



HOCK LIAN SENG HOLDINGS LIMITED

2021

SUSTAINABILITY REPORT



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ABOUT US

Hock Lian Seng is one of the leading Civil Engineering Group in Singapore, with established track record since 1969. The Group was listed on the Mainboard of Singapore Exchange securities Trading Limited in December 2009.

We have undertaken and completed a wide range of civil engineering projects for both the public and private sectors in Singapore. We carry out civil engineering works for bridges, expressways, tunnels, Mass Rapid Transit ("MRT"), port facilities, water and sewage facilities and other infrastructure works.

Major customers include government and government-related bodies of Singapore, such as the Land Transport Authority, Housing Development Board, Port of Singapore Authority, Public Utility Board and Changi Airport Group.

We also involved in property development and property investment businesses.



ABOUT THIS REPORT

This is the Fifth Sustainability Report (“Report”) of Hock Lian Seng Holdings Limited (“The Group”). The Sustainability Report (“Report”) addresses the Group’s construction activities for the financial year from 1 January 2021 to 31 December 2021 (“FY2021”), as property development was minimal. Associated companies and joint venture activities were excluded from this Report as the operational controls are held by different management teams.

The Report has been prepared in accordance with the Global Reporting Initiative (“GRI”) Standards: Core Option. We chosen the GRI Standards as it provides a set of extensive framework that is largely accepted as a global standard for sustainability reporting.

Information contained in this Report has not been verified by an independent third party.

The Group will continue to incorporate sustainability initiatives in its business process to enhance its sustainability journey in the areas of environmental, social and governance aspects. We will share more in our subsequent reports on an annual basis.

An electronic edition of this Report is made available for download on the website of the SGX-ST at www.sgx.com.

We welcome stakeholders to provide us with feedback and suggestions on this Report. You may contact us at info@hlsgroup.com.sg.



BOARD STATEMENT

The Group is committed to deliver quality service to customers, provide safe and healthy environment for the employees, be a good corporate citizen which operate with honesty, fairness and accountability.

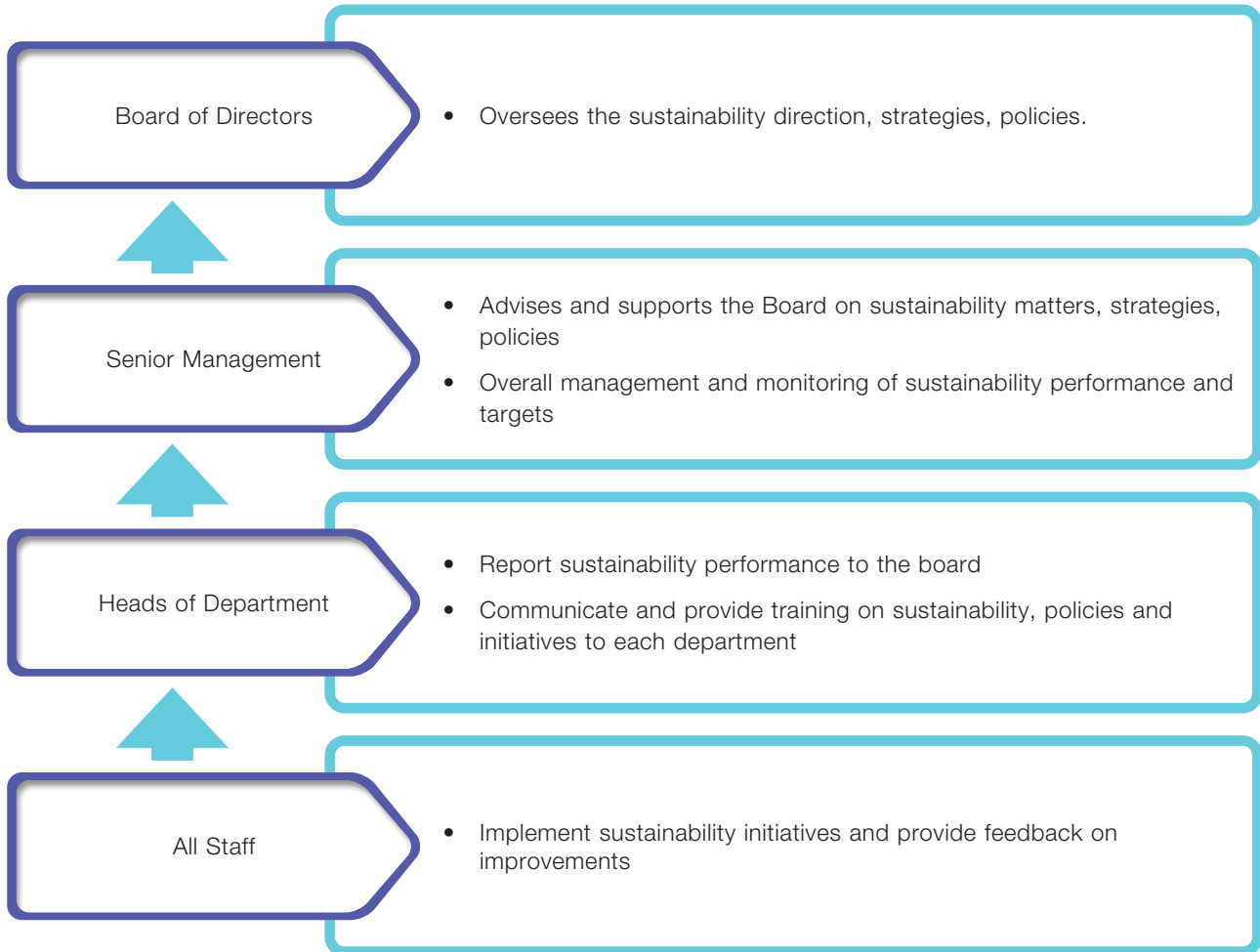
We are mindful of the social and environmental impacts that are critical to our business and stakeholders and will continue to make progress in our overall mission to create a more sustainable and equitable future.

