

Sustainability Report 2023



HIAP SENG ENGINEERING LTD

(Judicial Managers Appointed)

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CHAIRMAN'S STATEMENT

We are pleased to issue our 4th dedicated Sustainability Report. This year's report will be an update on the same material topics that were reported in 2022. Together with Management, the Board and Judicial Managers continue to hold the view that these topics are of considerable importance to the Group.

The past year remains a challenge for the company and the team. However, despite the various challenges, the team performed admirably in the various ESG aspects. There are areas of improvement which occurred in the past reporting period. We see the opportunity in learning from these lessons, and continue to strive in the right direction.

With the rapidly changing business environment that we operate in, we are committed to ensure relevancy of the material topics. The Sustainability Council continues to be an important bridge between the Board and management with the grassroots level. Everyone is encouraged to share their views on the company's sustainability approach.

For financial year ended March 2023, the High Court of Singapore granted the extension of the Judicial Management Order ("JMO") for the Company to 4 September 2023. On 28 July 2023, the Judicial Managers have made an application to the Court for an extension of the JMO till 2 March 2024 and the hearing date has been fixed on 4 September 2023. At the present moment, the Company is in the final stages of fulfilling the conditions precedent referred to in the Conditional Subscription Agreement, pending the approval from the other relevant authorities, an extraordinary general meeting of the shareholders to be convened to obtain shareholders' approval of the Proposed Transaction. Upon completion of the proposed Transaction, the Company will be appointing a new Board of Directors ("Board"). The new Board will address all the additional requirements in relation the Company's sustainability reporting in accordance with SGX's guidelines.

In this report, we will focus our sustainability reporting in accordance with the Global Reporting Initiative (GRI) 2021 Standards.

Finally yet most importantly, I would like to extend my appreciation to all stakeholders for your continued support in the company. The road ahead will continue to be challenging, but our team will not shy away from these challenges. We will continue to focus on our core fundamental ESG aspects, in hope of evolving Hiap Seng into a more sustainable company.

TAN AH LAM, FRANKIE

Chairman

ABOUT THE REPORT

SCOPE AND BOUNDARY

This report covers Hiap Seng Engineering Ltd's (Judicial Managers Appointed) ("Hiap Seng") sustainability performance for the Financial Year ended 31 March 2023 ("FY 2023"). It follows the last report issued in December 2022.

This report has been prepared in compliance with the SGX-ST Listing Rule 711a and 711b and in accordance with the GRI 2021 Standards. This GRI framework was selected as it is currently the most widely used sustainability reporting framework.

The report identifies the material Economic, Social and Governance (ESG) factors for the organisation and aims to provide balanced disclosure around our policies, practices, performance and targets in relation to the identified material factors.

Our boundary of reporting covers only our operations for this year¹.

EXTERNAL ASSURANCE

We have not obtained external assurance for this report and may consider doing so in the future. We aim to further enhance our data monitoring and collection processes in future.

FEEDBACK

We value feedback from our stakeholders and will be glad to respond to any questions about this report. Please feel free to reach us at info@hiapseng.com.

¹ This includes Hiap Seng Engineering Ltd, Hiap Seng-Sanko TPM Pte Ltd and HS Info-Tech Pte Ltd. Operational activities for the other entities have either ceased or are in the process of liquidation.

ABOUT HIAP SENG

COMPANY OVERVIEW

Founded and established in 1950, Hiap Seng is headquartered in Singapore and listed on the Singapore Exchange (“SGX”). We are one of the leading integrated service providers of mechanical engineering, plant fabrication and installation and plant maintenance services in the region. With 6 fabrication facilities covering more than 2 million square feet, we have established an outstanding record of accomplishment with both local and global clients; a track record premised on efficient, reliable and quality products and services.

The company takes pride in taking on unprecedented challenges in order to meet our client’s requirements. Amongst our engineering feats are:

- 1981 - Hiap Seng built what was then South-East Asia’s largest crude oil storage tank, with a capacity of one million barrels.
- 2007 – Hiap Seng erected the largest furnace in the world on Jurong Island – petrochemical hub of Singapore
- 2019 – Hiap Seng delivered South-East Asia’s biggest tank lift by a floating crane, after fabrication of the tank off-site in our workshop premises.



MARKETS SERVED

After scaling down its operation, the company currently has operations in Singapore only.

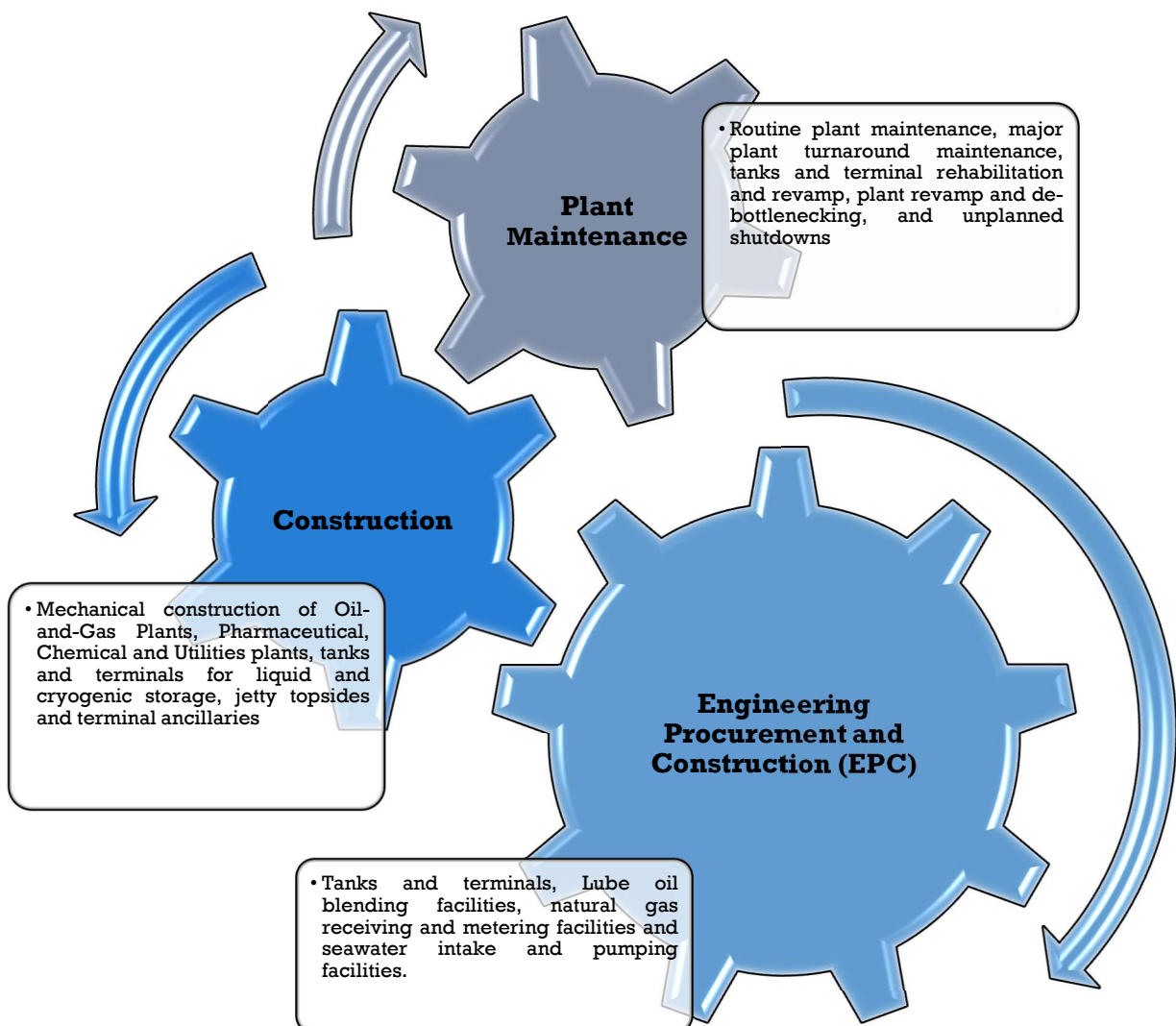
Our services extend primarily to the Oil and Gas, Chemicals, Utilities and Pharmaceutical sectors with our client base including Multi-National Corporations (“MNCs”), local plant owners and major construction engineering companies. Depending on customer requirements, our size of operations and scope of work varies accordingly.

