

EXPLORING NEW POSSIBILITIES

SUSTAINABILITY REPORT 2021



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BOARD STATEMENT

We are pleased to present the annual Sustainability Report of HS Optimus Holdings Limited (“**HSO**”, the “**Company**”, and together with its subsidiaries, the “**Group**”) for our financial year ended 31 March 2021 (“**FY2021**”).

The outbreak of the COVID-19 pandemic has significantly disrupted the global supply chain and businesses worldwide are striving to overcome these challenging times. Nonetheless, the Group remains committed to manoeuvring through the ongoing COVID-19 pandemic and conduct our business in an economically sustainable manner.

Recognising the importance of sustainability, our Board of Directors (“**Board**”) leads the sustainability efforts of the Group. The Board has considered sustainability issues as part of its strategic formulation, determined the material economic, environmental, social and governance (“**EESG**”) factors relevant to its business and overseen the management and monitoring of these material EESG factors.

We continue to stay committed to conducting business in a sustainable manner to build a sustainable future and delivering greater value to our esteemed stakeholders.

ABOUT THIS REPORT

In this report, we have applied the Global Reporting Initiative (“**GRI**”) Standards by considering the Group’s activities, impact and substantive expectations as well as interests of its stakeholders. For reporting quality, we observed the principles of balance, comparability, accuracy, timeliness, clarity and reliability.

The EESG data and information provided in this report have been derived from internal data monitoring and verification to ensure accuracy. We may consider seeking external assurance in the future.

REPORTING PERIOD, SCOPE AND FRAMEWORK

This report is issued on an annual basis (most recently on 7 September 2020 in the Company’s annual report for the financial year ended 31 March 2020) and has been prepared with reference to the GRI Standards: Core option, and on a “comply or explain” basis in accordance with Rule 711B and Practice Note 7F of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Section B: Rules of Catalist (“**Catalist Rules**”). We have chosen to report using the GRI Standards because it is an internationally recognised sustainability reporting framework that covers a comprehensive range of sustainability disclosures. Moreover, the structured framework promotes reporting a full and balanced picture of the material EESG factors affecting the Group and the management of its impact.

Corresponding to the GRI Standards’ emphasis on materiality, this report highlights the EESG related initiatives carried out throughout the 12-month period, from 1 April 2020 to 31 March 2021 by the

Group's Doors Business. Further information on the Group's activities, products, brands and services can be found in the "Our Businesses" section of our Annual Report for FY2021 released via SGXNET and our corporate website on 13 July 2021.

While the Group has expanded into property investment and development business, this report has not included information on our property business. As disclosed previously and in our voluntary business update released via SGXNET on 17 August 2021, the Group has completed the acquisition of land in Jakarta, Indonesia in May 2019 and is currently in the process of applying for various permits and licences to develop the land into condominium and office units for sale. This process has been delayed in Jakarta due to the ongoing challenging COVID-19 situation in Jakarta. In relation to our property at Lincoln Square in Melbourne, as disclosed in our voluntary business update of 17 August 2021, we have completed renovations for the building and have appointed marketing agents to market the property for lease. Marketing efforts are now ongoing to find suitable tenants for the Lincoln Square building.

For FY2021, as disclosed previously, the Group's wholly owned subsidiary, Dongguan Lebex Doors Co Ltd. ("**Lebex**") was then undergoing an autonomous winding-up process, the completion of which was announced via SGXNET on 1 August 2021. As such, no data relating to Lebex has been relied on to prepare this report.

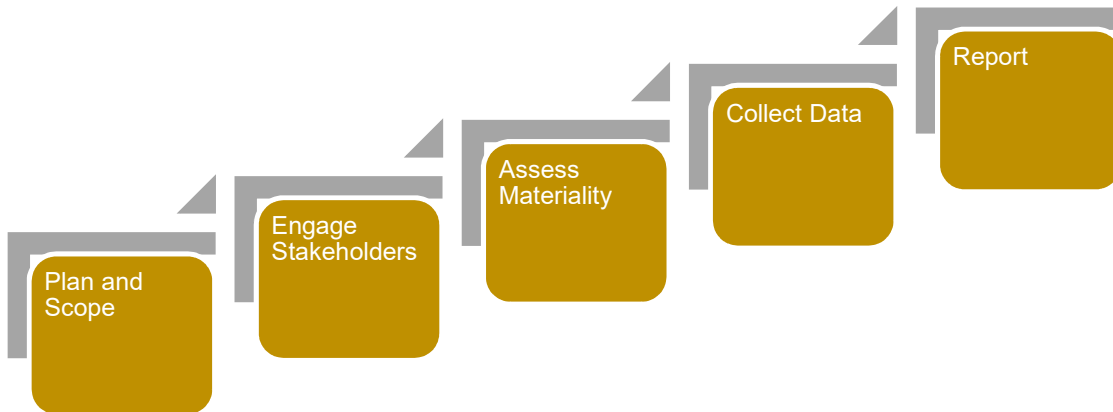
FEEDBACK

We welcome feedback from our stakeholders with regards to our sustainability efforts as this enables us to improve our policies, systems and results. Please send your feedback to enquiries@hso.com.sg.

