



HOCK LIAN SENG
HOLDINGS LIMITED

SUSTAINABILITY REPORT

— 2018 —

SUSTAINABILITY REPORT FOR FY2018

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, planned follow-up measures. The Board will continue to identify and evaluate the material environmental, social and governance (ESG) factors in our business and make sure they remained relevant and on the right track.

Framework

We prepared our report in alignment with the sustainability reporting regulatory requirements set out in the SGX-ST Listing manual and with reference to the Global Reporting Initiatives ("GRI") Core Reporting Options.

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, PSA Singapore Terminals, Public Utility Board and Changi Airport Group.

We also involved in property development and property investment businesses.

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Governance Structure

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







Reporting scope

This report focuses on the Group’s sustainability performance across its construction activities and property development activities.

For the purposes of this report, the Group has included Hock Lian Seng Holdings and all its wholly owned subsidiaries. The key operating wholly owned subsidiary in current financial year is Hock Lian Seng Infrastructure Pte Ltd. Joint Venture activities was excluded as the operational control is run by different management team.

Stakeholder Engagement

Hock Lian Seng Group stakeholders include shareholders, employees, customers, partners and local community. We prioritise our stakeholders for engagement based on the significances of their influence on our business and our dependency on them. We engage with our key stakeholders on a regular basis to ensure two-way communication and this is summarized in the table below:

Stakeholder	Method of engagement	Topics of Concern	Our Response
 Employees	Regular staff meetings	<ul style="list-style-type: none"> • Productivity • Training & development • Safety and well-being 	<ul style="list-style-type: none"> • Training • Staff gathering
 Shareholders	<ul style="list-style-type: none"> • Annual Report • Annual General Meeting • SGX Announcements 	<ul style="list-style-type: none"> • Economic performance • Dividend pay-out 	<ul style="list-style-type: none"> • Quarterly result announcement • Dedicated investor relations website
 Clients and Business Partners	Meetings	<ul style="list-style-type: none"> • Code of conduct • Supply chain management 	Meetings/ surveys
 Suppliers and contractors	<ul style="list-style-type: none"> • Meetings • Email communications 	<ul style="list-style-type: none"> • 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 significant 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.

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

Hock Lian Seng Holdings Limited

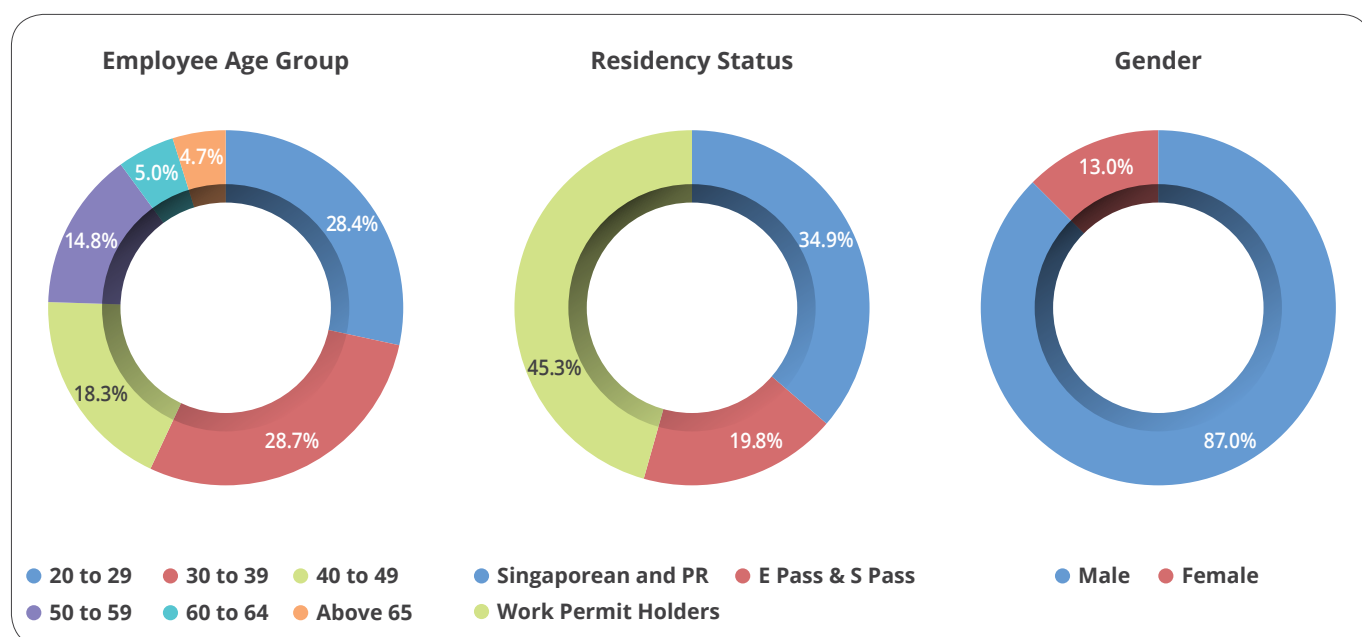
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Our People

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

As at 31 December 2018, Hock Lian Seng Group has 338 employees. 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 2018:



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.

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Training and development

To remain competitive in the market, we recognize the need to continually upskill our staff. Various training / development programmes are available to provide employees with the right skills and technical know-how to equip them to do their job more efficiently and effectively. On average, all our staff received about 10 hours of training in the past 12 months.

Our construction activities are subject to BCA certification which has mandatory training requirement 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. Regular 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 offer the BCA Built Environment Undergraduate Scholarship, to groom promising young individuals who wish to pursue a rewarding career in the Construction industry.

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 BlzSafe 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 2018, there were zero work-related fatalities across all our construction sites. Accident frequency rate (AFR) was 0.55 and accident severity rate (ASR), which evaluates the number of work days lost as a result of accidents, was 13.6.

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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: 17%	To maintain the staff turnover rate below 10%
Training and Development			
404-1	Average hours of training per year per employee	10 hours	15 hours per year per employee
Occupational Health and Safety			
403-2	Accident Frequency Rate (AFR)*	0.55	Zero for both AFR and ASR
	Accident Severity Rate (ASR)#	13.6	

* 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 food relationship and bonding with our neighbours and provide good working environment for our staff.

Good green practices include the following but not limited to:

- 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 to 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 incident of non-compliance with laws and regulations resulting in significant* fines or sanctions for FY2018	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 misconducts.

In FY2018, 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 two weeks immediately preceding, and up to the time of the announcement of, the Company's results for the 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

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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	AR2018, page 124, Analysis of Shareholdings
GRI 102-6	Markets served	Singapore
GRI 102-7	Scale of organisation	AR2018, page 7, 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

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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
Reporting Practice		
GRI 102-45	Entities included in the consolidated financial statements	AR 2018 , page 81 & 82, Note 11 and 12 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 30 December 2018 ⁷
GRI 102-51	Date of most recent report	This is the second report prepared by the Company, the 1st report was published in May 2018
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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