materials such as cocoa liquor and butter

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

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

As part of Singapore government’s master plan on zero waste, the packaging materials are tracked by designated departments and business units in accordance with the NEA Mandatory Packaging Reporting (“MPR”) scheme. To enhance our recycling efforts, we purchase and use carton boxes that are Forest Stewardship Council-certified, which are produced from environmentally friendly materials and verified sustainable sources.

Performance

Key statistics on our waste generated during the Reporting Period are as follows:

Sustainability Metric	Unit of Measurement	FY2024	FY2023
General waste generated	tonnes	23	13
General waste generated intensity	tonnes/ revenue S\$'000	<0.001	<0.001
General waste diverted from disposal	tonnes	8	0.36
General waste diverted from disposal	percentage	35	3

During the Reporting Period, the general waste generated intensity remained constant as compared to the prior Reporting Period. Our general waste diverted from disposal improved significantly due to the waste management measures as mentioned above and increased awareness amongst our employees.

As the amount of food waste generated from our operations is immaterial, no disclosures were made for the Reporting Period. We will continue to track our food waste generated during production and make appropriate disclosures when the amount is deemed material.

¹⁴ Prevailing waste regulations include NEA’s MPR, general waste collection system, requirements of the Environmental Public Health Act, the Environment Public Health (General Waste Collection) Regulations, the General Waste Collector Conditions of License and the Environmental Quality Act of Malaysia.

¹⁵ We do not generate any hazardous waste from our operations.

For the Reporting Period, the weight of packaging materials used in our value chain amounted to 1,068 tonnes (FY2023: 865 tonnes).

10.5 ENERGY CONSERVATION AND GHG EMISSIONS REDUCTION

Commitment

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

Approach

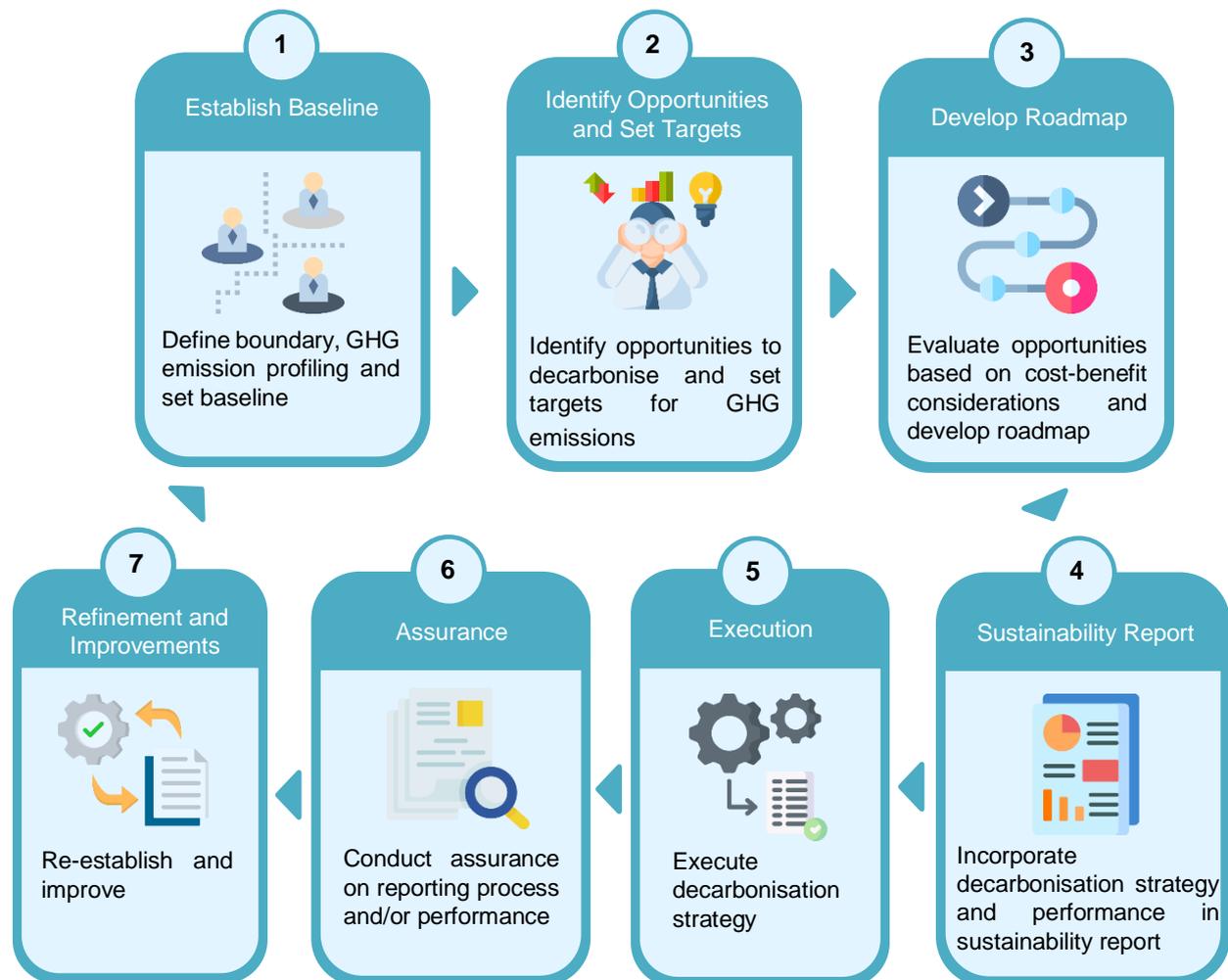
We aim to reduce our environmental footprint and at the same time, establish operational resilience to deliver long-term and sustainable value to our stakeholders. We adopt a balanced approach in effectively managing the environmental impacts arising from our business operations.