As part of our conservation efforts, no hard copy of this report is printed. We have uploaded a digital copy on our website at www.hso.com.sg.

SUSTAINABILITY APPROACH



OUR SUSTAINABILITY APPROACH








STAKEHOLDER ENGAGEMENT AND IDENTIFICATION OF MATERIAL EESG FACTORS

An important starting point in our sustainability reporting is to identify our stakeholders and the material EESG factors relevant to our business. We define our stakeholders as persons or groups whom our business has a significant impact on and those with a vested interest in our business or operational performance.

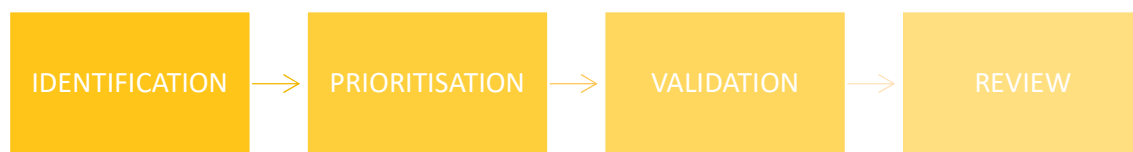
We have identified the following stakeholders who have significant impact on our operations and sustainability performance. We will continue to maintain open communication and strong relationships with our stakeholders to better understand their concerns. These key stakeholders include, but are not limited to the Board, employees, customers, suppliers, the investing public, local government and local communities. We adopt both formal and informal channels of communication to understand the needs of key stakeholders and incorporate these into our corporate strategies to achieve mutually beneficial relationships. The following sets out our engagement platforms with our stakeholders:

Stakeholders	Engagement Platforms	Frequency	Topics Discussed / Key Concerns raised
BOARD OF DIRECTORS 	Board Meetings Board Papers	Quarterly	Financial performance, policies and strategies and annual budgets
EMPLOYEES 	Staff Appraisal Staff bonding sessions & whistleblowing policy	As and when, and annually	Employee compensation and benefits, personal developments and performance appraisal. No reports received for whistleblowing for FY2021

Stakeholders	Engagement Platforms	Frequency	Topics Discussed / Key Concerns raised
	Employee Sustainability Report Feedback Form	As and when	Feedback on content, style, format of Sustainability Report
CUSTOMERS 	Face-to-face/Virtual meetings Email feedback Customer satisfaction questionnaire	As and when, and annually	Product quality level, punctuality of shipment and timely submission of quotation
SUPPLIERS AND SERVICE PROVIDERS 	Face-to-face/Virtual meeting Vendor Assessment	As and when	Delivery performance and Quality performance
INVESTORS / SHAREHOLDERS 	Annual General / Extraordinary General Meeting Annual Report Other corporate announcements Group's website	As and when, and annually	Financial performance and strategic planning Accurate, timely and transparent disclosure of information
LOCAL GOVERNMENT 	Regular reporting Inspections E-mail / Circulars Survey	Annually	Regulatory and compliance matters
LOCAL COMMUNITIES 	Sponsorship for local town council	As and when	Donation for local union activities

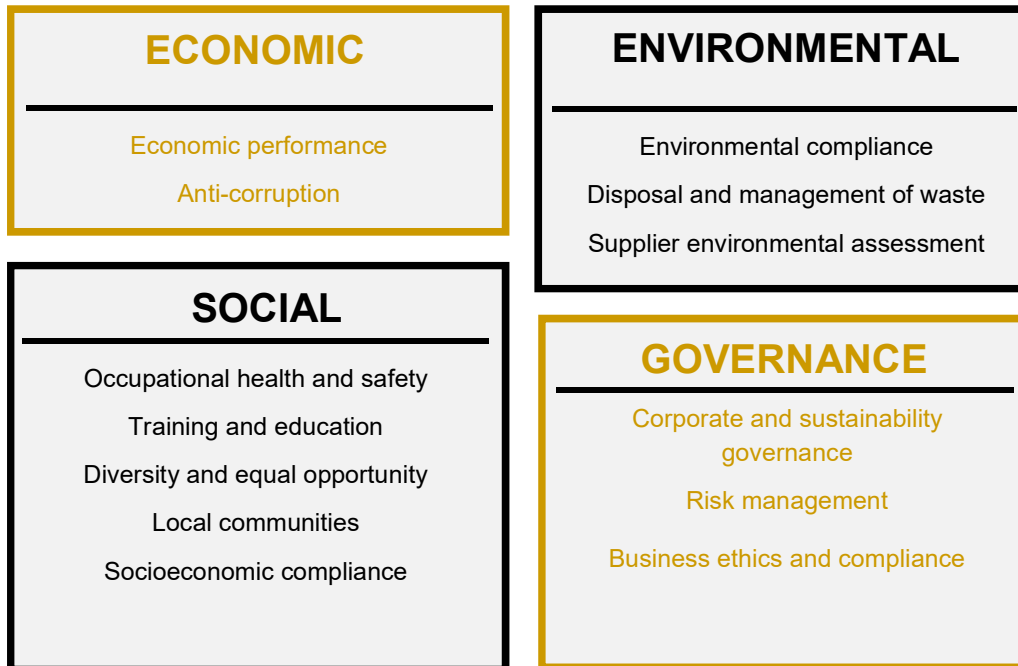
MATERIALITY ASSESSMENT

After identifying key stakeholders, Management identifies relevant EESG factors, taking into consideration their relevance to the business, strategy, business model and key stakeholders. Relevant EESG factors are then prioritised to identify material EESG factors that the Management considers significant to the Group and its stakeholders which are subject to validation by our Board. The result of this process is a list of material EESG factors to be disclosed in this report. The process described is shown below:



