



THE HOUR GLASS

SUSTAINABILITY REPORT 2023

BOARD STATEMENT ^[2-22]

The Board is pleased to present the sixth annual Sustainability Report for The Hour Glass Limited (the **"Company"**) and its subsidiaries (collectively, the **"Group"**), for the financial year ended 31 March 2023 (**"FY2023"**). As the Group strives towards becoming the leading cultural retail enterprise for specialty watch retailing, it is acknowledged that managing the socio-environmental impact of our business operations is crucial for achieving excellence in our field, and for ensuring the long-term sustainability of our business.

It is the Board's responsibility to drive the Group's policies and performance in key Environmental, Social and Governance (**"ESG"**) matters. The Board also provides oversight for and monitors the management of these material ESG matters. For this Sustainability Report, material and additional ESG matters that have previously been identified – Regulatory Compliance, Security of Information and Risk Management – continue to be relevant to the Group.

As we continue in our sustainability journey, the Group is committed to further incorporating sustainability into our business decisions and assuring our stakeholders that our business is conducted in a transparent and sustainable manner.

BOARD OF DIRECTORS

27 July 2023

INTRODUCTION AND SUSTAINABILITY AT THE HOUR GLASS

ABOUT THE HOUR GLASS [2-1] [2-2] [2-6]

Founded in 1979, the Company is a limited liability company listed on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), incorporated and domiciled in Singapore. The Group endeavours to be the watch world’s leading cultural retail enterprise, making it the primary port of call for all enthusiasts and collectors alike.

The Group is proud to be the official retailer for a thoughtfully curated selection of watches from the world’s best watch manufacturers. Each of the Group’s boutiques are strategically located in the core luxury retail precincts in Singapore, Hong Kong, Japan, Australia, New Zealand, Malaysia, Thailand and Vietnam. Principal activities of the Group include the retail and wholesale distribution of watches, jewellery and other luxury goods, investment in properties and investment holding.

ABOUT THIS REPORT [2-2] [2-3] [2-5]

This is the Company’s sixth annual Sustainability Report, which presents our approaches and performance in respect of our key ESG matters for the period from 1 April 2022 to 31 March 2023 (“**FY2023**”). The report has been prepared in accordance with the Global Reporting Initiatives (“**GRI**”) Universal Standards 2021 and aligned with the reporting requirements of the SGX-ST Listing Rules 711A and 711B. We have chosen to report using the GRI framework as it is an internationally recognised reporting framework.

The scope of this report covers the retailing and distribution of watches and related products in Singapore¹. The data displayed in this report covers FY2023, while comparative data from 1 April 2021 to 31 March 2022 (“**FY2022**”) and 1 April 2020 to 31 March 2021 (“**FY2021**”) have been incorporated where relevant. The Company has not sought external assurance for this Sustainability Report and have relied on internal review by our internal audit function. However, the Company may consider doing so in the future as our sustainability reporting practice matures. The Company does not operate within the industries, mandated by SGX, to comply to climate reporting under the Task Force on Climate-Related Financial Disclosures by FY2023. Notwithstanding the above, the Company has taken steps to review existing processes on the related topics and would perform climate-related disclosures in subsequent periods when the internal framework has been refined and well-aligned with our overall strategies and business goals.

If you wish to provide feedback on our report, please send it to ir@thehourglass.com.

GOVERNANCE STRUCTURE [2-9] [2-12] [2-13] [2-14] [2-16] [2-17]

The Board sets the Group’s sustainability direction and is responsible for ensuring that expectations from our key stakeholders, including ESG expectations, are understood and met. In an effort to ensure relevancy and to upgrade the knowledge of our directors on sustainability reporting, all of our Directors have attended one of the SGX-ST prescribed sustainability training courses.

The Board is supported by the Group Sustainability Committee, comprising the Group’s management that reports directly to the Board and key employees representing various relevant departments. The Board-level Audit Committee (“**AC**”) is responsible in management and overseeing of risk management frameworks and policies.