During the year, the Board is regularly updated on the sustainability management performance of the Group and planned follow-up measures. The Board will continue to identify and evaluate the material environmental, social and governance (ESG) factors in our business and will make sure they remained relevant and are on the right track.



GOVERNANCE STRUCTURE

Sustainability Governance is led by the Board of Directors and supported by all levels of the Group.



The Board, with the assistance of Audit and Risk Management Committee, will ensure that we have the right policies and practices in place, appropriate targets and measurements are developed, and sufficient resources are dedicated to sustainability-related initiatives. We will progressively strengthen the sustainability governance structure so that there is clear accountability and oversight.

STAKEHOLDER **ENGAGEMENT**

Hock Lian Seng Group stakeholders include shareholders, employees, customers, partners and local community. We prioritise our stakeholders for engagement based on the significance of their influence on our business and our dependency on them. Maintaining ongoing dialogue with stakeholders is part of our day-to-day operation. Our regular two-way communication is summarized in the table below:

Stakeholder	Method of engagement	Topics of Concern	Our Response
Employees 	Regular staff meetings	Productivity Training & development Safety and well-being	Training Staff gathering
Shareholders 	<ul style="list-style-type: none"> Annual Report Annual General Meeting SGX Announcements Regular engagement with shareholders 	Economic performance Dividend pay-out	Quarterly result announcement Dedicated investor relations website
Clients and business partners 	Meetings	Code of conduct Supply chain management	Meetings/surveys
Suppliers and contractors 	Meetings Email communications	Code of conduct Supply chain management	Meetings/surveys
Government and Regulators 	Government Publication/ written communication	Compliance with rules and regulations	Compliance
Local communities 	Meetings	Clean environment	Committed to the best practice under the code of Green and Gracious

MATERIALITY ASSESSMENT

The Board has been fully involved in the identification and prioritization of material topics and has provided resources to manage the governance of sustainability.

We conducted a high-level benchmarking exercise on a universe of topics to short-list the key topics where our company created significant economic, environmental and social impacts. We took into consideration the material topics and future challenges of our industry as identified by our peers and competitors. This included relevant laws, regulations and international agreements of strategic significance to our Group.