To determine if an ESG factor is material, we conducted a materiality assessment during FY2021 and assessed its potential impact on the economy, environment, society, and the influence on the stakeholders. ESG factors were identified and prioritised through stakeholder engagements, including internal workshops, peer reviews and social impact assessments at site level. Based on the materiality assessment and feedback from our stakeholders, we have identified the ESG factors which are material to the Group in FY2021.

Applying the guidance from GRI as well as considering the feedback from our stakeholders, we have added two material social factors: Training and Education, and Local Communities.



ECONOMIC

ECONOMIC PERFORMANCE

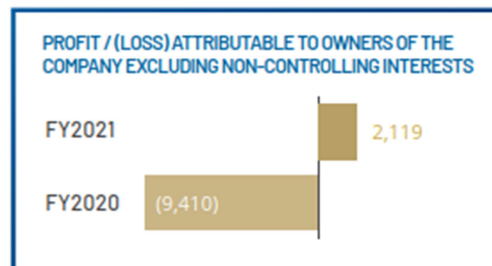
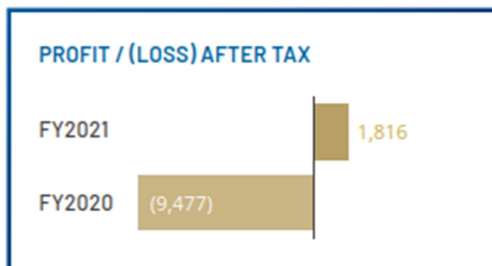
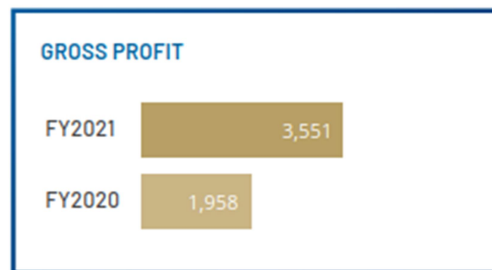
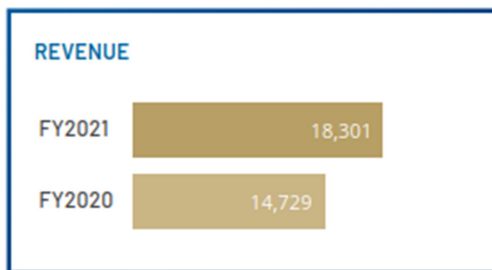
HSO firmly believes that focusing on financial sustainability is critical and we are fully committed to the highest standards of corporate governance. The Group's basic principle is that long-term profitability and shareholder value is ensured by taking into account the interests of stakeholders, such as shareholders, employees, suppliers, and society as a whole.

For FY2021, through our efforts to remain cautious with regards to market conditions and manage costs and improve operational efficiencies, we had announced in the annual report of the Group for FY2021 a positive set of financial results for FY2021. Please refer to the annual report released on 12 July 2021 via SGXNET and our corporate website for further information.

For the financial year ended 31 March 2022 ("**FY2022**"), HSO will continue to navigate a highly volatile and uncertain global operating environment still ravaged by the COVID-19 pandemic and remain vigilant in managing costs and improving operational efficiencies. As disclosed in an announcement released via SGXNET on 17 August 2021, based on information readily available to the Group and on a preliminary assessment of the latest unaudited consolidated management accounts of the Group, the Group anticipates that there will be a negative impact on the financial performance of the Group for the first quarter of FY2022 due to the disruption of operations at the Johor, Malaysia factory due to compliance with the Malaysian Government Lockdown Directives. Based on the information readily available to the Group, it is expected that any continued disruption to the operations at the Johor production facility may have an adverse impact on the Group's half year unaudited financial results for FY2022. The Company will comply with its disclosure obligations under the Catalist Rules and provide further details of the Group's financial performance as and when appropriate (including providing relevant business updates between the Company's periodic reporting of the Group's financial results via SGXNET announcements).

FINANCIAL HIGHLIGHTS	FY2019	FY2020	FY2021
Revenue (\$'000)	30,295	14,729	18,301
Profit (Loss) after tax (\$'000)	(1,486)	(9,477)	1,816
Shareholders' equity (\$'000)	74,067	62,643	64,631
Earnings (Losses) per share "EPS" (cents)	(0.026)	(0.175)	0.039
Net asset value per share "NAV" (cents)	1.38	1.16	1.20

TWO YEARS COMPARISON (\$'000)



For detailed financial results, please refer to the following sections in our FY2021 Annual Report:

- Operational and Financial Review pages 7 to 9; and
- Financial Statements pages 49 to 118.