¹ Operations in Hong Kong, Japan, Australia, New Zealand, Malaysia, Thailand and Vietnam, and retail and distribution of jewellery and investment in properties have been excluded from the coverage of this report

INTRODUCTION AND SUSTAINABILITY AT THE HOUR GLASS

GOVERNANCE STRUCTURE [2-9] [2-12] [2-13] [2-14] [2-16] [2-17]

The AC relies on the whistle-blowing policy² as a key mechanism in reviewing and identifying critical concerns in financial reporting and other matters. These critical concerns would then be brought up for discussion with the Board. There was no critical concern raised in FY2023 (FY2022: Nil).

With the Board's endorsement, the Group Sustainability Committee continues to revise and oversee the management of sustainability-related risks, diversity and opportunities as well as review the Group's targets and performance.

For a complete description of the Corporate Governance, including Board composition, management of conflicts, nomination and remuneration of the Board, evaluation of Board performance and disclosure of transactions with related parties, please refer to the Group's annual report.

SUPPLY CHAIN [2-6]

For a holistic approach in sustainable development, The Hour Glass strives to embed sustainability throughout its value chain within our operating markets. The Group has taken efforts in performing due diligence with parties both up and downstream, namely our long-term brand partners and customers.

STAKEHOLDER ENGAGEMENT [2-25] [2-26] [2-29] [3-1] [3-3]

The Hour Glass' sustainability approach remains focused on delivering value for all stakeholders. The Group is committed to understanding the key concerns of our stakeholders, and we seek to address these concerns by engaging stakeholders on a regular basis. The Group's main stakeholder engagement activities are summarised in the table below.

Table 1: Stakeholder Engagement Approach

Engaged Stakeholder Group	Stakeholder Expectations	Modes of Engagement	Frequency of Engagement
Shareholders/ Investors	<ul style="list-style-type: none"> Profitability and performance Relevant results and information about the Group are provided on a timely basis 	<ul style="list-style-type: none"> Annual General Meeting Annual Report 	Yearly
		<ul style="list-style-type: none"> Announcement of half-yearly financial results 	Half-yearly
		<ul style="list-style-type: none"> Corporate announcements on SGXNet 	Ongoing

² Refer to Regulatory Compliance (page 9) for more information on the Whistle-Blowing Policy

INTRODUCTION AND SUSTAINABILITY AT THE HOUR GLASS

STAKEHOLDER ENGAGEMENT

[2-25] [2-26] [2-29] [3-1] [3-3]

Engaged Stakeholder Group	Stakeholder Expectations	Modes of Engagement	Frequency of Engagement
Clients	<ul style="list-style-type: none"> • Excellence in service delivery • Good product quality • High levels of brand and product knowledge offered by trained watch specialists • Good after-sales care • A unique retail experience 	<ul style="list-style-type: none"> • The Group's digital platforms • Engaging with clients through events and tailored experiences 	Ongoing
Brand Partners	<ul style="list-style-type: none"> • Conduct of business • Prompt payment • Provision of retail environment that is in line with their brand positioning 	<ul style="list-style-type: none"> • Correspondence through emails and phone calls • Business review meetings • Appraisal of boutiques and merchandise presentation 	Ongoing
Employees	<ul style="list-style-type: none"> • Job security and competitive, fair compensation • Continuous training, skills enhancement and career progression opportunities • Safe and healthy work environment 	<ul style="list-style-type: none"> • Thorough induction programme for new employees to gain essential organisational knowledge • Regular trainings, workshops and seminars to upgrade technical and soft skills • Regular luncheons to gather feedback and discuss work-related improvements • Comprehensive performance appraisals providing constructive feedback and discussions on career prospects • Monthly departmental meetings for sharing of ideas and voicing concerns 	Ongoing
Government/Regulators	<ul style="list-style-type: none"> • Regulatory compliance • Timely reporting • Risk management policies and framework in place 	<ul style="list-style-type: none"> • Raise awareness on any change in regulatory rules by attending workshops and seminars organised by relevant regulatory bodies • Regular review and update of policies, procedures and practices • Conduct updates on changes applicable to listing rules, financial reporting standards and other regulations at Board meetings • Monitoring of key risks using established framework and processes 	Ongoing