OUR ACTIVITIES, BRANDS, PRODUCTS AND SERVICES AND SUPPLY CHAIN:

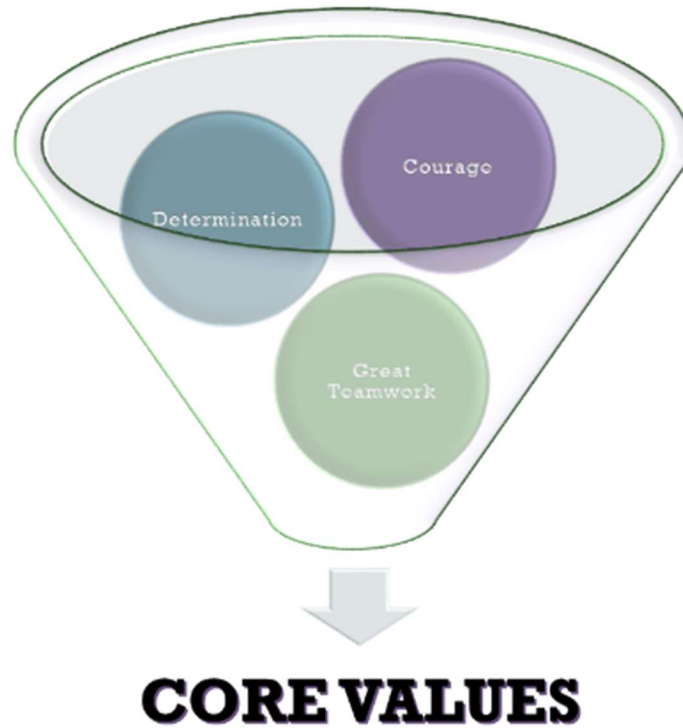
The core activities under the Hiap Seng brand are as follows:

OUR SUSTAINABILITY APPROACH

OUR VALUES, VISION AND MISSION



Sustainability considerations are part of the company's DNA and are driven through our vision and mission. The foundations of our success are based on our core values of:



OUR VISION

To be the preferred service provider in plant design, fabrication and construction and maintenance to the process industries in Singapore and beyond

OUR MISSION

To deliver efficient, reliable, and quality products and services to customer in a safe and timely manner, maximum returns to shareholders and a rewarding work environment to employees

STAKEHOLDER ENGAGEMENT

Together with our Integrated Management System (“IMS”) consultants, we have identified the following key stakeholder groups based on their dependence and influence on our business.

- Shareholders
- Customers
- Suppliers
- Employees
- Regulators
- Neighbours and society

The concerns of our stakeholders serve as an important foundation for the determination of our material topics.

The following are our key stakeholders’ topics, concerns raised, and our engagement mechanism.

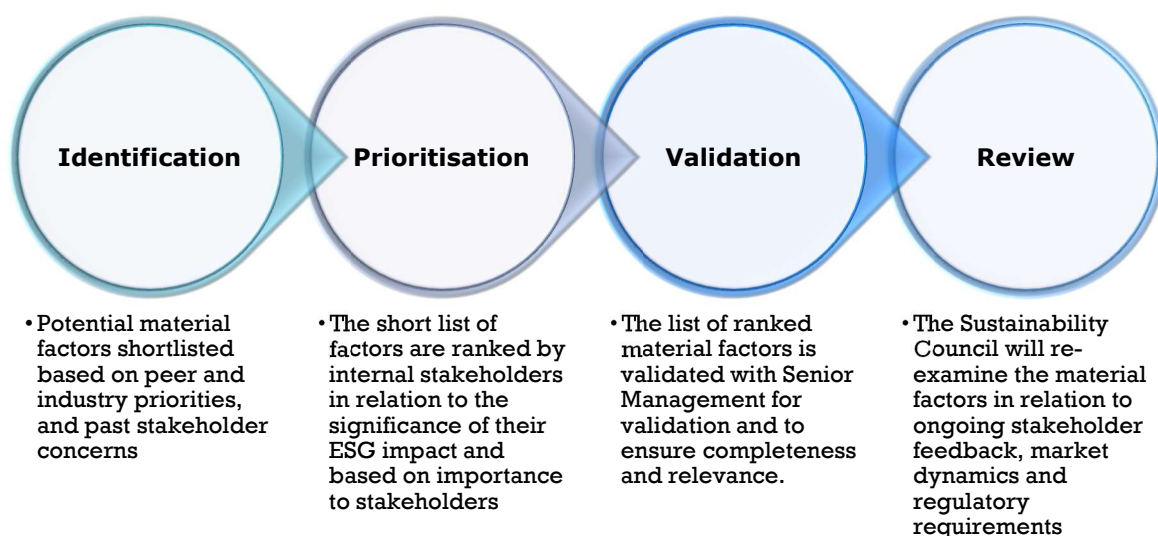
Stakeholder	Key Topics and Concerns	Engagement Mechanism and Frequency
Shareholders	Profit and high value market share	Regular shareholder meetings Quarterly management review Annual general meeting
Customers	Quality and delivery as agreed No EHS issue Post-delivery support	Market research reports Customer feedback and any complaints Face to face meetings for project monitoring
Suppliers	Timely payments Correct inputs on product requirements and acceptance on variation	Project meetings Annual review and re-evaluation of suppliers

Employees	Timely payments	Ad-hoc one to one meetings
	Work hours	Annual appraisals
	Good work environment and no EHS issues	Monthly safety committee meetings Exit interviews
Regulators	Compliance with legal requirements pertaining to environment, health and safety	Regular compliance reviews
		Ad hoc on-site inspections
		Regular email and telephone communications
Neighbours and society	Less pollution and environmentally friendly operations	Regular compliance reviews
		Pre-work aspect and impact analysis
		Regular monitoring and measurement

We continually review for any change in stakeholders' concerns, and assess the adequacy of the current material topics in addressing their concerns. We regularly review our systems to ensure their effectiveness.

MATERIALITY ASSESSMENT

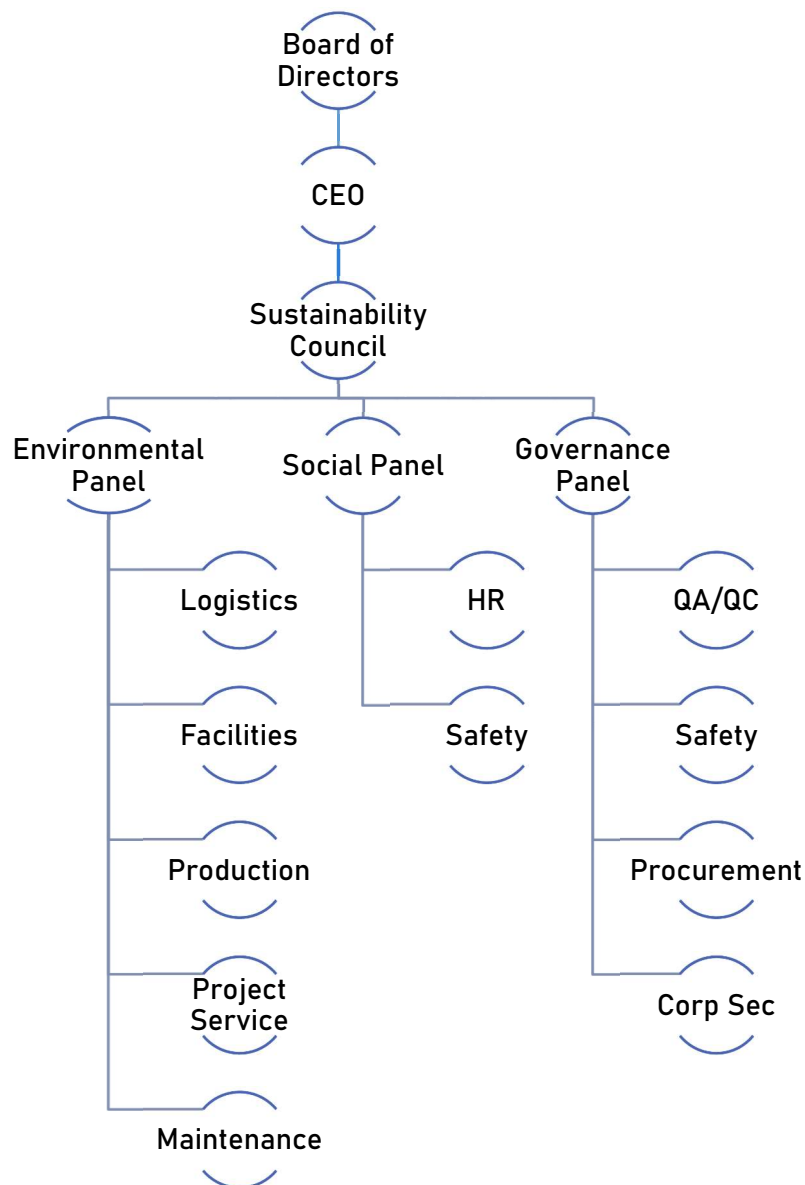
Materiality is the bedrock of our sustainability strategy as it provides our stakeholders with meaningful sustainability information about our business. In FY 2018, we conducted a formal materiality assessment exercise. Guided by our consultants, the process included review of existing stakeholder concerns, peer priorities, surveys with internal stakeholders such as employees and a final validation workshop with senior management and board.