ANTI-CORRUPTION

At HSO, we do not tolerate any form of corruption. This has been made clear to all of our employees, our suppliers and our business partners. We, together with our Board of Directors, are committed to conducting business that is consistent with the standards of corporate governance. As one of the elements of corporate governance, HSO has an existing Whistleblowing policy in place to protect a genuine whistle blower from any unfair treatment.

The individual may report his/ her concern to the Audit Committee Chairman (via e-mail, mail or telephone) on a confidential basis. The Audit Committee Chairman is responsible for handling all the reported cases and ensuring that issues raised are properly resolved by the Management or such parties as appropriate and within a reasonable timeframe. Any report of corruption is escalated to the attention of senior management.

We have achieved our target set in FY2021, which was to maintain zero incidents of corruption. For FY2022, we will strive to maintain our target of zero incidents of corruption too. Additionally, we will conduct regular review on the policies regarding whistleblowing and anti-corruption.

ENVIRONMENTAL

ENVIRONMENTAL COMPLIANCE

Regular activities including inspection and testing were performed in HSO to ensure compliance with environmental and safety regulations (Environmental Quality Act 1974 & ISO 14001:2015). Throughout FY2021, the following activities took place at our Johor production facility and were monitored by our external service providers:

Date	Details / Regulation
22 October 2020	Isokinetic Stack and Air Emission
22 October 2020	Chemical Exposure Monitoring
2 November 2020	Environmental Noise Monitoring
2, 3 November 2020	Environmental Air Monitoring
2, 3, 11 November 2020	Annual Examination & Testing of Local Exhaust Ventilation
10 December 2020	Sewage Monitoring
10 December 2020	Effluent Monitoring

The Quality and Environmental Policy sets out the Group's quality control policies for incoming raw materials and acceptable environmental standards for production procedures, which is based on the quality standards set under ISO 9001:2015, the air, noise, sewage and effluent standards set under ISO 14001: 2015, and the chemical exposure and annual local exhaust ventilation requirements under the Occupational Safety and Health Administration, respectively. The Quality and Environmental Policy is well-communicated to all workers, and made available as an attachment to the employee card in their respective languages

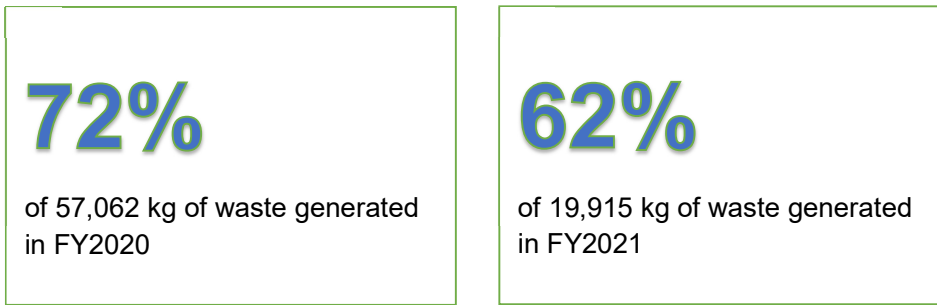
We have achieved the target we set last year, which was to record no (FY2020: nil) significant fines or non-monetary sanctions for non-compliance with environmental laws or regulations in our operations. We aim to maintain zero incidents of non-compliance in the upcoming years.

DISPOSAL AND MANAGEMENT OF WASTE

Globally, wastage has increased significantly over the years. Here at HSO, we aim to minimise wastage. The amount of waste would continue to rise at an unsustainable rate without recycling efforts in an environmentally friendly manner. Our waste is carefully handled by an accredited third-party service provider so that it can be treated and processed before being responsibly recycled. We have ISO-recognised procedures in place to improve waste reduction such as:

- Recycle by-products and/or waste;
- Avoid using hazardous raw materials;
- Substitute raw materials by using less hazardous varieties;
- Modify processes so that by-products or waste could be reduced; and
- Reduction of unnecessary waste as part of our conservation efforts.

Our effective disposal percentage is as follows:



We have achieved our goal to minimise the potential impact of wastage to the environment by putting in place proper processes for waste disposal responsibly. We aim to continue to put in place proper processes in handling waste disposal in FY2022 and to comply with the guidelines set by the Department of Environment of the Ministry of Environment and Water of Malaysia of accumulating not more than 6 months or 20 metric ton for scheduled waste collection.

SUPPLIER ENVIRONMENTAL ASSESSMENT

HSO will continue to reduce its environmental impact and to encourage its stakeholders, such as suppliers and trading partners, to meet the same expectations. The Group also performs annual supplier assessment on their vendors to verify that they are providing high quality and green products in accordance with our Quality and Environmental Policy. We have established our Forest Stewardship Council (“**FSC**”) policy regarding FSC chain of custody for the central office and other multiple sites. Our procurement manager is responsible for purchasing of raw materials, for verifying the validity and scope of the supplier’s FSC certificate and for verifying purchase documents. HSO purchased FSC Certified medium-density fibreboard, particleboard, wooden timber, veneer and FSC controlled wooden timber and veneer for its FSC production.

In FY2021, 100% of the Group’s new suppliers (FY2021: 2, FY2020: 8) were screened under the Environmental Requirement Guidelines.

Due to the change in our company name and policy, our purchaser has redistributed HS Optimus Wood Products Sdn Bhd Environmental Requirement Guidelines (HSO-PMC-FM-04-00) to our significant suppliers as per Environmental Significant Supplier List (HSO-PMC-FM-05-00).

