



Incorporated in the Republic of Singapore

Registration No. 201533429G

SUSTAINABILITY REPORT 2019

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MESSAGE FROM THE CHAIRMAN



Dear Stakeholders,

On behalf of the Directors and Management of **HC Surgical Specialists Limited ("HCSS")**, I am proud to present our second sustainability report covering Financial Year ended 31 May 2019 ("FY2019"). In this report, we will continue to discuss material Environment, Social and Governance ("ESG") topics which are relevant to our stakeholders.

In FY2019, sustainability remains a vital part of our strategy in creating long-term value for our stakeholders and we believe that good ESG management will help to build a resilient business. This report will provide a transparent presentation of our efforts to build sustainable growth.

Our sustainability efforts are led by the senior management while the Board manages and monitors the direction, approach and performance of the material ESG factors identified. The Board also ensures that our sustainability goals are aligned with our strategy and business objectives.

We have zero tolerance to bribery and corruption and we are committed to conduct our business in an ethical manner. We have in place a Whistleblowing policy to deter wrongdoing and promote standards of good corporate practices. The policy also provides proper avenues for employees to raise their concerns.

We believe that HCSS is well-positioned to build a sustainable business with the support of our stakeholders. As we grow our business, we will continue to enhance our sustainability efforts and work towards aligning our policies and practices with established economic, environmental and social standards and initiatives.

Mr. Chong Weng Hoe

Non-Executive Chairman and Independent Director

ABOUT THIS REPORT

This is HCSS's second sustainability report and in the preparation of this report, we continue to adopt the Global Reporting Initiatives ("GRI") Standards Sustainability Reporting Guidelines 2016 – Core Option and its reporting principles and in accordance with Rules 711A, 711B and Practice Note 7F of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst ("Catalist Rules").

We have chosen GRI as the sustainability reporting framework as it is internationally recognised and widely adopted, enabling us to achieve a comprehensive and comparable disclosure of ESG performance. The GRI content index and relevant references are provided from page 17-18.

We reported our data in good faith and to the best of our knowledge. We strive to continuously improve our data collection and reporting process. We have not sought external assurance for this report.

Reporting Boundaries and Standards



Reporting Period and Scope

This report covers data and information from 1 June 2018 to 31 May 2019 for all our subsidiaries in Singapore.

Accessibility & Feedback

The electronic edition of the report is available at: <http://www.hcsurgicalspecialists.com/>

We are committed to listening to our stakeholders and we look forward to your feedback via contact@hcsurgicalspecialists.com

ABOUT OUR GROUP

Corporate Profile

Listed on Catalist of the SGX-ST, the Group is a medical services group primarily engaged in the provision of endoscopic procedures, including gastroscopies and colonoscopies, and general surgery services with a focus on colorectal procedures across a network of clinics located throughout Singapore.

HCSS also provides general diagnostic and consultation services for patients. All clinics provide consultation services and are equipped to carry out a range of diagnostic tests. In addition, HCSS's specialist surgeons have broad experience in general surgery and are capable of performing any surgical or medical procedures. HCSS also provides house call services for patients who wish to have consultation services on the medical conditions treated by our Group at the comfort of the patients' home.

Starting out almost a decade ago, HCSS's vision is to build an organisation dedicated to making private healthcare accessible to the broadest consumer base possible. Supported by a team of qualified specialists and general practitioners, each with broad experience, there are currently 15 clinics that are situated close to the public transportation network. The clinics are located around central Singapore as well as in residential areas, including the heartlands. A few clinics are situated within some of the major private hospitals in Singapore.



Corporate Structure

HC Surgical Specialists Limited		
Heah Sieu Min (Mt E) Pte Ltd (100%)	CKH (Farrer Park) Pte Ltd (100%)	Lai Bec Pte Ltd (51%)
Heah Sieu Min (Bukit Batok) Pte Ltd (100%)	CKH (Mt A) Pte Ltd (100%)	Julian Ong Endoscopy & Surgery Pte Ltd (70%)
Heah Sieu Min (Dleedon) Pte Ltd (100%)	Hougang Clinic Pte Ltd (100%)	Malcolm Lim Pte Ltd (51%)
HC (GM) Pte Ltd (100%)	HC (AMK) Pte Ltd (100%)	Medical L & C Services Pte Ltd (51%)
HC (Hillford) Pte Ltd (100%)	HC and Island Family Pte Ltd (80%)	Jason Lim Endoscopy and Surgery Pte Ltd (51%)
Medical Services @ Tampines Pte Ltd (100%)	HC (Ming) Pte Ltd (80%)	Medistar Services Pte Ltd (25%)