We engaged with our employees and key suppliers to seek their feedback on these topics and validated the results with management and Board to arrive to our list of material topics and their impact boundaries. The material topics remain unchanged for FY2021.

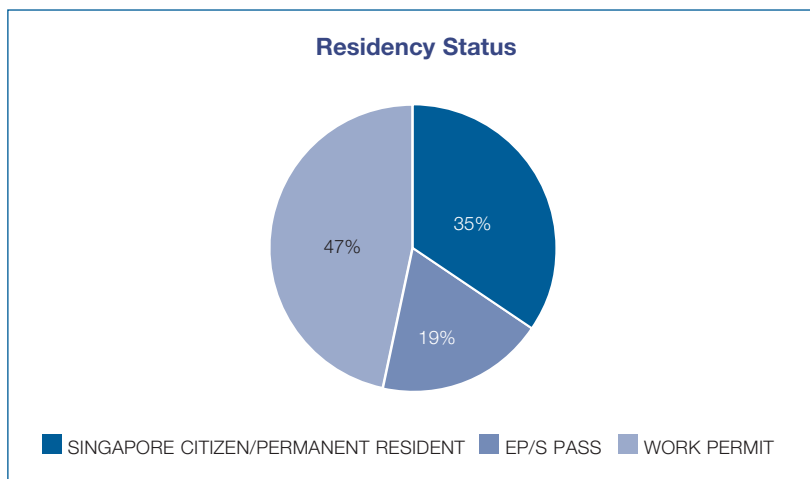
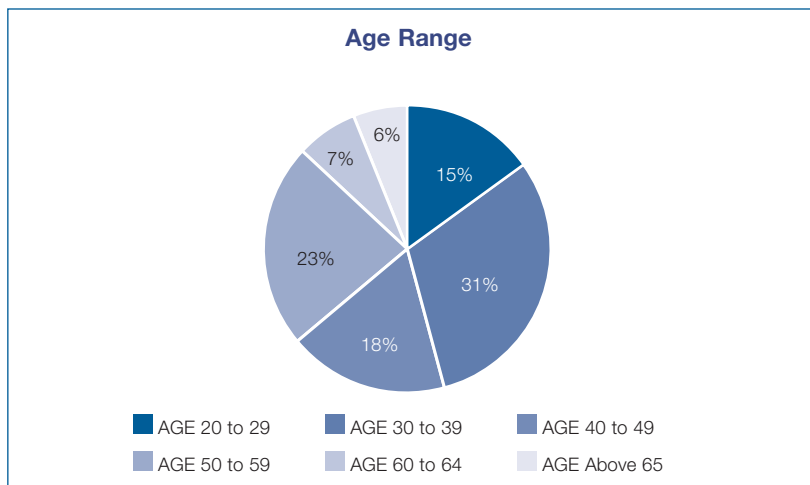
Material Topics	GRI Standards Disclosure	Impact Boundary
Social		
Diversity and equal opportunity	Diversity and equal opportunity	All employees
Talent attraction and retention	Employment	All employees
Training and education	Training and education	All employees
Occupational health and safety	Occupational health and safety	All employees
Environmental		
Legal and regulatory compliance	Environmental compliance	Construction activities
Waste disposal and management	Effluents and waste	Construction activities
Energy and fuel consumption	Energy	Construction activities
Governance/Economic		
Ethics	Anti-corruption	Corporate office and construction activities