The figure below highlights our list of identified material topics.



SUSTAINABILITY GOVERNANCE



Management of sustainability issues flows right through the organisation and engages all employees in some way. Our business departments collectively contribute to ensure the implementation of our sustainability policies, report and steward performance as set by the Sustainability Council (“Council”). The Council, made up of senior executives of the Company then reports directly to the CEO, and subsequently to the Company’s Board of Directors on matters pertaining to sustainability through emails or during the regular board meetings, acting in accordance with the Board of Directors’ strategic priorities. Currently, court appointed Judicial Managers since 15 September 2020 manages the affairs of the Company.

The Council will provide resources required by the ESG panels to achieve set targets, and facilitate two-way communication with internal stakeholders through quarterly meetings that allows performance monitoring and feedback assessment and improvement suggestions from the ESG panels.

Alternatively, stakeholders have the option to provide general feedback through a dedicated email. The email is monitored and any feedback received is assessed during the quarterly meetings, before a report is shared with the CEO. There was no feedback received in this period.

By monitoring the latest performance data, indicators and stakeholders' feedback, the Council will also review the effectiveness of current management approaches towards each material topic. Where applicable, the experience gained from lessons learnt will be incorporated to improve the relevant systems. In this manner, we aim to ensure practicing of initiatives and setting of targets that are highly relevant to our material topics.

One way we address and mitigate our sustainability risks is through our **IMS**, which we developed and put in place to fulfil our ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 requirements. The externally assured IMS helps us ensure compliance across the three ESG pillars and is major part of our sustainability strategy.

Since 15 September 2020, court appointed Judicial Managers have managed the affairs of the Company. On 28 July 2023, the Judicial Mangers have made an application to the Court for an extension of the JMO till 2 March 2024 and the hearing date has been fixed on 4 September 2023. At the present moment, the company has fulfilled most of the conditions precedent stated in the Conditional Subscription Agreement and pending approvals from the regulatory authorities and shareholders. Once approvals have been obtained, the next steps would be to complete the Proposed Transaction.

Upon completion of the Proposed Transaction, a refreshed Board of Directors will be appointed and they will undergo the necessary sustainability training, then convene to set directions for the Company with regards to sustainability. In addition, a Board Diversity Policy will be drawn up with the new board terms and conditions addressing board diversity, inclusive of targets.

Furthermore, cognizant of the SGX requirement to disclose risks and opportunities relating to the climate in line with Taskforce for Climate-related Financial Disclosures, Hiap Seng will be taking steps to assess our status and will include an update in our FY 2024 sustainability report.

RESPONSIBLE BUSINESS CONDUCT

The company takes a firm stance on responsible business conduct, as we are committed to comply with applicable law and practice good ethics when doing business.

With that in mind, we have the following policies in place to serve as a guideline for all our internal stakeholders in order to have a responsible business conduct in all our operations:

- Human Rights Policy
- Anti-Corruption Policy
- OHS and Environmental Policies
- Quality Policies

These guidelines endorsed by the Board of Directors and senior management are briefed to all staff during their on-boarding programme and displayed at various areas of the Company's premises to serve as a constant reminder to conduct business on the Company's behalf responsibly. These policies are available for all internal stakeholders to access through the Company's intranet; external stakeholders are provided copies of the policies as and when requested.

We expect all employees to comply with our business conduct guidelines, which outlines non-acceptable business practices. We also require all employees to declare any potential conflict of interest situations in the course of their work. Employees in sensitive positions are required to perform an annual declaration.

Employees are also required to report any known or suspected practices in contradiction to the business conduct corresponding to our grievance as well as whistle blowing guidelines.

It is mandatory for all our employees and governance body members to acknowledge the business conduct guideline as part of our company's on-boarding process.

There were no reported incidents of violation and grievances in this period.

Our approach to business conduct in accordance to our policies is reviewed on a regular basis to ensure that the systems we have in place are effective.

ANTI-CORRUPTION

The company takes a firm stance against corrupt practices, as we are committed to comply with applicable law and practice good ethics when doing business.

We expect all employees to comply with our business conduct guidelines, which outlines non-acceptable business practices, including bribery. We also require all employees to declare any potential conflict of interest situations in the course of their work. Employees in sensitive positions are required to perform an annual declaration.

Employees are also required to report any known or suspected practices in contradiction of the business conduct, as part of our whistle blowing policy. In our policy, external stakeholders are also encouraged to report of any known or suspected practices to the Company.

It is mandatory for all our employees and governance body members to acknowledge the business conduct guideline as part of our company's on-boarding process. The anti-corruption message is also shared by means of posters and notices spread around the Company's premises to remind everyone of the Company's stance.

There were no reported incidents of corruption in this period.

Our approach to Anti-Corruption is reviewed on a regular basis to ensure that the systems we have in place are effective.

MEMBERSHIP OF ASSOCIATIONS & EXTERNAL CHARTERS OR INITIATIVES

Hiap Seng is a member of the following associations:



Association of Process Industry (ASPRI)



Singapore Welding Society (SWS)

Hiap Seng has adopted the following external initiatives/standards:



ISO 9001:2015



ISO 14001:2015



ISO 45001:2018



REDUCING OUR ENVIRONMENTAL FOOTPRINT

We are committed to reducing our environmental footprint by minimising our energy and water consumption and managing waste from our operations in a responsible manner. We see this as a necessity to remain competitive in resource-constrained economy faced with the challenge of climate change. We regularly review our systems to ensure its effectiveness.

ENERGY CONSUMPTION

Why material

Our industry is energy intensive with our production sites, offices and warehouses being the key sources of energy consumption. Some of the processes that we use in our operations, such as welding, can use a lot of energy. Lowering our consumption can help reduce our operational costs and align our efforts towards global and national efforts to curb emissions and climate change.

Management approach

We are an ISO 14001:2015 certified organisation and our adherence to this standard highlights our precautionary approach to environmental risks. Our energy management efforts are guided by our environmental policy, which requires us to control environmental risks, develop environmental programs, promote best practices and develop awareness in managers, supervisors and workers, and will be reviewed regularly to ensure that it is effective.