INTRODUCTION AND SUSTAINABILITY AT THE HOUR GLASS

MATERIALITY ASSESSMENT [2-29] [3-1] [3-2]

The comprehensive materiality assessment helps the Group to assess and identify ESG matters that are important to The Hour Glass and our stakeholders. Feedback from key stakeholders form a crucial part of our strategic and business planning and is viewed as valuable insights for the Group to continuously improve its sustainability performance. This materiality assessment is conducted through a four-step process as shown in Figure 1 below.

Figure 1: Materiality Assessment Process

1	Identification A comprehensive list of ESG matters was identified through a desktop analysis of sustainability reports published by peers and interviews with key personnel from various departments.
2	Prioritisation The identified ESG matters were rated and prioritised by representatives from the various departments. Both internal and external stakeholders' perspectives were considered during the prioritisation process.
3	Validation Material matters that were identified in Step 2 were presented to the Board for their validation.
4	Review Material matters that were approved by the Board will continue to be re-assessed in successive reporting periods to ensure that the reported topics remain relevant and material.

To keep abreast of current ESG matters in this dynamic operating environment, The Hour Glass continually review our ESG matters on a yearly basis. In FY2023, we have reviewed the three ESG matters identified in the previous year and determined that Regulatory Compliance and Security of Information remain material to our business and stakeholders, and Risk Management remains an additional matter.

Table 2: The Hour Glass' Reported ESG Matters

Materiality	Sustainability Category	ESG Matter
Material	Governance	Regulatory Compliance
	Social	Security of Information
Additional	Governance	Risk Management

PROFILE OF OUR WORKFORCE [2-7] [2-8]

The Hour Glass values our employees as assets of the Group, and we recognise the importance of maintaining a diverse group of employees in a workforce. A healthy mix of experience, differing perspectives and backgrounds helps the Company to stay ahead. The Company is committed to providing fair compensation, training, and career development opportunities to both permanent and non-permanent employees, and across different age and gender groups, fostering a positive work environment for all.

Figure 2: Employees by Gender

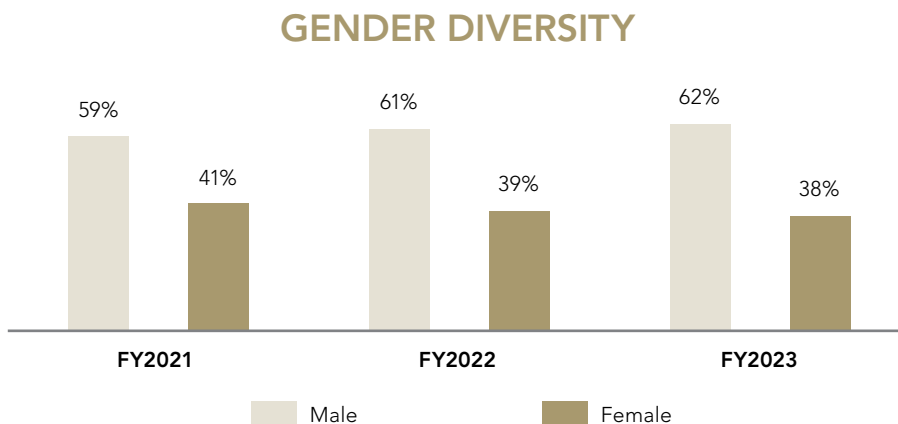
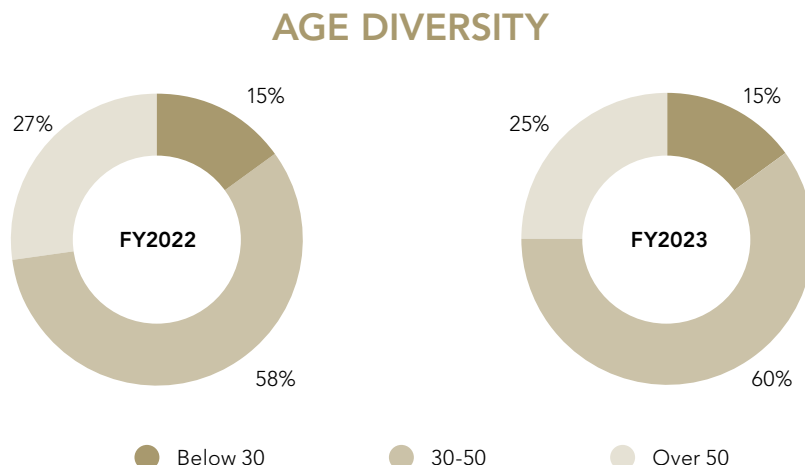