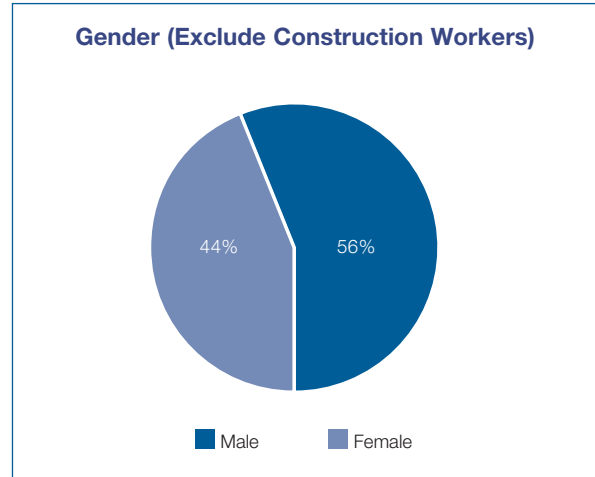
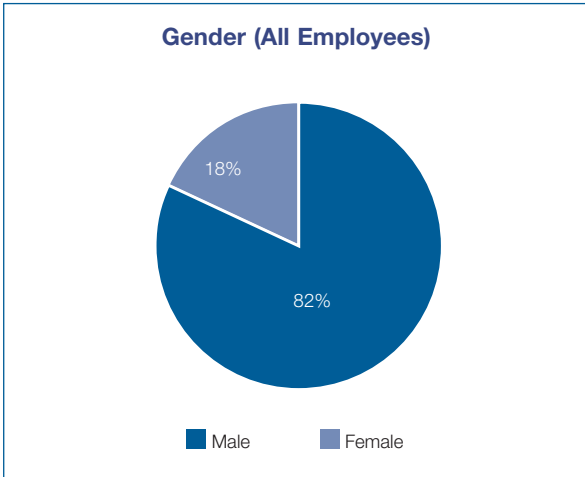
SOCIAL – OUR PEOPLE

Our employees are key drivers in our pursuit to enhance overall business performance to deliver sustainable growth.

As at 31 December 2021, Hock Lian Seng Group has 168 employees. The number of employees has reduced by 20% as compare to 31 December 2020. This is mainly due to the higher resignations as the active projects on hands have reduced, as such employee turnover rate in 2021 was higher than target. All employees are Singapore-based. We maintain a diverse workforce in terms of age and gender with different skills and experiences which will contribute positively to the Company.

The profile of our employees as at 31 December 2021:





Diversity and Equal Opportunity

We are committed to respecting diversity. We treat all employees fairly, with respect and dignity, irrespective of nationality, race or religion.

The hiring procedures are fair and non-discriminative. Staff are hired on the basis of merit- skills, experience or competency to perform the job.

We offer competitive remuneration and reward contribution, with performance-based pay and bonuses. Regular salary reviews are conducted to ensure that our remuneration package remains competitive. We offers all employees a comprehensive benefits package which includes health and welfare, maternity and paternity leave entitlements as well as coverage under the Company’s group health insurance plan.

Training and development

To remain competitive in the market, we recognize the need to continually upskill our staff. Various training/development programmes are made available to provide employees with the right skills and technical know-how to equip them to do their job more efficiently and effectively. Due to the disruption of the circuit breaker period and high turnover rate in 2020, our staff received about 3 hours of training in the past 12 months, as compare to the target of 10 hours.

Our construction activities are subject to BCA certifications which have mandatory training requirements on professional and technical employees.

Our employees undergo a diverse range of career -building and learning experiences including job-specific technical skills training, on-the -job and professional training combined with executive and leadership development, technical and professional seminars, courses, workshops, and overseas immersion programmes. Regulars visits to our various project sites are organized to share best work practices and provide insights on how technical challenges are overcome.

We also provide educational opportunities through sponsorships and scholarships. We offers the BCA Built Environment Undergraduate Scholarship, to groom promising young individuals who wish to pursue a rewarding career in the Construction industry.

SOCIAL – OUR PEOPLE

Occupational Health and Safety

Health and Safety at the workplace is always top priority at Hock Lian Seng. The Board Safety Committee was established since 2012 to oversee and monitor the establishment and maintenance of the safety practices and policies of the Group. Given the high risk nature of construction activities, we place greater emphasis on health and safety training, awareness, procedures and general education and aim to develop a culture whereby safety is ingrained into each and every employee and subcontractor working with us.

Our approach to workplace health and safety management is underpinned by legislative requirements and industry safety standards. We are certified under OHSAS 18001 certification in Occupational Health and Safety Management. This certification, as well as the BizSafe Star certificate, reflect our ongoing commitment and efforts to reduce risks and to make safety an integral part of our business.