ENVIRONMENTAL REQUIREMENT GUIDELINES

In line with the World's aspiration in protecting the environment, **HSO OPTIMUS WOOD PRODUCTS SDN BHD** seeks to implement, promote and maintain an Environmental Management Systems in mitigating the impacts created by our operations with relation to the manufacturing of wooden doors and fire retardant doors. We therefore seek full cooperation from your esteemed company in realizing our endeavour. We shall take the opportunity to communicate our environmental policy as below.

**HS OPTIMUS WOOD PRODUCTS SDN BHD**
Reg. No: 199201001572 (233076-U)

QUALITY AND ENVIRONMENTAL POLICY

HS OPTIMUS WOOD PRODUCTS SDN BHD is committed to be:

H
S
O

H Highly committed to achieve customer satisfaction by implementing quality and environmental procedure which will be operated, communicated and continuously review to meet or exceed the requirement of ISO 9001 and 14001,

S Significantly providing customers with good products and services to the agreed requirement, protect the environment by using sustainable resources, protect the ecosystems and biodiversity by preventing pollution, adhering to interested party advices by complying with legal and customer requirements through continual improvement programmes,

O Objective in respecting human rights. Aiming to ensure employees and supply chain are meeting all aspects in promoting decent work through complying with company Safety and Health Policy and Human Rights Policy.

Since we started screening our suppliers in 2015, as of FY2021 a total of 38 (FY2020: 49) suppliers (100% of the screened suppliers and 75% of our total suppliers) have passed our assessment.

Our Malaysia plant is ISO9001 and ISO14001 certified. Our products do not possess any materials which may qualify it as hazardous waste and zero (FY2020: nil) environmental hazards have been reported or known. All new chemicals brought into factory will be carefully managed by the related person in charge regarding hazard warning labels, CDS, PPE, storage and handling.

We have achieved our goal set in FY2020 to maintain zero incidents of non-compliance through the supplier assessment. In FY2022, we aim to continue the supplier assessment on a yearly basis and ensure that the suppliers are carefully selected taking into consideration their adherence with environmental requirements specifically with our Environmental Requirement Guidelines.

LOCAL PURCHASES

Most of our accessories are sourced locally, which is in line with our goal set for FY2021 which was to continue the current procurement practice. Our local purchases include accessories such as abrasive, cutter, glass, glue, hardware, oil, packaging, paint, tools, bearing, belt, motor and spare parts. We target to continue the current procurement practice.

Malaysia

92%

(FY2020: 90%) of our accessories purchased in the past 6 months were sourced locally

SOCIAL

OCCUPATIONAL HEALTH AND SAFETY

We are committed to safeguarding our employees' health and safety against any potential workplace hazards. The focus on health and safety is important for HSO to achieve outstanding performance. It is a fundamental right for our workers to be able to work in a safe environment. By doing so, not only is the health of our employees safeguarded, our overall productivity also increases, enabling us to deliver the best goods and services to our customers. From implementing job safety guidelines and procedures to conducting rigorous safety trainings, we are committed to provide a hazard-free workplace to ensure the well-being of both our employees and the environment.

HSO employs a variety of measures to ensure the health and safety of all our staff. We have achieved 100% compliance of Occupational, Safety & Health Workplace Audit (OSHWA) in MYKKP system under the Department of Occupational, Safety and Health (DOSH, Malaysia). Moreover, throughout the year, we have conducted the following safety policy briefings and awareness training for our employees:

- Procedure Disposed Schedule Waste (Glue)
- HR training on employees' benefits
- HR, Safety & Health and Quality for new workers
- Safety and Health training for emergency event and safety, fire drill, accident reporting and investigation procedure
- Quality Assurance Training on handling Equipment Water Level, MC Meter Delmhorst, Testo, & Glass Meter, Handling AQL - Tolerance Defect Glass, introduction Process Door (Full Board Grooving, FD30, Cramping Engineered, HF), fire door briefing
- Production training on carton box usage, PPE/ Housekeeping/ Safety Shoes/ Safety Machine/ Yellow Line/ Forklift, First Piece, Safety, Pallet Truck, Rest Time
- Warehouse training on stocktake procedure, workflow briefing
- Chemical & Spillage Handling & Schedule Waste
- Schedule Waste Handling & Labelling (Spray)
- COVID-19 Preventive Measures (CNC, Insert, Panel, Clamping, Hot-press, Security Guard, Facilities).

On a monthly basis, key performance indicators on safety and health were reported and tabulated by the Health and Safety Officer. These reports track and monitor the injuries and accidents on site. In FY2021, we were close to achieving our target of having an accident frequency rate of zero and zero cases of work-related accidents in FY2021. With the reminders and trainings provided by the Management, we have significantly reduced the number of work injury accidents at our operations from 28 in FY2020 to 5 in FY2021. We investigated all 5 work-related incidents in compliance with the Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease Regulations 2004 as per the Occupational Safety and Health Act 1994 (Act 514). While all 5 cases were non-fatal, they were considered major as each worker received more than 4 days of medical leave, and the incidents were duly reported to Jabatan Keselamatan dan Kesihatan

Pekerjaan Negeri Johor @ Department of Safety & Health. Of the 5 cases, 1 worker required hospitalisation. Following each accident, the management evaluated the situation and sought to implement corrective actions to mitigate recurrence of such accidents. The Health and Safety Officer will verify the implementation and effectiveness of such corrective action.