Performance

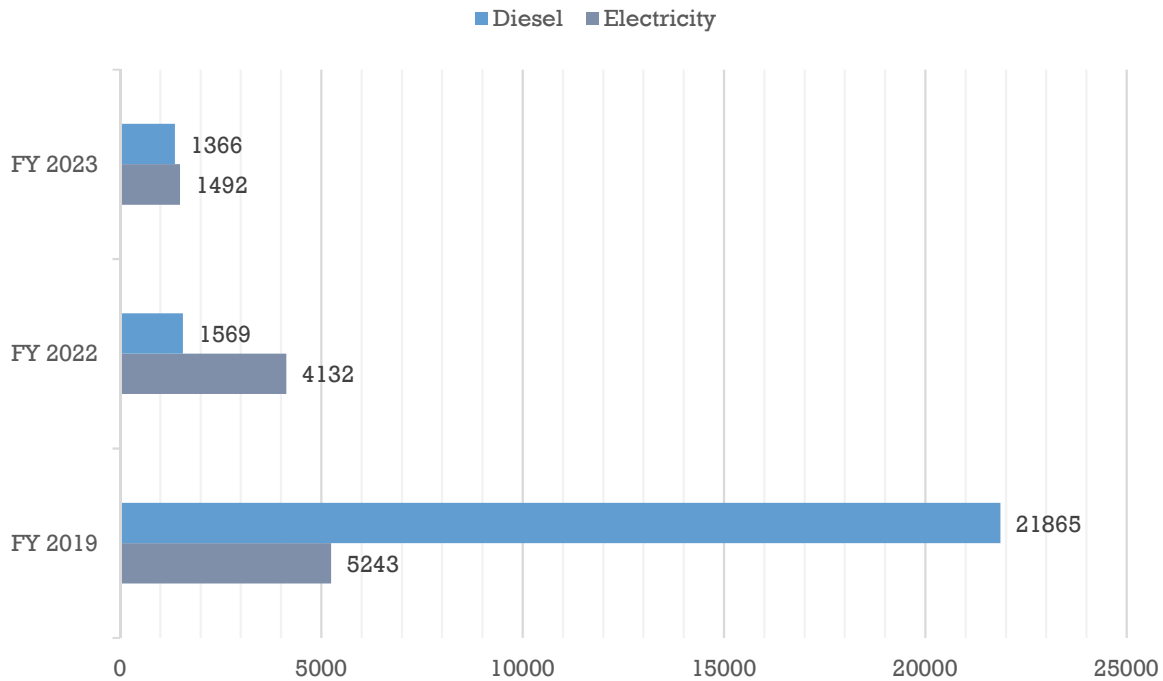
In FY 2023, we continued our progress in optimising our energy consumption. Currently, no renewable energy is being used in our operations, due to non-availability.

We are currently exploring options to tap into renewable energy in the near future.

Disciplined usage of high-powered electrical equipment (e.g. welding machines, generators, compressors) in the workshop is enforced by incorporating the behavioural requirement as a standard operating procedure for workshop activities. This includes switching off electrical supply to the equipment during break time, or after work completion.

Total electricity² and diesel³ consumption reduced by 50% year-on-year, with diesel consumption reduced by 13%.

Total Singapore Energy Consumption within the Organization (GJ)



Our energy consumption levels are highly correlated to project activities, especially those occurring in work-site with diesel powered generators providing the bulk of energy. Slight decrease in diesel consumption was predominantly due to reduction in site construction activities. Total man-hours worked in FY 2023 is 85% of that in FY 2022.

With consistent energy saving efforts by all employees, the office and workshop electricity consumption further reduced by >50%.

Targets

We have achieved our target, by increasing the proportion of energy efficient lighting used in our office & workshop to 68%.

For FY 2024, with increased budget conservatism, we will target to narrow the replacements to only end-of-life lighting. As such, a conservative target of achieving 70% usage of energy efficient lighting is set.

² The data is compiled based on utility bills and the conversion factor used: 1 kWh = 0.0036 GJ

³ The data is estimated based on procurement data for the year and conversion factor used: 1 Litre = 0.036 GJ, based on conversion factor from UK Government GHG Conversion Factors for Company Reporting (<https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2023>)

WATER CONSUMPTION

Why material

Water security is a rising global concern and of particular relevance to Singapore. Acute water shortages, which are observed across large parts of Asia and globally, have started disrupting industrial operations. At Hiap Seng, we rely on water usage primarily for hydro and load testing processes in projects, and for office use. We are conscious of the risks relating to water, and recognise the economic, social and environmental benefits from a strategic approach to water management.

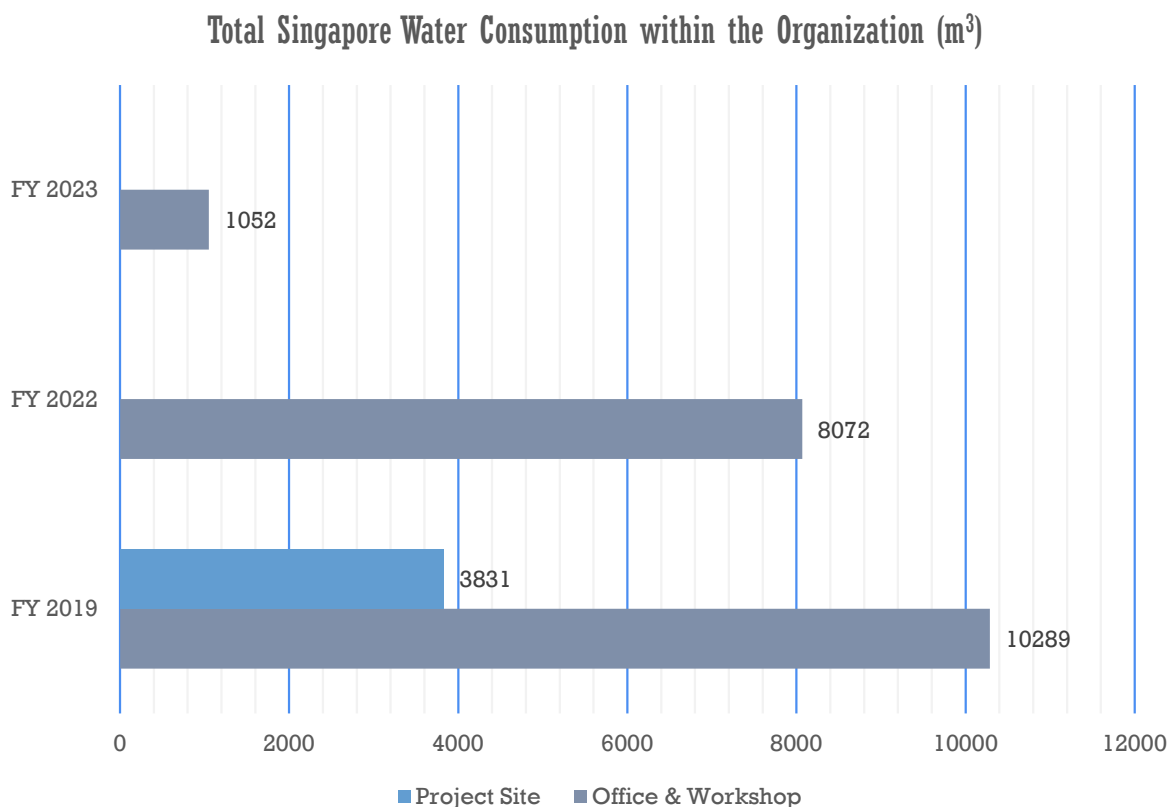
Management approach

We strive to use alternate water sources, such as seawater, for testing processes whenever feasible to minimise consumption of utility water.

Furthermore, our Environmental policy encourages the use of water-saving equipment and processes across Hiap Seng's operations, which we continually review to ensure effectiveness. Employees are sensitised on issues relating to water scarcity and advised to reduce water consumption on an active basis.

Performance

FY 2023, overall water consumption decreased, both in our workshop facilities and project sites.



The water usage for this year was mainly for office use as there was lower level of activity at the workshop that required water usage.

Our project sites also saw a decrease in water consumption, mainly due to lower volumes of project activities.

We continue to explore the possibilities and maximise usage of alternative, more eco-friendly water sources (as compared to potable water) whenever feasible.

Targets

We have achieved our target of decreasing our level of water consumption in the office and workshop with a 80% decrease, owing to a lower level of workshop assembly and fabrication activities.

Going forward, the variation in volume and type of projects activities performed by the company renders it challenging to set a static, quantitative target for water consumption volumes.

Instead, we will now aim to enhance our IMS by including procedures for water management. The aim is to ensure planning for project activities with significant water consumption, to achieve minimisation of potable water consumption.

WASTE MANAGEMENT

Why material

Raw materials that go into our products, such as metal, are getting scarcer and more expensive. We recognise that in order to remain competitive, we will need to embrace concepts of a circular economy by increasing our efforts to reduce, recycle and reuse and thereby minimising our dependence on virgin materials.

Management approach

Our Environmental policy guides our waste reduction and management processes including training to employees, whilst regularly reviewing to ensure its effectiveness. We practise the hierarchy of waste management: Reduce, Reuse and Recycle. We engage only reliable waste treatment specialists to recover any remaining wastes.

In order to reduce waste, we work towards optimising our procurement process and avoid purchase of any excess raw materials.