Safety awareness starts with all new hires who are required to attend a compulsory safety induction programme during which workplace hazards and at-risk areas are highlighted and the Group's OHSAS procedures are outlined. New employees are also issued with personal protective equipment including safety boots, helmets, goggles and ear plugs. All regulatory training, in addition to all medical examinations required under the Workplace Safety and Health Act, are carried out by external providers where necessary.

From a supply chain perspective, all suppliers, contractors and subcontractors are required to abide by the company safety policy and procedures in addition to relevant laws and regulations.

Safety induction training is also provided onsite for contractors and subcontractors required to work in our site prior to commencing work. Safe work procedures and risk assessments are also required to be in place prior to the start of a project and are regularly reviewed at various stages of the project.

We assess our workplace safety performance by examining reportable injuries. In 2021, there were zero work-related fatalities across all our construction sites. Accident frequency rate (AFR) was 0 and accident severity rate (ASR), which evaluates the number of work days lost as a result of accidents, was 0.

Summary of Social Performance and Targets

Material Topics		Performance	Targets
Diversity and Equal Opportunity			
405-2	Breakdown of employees per employee category (gender/age group/other indicators)	See breakdown of employees profile	To build on more employees profile indicators to ensure more better management of human resource
Employment			
401-1	New Hire and Employee turnover	Current year turnover rate: 20%	To maintain the staff turnover rate below 10%
Training and Development			
404-1	Average hours of training per year per employee	3 hours	10 hours per year per employee
Occupational Health and Safety			
403-2	Accident Frequency Rate (AFR)* Accident Severity Rate (ASR)#	0.0 0.0	Zero for both AFR and ASR

* AFR measures how often workplace incidents occurred per million man-hours worked.

ASR refers to the number of man-days lost to workplace accidents per million-hours works.

ENVIRONMENT

The Group is committed to eco-friendly practices that contribute towards building a sustainable environment. Besides reducing electricity consumption by turning off lights and machines during lunch and after-office hours, we reduce paper usage through setting default double-sided printing, encourage storing files electronically.

At work sites, we have procedures to encourage recycling and the reduction of construction waste. Treated water is used for flushing toilets, washing of vehicles and for the general cleaning while recycle bins are placed at designated areas for proper segregation of wastes.

We have adopted BCA's Green and Gracious Builder Award Criteria, since 2013. The Company is committed to "Green Practices" to improve our environmental management programs whereas "Gracious practices" to control the environmental impact to the community, inculcate good relationship and bonding with our neighbours and provide good working environment for our staff.

Good green practices include but are not limited to the following:

- Comply with applicable legal and client requirements
- Control resources utilization and minimize waste/pollutants generation
- Create greater awareness of environmental issues through training and communication
- Monitor environmental performance periodically

Good gracious practices include:

- To provide public with a safe environment
- To prevent noise and vibration generated on the site
- To ensure pro-active communication with the community

Material Topics	Performance	Targets
Waste Disposal and management		
306-2	Install equipment to monitor Total suspended solids (TSS) readings for water discharged from the construction site	TSS < 50mg/litre TSS reading to be less than 50mg/litre
Environmental Compliance		
307-1	Non-compliance with environmental laws and regulations	No incidence of non-compliance with laws and regulations resulting in significant* fines or sanctions for FY2021 Zero incident of non-compliance

* significant fine is one over \$50,000

GOVERNANCE

The Group recognizes that good corporate governance processes are essential for enhancing corporate sustainability. We are committed to ensuring and maintaining a high standard of corporate governance and business conduct to safeguard the interests of the stakeholders. We are dedicated to uphold integrity and honesty in our operations.

We work closely with government agencies to keep up-to-date with recent changes in policies with regard to construction, and maintain close workings relations to promote the exchange of ideas and understand pertinent issues that may affect the business.

We have also established well-defined limits of authority to manage decision making with the Group. This ensure that all actions to be authorised are at all times consistent with the Group's objectives, principle, ethics and relevant legal and/or regulatory requirements.

Anti-Corruption

A whistle blowing policy is in place within the Group to aid in the deterrence and reporting of corporate malpractice and misconduct.

In FY2021, we are not aware of any incidents of corruption, confirmed or suspected.