Figure 3: Employees by Age Group



As at 31 March 2023, our operations in Singapore employed a total of 252 employees³ (FY2022: 241 employees) and 6 contractors (non-employees⁴) (FY2022: 6 contractors).

³ 250 Full-time, permanent employees and 2 full-time, temporary employees (FY2022: 239 full-time, permanent employees and 2 full-time, temporary employees)

⁴ Contractors (non-employees) do not perform a significant share of our business activities

REGULATORY COMPLIANCE [2-23] [2-24] [2-26] [2-27] [3-3]

The Group is committed to complying with all applicable statutory and regulatory requirements, as expected by our key stakeholders, and continuing to uphold their trust and confidence. Maintaining a high standard of corporate governance enables the Group to manage the Company's exposure to regulatory and reputational risks, and potential financial losses incurred in the form of fines and penalties.

These laws and regulations include the Companies Act 1967, Income Tax Act 1947, Goods and Services Tax Act 1993, Employment Act 1968, Central Provident Fund Act 1953, Personal Data Protection Act 2012 ("**PDPA**") and Precious Stones and Precious Metals (Prevention of Money Laundering and Terrorism Financing) Act 2019, and the listing rules of the SGX-ST.

The following table describes the key policies that the Group has put in place to guide our employees' behaviour at the workplace.

Table 3: The Hour Glass' Policies and Guidelines

Policy	Elaboration
Code of Ethics and Business Conduct	<ul style="list-style-type: none"> • All employees are required to act in alignment with the code, which is accessible to all via the Group's internal platforms • Employees are expected to act with integrity, objectivity and in compliance with the laws and Company's policies relating to: <ul style="list-style-type: none"> - Conflict of interest - Procurement activities - Integrity of records and accounting procedures - Protection of proprietary information - Workplace behaviour
Dealing in Securities	<ul style="list-style-type: none"> • The Group adopts a strict policy with respect to dealings in securities modelled on the SGX-ST's best practices and recommendations
Whistle-Blowing Policy	<ul style="list-style-type: none"> • The policy, which is available on the Group's internal platforms and regularly circulated to employees via electronic mail, provides a channel for employees to raise concerns about possible impropriety in matters of financial reporting, fraudulent acts or behaviour that might constitute a contravention of any rules, regulations or internal policies • The policy also states the Company's stance on ensuring that whistle-blowers are protected from any form of retaliation, harassment or other discriminatory acts • The policy is overseen by the AC which ensures that procedures are in place for independent investigations and appropriate follow-up actions
Anti-Money Laundering ("AML")	<ul style="list-style-type: none"> • The Company implements internal policies, procedures and controls ("IPPC") as a guide to AML compliance • To ensure compliance, employees are required to attend training sessions during the onboarding process • Internal training sessions are conducted twice a year • IPPC are made available to all employees through internal online platforms