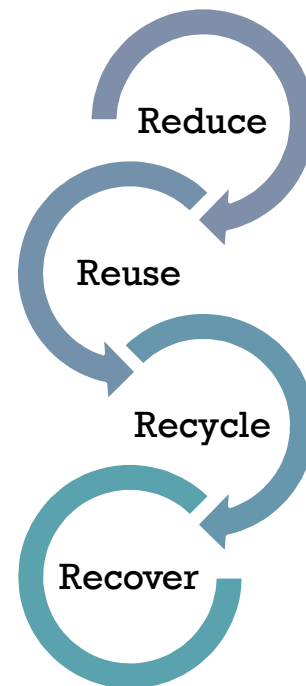
This starts from the design stage, by using advanced software programmes during engineering and fabrication that help to maximise the use of raw materials.

Our IMS complements by providing a direction on proper handling of hazardous waste generated as by-product during operations, ensuring that they not inadvertently released to the environment without proper treatment. We continue to work with reliable and responsible waste treatment specialists to dispose of both hazardous and non-hazardous waste.

We review our policy and processes regularly to ensure that they are effective.

Performance

Total amount of non-hazardous waste disposed in FY 2023 saw a decrease, driven by small but constant efforts for reduction of material usage (e.g. monthly reporting of printing volumes).



Similar levels of waste were reused or recycled⁴. Our waste disposal vendor controls the disposal methods⁵.

The amount of hazardous waste disposed decreased from 2.6 MT in FY2022 to 0 MT in FY2023. The largest contributing factor was due to the reduction in fabrication activities.

Nevertheless, our IMS continues to serve as a reliable process, ensuring proper handling of hazardous waste as part of our operations.

Targets

We successfully attained, and will continue our long-term target of not releasing any contaminating fluids or toxic waste into the environment.

⁴ The data for non-hazardous waste disposal method is provided by our waste disposal vendor

⁵ According to our vendor, all materials are recycled/reused to the maximum extent. Remainders are disposed of in accordance to material type: Concrete & sand – land fill, paper, plastic & metal – incineration, timber - compost

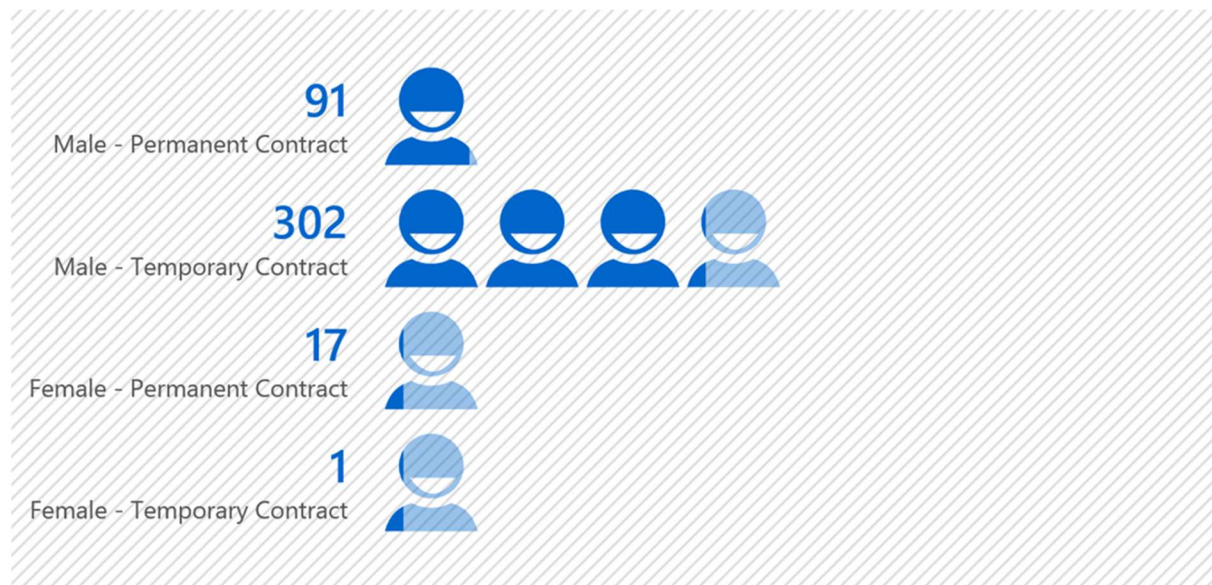
STRENGTHENING OUR WORKFORCE

We recognise that our employees are invaluable to our success. We are committed to treating our people in a fair manner and nurture their growth through training and education, well-being benefits and occupational safety. We regularly review our HR systems to ensure its effectiveness.

OUR EMPLOYEE PROFILE⁶

In FY 2023, 100% of our employees are employed on full-time basis in Singapore. Majority of our workforce comprises of workers on temporary contract and varies considerably in accordance to work volume.

Full Time Employees



⁶ Currently, Hiap Seng is not part of, nor have any relationship with any unions. Hiap Seng does not take part in collective bargaining agreements. Figures based on HR records, as of 31 March 2022.

HUMAN CAPITAL MANAGEMENT

Why material

Attracting and retaining the right talent continues to be challenging in our industry. High turnover rates can affect the bottom line through higher training costs and may impact knowledge continuity. Furthermore, given that foreign workers represent a significant portion of our workforce and are our direct workforce, we need to ensure that they are managed and treated fairly, equally and in compliance with local regulations.

Management approach

We address this material area through a few key considerations:

- (i) fair labour practices;
- (ii) talent attraction;
- (iii) training and development and;
- (iv) benefits and well-being.

Fair labour practice

Our human capital practices in Singapore are aligned with the ‘Tripartite Alliance for Fair and Progressive Employment Practices’ (TAFEP) that promote fair and equitable employment practices.

We recruit foreign workers directly and/or through reputable agencies based on project requirement and closely ensure compliance to legal regulations (e.g. Employment of Foreign Manpower Act). The well-being of our foreign workers is important to us. For the workers, we ensure that they are housed in adequate dormitory facilities that are well equipped with cooking and shower facilities, and arrange for additional amenities such as air-conditioned rooms.

Talent attraction

We want to employ future leaders and attracting the right talent is key to our long-term success. Currently, we rely on public recruitment channels and through referrals.

Training and development

Our workers go through all mandatory trainings and at times specialised trainings required by our customers. Foreign workers attend skills enhancement trainings.

We encourage and offer grants to our managers and supervisors to enrol for optional training programs to update skills and knowledge in areas of their work. To enhance cross-skill learning, we also offer opportunities for staff to enrol in programs that are not directly in their line of work.

Well-being and benefits

Incentives and benefits are another medium to drive employee satisfaction and boost their morale. We provide hospital and surgical insurance coverage and reimburse payments on medical, dental and corporate travel to our employees. In addition, we support our employees during periods of joy and grief through our marriage and compassionate leave arrangements.

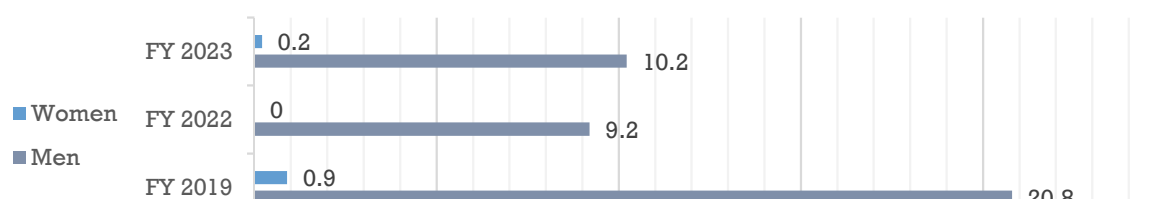
Performance

Total training hours provided to all employees amounted to more than 3600 hours, a decrease from FY 2022.