Awards & Accreditations

Recipient	Year	Name of award or accreditation	Awarding organisation
Dr. Heah Sieu Min	2000	Singapore General Hospital Service Quality Award (Service with a Heart)	Singapore General Hospital
	2000	Singapore General Hospital (Heart of Gold) Award	Singapore General Hospital
	2001	Singapore General Hospital Service Quality Award (Service with a Heart)	Singapore General Hospital
	2002	Singapore General Hospital Service Quality Award (Service with a Heart)	Singapore General Hospital
	2013	SME Prestige Award	Media Enrich Enterprise
	2017	Spirit of Enterprise Honouree	Spirit of Enterprise
Dr. Chia Kok Hoong	2002	Singapore General Hospital Service Quality Award (Service with a Heart)	Singapore General Hospital
	2003	The Courage Fund Award	The Courage Fund Tan Tock Seng for SARS cases
	2005	Excellent Service Award (Gold)	Tan Tock Seng Hospital
	2006	Excellent Service Award (Gold)	Tan Tock Seng Hospital
	2006	Service Champion Award	Tan Tock Seng Hospital
	2010	Minister's Award for Public Spiritedness	Minister for Home Affairs

OUR APPROACH TO SUSTAINABILITY

Corporate Governance and Sustainability Approach

Our Group adopts a framework based on the Code of Corporate Governance 2018. We are committed to maintain good corporate governance by following the principles and guidelines set out in the policy. We also aim to create long-term value to our stakeholders through a holistic approach.

To effectively implement our sustainability approach and demonstrate accountability to our stakeholders, employees of HCSS follows strictly to the Code of Conduct stated in the Employee's Handbook, the Conflict of Interest Policy, Whistleblowing Policy and Data Protection Policy as follows:

1. Code of Conduct

The code of conduct serves as a central guide and reference to our employees in ensuring that they understand the Company's expectations and guiding principles for workplace behaviours. All employees of our Group are expected to exercise discretion on any information acquired during their term of employment and are obliged to comply with our established Code of Conduct.



2. Conflict of Interest

We have established policy and procedures to ensure that our employees understand the procedures when his or her personal interest conflicts with those of our Group. All employees of our Group involved in the *i) purchase of goods and services, ii) selection of suppliers of goods or services, iii) selection of third party partners/relationships with the Company*, are required to declare and disclose any situation where their private businesses or personal interests conflict with those of our Group, or situations when they (or a close family member) have a direct or indirect personal relationship, affiliation or association with an existing or prospective supplier or customer of our Group.



3. Whistleblowing Policy

Our Group has adopted the whistleblowing policy since 2016 to provide an avenue for employees and external parties to raise concerns and offer reassurance that they will be protected from reprisals or victimisation for whistleblowing in good faith. The Policy is intended to conform to the guidance set out in the Code which encourages employees to raise concerns, in confidence, about possible irregularities. The whistleblowing policy is available at our Company's website at <https://www.hcsurgicalspecialists.com/en/investor-relation/policies>.



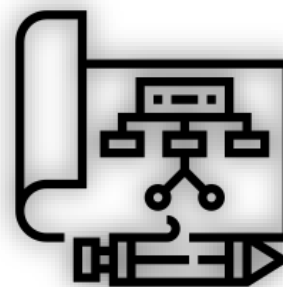
4. Data Protection Policy

As a healthcare company, HCSS collects relevant data and uses them for providing medical services. We assure patients that all personal data collected, used or disclosed will be protected under the PDPA and other relevant legislation such as the Private Hospitals and Medical Clinics Act. Our Data Protection Policy ensures that we are accountable to our customers and other stakeholders. The Data Protection Policy is available at our Company's website at <https://www.hcsurgicalspecialists.com/en/personal-data-protection-policy>.



Sustainability Organisational Structure

The roles of the key management include implementing and executing the sustainability policies and practices as well as monitoring the sustainability performance. The key management reports directly to the Board of Directors on matters regarding sustainability, and act accordingly to the Board of Directors' strategic priorities. In this way, we ensure that we practise initiatives that are relevant to our material topics and we ensure compliance to these ESG factors.