REGULATORY COMPLIANCE [2-23] [2-24] [2-26] [2-27] [3-3]

Policy	Elaboration
Corporate Governance	<ul style="list-style-type: none"> The Board is entrusted with the overall management of the business affairs of the Company, corporate governance matters and sets the overall strategy for the Group At the operational level, the senior management team provides leadership in decision-making with regard to the implementation of corporate targets and policies
Tax Management Policy	<ul style="list-style-type: none"> The policy ensures the Company complies with statutory and legal tax obligations, including conducting appropriate due diligence before adopting a tax position on any significant issue The policy is overseen by the Finance department which is responsible for the overall coordination and tax planning, and monitoring of all tax issues

The Group believes that its proactive approach towards compliance has underpinned its performance in corporate governance, and that its actions continue to be effective. Figure 4 shows several actions taken to ensure and assess the standards of regulatory compliance within the Group.

Figure 4: The Hour Glass’ Practices for Ensuring and Assessing Regulatory Compliance



More information on the Group’s corporate governance policies and practices can be found in The Hour Glass’ 2023 Annual Report, Corporate Governance section (pages 18 to 49).

SECURITY OF INFORMATION [2-23] [2-24] [3-3] [418-1]

Security of information is of utmost importance to The Hour Glass as we recognise our duty of confidentiality towards our clients, prospects, employees and other stakeholders. Information security helps protect sensitive data from unauthorised access, breaches and cyber threats, which in the short or long term, can result in reputational damages, decreased customer trust and loyalty, financial losses and legal liabilities. The Hour Glass also acknowledges that effective information security measures have the potential to foster trust and loyalty among stakeholders. Additionally, the implementation of robust information security protocols can confer a competitive edge in the modern digital era, enabling us to both attract new customers and maintain existing ones.

We are compliant with PDPA and Payment Card Industry Data Security Standard ("**PCI DSS**") in Singapore and the local data protection laws in the markets we operate in. The Group has also aligned our Privacy Policy to the key principles of the General Data Protection Regulation ("**GDPR**"), a European Union regulation on data protection and privacy, which is widely regarded as the global standard.

The Group's Privacy Policy is available on our corporate website⁵, which details the purposes of data collection, uses, disclosures and transfers of personal data. This policy is overseen by The Hour Glass' Data Protection Officer ("**DPO**"). Details on how clients and prospects can access and correct their personal data and make a privacy-related complaint can also be found in the policy. The Company takes any reported cases of non-compliance seriously, and will perform a thorough assessment should such cases arise. In cases where any risk or non-compliance is identified, the respective laws and regulations will be reiterated to the team. Where the severity of non-compliance is high and may involve a data breach, the Personal Data Protection Committee will be informed and necessary actions in line with PDPA will be taken.

To ensure the security of our stakeholders' information and to prevent a breach of data security, the Group undertakes a series of steps to ensure compliance with our Privacy Policy (Figure 5).

Figure 5: Steps Taken to Ensure Information Security and Policy Effectiveness Evaluation

Ensuring Data Security
<p>Compliance with Personal Data Protection Regulations</p> <ul style="list-style-type: none"> • Continuous education and review on privacy policies and controls • Ensure compliance of data protection regulations • Strict control over user access rights with approval process in place <p>Implementation of Data Protection Procedures</p> <ul style="list-style-type: none"> • Prospect and client data collection only conducted upon consent and marketing information is sent on an opt-in basis • Access to data stored digitally in internal systems is restricted • Request for identification only if required (e.g. watch collection post-servicing) • Electronic files are password-protected if they contain sensitive data • Implement security controls to review intrusion and ensure technical controls such as firewalls are in place

⁵ www.thehourglass.com/privacy-policy/

SECURITY OF INFORMATION [2-23] [2-24] [3-3] [418-1]