We are dependent on energy resources primarily in the following areas:

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

Decarbonisation Approach

To conserve energy and manage our GHG emissions, we set up a seven (7) step continuous circular process as follows:



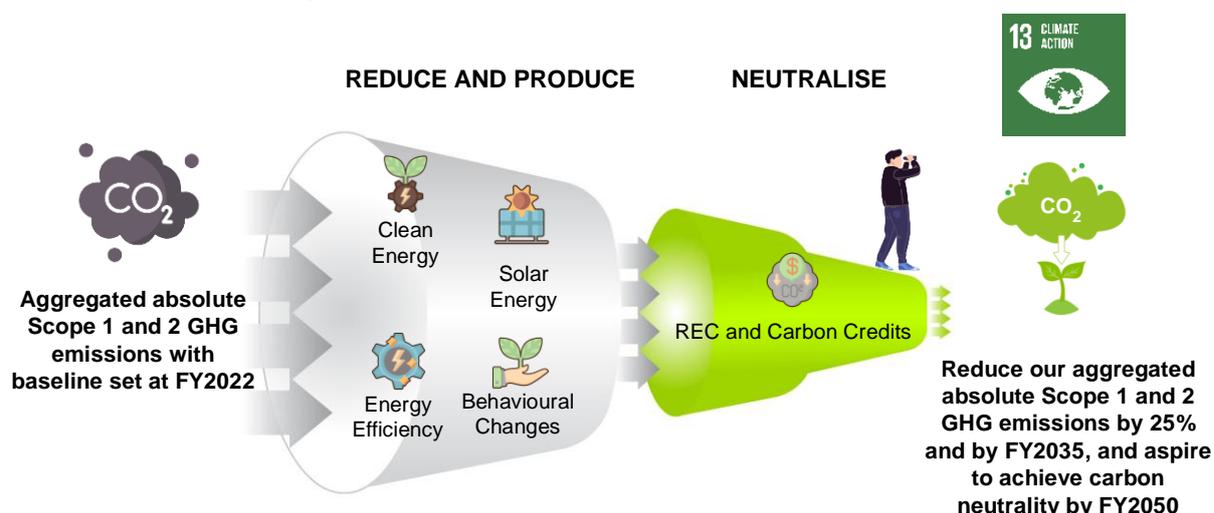
On a yearly basis, we update our GHG emissions profile for our Scope 1, 2 and 3 GHG emissions based on defined organisational boundaries. We will also conduct a GHG emissions profiling exercise whenever there are significant changes in our business models and work processes.

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

We measure our GHG emissions in alignment with the GHG Protocol: A Corporate Accounting and Reporting Standard (2004). We adopted the operational control approach as a basis to determine GHG emissions data consolidation boundaries across our entities. This approach has been selected as it allows us to manage emissions from our operations where we have practical control to introduce relevant measures and implement operating policies. We have assessed that we have operational control over all reporting entities covered in this Report.

Climate Change Transition Plan

Our climate change transition plan steers us on our decarbonisation journey. Under this plan, we commit to reduce our aggregated absolute Scope 1 and 2 GHG emissions by 25% and by FY2035, and aspire to achieve carbon neutrality by FY2050, with FY2022 as our baseline. Our climate change transition plan is focused on three (3) strategic levers of reduce, produce, and neutralise as follows:



Details of the strategic levers adopted in our climate change transition plan are as follows:

Lever	<i>Reduce</i>	<i>Produce</i>	<i>Neutralise</i>
Focus Area	<ul style="list-style-type: none"> ▪ Energy efficiency <ul style="list-style-type: none"> ➤ Lighting ➤ Cooling ➤ Equipment ➤ Electric vehicles ▪ Clean energy ▪ Behavioural changes 	Solar energy	<ul style="list-style-type: none"> ▪ Renewable energy certificates (“REC”) ▪ Carbon credits

Our action plans by lever and focus area are as follows:

Lever	Focus Area	Action Plan
<i>Reduce</i>	Energy efficiency – lighting, cooling, and equipment	Our action plans on this front include: <ul style="list-style-type: none"> ▪ Adopting energy-efficient fixtures and fittings, such as light-emitting diode (“LED”) lighting; and ▪ Routine maintenance of filters for air-conditioning systems to reduce air flow resistance.

Lever	Focus Area	Action Plan
	Energy efficiency - electric vehicles	<p>Our action plans on this front include:</p> <ul style="list-style-type: none"> Replacing all Euro 5 diesel type motor vehicles with Euro 6 diesel type motor vehicles, which releases lesser GHG emissions during operations; Our fleet of forklifts are currently powered by: (i) diesel; or (ii) electricity. As the diesel-powered forklifts emit more carbon dioxide than electrical forklifts, we will consider switching the diesel-powered forklifts to electric-powered ones where practicable; and We developed an electric vehicle plan to convert 50% of internal combustion vehicles to electric vehicles by FY2035, with a goal of achieving 100% conversion by FY2050, subject to market conditions and technological advancements.
	Clean energy	We constantly explore opportunities to use clean and/ or renewable energy available in the locations that we operate in.
	Behavioural changes	<p>Our action plans on this front include:</p> <ul style="list-style-type: none"> Better planning of delivery schedules to optimise delivery routes and reduce GHG emissions; and Adopting greener work practices such as switching off appliances when not in use and enabling power saving modes.
Produce	Solar energy	<p>Our subsidiary in Malaysia installed solar panels on the rooftop of its warehouse, which generates solar energy for consumption within its office and warehouse. In FY2024, the solar panels generated 292 gigajoules (“GJ”) (FY2023: 304 GJ) of renewable energy.</p> <p>For our operations in Singapore, we installed solar panels on our warehouse’s rooftop in FY2024 to further reduce GHG emissions. These solar panels generated 859 GJ (FY2023: -) of renewable energy.</p>
Neutralise	<ul style="list-style-type: none"> REC Carbon credits 	We plan to use REC and carbon credits to offset unavoidable residual GHG emissions by FY2050 subject to market maturity.