The Board of Directors comprises of the following members, all of whom have the appropriate core competencies and provide a diversity of experience to enable them to effectively contribute to our Group:

Name of Director	Designation	Audit Committee	Nominating Committee	Remuneration Committee
Mr. Chong Weng Hoe	Non-Executive Chairman and Independent Director	Member	Chairman	Chairman
Dr. Heah Sieu Min	Executive Director and Chief Executive Officer	-	-	-
Dr. Chia Kok Hoong	Executive Director and Medical Director	-	-	-
Mr. Lim Chye Lai, Gjan	Non-Independent Non-Executive Director	Member	Member	Member
Mr. Ooi Seng Soon	Independent Non-Executive Director	Chairman	Member	Member

The key management of HCSS are as follows:

Name	Designation
Ms. Sophia Ong	Chief Financial Officer
Ms. Ouyang Yuxia, Connie	Chief Operating Officer
Ms. Cai Ting Ting	Chief Nursing Officer

We ensure that we conduct our business process in a way that is accountable to the environment, our customers, employees and community, while at the same time help maintain sustainable economic growth for HCSS.

Stakeholders and Material Topics

Stakeholders Engagement

We are committed to develop and maintain strong relationships with our stakeholders. By practising open two-way communication with them, it helps us align our sustainability approach with their needs and expectations. We engage our stakeholders and set goals collaboratively with them as follows:



Employees - We engage our employees through training programmes, annual appraisals and staff meetings. We aim to maintain a safe and fair working environment for them together with opportunities of career progression and self-development.



Customers - We engage our customers through public forums and direct feedback during consultations. We aim to give them better healthcare services with greater ease.



Suppliers - We engage our suppliers through supplier assessment forms and feedback through emails. We constantly communicate with them to ensure quality and efficiency.



Shareholders/Investors - We engage our shareholders and investors through AGM/EGM, our corporate announcements or emails. We aim to develop business growth and strategy within the Group and deliver strong business performance while achieving sustainable returns.



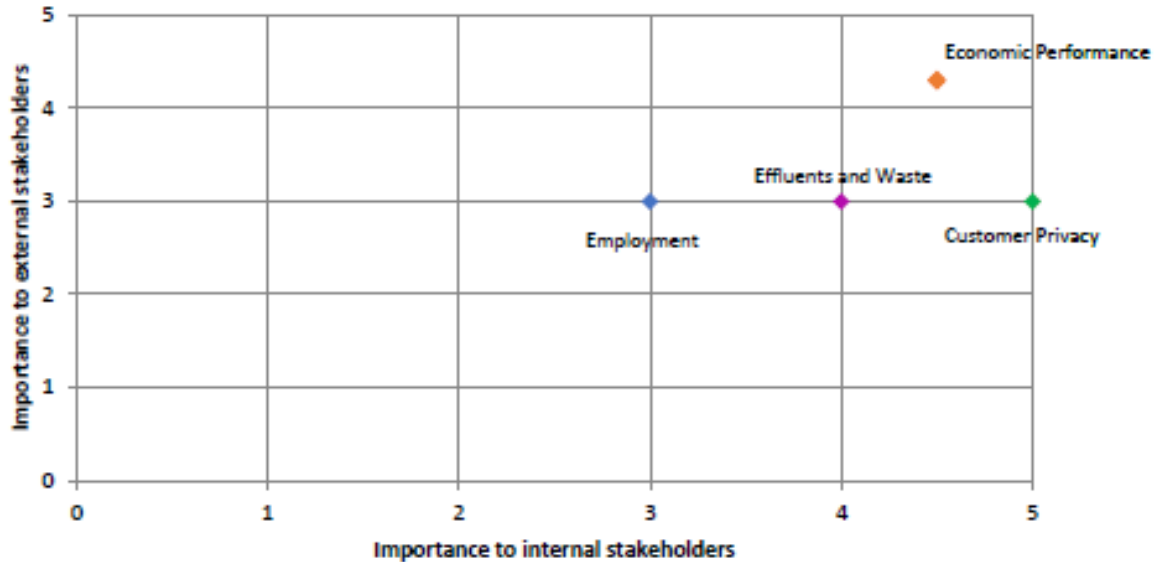
Government & Regulators - We engage the government and regulators through discussions, conferences and sharing feedback with them. Our goal is to have a better understanding of government initiatives and aim to achieve national health objectives.



Community - We engage the community through our corporate website and public forums. We aim to support the community by providing free healthcare consultation to the public occasionally.

Materiality Assessment

Based on feedback gathered from our stakeholders, we have evaluated and identified topics which will have significant ESG impacts and are material to the organisation and stakeholders. Material topics are prioritised as shown in the materiality matrix below.



Sustainability Topics Selected:

1. Economic Performance
2. Effluents and Waste
3. Employment
4. Customer Privacy

We will review our material topics annually considering fresh stakeholders' feedback and our own business goals. A more detailed discussion on the material topics, including management approach and topic boundary limitations, if any, is provided in the respective sections of the report.

SUSTAINABILITY TOPICS



Economic Performance

Why is it Material?