Ensuring Data Security

Training

- DPO provides training relating to security of information
- The Hour Glass internal learning platforms provide resources and references on PDPA
- New hires' orientation include briefing and eLearning on PDPA policies and procedures
- Employees are enrolled for courses related to data security, PDPA, GDPR and other related courses as part of continuous education

Third Parties

- Any third party involved in handling of personal data are required to adhere to data protection policies and procedures
- Third parties may be required to sign non-disclosure agreements and undertakings to protect personal data

Evaluating Effectiveness on Data Security Management

- Cybersecurity assessments are performed on all systems to identify potential threats while ensuring data security is not being compromised
- Monitor and review user access, user roles and audit logs monthly and program changes are monitored closely to ensure changes are tested and documented accordingly
- Phishing email trial campaigns are implemented on an *ad hoc* basis to assess employees' awareness and vigilance against potential data breach contacts and threats
- The Hour Glass conducts internal audits and reports audit findings on areas for improvement

Our Perpetual Target

To achieve zero security incident of unauthorized access, data breaches, malware attacks or non-compliance of data protection laws

Performance for FY2023

100% compliance or zero incidence of reported non-compliance with PDPA and data protection laws in FY2023

There were zero substantiated complaints concerning breaches of customer privacy and identified losses of customer data

The Group will continue to strive to maintain this record

RISK MANAGEMENT [2-23] [2-24]

The Group has also adopted Risk Management as an additional ESG matter to reflect the importance of managing risks in the Group. Besides maintaining a sound system of risk management and internal controls, the Group has developed and implemented a Board Assurance Framework which includes an Enterprise Risk Management ("**ERM**") Framework to identify the significant risks faced by the Group, the potential impact and likelihood of those risks occurring, and the control effectiveness and action plans being taken to mitigate those risks. The Group has also developed a risk governance structure, which provides details on the roles and responsibilities for the Board and management in risk monitoring, escalation, mitigation and reporting.

The Group also reviews the risks associated with anti-money laundering and terrorist financing activities, and adhere to IPPC to minimise these risks.

The Group's ERM process aims to achieve the following:

- A structured, disciplined and systematic approach to managing risks;
- Robustness of risk information;
- Accountability for outcomes and risk treatment action plans; and
- Sustainability

RISK MANAGEMENT [2-23] [2-24]

The following are steps that the Group follow for identifying, assessing and reporting risks:

Figure 6: Steps in Identifying, Assessing and Reporting Risks

<p>Step 1: Communication and Consultation</p> <p>Communication of risks and consultation of all relevant external and internal stakeholders to support risk management decisions</p>
<p>Step 2: Establish Context</p> <p>A) Establish internal and external context: Understanding of our objectives, KPIs and the external and internal organisational environment in which we operate</p> <p>B) Review risk parameters to assess the likelihood and impact of risks</p>
<p>Step 3: Risk Assessment</p> <p>A) Identify and prioritise key risks: Identification and prioritisation of key risks based on the strategic objectives which we aim to achieve</p> <p>B) Risk analysis and evaluation: Analysis of risk drivers, consequences and existing controls and evaluation of whether the risks identified are managed properly and within the tolerance limits</p>
<p>Step 4: Risk Treatment</p> <p>Implementation of risk treatment action plans to further manage risks to an acceptable level</p>
<p>Step 5: Monitor and Report</p> <p>A) Risk monitoring activities ensure risks are managed in a structured and timely manner</p> <p>B) Risk reporting and escalation to management and Board or AC</p>

The Group has established risk appetite statements and tolerance limits to monitor shifts in its significant risks and to proactively manage them within acceptable levels.

The Group’s approach to risk management focuses on ensuring that appropriate controls are in place to effectively manage those risks. Measures are adopted to manage such risks, and risk management policies are monitored by management, and periodically reviewed and approved by the Board.