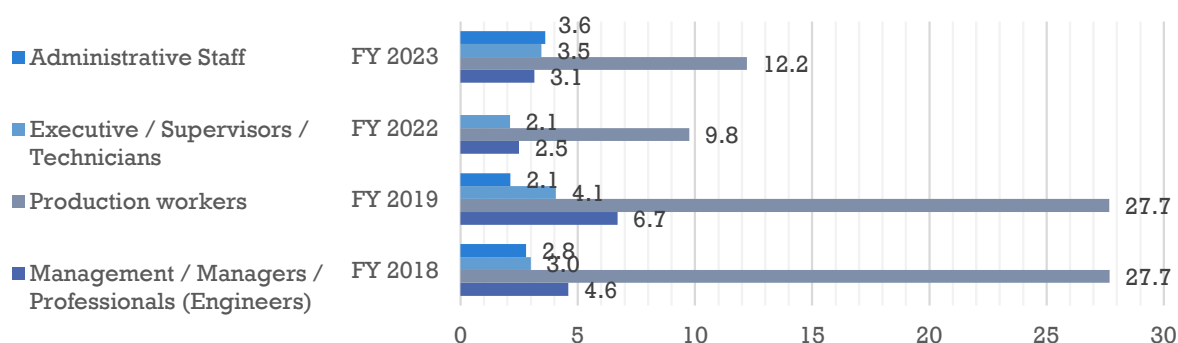
The decrease in training provided to all employee gender and categories is generally attributable to 3 main reasons – headcount reduction, reduced on-boarding of new employees and general scaling back on non-essential training (due to budget conservatism).

Production workers, remain as the group receiving the highest average training hours per employee amongst the different employee groups⁷, also experienced a notable decrease largely due to reduced number of employees on boarded. A significant portion of training is part of the on-boarding process for this group of employees, due to job skill and regulatory requirements.

Average Training Hours (by Gender)



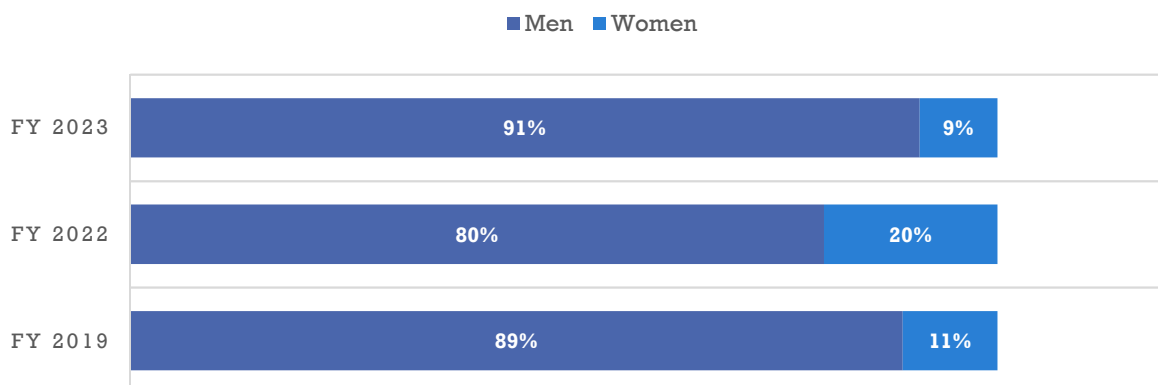
Average Training Hours (by Employee Category)



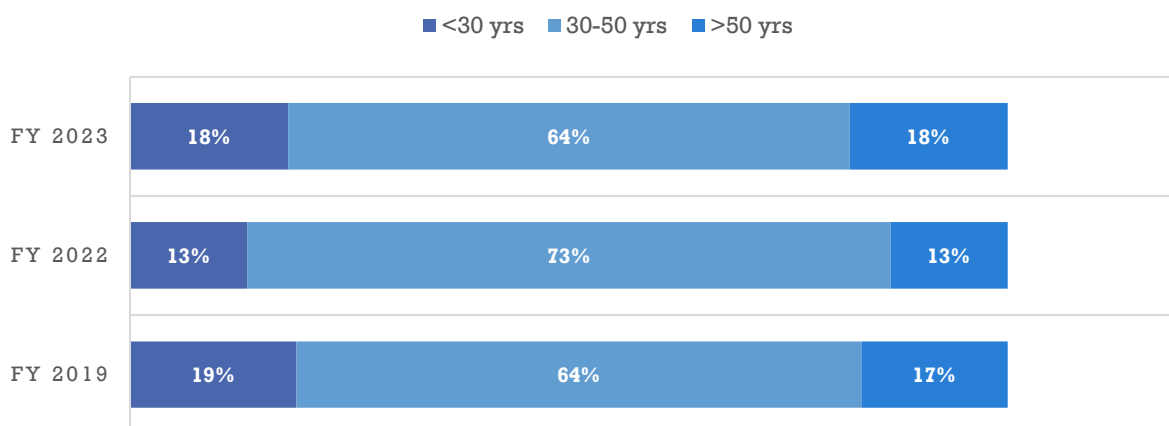
⁷ Our male employees include our production staff that undergo a number of mandatory trainings, while our female employees are mainly office staff. Hence, the average training received for males is much higher.

Our new hire and turnover rates⁸ are shown below.

RATE OF EMPLOYEE HIRE BY GENDER



RATE OF EMPLOYEE HIRE BY AGE



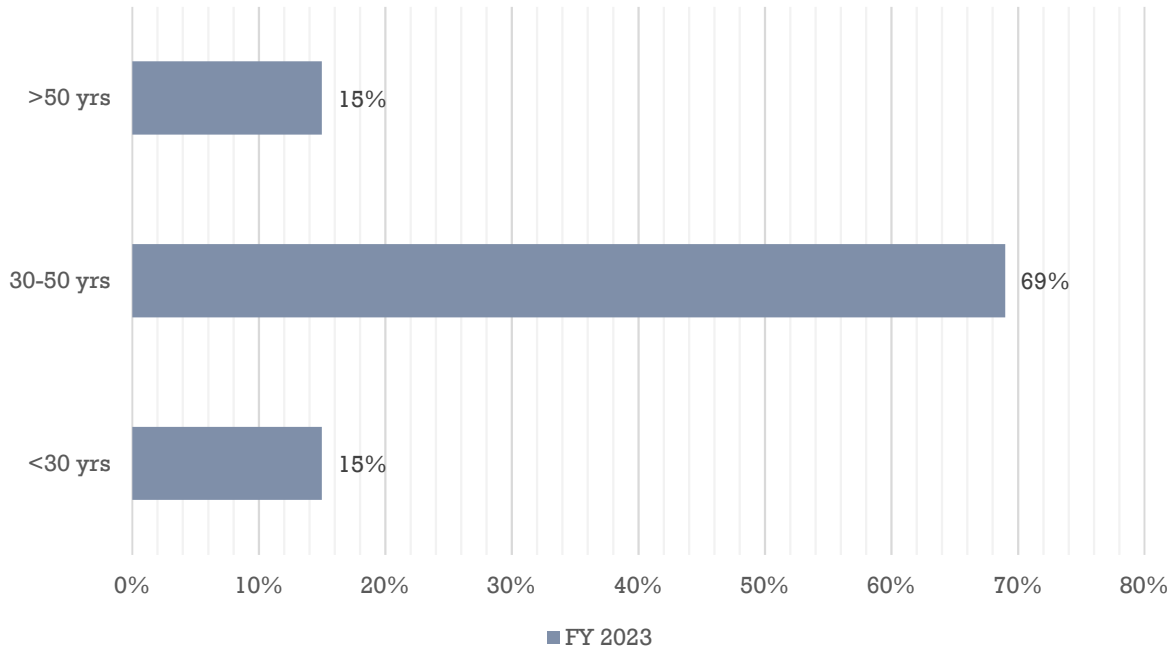
Typical to our industry, we continue to attract male employees as a majority to our organisation. In FY 2023, we saw a decreased proportion of female representing new employees, due to overall restructuring of roles, in accordance with the workload. We are working to continue attracting a diverse range of talents from different genders and age groups, in line with our belief that the company will benefit from diversity of knowledge and experience.

Every category of employees saw an increase in turnover⁹. This is mainly due to the challenging economic conditions, resulting the unavoidable necessity to adjust the workforce level in relation to the activity levels forecasted.