We will continue to stress on workplace safety at all times through safety and environment campaigns, hazard and awareness training, and monthly inspections as we aim for a workplace accident rate of not more than 5 accident cases for FY2022.

COVID-19

We take the health and safety of our employees seriously and have adopted standard safety work procedures such as the mandatory wearing of face masks, safe distancing and regular sanitisation at our workplaces for prevention of COVID-19 at workplace set by Department of Occupational Safety and Health, Ministry of Human Resources Malaysia. We are also bound by the relevant procedures from the Ministry of International Trade and Industry (MITI). Ongoing updates and memos are circulated to our employees to keep them up to date.

A Memo sent to all our employees relating to COVID-19

Ref. No. : MEMO / ADM / 203
Date: 13th June 2020
MEMO

To All KLV Employees:

PER: RECOVERY MOVEMENT CONTROL ORDER (PKPP) FROM 10TH JUNE 2020

Referring to the Prime Minister's Special Message on 7th June 2020, the Malaysian Government allows industry and business activities to operate 100% as a whole from 10th June 2020. All employees MUST be present to work as usual and must comply with the following conditions:

1. Sanitation and cleaning process will be carried out three (3) times a day as usual.
2. Employees are required to make a sanitation process on their respective equipment / tables / chairs before starting work & before returning to work.
3. The use of face masks by every worker in public areas is mandatory.
4. 1m social distance must be practiced in any work area.
5. Canteen operators and canteen workers are allowed to work. Food and beverage in the form of packaging only.
6. Workers are not allowed to leave the factory area during the allowed break time except Friday for local male workers selected in the list of mosques. The employee must provide proof and send the evidence to Mrs. Rozita every Thursday or Friday before 10.00am for the record. Security guards will provide relief according to the list provided. Employees must also fill out an exit pass with approval before leaving the factory area.
7. All employees are encouraged to make the sanitation process for their vehicles according to the appropriate procedures.
8. As directed by MKN, all employees must download and register the MySejahtera application into their respective mobile phones for confirmation of close contact.
9. All employees MUST follow the following procedures when entering work and returning to work / leaving the factory:
 - a. When entering work:
 - The vehicle must stop in front of the main entrance to sanitise the outside of the vehicle.
 - Employees should park their vehicles in the parking lot and pick up items and go to safety huts for hand sanitation, temperature records, scan employee cards and change new face mask.
 - b. On the way back to work / leaving the factory:
 - Employees must sanitise hands, record temperatures, scan employee cards, remove face mask and take new face mask.
 - Take their respective vehicles and exit the factory area.
 - c. Employees who disobey this procedure will be subject to disciplinary action as follows:
 - First - First Warning Letter
 - Second - Final Warning Letter
 - Third - Termination of Service

Please take care of your safety together and your cooperation is greatly appreciated. At the same time, we are also waiting for the Government to announce and update any new notices related to COVID-19.

Thank you.

There was no case of COVID-19 infections amongst the employees in FY2021. All foreign workers have undergone COVID-19 swab tests on 22nd February 2021 as requested by MITI. Results of all swab tests were negative. We will continue to perform regular swab testing on our employees every two weeks which is to be in line with the Malaysia Government directives.

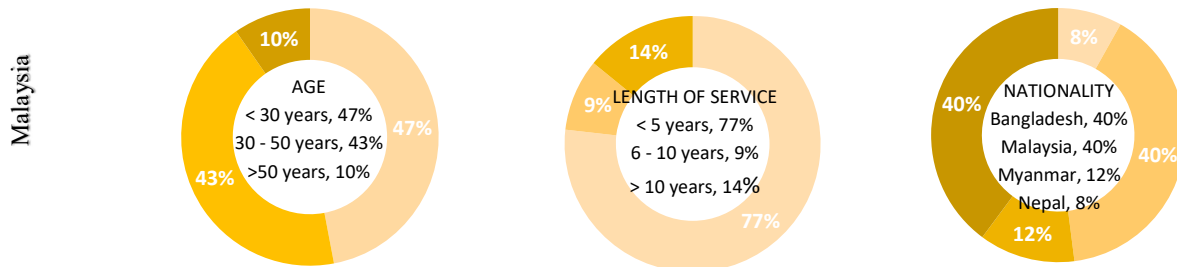
TRAINING AND EDUCATION

HSO has provided its employees with regular training to ensure that they upgrade their skillsets, continue to keep pace with the growth and developments of the Group, and professional development. Training is conducted to educate our employees about the Group’s processes. In FY2021, we conducted training on topics such as COVID-19 awareness, fire drills, fire safety awareness, CPR & AED, FSC standards, induction trainings to smoothly on board new employees, health and safety training, tools handling, machine training and department/function-specific training. The average training hours per employee for FY2021 is 3.2 hours, with total training hours amounting to 7,274.5 hours. We will continue to deploy our resources and offer training courses to continuously enhance safety and ensure the competency of all our employees. We aim to achieve adequate training for all staff and workers in FY2022, by achieving an average training hours per employee of 3.5 hours.