At HCSS, we believe that by maintaining sustainable economic growth, it will benefit our key stakeholders. HCSS continues to create direct and indirect economic values for our stakeholders, through delivering strong financial performance to our shareholders/investors, supporting infrastructure through taxes and other payment to the government, and contributing to the community by creating jobs and generating income. By adopting responsible business practices, we grow our business in a sustainable manner.

Management Approach

To strengthen our performance and position, our Group will continue to expand the business operations by acquiring General Practitioners (“GP”) clinics, to secure a consistent stream of patients through the GP referrals, as well as grooming young talented specialists and setting up new clinics to broaden our range of services. We aim to further expand our presence in the heartland areas of Singapore, enhancing our ability to constantly deliver timely, safe, accurate and efficient services to outpatients.

We contribute to national economic development by supporting locally-based businesses as we work with local vendors in Singapore. This will indirectly help our community as more jobs are created when we work with the vendors. We target to achieve economies of scale and operate efficiently through our expanded network of clinics such that these efficiency gains can be passed on to our patients and customers by providing them with more affordable healthcare products and services.

Our Group also worked with many medical insurance companies and corporations to create a conducive platform of patient referrals for our specialists. In April 2019, we were appointed by AIA Singapore Private Limited (“AIA”) as their exclusive colorectal cancer screening provider for their eligible policy holders. Through this appointment, AIA will offer complimentary screening colonoscopy as part of its Early Detection Screening Benefit for eligible clients under their HealthShield Gold Max Essential A Saver and AIA Max VitalHealth A. We can expect this appointment to generate a recurring revenue stream for HCSS, as well as an additional source of patient referrals for our team of specialists.

As part of our diversification towards a synergised business strategy, our Group invested in Nuffield Dental Holdings Private Limited (“Nuffield”) via a redeemable convertible loan in May 2019. Nuffield was ranked by the Straits Times in February 2019 as Singapore’s second fastest growing company, with a compound annual growth rate of 186.8% between 2014 and 2017¹.

¹Source: The Straits Times dated 27 February 2019



Economic Performance (cont'd)

Performance

Direct Economic Value Generated and Distributed	FY2019 (S\$'000)	FY2018 (S\$'000)	% Change
Revenue	18,318	16,022	14.3
Net Profit	8,426	5,514	52.8

In FY2019, our Group recorded an increase of approximately 14.3% in revenue compared to FY2018 due to the increased revenue contribution from (i) new subsidiaries (Jason Lim Endoscopy and Surgery Pte. Ltd. and Medical Services @ Tampines Pte. Ltd). acquired in FY2019, and (ii) the existing subsidiaries.

For detailed breakdown of FY2019 financial results, please refer to the relevant sections in our published Annual Report 2019.

This year, to demonstrate our commitment to continuous development, innovation and transformation, we had been awarded the Enterprise Development Grant that funds up to 70% of qualifying project costs.

Targets

Our Group will continue to expand our business operations as we are in the process of opening more endoscopy centres. In July 2019, we had also entered into an investment agreement with Vanda 1 Investments Pte. Ltd., a Singapore-incorporated company, managed and controlled by Heliconia Capital Management Pte. Ltd. ("Heliconia") which is a wholly-owned subsidiary of Temasek Holdings (Private) Limited ("Temasek"). The Group intends to extend its regional presence with this capital raising exercise with a keen interest in expansion into Vietnam. With Heliconia's investment, the Company hopes to tap on Heliconia's network in Vietnam to expand its presence in the country's fast-growing healthcare market.

We will continue to explore strategic acquisitions to create long-term value for our shareholders.



Effluents and Waste

Why is it Material?

Being in a medical industry, HCSS handles different types of medical waste. For a healthcare service provider, proper waste management is vital for us. We need to make sure that bio-hazardous and medical waste goes through proper management and disposal methods to prevent potential health threats to the patients, the community and the environment.

Management Approach

Effluents and waste are categorised mainly into 2 groups: sharps and liquid bio-waste. They are disposed into designated waste bins sorted by categories and transported by our certified third-party contractors to a dedicated hospital waste incinerator. We also periodically assess our vendors who provide external medical waste handling services to ensure that the service provided are in line with our expectations.

In HCSS, all medical staffs undergo training programmes on proper management and disposal of medical waste. All medical staffs are trained and qualified to be able to identify the different types of medical waste to facilitate the appropriate disposal to be in compliance with the relevant regulations.

These initiatives help us to comply with the rules and regulations set by NEA and MOH, and also mitigate against the danger that improper disposal of medical waste could bring to us, the community and our environment.