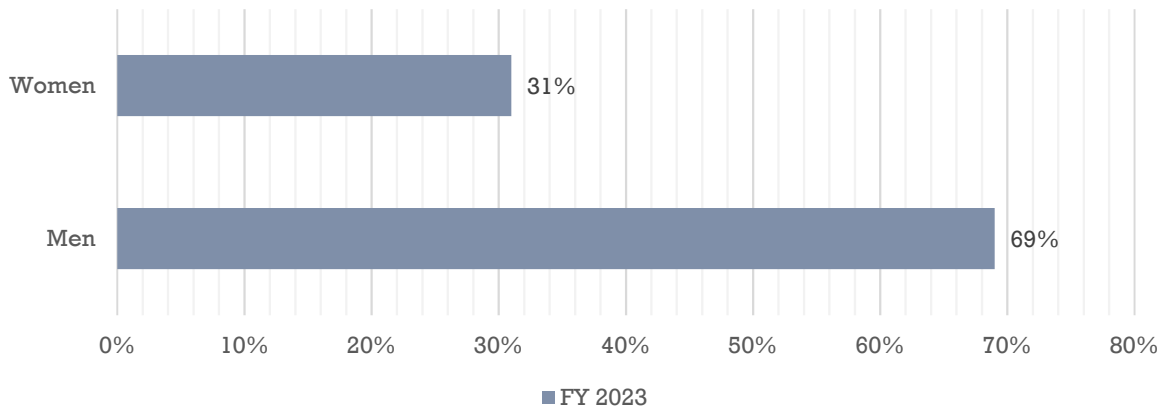
⁸ Hire and turnover rates are derived based on permanent contract employees

⁹ We calculate our employee turnover by dividing the number of employee turnover in each category, by the average number of employees of that category over the entire financial year. This way, we have an employee turnover that is specific to each category (age or gender), and will allow us to monitor for higher turnover rates in those specific brackets.

Rate of Employee Turnover (Age)



Rate of Employee Turnover (Gender)



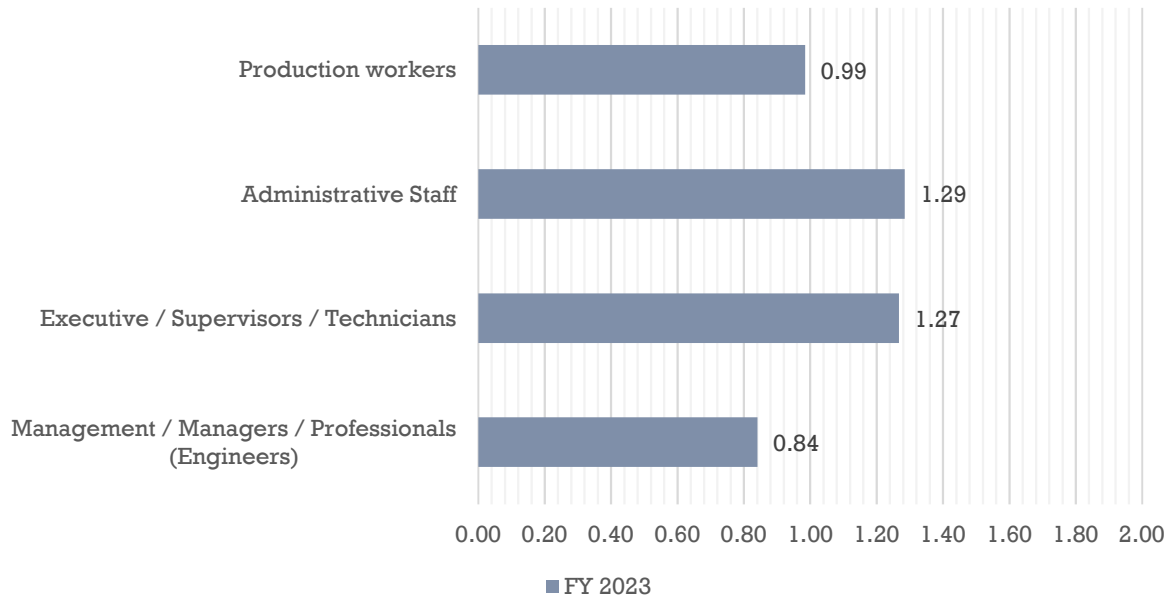
Despite these challenges, we continue to observe for any trends in turnover rates within each employee category, to ensure that our employment practices remain equitable and attractive to all our employees.

One such area monitored is the female to male average remuneration ratio, which was maintained at similar levels to those in FY 2022. The slight decrease in ratio for the management, managers and professionals group is due to the reduction in male employees within this group in the lower remuneration band, resulting in a higher average salary. For the production workers, female employees make up less than 1% of the group,

hence the resultant changes in remuneration ratio is largely dependent on the skill and qualification levels of the male production workers employed for the jobs on hand.

The company continues to practise merit-based remuneration.

Ratio of Female to Male Average Remuneration



Targets

In FY 2023, with flexible work arrangement becoming the new normal, we implemented telecommuting and staggered work hours arrangements for employees¹⁰ in order to encourage work life balance.

For FY 2024, we aim to continue offering flexible work arrangement as an option for our employees, adopting the Tripartite Standards on flexible work arrangement, where feasible.

¹⁰ Employees whose job functions were assessed to be suitable for flexible work arrangement

OCCUPATIONAL HEALTH AND SAFETY (OHS)

Why material

The engineering and construction industry is highly vulnerable to the risk of occupational health and safety. Our employees work in conditions that possess inherent accident risks and we see their safety and protection as our prime duty. Any OHS incident will inadvertently result in negative impacts to our business operation, both tangibly and intangibly.

Management approach

We are ISO 45001:2018 certified and accredited with bizSAFE Star and bizSAFE Partner status by the Workplace Safety and Health Council Singapore (WHSC), a testament to our commitment to implement the highest standards of workplace safety.

Occupational health and safety is a key focus area for us and one that we monitor closely through our IMS. Our Health and Safety, together with our Drug and Alcohol policies, guide our employees in maintaining a safe work environment. All employees must go through training on these policies. We also regularly review our OHS systems to ensure their effectiveness.

Contractors' workers carry out a portion of our work, such as sub-contracted project work. We are careful about our selection of contractors and are responsible for the safety and protection of the contractors' workers on our sites. A contractor performing work on behalf of Hiap Seng is required to execute their OHS activities in adherence to our IMS policies.

Our risk management starts from the risk assessment stage. Our activities, products and services are assessed for their relevant hazards that may pose risk to employees, visitors and contractors. In view of the past incidents and the current control methods, these hazards are evaluated in terms of their severity and likelihood of happening, determining the risk level. Identified activities and hazards are recorded in a risk assessment form. Operations and activities that are associated with the identified risk are considered in setting the risk control action plan including the objectives and targets. Any changes in the activities and facilities are evaluated and control measures are updated accordingly. An annual review of the risk assessment form is performed.

Some work activities pose a risk of resulting in high consequence injuries. Examples include pneumatic tests and lifting operations. These are identified based on risk assessments, or regulatory requirements. Hierarchy of controls are implemented to eliminate or minimize risks, including the use of a permit-to-work system for the high-risk

activities. Procedures are also developed and used for such activities, ensuring appropriate risk mitigations are in place.

We strongly inculcate safety behaviours at grassroots level. Safety coordinators conduct daily toolbox talks to share any incident and discuss any high-risk activities that may be coming up. Regular monthly safety committee meetings are conducted, where workgroup supervisors represent the workers under their management. At any point in time, employees and workers are encouraged to highlight any significant changes to their working conditions, so that a review of the risks and implementation of appropriate mitigations can be done timely. They are also given the right to refuse work if the work condition is deemed unsafe. As part of our IMS, employees are consulted on matters concerning OHS, such as performing risk assessments and procedure development or updates.

Our workers' occupational health is also considered in the overall risk management. Procedures help to facilitate safe and healthy workplaces when exposure to inherent, hazardous risks are unavoidable. Noise-monitoring, respiratory protection and radiation protection are the few examples that emphasizes on occupational health. Due to the laborious nature of work common to our industry, our workers are taught how to identify signs of fatigue, and implement treatment options according to the specific work environment they are in.

All our workers' non-occupational health are ensured by relevant medical and hospital insurances, paid for by the Company.

We value the benefits of working with contractors and suppliers that have good OHS management systems, as it may not be possible to enforce direct control in all situations. As a bizSAFE Partner, we encourage our contractors to participate in the bizSAFE program¹¹.