Performance

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

(i) Energy Consumption

Sustainability Metric	FY2024		FY2023	
	GJ	%	GJ	%
Town gas consumption	32	<1	11	<1
Petrol consumption (non-fleet) ¹⁶	1	<1	-	-
Petrol consumption (fleet) ¹⁷	336	5	356	5
Diesel consumption (fleet)	2,378	34	2,173	33
Purchased electricity consumption	3,118	44	3,649	56
Electricity consumption attributable to renewable energy (solar power)	1,152	16	304	5
Total energy consumption	7,017	100	6,493	100

¹⁶ Petrol consumption (non-fleet) refers to consumption from off-road equipment, including stationary rigs, generators and mounted equipment.

¹⁷ Petrol consumption (fleet) refers to consumption from vehicles such as cars and motorcycles.

(ii) Energy Consumption Intensity

Sustainability Metric	Unit of Measurement	FY2024	FY2023
Town gas consumption intensity	GJ/ revenue S\$'000	<0.001	<0.001
Petrol consumption intensity	GJ/ revenue S\$'000	0.005	0.005
Diesel consumption intensity	GJ/ revenue S\$'000	0.033	0.032
Electricity consumption intensity	GJ/ revenue S\$'000	0.059	0.059

(iii) GHG Emissions

Sustainability Metric	Unit of Measurement	FY2024	FY2023
Direct GHG emissions (Scope 1) ¹⁸	tonnes CO ₂ e	204	187
Indirect GHG emissions (Scope 2) ¹⁹	tonnes CO ₂ e	654	537
Aggregated absolute GHG emissions (Scope 1 and 2)	tonnes CO ₂ e	858	724
Aggregated GHG emissions intensity (Scope 1 and 2)	tonnes CO ₂ e/ revenue S\$'000	0.012	0.011

During the Reporting Period, the aggregated GHG emissions intensity remains constant as compared to the prior Reporting Period.

During the Reporting Period, we expanded our indirect GHG emissions (Scope 3)²⁰ to include category 1: Purchased goods and services and category 5: Waste generated as follows:

Category	Coverage	Unit of Measurement	FY2024	FY2023
Category 1: Purchased goods and services	Cocoa powder and pineapples	tonnes CO ₂ e	41,164	NA ²
Category 5: Waste generated	Paper waste	tonnes CO ₂ e	11	NA ²
Category 6: Business travel	Air travel	tonnes CO ₂ e	26	19
Category 7: Employee commuting	Transportation of employees between their homes and their worksites	tonnes CO ₂ e	168	131

10.6 SAFE WORKING ENVIRONMENT

Commitment

We are committed to providing a safe working environment for our employees, as we believe it strengthens our effectiveness and efficiency.

Approach

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

- A set of comprehensive guidelines, policies, and procedures;
- Periodic risk assessments exercises;
- An emergency response plan for fire safety at our premises;
- Ensuring employees involved in operating plant and machinery are qualified; and
- Fire safety trainings are conducted annually.

¹⁸ The direct GHG emissions from consumption of town gas, petrol and diesel controlled by a reporting entity (Scope 1) are calculated based on the GHG Emissions Measurement and Reporting Guidelines published by the NEA.

¹⁹ The indirect GHG emissions from electricity purchased by a reporting entity (Scope 2) are calculated using the location-based methods based on the GHG emissions factors published by the relevant local authorities. Renewable energy has no direct emissions at the point of electricity generation, and therefore an emission factor of zero is used in indirect GHG emissions (Scope 2).

²⁰ The indirect GHG emissions (Scope 3) are calculated using calculation tools which include the International Civil Aviation Organization Carbon Emissions Calculator, GHG Protocol Transport Tool and a mix of GHG emissions factors published by NEA, Singapore Emissions Factor Registry, Department for Environment Food and Rural Affairs of the United Kingdom and Environmental Impact of Key Food Items in Singapore, a report produced by Deloitte and Agency for Science, Technology and Research.

Performance

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

Sustainability Metric	FY2024	FY2023
Number of workplace fatalities	-	-
Number of high consequence work-related injuries ⁷	-	-
Number of recordable work-related injuries	1	1
Number of recordable work-related ill health cases ⁸	-	-

During the Reporting Period, the recordable work-related injury was related to a leg injury suffered by an employee in a warehouse accident. Lessons learnt from the incident were shared with the other employees to prevent recurrence.

10.7 EMPLOYEE DEVELOPMENT AND RETENTION

Commitment

We are committed to effective talent attraction and recruitment, without any discrimination and bias, and developing a strong foundation for our talent pool for the long-term sustainability of our business.

Approach

To develop our employees, our management leads by example in our business operations. The decision-making process is also assigned to employees of different seniority, to empower them to make decisions at the workplace. Regular communications take place between leaders and employees, to obtain feedback and align our business goals across all levels of the workforce.

Comprehensive Employee Benefits

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

We further enhance employee benefits through the implementation of: (i) reimbursements for consultation fees, group hospitalisation and accident insurance coverage; (ii) duty meals and dormitory housing subsidies; (iii) bona fide benefits such as monetary gifts for marriage, childbirth, and bereavement; and (iv) discounts for applicable products for relevant employees.

Re-employment contracts are offered to eligible employees reaching retirement age.

Employee Training and Development

To equip our employees with the essential skills, we organised various training programmes such as food hygiene and safety courses, equipment, and safety training.