Dealings in Securities

The Group's code of conduct includes guidelines to directors and employees in the Group, which sets out prohibitions against dealings in the Company's securities (i) while in possession of material unpublished price-sensitive information, (ii) during the one month immediately preceding, and up to the time of the announcement of, the Company's results for the half and full financial year. Prior to the commencement of each relevant period, an email would be sent out to all directors and employees of the Group to inform them of the duration of the period.

Material Topics		Performance	Targets
Anti-Corruption			
205-3	Confirmed incidents of corruption and actions taken	No incidents	Provide whistleblowing and anti-corruption updates to all staff annually

GRI CONTENT INDEX

GRI Standard	Disclosure	Notes/Reference/page reference
GENERAL DISCLOSURES		
Organisation profile		
GRI 102-1	Name of Organisation	Hock Lian Seng Holdings Limited
GRI 102-2	Activities, brands, products, and services	This report: About us
GRI 102-3/4	Location of headquarters/operations	Singapore
GRI 102-5	Ownership and legal form	AR2021, page 107, Analysis of Shareholdings
GRI 102-6	Markets served	Singapore
GRI 102-7	Scale of organisation	AR2021, page 6, Operations and Financial Review
GRI 102-8	Information on employees and other workers	This report: Our people
GRI 102-9	Supply chain	This report: Our people
GRI 102-10	Significant changes to the organization and its supply chain	There is no significant changes during the year of review
GRI 102-11	Precautionary Principle or approach	The Group does not specifically address the principles of the Precautionary approach.
GRI 102-12	External initiatives	Not Applicable
GRI 102-13	Membership of associations	Hock Lian Seng Infrastructure Pte Ltd is an associate member of The Singapore Contractors Association Ltd(SCAL)
Strategy		
GRI 102-14	Statement from Senior decision maker	This report: Board statement
Ethics and Integrity		
GRI 102-16	Values, principles, standards, and norms of behavior	This report: Board statement
Governance		
GRI 102-18	Governance structure	This report: Governance structure
Stakeholder Engagement		
GRI 102-40	List of shareholders groups	This report: stakeholder engagement
GRI 102-41	Collective bargaining agreements	Not applicable
GRI 102-42	Identifying and selecting stakeholders	This report: stakeholder engagement
GRI 102-43	Approach to stakeholder engagement	This report: stakeholder engagement
GRI 102-44	Key topics and concerns raised	This report: stakeholder engagement

GRI CONTENT INDEX

GRI Standard	Disclosure	Notes/Reference/page reference
Reporting Practice		
GRI 102-45	Entities included in the consolidated financial statements	AR 2021, page 73 – 76, Note 11,12 and 13 Financial Statements
GRI 102-46	Defining report content and topic Boundaries	This report: Materiality assessment
GRI 102-47	List of material topics	This report: Materiality assessment
GRI 102-48	Restatements of information	N/A
GRI 102-49	Changes in reporting	N/A
GRI 102-50	Reporting period	Financial year ended 31 December 2021
GRI 102-51	Date of most recent report	This is the fifth report prepared by the Company, the 4th report was published in May 2021
GRI 102-52	Reporting cycle	Annual
GRI 102-53	Contact point for questions regarding the report	info@hlsgroup.com.sg
GRI 102-54	Claims of reporting in accordance with the GRI standards	This report has been prepared in reference to the Global Reporting Initiative (“GRI”) -Core option
GRI 102-55	GRI content index	This report: GRI content index
GRI 102-56	External assurance	Not sought
SPECIFIC DISCLOSURES		
Material Topic		
Environmental Compliance		
GRI 103-1/2/3	Management Approach	This report: Environment
GRI 307-1	Non-compliance with environmental laws and regulations	This report: Environment
Occupational Health & Safety		
GRI 103-1/2/3	Management Approach	This report: Our people
GRI 403-2	Types of injury and rates of injury	This report: Our people
Human Resources training		
GRI 103-1/2/3	Management Approach	This report: Our people
GRI 404 -1	Average hours of training per year per employee	This report: Our people
Anti-Corruption		
GRI 103-1/2/3	Management Approach	This report: Governance
GRI 205-3	Confirmed incidents of corruption and actions taken	This report: Governance



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