DIVERSITY AND EQUAL OPPORTUNITY

HSO does not discriminate according to their race, age, gender, religion, ethnicity, facial attractiveness, physical impairments, sexual preference, political viewpoints or nationality. Based on the group’s human resource records, we have a total of 335 (FY2020: 537) employees. The decrease in overall employees was mainly due to the winding up of Lebex. During the year, there have been no reported cases (FY2020: nil) concerning any discrimination or unfair employment practices. We will continue to uphold the principle of equal opportunities and respect the rights of our people.

The Group considers its employees its most valuable asset and offers them fair and competitive remuneration packages. Discretionary incentives are granted to eligible employees based on the performance of the Group and contribution of individual employees. Contributions to retirement benefit schemes are offered as part of the remuneration package. Remuneration policies and packages are reviewed regularly to ensure that compensation and benefits are in line with the market, thus helping the recruitment and retention of talent. Employee rewards were distributed in February 2021 to all employees in the form of monetary yearly bonus.



15% of our employees in Malaysia are subject to an agreement between our subsidiary, HS Optimus Wood Products (M) Sdn Bhd and the Timber Employee Union of Malaysia.

In FY2021, several employees were awarded 'Perfect Attendance Reward' in our Malaysia Plant. 'Perfect Attendance Rewards' are given to employees who have perfect attendance as of March 2021. We will continue to recognise the contributions of our employees and award them accordingly. In addition, 4 employees were recognised for helping to apprehend and escort a thief on the premises to the Police.

In FY2021, we have achieved the goal set in FY2020 of zero incident of complaints on discrimination and we will continuously aim to maintain zero incident of complaints on discrimination in FY2022. We target to maintain a headcount of not less than 320 to support our current operation requirement.

LOCAL COMMUNITIES

HSO strongly believes in being a socially responsible corporate citizen. On 15 December 2020, a new Corporate Social Responsibility (CSR) Committee was established to foster team-building and strengthen our EESG matters. Due to the restrictions arising from COVID-19, physical activities were restricted. As such, we contributed back to the community in the form of donations and sponsorships to local schools, workers who left our Group and were caught by border closures due to COVID-19 pandemic hence unable to return to their home countries and frontliners. HSO will continue to support the community in FY2022.



Sponsored RM 1,000 to School in Simpang Renggam for better computer facilities – 7 Dec 2020



Sponsored daily necessities to Myanmar worker who was unable to return to Myanmar – 9 Dec 2020



Donated 50 carton of mineral water for frontliner at Balai Police Simpang Renggam – 15 Jan 2021



Appreciation to frontline employees at HSOWP during the COVID-19 pandemic – 11 Mar 2021

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.

The Group complies with and puts in every effort in complying with the relevant laws and regulations that include the Occupational Safety and Health Act 1994, Factory and Machinery Act 1957, and Employment Act 1955. We have achieved the target we set last year, which was to record no significant fines and non-monetary sanctions for non-compliance with the applicable laws and regulations reported in FY2021. We aim to maintain zero incidence of non-compliance with the applicable legal laws and regulations in the relevant jurisdictions of operations in FY2022.

MEMBERSHIP OF ASSOCIATIONS

- Malaysian Wood Moulding & Joinery Council
- Forest Stewardship Council (FSC)
- Malaysian Timber Industry Board
- Licensed Manufacturing Warehouse

GOVERNANCE

CORPORATE AND SUSTAINABILITY GOVERNANCE

At HSO, we believe that strong governance is the key to a sustainable business. Throughout FY2021, we continue to comply with the Code of Corporate Governance and achieved the target we set last year to continue complying with the Code of Corporate Governance and to meet the requirements expected by stakeholders. Please refer to the "Report on Corporate Governance" section of our FY2021 Annual Report for more information on the governance structure of the Group, including committees of the Board of Directors and their roles and responsibilities.

It is a continual challenge to successfully manage environmental and social issues. HSO has incorporated this into our business model and implemented sustainable and responsible practices throughout the Group. Our products and services meet relevant safety and environmental requirements demanded by our customers and the regulatory bodies.

HSO pays strict attention to enforce good labour practices in all our operations. The Group provides various training opportunities for continued employee development and this is reflected in the quality and delivery of our products and services. We value our relationships with our clients and the wider community in which we operate and these relationships have helped us through the challenging times in the past. HSO strongly believes that in the long run, these efforts will have a positive impact on our economic performance.

Similar in the past, we will continue to comply with the Code of Corporate Governance and meet all requirements that are expected of us by our stakeholders in FY2022.

RISK MANAGEMENT

Risk Management ("RM") is an integral part of good corporate governance as well as resource management. HSO has a thorough and comprehensive RM framework to identify and manage its risks and exposures in an integrated, systematic and consistent manner. For detailed disclosure on RM, please refer to the "Report on Corporate Governance" section in this Annual Report.

In FY2021, we reviewed the RM policies to ensure all relevant risks are identified, communicated and addressed timely and accomplished our target last year. We will perform the same review in FY2022.