To promote a culture of learning, eligible employees can also request for relevant training and development to meet job requirements.

Systematic Performance Appraisal System

The Group recognises the importance of an appraisal system and has implemented a systematic performance appraisal system in FY2024, to evaluate employees' contribution, areas for improvement and foster professional growth.

Performance

Key statistics on new hires, employee turnover and training hours received are as follows:

New Hires²¹

Sustainability Metric	FY2024		FY2023	
	Number of New Hire	Rate of New Hire	Number of New Hire	Rate of New Hire
Overall new hires	42	24%	38	22%
Gender				
Male	23	24%	25	26%
Female	19	23%	13	17%
Age				
Below 30	14	38%	20	50%
30 to 50	19	24%	15	21%
Above 50	9	15%	3	5%

Turnover²²

Sustainability Metric	FY2024		FY2023	
	Number of Resignee	Rate of Turnover	Number of Resignee	Rate of Turnover
Overall turnover	36	20%	31	18%
Gender				
Male	23	24%	14	14%
Female	13	16%	17	23%
Age				
Below 30	16	43%	9	23%
30 to 50	11	14%	15	21%
Above 50	9	15%	7	12%

During the Reporting Period, the increased in turnover rate was primarily due to the disposal of an indirect subsidiary. Refer to SGXNet announcement dated 13 June 2024 for further information.

Employee Training and Development

Sustainability Metric	FY2024	FY2023
Overall		
Total training hours	646	158
Average training hours per employee	3.6	0.9
Gender (Male)		
Total training hours	204	100
Average training hours per employee	2.1	1.0
Gender (Female)		
Total training hours	442	58
Average training hours per employee	5.3	0.8
Management		
Total training hours	112	22
Average training hours per employee	10.2	2.7
Non-management		
Total training hours	534	136
Average training hours per employee	3.2	0.8

During the Reporting Period, we continue to invest in our employees and increased the average number of training hours per employee. We ramp up our in-house training for our confectionary and retail departments.

²¹ New hire related statistics are calculated based on confirmed new hires over total full-time employees by gender and age.

²² Turnover related statistics are calculated based on turnover of confirmed employees over total full-time employees by age group and gender.

Systematic Performance Appraisal System

Key statistics on the employees that undergo performance appraisal as follows:

Sustainability Metric	FY2024	FY2023
Overall	100%	Not applicable ²³
Gender		
Male	100%	Not applicable ²³
Female	100%	Not applicable ²³
Employee Category		
Management	100%	Not applicable ²³
Non-management	100%	Not applicable ²³

10.8 WORKPLACE DIVERSITY AND EQUALITY

Commitment

We are committed to treat all our employees with respect regardless of race, language, religion, gender, age, or education background.

Approach

A diverse workforce supports business sustainability by providing different perspectives and insights to the management team, contributing to increased productivity and profitability as well as building a positive image and reputation for the Group.

On this front, we implemented the following HR measures:

- We strictly adhere to the Tripartite Alliance for Fair and Progressive Employment Practices guidelines;
- A board diversity policy is implemented to achieve diversity on the Board level;
- Our interview assessment procedures are structured to prevent non-discriminatory questions and employees are assessed based on merit and competency; and
- Employee recruitment advertisements do not discriminate against applicants' race, religion, gender, age or education background, to ensure our hiring practice is fair, merit-based, and non-discriminatory.

Performance

As at 31 December 2024, we have 1 female Director out of 6 Directors or 16.7% female representation on the Board (FY2023: 1 female Director or 16.7%).

As at 31 December 2024, the Group has a workforce of 177 full-time employees and 2 part-time employees (31 December 2023: 173 full-time employees and no part-time employees) and our employees are based in Singapore and Malaysia with the following breakdown:

Singapore	Malaysia	Total
Overall²⁴		
48%	52%	100%

Gender Diversity (%)

We view gender diversity in the workplace as an important element in supporting sustainable development as a diverse workforce brings about a wider range of perspectives and experiences.

Key statistics on gender diversity by employee category are as follows:

Sustainability Metric	FY2024		FY2023	
	Male	Female	Male	Female
Overall	54%	46%	57%	43%
Management	55%	45%	50%	50%
Non-management	54%	46%	57%	43%

Age Diversity (%)

We value mature workers for their experience, knowledge and skills. Key statistics on age diversity by employee category are as follows:

²³ Not applicable as performance appraisal was not performed previously.

²⁴ The Group did not employ any temporary or non-guaranteed hours employees for the Reporting Period.

Sustainability Metric	FY2024			FY2023		
	Below 30	30 – 50	Above 50	Below 30	30 – 50	Above 50
Overall	21%	44%	35%	23%	42%	35%
Management	-	18%	82%	-	25%	75%
Non-management	22%	45%	33%	24%	43%	33%

Educational Background Diversity (%)

On diversity in educational background, an inclusive environment is in place for employees from different educational backgrounds. Our workforce mainly consists of non-tertiary educated and they contributed to 76% of our total workforce as at 31 December 2024 (31 December 2023: 75%). Key statistics on educational diversity of our full-time employees are as follows:

Sustainability Metric	FY2024		FY2023	
	Tertiary	Non-Tertiary	Tertiary	Non-Tertiary
Percentage of employees by education level	24%	76%	25%	75%

During FY2024, there were zero incidents of unlawful discrimination against employees (FY2023: zero incidents).

10.9 INVESTMENT IN COMMUNITIES

Commitment

We are committed in contributing back to the communities and recognise that the long-term success of our business is closely related to the health and prosperity of the communities we operate in.

Approach

As part of our sustained efforts to empower local communities, we served the following beneficiaries through donations for the Reporting Period (non-exhaustive): (i) Ren Ci (ii) Lion Club (iii) Jamiyah Nursing Home; and (iv) NTUC Health Co-operative Limited.