Performance

In FY2019, HCSS generated about 6,000 litres of clinical waste, all of which were incinerated by certified third party contractors. There were no confirmed incidents of non-compliance to environmental regulations resulting in a fine or penalty occurred during FY2019.

Targets

In FY2020, we are looking to achieve zero incidents of non-compliance to environmental regulations regarding the clinical waste. We will continue to monitor the medical waste disposal and continue to look for opportunity to integrate more sustainable measures for more efficient disposal of medical waste.



Employment

Why is it Material?

In HCSS, we believe in investing in our staff as they are our most valued asset. We also believe that a diversified workforce with long-term service staff brings up the quality of service HCSS provides and contributes to the growth of HCSS. The ability to continuously attract, retain and develop talent is the key to HCSS's success.

Management Approach

In HCSS, we ensure that our staff are given equal opportunities by having established policies and practices in place to protect the employees' rights. To cite a few, we have formalised recruitment and selection policy, flexible working policy, maternity policy and grievance procedures. As our approach is to make HCSS an enjoyable workplace for employees, we value our employees' suggestions and we have periodic reviews and communication sessions with our staff. We have established communication channels where staff can have a platform to feedback and contribute to the improvement of our workplace. By listening to their views, we promote an inclusive work environment based on mutual trust and respect.

Moreover, we provide additional benefits to our full-time employees. Such benefits include medical claim, dental claim and hospital insurance entitlements. This indicates that we invest in our human resources to retain our valued staff.

Performance

In FY2019, we did not receive any reported incident relating to discriminations at workplace.

We are pleased to announce that we had managed to maintain employees' turnover rate at 15%, although we had not managed to achieve our target set in FY2018 to reduce employees' turnover rate below 15%. Please find the tables below for the details of new hires and employee turnover for FY2018 and FY2019.

New Hires Sorted By Age Groups	FY2019		FY2018	
	Number	%	Number	%
Under 30 Years Old	15	78.95%	9	42.86%
Between 30 to 50 Years Old	3	15.79%	5	23.81%
Over 50 Years Old	1	5.26%	7	33.33%



Employment (cont'd)

New Hires and Employee Turnover	FY2019		FY2018	
	Female	Male	Female	Male
Number of employees	63	14	53	13
Gender distribution	81.82%	18.18%	80.30%	19.70%
Number of new employees	18	1	18	3
New hires rate	26%		35%	
Number of resigned employees	11	0	9	0
Employees turnover rate	15%		15%	

Lastly, we are proud to present that for FY2019, we achieved 100% return to work rate for employees who took parental leave.

Parental Leave	FY 2019	
	Female	Male
Number of employees entitled to parental leave	6	1
Number of employees who took parental leave	6	1
Number of employees that returned to work in the reporting period after parental leave ended	6	1
Number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	4	1
Return to work rate	100%	100%
Retention rate	67%	100%

Targets

For FY2020, we will continue to enforce fair employment practices and we will target to maintain zero records of reported incidents relating to discriminations.



Customer Privacy

Why is it Material?

With the advancement in technology, there is a growing trend of concerns for individuals on how their personal data are being collected and used. The recent case where Singapore's largest healthcare group was hit by a serious breach of personal data¹ contributed to the attention gained by both regulators and patients. This has increased the need for organisations, especially healthcare organisations that hold key patient data, to place emphasis on the efforts to enhance system security, to prevent the loss of patients' data as well as to implement measures for addressing data breach incidents which occurred.

Management Approach

HCSS ensures that we obtain patient consent for collection, use, disclosure and processing of personal data for healthcare related use only. We have put in place a Personal Data Protection Policy which includes the procedures on responsible data handling, use of data and compliance monitoring.

To ensure confidentiality and maintain our customer privacy, each clinic in the Group has procedures such as locking cabinets that store patients' data, user IDs and passwords for each staff, logging off the computers daily, and installing firewalls and antivirus on all computers. This helps to mitigate the risk of unauthorised access, collection, use, disclosure, copying, modification, disposal of patients' data.

Performance

For FY2019, we are proud that we received zero complaint regarding breaches of customer privacy, as well as there was no incidents of leaks, thefts, or losses of customer data.

Targets

For FY2020, we aim to maintain our approach to safeguard customer privacy at all times and continue to achieve zero complaints and breaches to the Personal Data Protection Act.

¹ Kwang, K. (2018, October 18). Singapore health system hit by 'most serious breach of personal data' in cyberattack; PM Lee's data targeted. Retrieved from <https://www.channelnewsasia.com/news/singapore/singhealth-health-system-hit-serious-cyberattack-pm-lee-target-10548318>.

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