GRI CONTENT INDEX

Statement of Use	The Hour Glass Limited has reported in accordance with the GRI Standards for the period 1 April 2022 to 31 March 2023.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Nil

GRI Standard Disclosure Reference	Description	Section of Report/ Reasons for Omission	Page Reference(s)
GRI 2: GENERAL DISCLOSURES 2021			
2-1	Organisational details	The Hour Glass Limited About The Hour Glass	04
2-2	Entities included in the organisation's sustainability reporting	About The Hour Glass About this Report	04
2-3	Reporting period, frequency and contact point	About this Report	04
2-4	Restatements of information	No restatements	
2-5	External assurance	About this Report	04
2-6	Activities, value chain and other business relationships	About The Hour Glass Supply Chain	04 05
2-7	Employees	Profile of Our Workforce	08
2-8	Workers who are not employees		
2-9	Governance structure and composition	Governance Structure	04-05
2-10	Nomination and selection of the highest governance body	The Hour Glass' 2023 Annual Report (Corporate Governance Report)	24-26
2-11	Chair of the highest governance body	The Hour Glass' 2023 Annual Report (Corporate Governance Report)	24
2-12	Role of the highest governance body in overseeing the management of impacts	Governance Structure The Hour Glass' 2023 Annual Report (Corporate Governance Report)	04-05 28-32
2-13	Delegation of responsibility for managing impacts	Governance Structure	04-05
2-14	Role of the highest governance body in sustainability report		

GRI CONTENT INDEX

GRI Standard Disclosure Reference	Description	Section of Report/ Reasons for Omission	Page Reference(s)
GRI 2: GENERAL DISCLOSURES 2021			
2-15	Conflicts of interest	The Hour Glass' 2023 Annual Report (Corporate Governance Report)	18-20
2-16	Communication of critical concerns	Governance Structure	04-05
2-17	Collective of knowledge of the highest governance body		
2-18	Evaluation of the performance of the highest governance body	The Hour Glass' 2023 Annual Report (Corporate Governance Report)	24-26
2-19	Remuneration policies	The Hour Glass' 2023 Annual Report (Corporate Governance Report)	27-28, 34-36
2-20	Process to determine remuneration	The Hour Glass' 2023 Annual Report (Corporate Governance Report)	27-28, 34-35
2-21	Annual total compensation ratio	The Company will not be providing this information due to the confidential and commercial sensitivities associated with remuneration matters	
2-22	Statement on sustainable development strategy	Board Statement	03
2-23	Policy commitments	Regulatory Compliance Security of Information Risk Management	09-10 11-12 13-14
2-24	Embedding policy commitments		
2-25	Processes to remediate the negative impacts	Stakeholder Engagement	05-06
2-26	Mechanisms for seeking advice and raising concerns	Stakeholder Engagement Regulatory Compliance	05-06 09-10
2-27	Compliance with laws and regulations	Regulatory Compliance	09-10
2-28	Membership of associations	Singapore Clock and Watch Trade Association Singapore Retailers Association Singapore National Employers Federation Singapore Business Federation Orchard Road Business Association	

GRI CONTENT INDEX

GRI Standard Disclosure Reference	Description	Section of Report/ Reasons for Omission	Page Reference(s)
GRI 2: GENERAL DISCLOSURES 2021			
2-29	Approach to stakeholder engagement	Stakeholder Engagement Materiality Assessment	05-06 07
2-30	Collective bargaining agreements	None of our employees are covered by collective bargaining agreements. The working conditions and terms of employment of these employees are not influenced or determined based on other collective bargaining agreements.	
GRI 3: MATERIAL TOPICS 2021			
3-1	Process to determine material topics	Stakeholder Engagement Materiality Assessment	05-06 07
3-2	List of material topics	Materiality Assessment	07
3-3	Management of material topics	Stakeholder Engagement Regulatory Compliance Security of Information	05-06 09-10 11-12
GRI 418: CUSTOMER PRIVACY 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Security of Information	11-12

Issued by
The Hour Glass Limited
Co. Registration: 197901972D
www.thehourglass.com

THE HOUR GLASS