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

10.10 CUSTOMER HEALTH AND SAFETY

Commitment

We are committed to ensure that all food products are safe for consumption and that our customers' well-being is taken care of and to ensure the long-term sustainability of our business.

Approach

Stringent Health and Safety Standards

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

Our factory in Malaysia strictly follows the seven principles and standards set out in the HACCP, a globally recognised system for reducing the risk of safety food hazard. The seven principles comprise: (i) conduct a hazard analysis; (ii) identify critical control points; (iii) establish critical limits; (iv) establish monitoring procedures; (v) establish corrective actions; (vi) establish verification procedures; and (vii) establish record-keeping procedures.

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

- Perform periodic assessments to ensure our raw materials are purchased from competent and reliable suppliers and sub-contractors;
- Track temperature records of chillers and freezers and follow up on deviations promptly;

- Engage third-party laboratories to conduct tests on whether our food products produced are safe for consumption; and
- Perform in-house and third-party audit checks on compliance with applicable requirements.

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

- Set-up a formal Halal team with proper appointments, job descriptions and appoint persons with the relevant experience and competency as members of the team;
- Implement policies and procedures including control measures and corrective actions;
- Establish proper documentation and record keeping systems;
- Our Halal Team verifies the Halal system by checking compliance with the guidelines established by Jakim on an annual basis; and
- Perform periodic review of the Halal system especially when changes are made.

Proper Product Labelling and Communication

Our product labels comply with relevant product labelling regulations and guidelines such as Food Regulations and Sale of Food Act, guidelines set by SFA and Food Regulations 1985 of Malaysia.

Performance

During the Reporting Period, there were zero incidents of non-compliance relevant to the prevailing rules and regulations (FY2023: zero incidents).

10.11 ROBUST CORPORATE GOVERNANCE FRAMEWORK

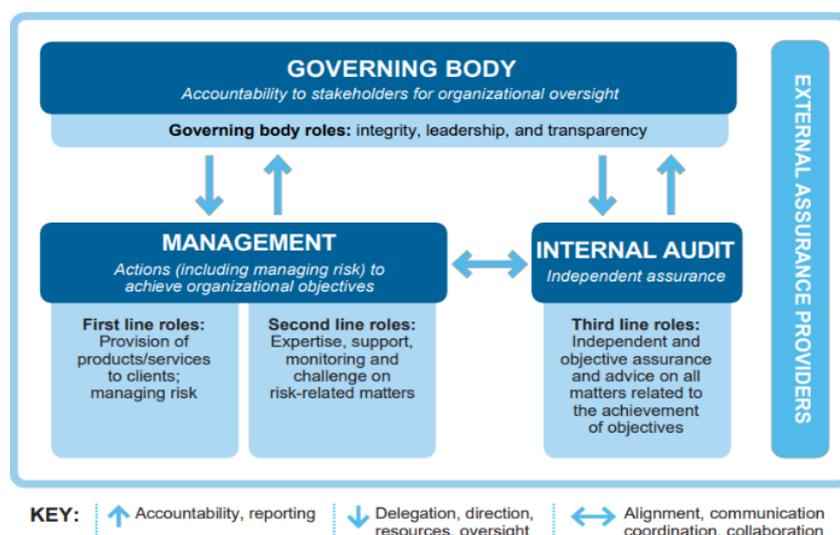
Commitment

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

Approach

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

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



Source: The IIA's Three Lines Model

The Group does not tolerate fraudulent and corruption practices as it may disrupt the business operations and impede the growth of the business due to a loss of trust which we built over the years. To encourage the appropriate use of the whistle-blowing channel, a whistle-blowing policy is maintained which covers the following areas:

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

We communicate and place our whistle-blowing policy and procedures on our website for ease of reference at <https://www.hosengroup.com/contact-php/>.

Anti-Corruption and Ethical Business Practices

As an industry leader, we believe in setting the right example and are committed to anti-corruption and ethical business practices as follows:

Policy/ Guideline	Our Commitment
Code of conduct	All employees are expected to meet the highest ethical standards in all aspects. Employees are required to declare any conflict of interest during employment and in their dealings with stakeholders.
Whistle-blowing	A whistle-blowing policy is in place to provide a safe channel for employees to report concerns about unethical or unlawful behaviour and matters related to organisational integrity. Any form of retaliation against an individual who in good faith reports a suspected violation is prohibited. In addition, we provide feedback channels to further strengthen our zero-tolerance approach towards corruption and fraud.
Anti-bribery and corruption	We do not tolerate all forms of corruption, and all employees are expected to adhere to the same standards.
Anti-competition	We support fair competition and is aligned with Singapore's Competition Act.
Personal data protection	We implement measures to safeguard personal data collected from our stakeholders and comply with Singapore's Personal Data Protection Act.
Ethical marketing practices	We adhere to the Singapore Code of Advertising Practice and ensure our advertisements are legal, decent, honest, and truthful when engaging potential customers.

Performance

During FY2024, there were zero incidents (FY2023: zero incidents) of serious offence⁹ and zero incidents (FY2023: zero incidents) of non-compliance with any applicable laws and regulations¹⁰ that resulted in a significant fine or non-monetary sanction.

For more details on our corporate governance practices, please refer to the AR FY2024, page 13 to 39 for the Group's Corporate Governance Report.