BUSINESS ETHICS AND COMPLIANCE

In respect of hiring personnel, we take into consideration any possibility of conflicts of interest. Our code of conduct clearly spells out HSO's expectations for our staff and consequences if any of the rules are violated or standards are not met. In addition, we also have clear and fair grievance procedures.

All of our staff are reminded of the importance of upholding the highest standards when it comes to business ethics. We have posters and memos reminding everyone on the importance of ethics clearly displayed in public areas so that employees from all levels are fully aware that compliance

with rules and regulations is a key part of running a responsible business.

The Group regularly updates relevant staff with developments in international and local regulations. HSO complied fully, in all material aspects, with all environmental rules and regulations, anti-competitive behaviour laws and all requirements on health and safety.

Cybersecurity and data privacy are important not just for compliance, but in safeguarding both our data and that of our customers. HSO takes measures to guard against cyber risks and protecting the confidential information for both our internal and external stakeholders. This also applies to our employment process where the privacy of all applicants is safeguarded and access to personal data is restricted to authorised persons on a need-to-know basis.

In FY2021, we have achieved the target we set last year. There were no (FY2020: nil) significant fines or non-monetary sanctions for non-compliance with laws and regulations. Our target in FY2022 is to ensure that all allegations received are promptly addressed and to maintain zero incidents of non-compliance in the upcoming years.

GRI CONTENT INDEX

GRI Standard	Disclosure	Page reference / Description
GRI 101: Foundation 2016		
GENERAL DISCLOSURE		
GRI 102: General Disclosures 2016	102-1	Name of organisation HS Optimus Holdings Limited
	102-2	Activities, brands, products and services AR: Our Business section, page 3
	102-3	Location of headquarters Singapore
	102-4	Location of operations AR: Our Business section, page 3
	102-5	Ownership and legal form AR: Corporate Information; Group Structure, page 4; Statistics of shareholdings section, pages 119 to 120
	102-6	Markets served AR: Group Structure, page 4; Our Business section, page 3
	102-7	Scale of the organisation AR: Chairman's Statement section, pages 5 to 6; Operational and Financial Review section, pages 7 to 9; SR: Diversity and Equal Opportunity, pages 16 to 17
	102-8	Information on employees and other workers SR: Diversity and Equal Opportunity, pages 16 to 17
	102-9	Supply chain SR: Supplier Environmental Assessment, pages 11 to 12
	102-10	Significant changes to the organisation and its supply chain None
	102-11	Precautionary Principle or approach HSO supports the intent of the Precautionary Principle, but has not expressed a specific commitment.
	102-12	External initiatives SR: Social, page 17
	102-13	Membership of associations SR: Membership, page 18
	102-14	Statement from senior decision maker SR: Board Statement, page 2
	102-16	Values, principles, standards and norms of behaviour SR: Business Ethics and Compliance, Pages 19 to 20
	102-18	Governance structure SR: Corporate and Sustainability Governance, page 19
	102-40	List of stakeholder groups SR: Sustainability Approach, pages 4 to 5
	102-41	Collective bargaining agreements SR: Diversity and Equal Opportunity, pages 16 to 17
	102-42	Identifying and selecting stakeholders SR: Sustainability Approach, pages 4 to 5
	102-43	Approach to stakeholder engagement SR: Sustainability Approach, pages 4 to 5
	102-44	Key topics and concerns raised SR: Sustainability Approach, pages 4 to 5
	102-45	Entities included in the consolidated financial statements AR: Financial Contents section under note: Subsidiaries, pages 78 to 81
	102-46	Defining report content and topic boundaries SR: About this Report, page 2
	102-47	List of material topics SR: Sustainability Approach, page 6
	102-48	Restatement of information There are no restatements made in respect of information given in previous reports.
	102-49	Changes in reporting SR: Sustainability Approach, page 6
	102-50	Reporting period SR: Reporting Period, Scope and Framework, page 2
	102-51	Date of most recent previous report 7 September 2020
	102-52	Reporting cycle Annually
	102-53	Contact point for questions about the report SR: Feedback, page 3

	102-54	Claims if reporting in accordance with the GRI Standards	SR: About this Report, page 2
	102-55	GRI content index	SR: GRI Content Index, pages 21 to 22
	102-56	External Assurance	SR: About this Report, page 2
MATERIAL TOPICS			
GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed	SR: Economic, pages 7 to 8
GRI 205 Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	SR: Anti-corruption, pages 8 to 9
GRI 306: Effluents and Waste 2016	306-2	Waste by type and disposal method	SR: Disposal and Management of Waste, pages 10 to 11
GRI 307: Environmental compliance 2016	307-1	Non-compliance with environmental laws and regulations	SR: Environmental Compliance, page 10
GRI 308: Supplier environmental assessment 2016	308-1	New suppliers that were screened using environmental criteria	SR: Supplier Environmental Assessment, pages 11 to 12
GRI 403: Occupational health and safety 2018	403-1	Occupational health and safety management system	SR: Occupational Health and Safety, pages 14 to 15
	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	SR: Training and Education, page 16
	404-2	Programs for upgrading employee skills and transition assistance programs	
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	SR: Diversity and Equal Opportunity, pages 16 to 17
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	SR: Local Communities, page 17
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	SR: Socioeconomic Compliance, page 18