11. TARGETS AND PROGRESS

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

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

S/N	Material Sustainability Factor	Target ²⁵	Performance in FY2024
Economic			
1	Total Customer Satisfaction	<u>Ongoing and long-term</u> Maintain or improve house brand portfolio	●●● We maintained a portfolio of 16 house brands.
2	Sustainable Business Performance	<u>Short-term</u> Maintain or improve our economic value generated subject to market conditions	●●● We improved our economic value generated to S\$2.8 million.
Environmental			
3	Water Conservation	<u>Short-term</u> Maintain or reduce the water consumption intensity	●●● Our water consumption intensity reduced to 0.069 Cu M/ revenue S\$'000.
4	Responsible Waste Management	<u>Short-term</u> Maintain or reduce waste generated intensity	●●● Our general waste generated intensity is maintained at <0.001 tonnes/ revenue S\$'000.
5	Energy Conservation and GHG Emissions Reduction	<u>Short-term</u> Maintain or reduce aggregated Scope 1 and 2 GHG emissions intensity by FY2025, with FY2022 as our baseline <u>Medium-term</u> Reduce aggregated absolute Scope 1 and 2 GHG emissions by 25% by FY2035, with FY2022 as our baseline <u>Long-term</u> Aspire to achieve carbon neutrality by FY2050	●●● Our aggregated Scope 1 and 2 GHG emissions intensity remains constant at 0.012 tonnes CO ₂ e/ revenue S\$'000. ●○○ Our aggregated absolute Scope 1 and 2 GHG emissions increased to 858 tonnes CO ₂ e. ○○○ We set a new long-term target for Energy Conservation and GHG Emissions Reduction.
Social			
6	Safe Working Environment	<u>Short-term</u> Reduce the number of recordable work-related injuries <u>Ongoing and long-term</u> Maintain zero workplace fatalities, high consequence work-related injuries and recordable work-related ill health cases	●●○ There was one (1) incident of recordable work-related injury. ●●● There were zero workplace fatalities, high consequence work-related injuries and recordable work-related ill health cases.
7	Employee Development and Retention	<u>Ongoing and long-term</u> Maintain or improve employee turnover rate	●○○ The employee turnover rate increased to 20%.
8	Workplace Diversity and Equality	<u>Ongoing and long-term</u> Maintain zero incidents of unlawful discrimination against employees	●●● There were zero incidents of unlawful discrimination against employees.
9	Investment in Communities	<u>Ongoing and long-term</u> Continue to engage in community projects and charitable activities	●●● We continued to engage in community projects and charitable activities.

²⁵ Time horizons for target setting are (1) short-term: within 5 years (until FY2028); (2) medium-term: between 5 to 20 years (FY2029 and FY2043); (3) long-term: more than 20 years (FY2044 onwards); and (4) ongoing: encompassing short, medium and long-term.

S/N	Material Sustainability Factor	Target ²⁵	Performance in FY2024
10	Customer Health and Safety	<u>Ongoing and long-term</u> Maintain zero incidents of non-compliance with food safety and hygiene rules and regulations	●●● We maintained zero incidents of non-compliance with food safety and hygiene rules and regulations.
Governance			
11	Robust Corporate Governance Framework.	<u>Ongoing and long-term</u> <ul style="list-style-type: none"> ▪ Maintain zero incidents of serious offence⁹ ▪ Maintain zero incidents of non-compliance with any applicable laws and regulations¹⁰ that resulted in a significant fine or non-monetary sanction 	●●● There were zero incidents of serious offence. ●●● There were zero incidents of non-compliance with any applicable laws and regulations that resulted in a significant fine or non-monetary sanction.

For the material Sustainability Factors identified in this Report, the Board and the SC have considered the relevance and usefulness of setting related targets in the short, medium, and long term-horizon. As the historical data trends for certain material Sustainability Factors have yet to stabilise, we have not set the related medium and long-term targets and will disclose such targets in our future sustainability reports when the data trends have stabilised and subject to market trends.

12. SUPPORTING THE TCFD

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

Governance

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

The Board oversees the management in the development of the sustainability strategy and performance targets while monitoring the Sustainability Factors of the Group as well as climate-related issues and takes them into consideration in the determination of the Group's strategic direction and policies on an annual basis.

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

Our sustainability strategy is developed and directed by the SC in consultation with the Board. The SC is led by the CEO and its members comprise the CFO, and supported by the General Manager and selected representative members from different working committee. The responsibilities of the SC include considering climate-related risks and opportunities in the development of sustainability strategy, target setting, as well as the collection, monitoring, and reporting of performance data.

Strategy

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

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

We recognise that climate change poses different types of risks to our business. The Group's assessment on the potential implications of the climate-related risks was undertaken based on the Network of Central Banks and Supervisors for Greening the Financial System ("NGFS") range of climate scenarios:

Scenario	Description
NGFS – Orderly	This scenario assumes that climate policies are introduced early and become gradually more stringent. Both physical and transition risks are relatively subdued through cohesive stringent climate policies and innovation.
NGFS – Hot house world	This scenario assumes that some climate policies are implemented in some jurisdictions, but global efforts are insufficient to halt significant global warming. Critical temperature thresholds are exceeded, leading to severe physical risks and irreversible impacts like sea-level rise. Only currently implemented policies are preserved, leading to high physical risks.

We selected NGFS' orderly and hot house world scenarios for the purpose of our qualitative climate scenario analysis. The impact of the climate-related risks is analysed on group-wide activities in the short-term (within 5 years, until FY2028), medium-term (between 5 to 20 years, between FY2029 and FY2043) and long-term (more than 20 years, FY2044 onwards). Based on the above-mentioned scenarios, the climate-related risks and opportunities identified by the Group during a climate-related risk assessment exercise include the following:

Risk and Potential Impact	Significance of Financial Impact ²⁶				Mitigation Measure	Climate-related Opportunity
	Current effect	Short-term	Medium-term	Long-term		
Key Physical Risk Identified - Increased severity of extreme weather events						
<p>Climate change poses significant risks to farm products and may lead to higher costs for our ingredients. The Group may experience adverse financial impacts due to escalating costs of food ingredients and diminished product quality.</p> <p>Additionally, with rising temperatures and more frequent heatwaves resulting from global warming and climate change, the risks of increased cooling expenditures and reduced labour productivity are expected to rise.</p> <p>We remain vigilant in monitoring the impact of climate change on our operations, mindful of the alarming estimated global cost of US\$16 million per hour²⁷ arising from climate-related damage.</p>	Scenario: Orderly				<p>We put in place a climate change transition plan to steer us on our decarbonisation journey.</p> <p>The increased severity of extreme weather events drove us in transiting to renewable energy sources and increasing our operational efficiency.</p> <p>Solar panels were installed on our buildings to provide us with clean energy. We also adopted motion sensors and LED lighting to lower energy usage in applicable areas.</p> <p>You may refer to Section 10.5 'Energy Conservation and GHG Emissions Reduction' for further information.</p>	<p>We may capitalise on opportunities available in improving our operational efficiency, designing new production processes, and developing new sustainable products.</p> <p>The Group also realises the opportunity to invest in energy-efficient technologies and renewable energy use.</p>
	NA ²⁸	●	●	●		
	Scenario: Hot house world					
	NA ²⁸	●	●	●		
Key Transition Risk Identified – Enhanced GHG emissions reporting obligations						
<p>With rising concerns over the effects of climate change, key stakeholders such as the regulators and shareholders are requiring reporting of climate-related information. Failure to comply with enhanced GHG emissions reporting obligations may lead to adverse impacts on the Group's reputation and financial performance.</p>	Scenario: Orderly				<p>To strengthen our sustainability governance structure, we put in place a SC for managing and monitoring our material Sustainability Factors, including working with the various business units and corporate functions to ensure that these are integrated into our day-to-day operations.</p>	<p>The enhanced GHG emissions reporting obligations and increase in regulatory costs will raise climate awareness among our employees.</p> <p>With more defined job responsibilities and training, the Group will also be better positioned to use energy resources responsibly and adopt</p>
	S\$84,000	●	●	●		
	Scenario: Hot house world					
S\$84,000	●	●	●			

²⁶ Significance of financial impact is determined based on the risk appetite established in accordance with the Group's ERM framework.

²⁷ Source: <https://www.weforum.org/agenda/2023/10/climate-loss-and-damage-cost-16-million-per-hour/>

²⁸ We are unable to estimate the current financial effect due to uncertainties in the inputs and assumptions resulting from the lack of available data, including information about climate outcomes and their effects on the Group. We will continue to monitor credible information to support our disclosures in this area.

Risk and Potential Impact	Significance of Financial Impact ²⁶				Mitigation Measure	Climate-related Opportunity
	Current effect	Short-term	Medium-term	Long-term		
These new requirements necessitate the investment of manpower resources in more comprehensive data collection, analysis and reporting processes, greater involvement from management and additional costs for consultants and employee training.					<p>In addition, we established TOR for component parties involved in the sustainability reporting process, for clarity and accountability purposes.</p> <p>With the above, we will be in a better position to meet the changes in regulations and rising expectations of stakeholders on the environment.</p>	environmentally friendly practices.

Legend

● Minor ● Moderate ● Major

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

Strategy

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

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

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

Risk Management

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

Climate-related risk management is integrated into our ERM framework, whereby potential climate-related risks are identified, assessed, monitored, and managed. The General Manager and Working Committees are responsible for identifying and documenting their relevant climate-related risk exposures that might hinder their progress towards contributing to the Group’s business objectives. These risks and opportunities, along with their treatment plans, are reviewed and updated during the ERM exercise and presented to the AC along with the other key enterprise-wide risks. Climate-related risks are also monitored based on the trend of climate-related sustainability metrics.

Metrics and Targets

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

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

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

To support the climate change agenda, we disclosed our direct (Scope 1) and indirect (Scope 2 and 3) GHG emissions in this Report and set climate-related targets such as those related to GHG emissions, water, and waste management.

Our disclosure on indirect GHG emissions (Scope 3) in this Report includes purchased goods and services (category 1), waste generated (category 5), business travel (category 6) and employee commuting (category 7).

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

As a commitment towards mitigating climate change, we set climate-related targets related to GHG emissions, water, and waste management. For further details, refer to Section 11 'Targets and Progress'.

13. INDUSTRY-BASED GUIDANCE ON IMPLEMENTING CLIMATE-RELATED DISCLOSURE METRICS

The sustainability disclosure metrics are based on the IFRS Sustainability Disclosure Standard (“SDS”) industry-based guidance for implementing climate-related disclosure (Volume B22 – Food Retailers & Distributors) for the manufacturing and distribution of processed food products business segment. The details are as follows:

Sustainability Disclosure Topics and Metrics

Code	Metric	FY2024 ²⁹
Fleet Fuel Management		
FB-FR-110a.1	Fleet fuel consumed, percentage renewable (%)	-
Air Emissions from Refrigeration		
FB-FR-110b.1	Gross global Scope 1 emissions from refrigerants	Not available as we are working with our suppliers to develop a methodology to track the emissions from refrigeration.
FB-FR-110b.2	Percentage of refrigerants consumed with zero ozone-depleting potential	
FB-FR-110b.3	Average refrigerant emissions rate	
Energy Management		
FB-FR-130a.1	Operational energy consumed (GJ)	4,303
	Percentage grid electricity (%)	73
	Percentage renewable (%)	27
Management of Environmental & Social Impacts in the Supply Chain		
FB-FR-430a.1	Revenue from products third-party certified to environmental or social sustainability sourcing standards	-
FB-FR-430a.2	Percentage of revenue from eggs that originated from a cage-free environment	Not applicable as we do not derive any revenue from egg products.
	Percentage of revenue from pork produced without the use of gestation crates	Not available as we are working with our suppliers to identify the revenue from pork produced without the use of gestation crates
FB-FR-430a.3	Discussion of strategy to manage environmental and social risks within the supply chain, including animal welfare	Refer to Section 10.10 ‘Customer Health and Safety’ for further information.
FB-FR-430a.4	Discussion of strategies to reduce the environmental impact of packaging	Refer to Section 10.4 ‘Responsible Waste Management’ for further information.

Activity Metrics

Code	Activity Metric	FY2024
FB-FR-000.A	Number of retail locations	3
	Number of distribution centres	3
FB-FR-000.B	Total area of retail space (Square metres [m2])	10,111
	Total area of distribution centres	10,111
FB-FR-000.C	Number of vehicles in commercial fleet	25
FB-FR-000.D	Ton-kilometres travelled (Ton kilometres)	Not available as we did not track this data previously. Moving forward, we will develop a tracking mechanism to track the necessary data.

²⁹ We applied the transition relief under IFRS S2(E3) to not disclose comparative information as this is the first Reporting Period in which we apply IFRS SDS.

14. GRI CONTENT INDEX

Statement of Use	Hosen Group Ltd has reported the information cited in the GRI content index for the Reporting Period with reference to the GRI Standards.
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	None

GRI Standard	Disclosure	Location
GRI 2: General Disclosures 2021	2-1 Organisational details	4-5, AR FY2024 – Corporate Information, AR FY2024 – Corporate Profile, AR FY2024 – Group Structure
	2-2 Entities included in the organisation’s sustainability reporting	5, AR FY2024 – Financial Statements
	2-3 Reporting period, frequency and contact point	2 and 5
	2-4 Restatements of information	None
	2-5 External assurance	5
	2-6 Activities, value chain and other business relationships	4
	2-7 Employees	21-22
	2-8 Workers who are not employees	None
	2-9 Governance structure and composition	7-9, AR FY2024 - Corporate Governance Report (The Board’s Conduct of Affairs / Board Composition and Guidance)
	2-10 Nomination and selection of the highest governance body	AR FY2024 - Corporate Governance Report (Board Membership)
	2-11 Chair of the highest governance body	AR FY2024 Board of Directors, AR FY2024 Corporate Governance Report (Chairman and Chief Executive Officer)
	2-12 Role of the highest governance body in overseeing the management of impacts	7-9
	2-13 Delegation of responsibility for managing impacts	7-9, AR FY2024 - Corporate Governance Report (The Board’s Conduct of Affairs)
	2-14 Role of the highest governance body in sustainability reporting	7-9
	2-15 Conflicts of interest	AR FY2024 - Corporate Governance Report (The Board’s Conduct of Affairs)
	2-16 Communication of critical concerns	23-24, AR FY2024 - Corporate Governance Report (Audit Committee)
	2-17 Collective knowledge of the highest governance body	7-9, AR FY2024 - Corporate Governance Report (Risk Management and Internal Controls)
	2-18 Evaluation of the performance of the highest governance body	AR FY2024 - Corporate Governance Report (Board Performance / Developing Remuneration Policies)
	2-19 Remuneration policies	AR FY2024 - Corporate Governance Report (Board Performance / Developing Remuneration Policies)
	2-20 Process to determine remuneration	AR FY2024 - Corporate Governance Report (Board Performance / Developing Remuneration Policies / Level and Mix of Remuneration)
	2-21 Annual total compensation ratio	Information is not provided due to confidentiality constraints.
	2-22 Statement on sustainable development strategy	2
	2-23 Policy commitments	6-18, 22-24

GRI Standard	Disclosure	Location
	2-24 Embedding policy commitments	6-18, 22-24
	2-25 Processes to remediate negative impacts	23-24, AR FY2024 - Corporate Governance Report (Audit Committee)
	2-26 Mechanisms for seeking advice and raising concerns	23-24, AR FY2024 - Corporate Governance Report (Audit Committee)
	2-27 Compliance with laws and regulations	23-24, AR FY2024 - Corporate Governance Report (Disclosure Table for Annual Report in Compliance to the Code of Corporate Governance 2018 and Catalist Rules)
	2-28 Membership associations	None
	2-29 Approach to stakeholder engagement	5-6
	2-30 Collective bargaining agreements	None of our employees are covered by collective bargaining agreements.
GRI 3: Material Topics 2021	3-1 Process to determine material topics	6-10
	3-2 List of material topics	9-10
	3-3 Management of material topics	9-24
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	12-13
	201-2 Financial implications and other risks and opportunities due to climate change	26-28
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	23-24
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	15-18
	302-3 Energy intensity	15-18
	302-4 Reduction of energy consumption	15-18
	302-5 Reductions in energy requirement of products and services	15-18
GRI 303: Water and Effluents 2018	303-5 Water consumption	13-14
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	15-18
	305-2 Energy indirect (Scope 2) GHG emissions	15-18
	305-3 Other direct (Scope 3) GHG emissions	15-18
	305-4 GHG emissions intensity	15-18
	305-5 Reduction of GHG emissions	15-18
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	14
	306-2 Management of significant waste-related impacts	14
	306-3 Waste generated	14
	306-4 Waste diverted from disposal	14
	306-5 Waste directed to disposal	14
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	19-21
	401-3 Parental leave	19-21
GRI 403: Occupational Health and Safety 2018	403-9 Work-related injuries	18-19
	403-10 Work-related ill health	18-19
GRI 404: Training and Education 2016	404-2 Programmes for upgrading employee skills and transition assistance programmes	19-21
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	21-22, AR FY2024 - Corporate Governance Report (Board Composition and Guidance)
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	23-24

GRI Standard	Disclosure	Location
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	23



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