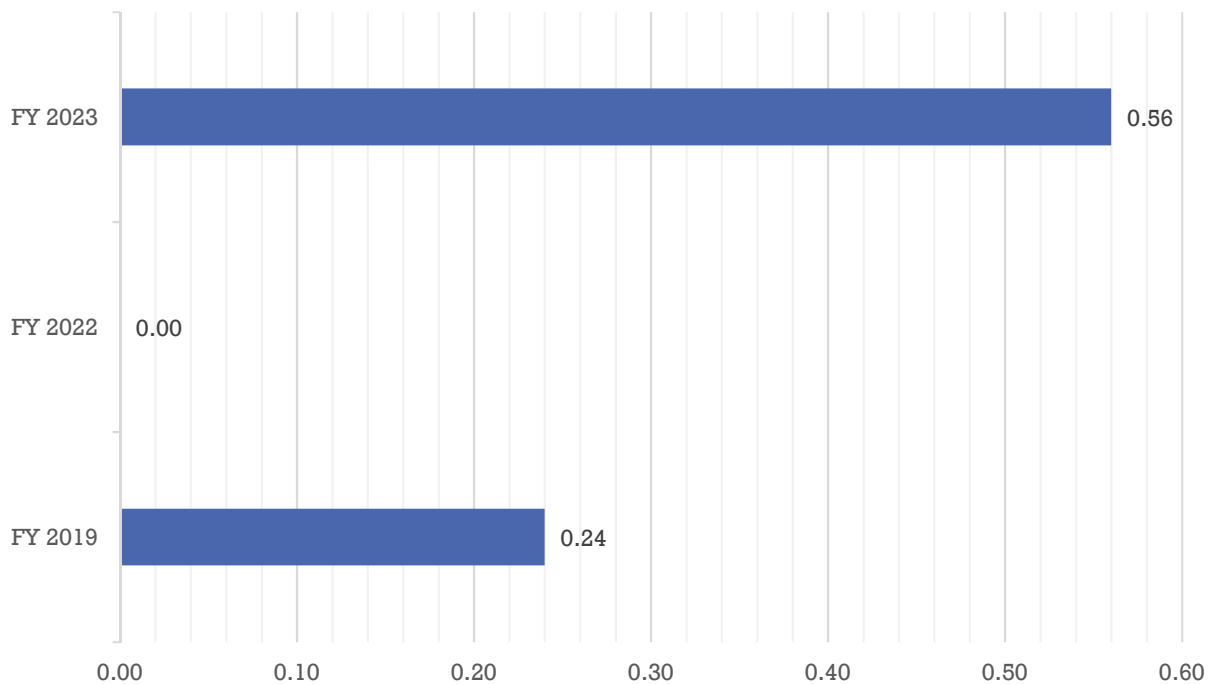
¹¹ Participation of contractors in the bizSAFE program is managed through Hiap Seng procurement specifications (e.g. vendor assessment criteria)

Performance

We have recorded an aggregate of a 0.56 total recordable injury rate (TRIR) in FY 2023. In spite of clocking more than 1.1 million¹² man-hours of construction-related work, there were 3 recordable injuries sustained by our employees and worker/contractors.

The injuries were mainly trip and fall, leg pain and burn injury, we have narrowed down the cause and in order to prevent any further such injuries, we have provided better quality work safety shoes

Recordable Injury Rate (TRIR)



Targets

In FY 2023, we recorded the following result:

1. A TRIR of ≤ 0.56

For FY 2024, we aim to achieve better, challenging targets:

1. Achieve a TRIR of ≤ 0.32

¹² The figures do not include office-based employees, as their work hours are not directly measured. Nevertheless, risks in the office environment is still managed under our IMS (e.g. risk assessment, incident reporting). We will continually assess the inclusion of this information in future reports.

LEADING OUR MARKETPLACE

In today's challenging times, it is crucial for organisations to manage issues pertaining to governance. Delivering superior quality while maintaining high standards of regulatory compliance and oversight over the supply chain is key to be a distinguished player in the market. We regularly review our systems to ensure its effectiveness.

PRODUCT QUALITY AND SAFETY

Why material

Product quality and safety issues are particularly important in engineering and construction related projects for the sectors where we operate in. We serve large multi-national clients and have spent years building the relationships that make us a vendor of choice. Exceeding on quality has been fundamental in bringing us to where we are. Any lapses can result in significant damage to our reputation and customer base.

Management approach

We strive to maintain high product and service quality and are guided by the ISO 9001:2015 quality management system that is implemented as part of our IMS.

Our quality policy, which forms part of our IMS helps establish the processes to implement this system effectively. The policy provides guidance on the various attributes that contribute to quality including design, procurement, fabrication, inspection, testing and feedback. This policy is defined and reviewed by top management to ensure that it reflects the nature and scale of products and services quality. The policy is communicated to all employees through IMS briefings, formal and informal meetings and training, including on-the-job training for new staff. We hold all employees, subcontractors and suppliers responsible to support the implementation of the policy.

Performance

There were no cases of non-compliance concerning the health and safety impacts of our products and services in FY 2023. This a reflection of the rigour of the quality we emphasise in the products and services we provide to our clients.

Targets

Our target is to continue relentlessly incorporating quality and safety considerations in our projects in FY 2024, and maintain compliance without any safety incidents.

RESPONSIBLE SUPPLY CHAIN

Why material

We have an extensive supply chain ranging from contractors, material and services providers, equipment and transport vendors. Annually, we work with more than 100 unique suppliers, with total orders of around S\$6m.

We recognise that engaging responsible suppliers can help in reducing our sustainability impacts and compliance risks. Our customers request greater transparency down their value chain and we can facilitate that through responsible procurement. Furthermore, procurement through local suppliers helps us to both achieve positive impacts by growing the domestic economy, and reduce our environmental footprint.

Management approach

We evaluate all our suppliers based on a set of criteria and their ability to meet our organisational requirements. In order to ensure rigour in supplier selection, our previously approved suppliers need to go through a re-evaluation cycle on a frequent basis. Especially in the areas of health and safety, we only engage bizSAFE certified suppliers as part of our commitment as a bizSAFE partner.

Performance

In FY 2023, 100% of procurement expenditure was from local suppliers¹³. We remain committed to support the local businesses to the fullest extent possible.

Targets

In FY 2023, we achieved our target of procuring a 100% of our goods and services from local suppliers.

For the longer term, our aim is to expand our supplier assessment and implement additional considerations (e.g. environmental, social, productivity) and this remains a work-in-progress.

We intend to review and evaluate our management approach to responsible supply chains on a regular basis to ensure that our approach is effective, and achieving the results that we are targeting.

¹³ Suppliers which procurement was made through office registered in Singapore

REGULATORY COMPLIANCE

Why material

As a listed entity, we are subject to a number of regulatory compliance requirements pertaining to occupational health and safety, labour, environmental compliance, finance and markets. The various regulatory bodies that oversee our operations include the Ministry of Manpower, National Environment Agency and SGX among others.

Adherence to these requirements defines our social, environmental and economic license to operate.

Management approach

Our IMS highlights all regulatory risks and lays out the roles, objectives and processes to ensure compliance. Our employees are given access to and training on the legal and other requirements to which we subscribe.

Changes to the requirements are highlighted and communicated on a regular basis.

Performance

The company did not incur any warning, fines or penalties in this reporting period. We have achieved full compliance with all regulations.

Targets

We continue to aim for maintain full compliance to all regulations in the areas we operate in for FY 2024.

KEY INDICATORS & TARGETS

Performance Indicators	FY 22	FY 23	FY 23 Targets	FY 23 Achievements	FY 24 Targets
Environmental					
Total Energy Consumption (GJ)	5701	2858	Increase office and workshop energy efficient lighting usage to 70%	Increase office and workshop energy efficient lighting usage to 70%	Increase office and workshop energy efficient lighting usage to 80%
Diesel	1569	1366			
Electricity	4132	1492			
Total Water Consumption (m ³)	8072	1052	Include water management procedures into IMS	80% decrease in water consumption in office and workshop	Maintain current level of water consumption in office and workshop
Waste water from another organisation	0	0			
Municipal water supplies or other water utilities	8072	1052			
Office & Workshop	8072	1052			
Project Site	0	0			
Total Waste Disposed (MT)			No release of contaminating fluids or toxic waste into the environment	No release of contaminating fluids or toxic waste into the environment	No release of contaminating fluids or toxic waste into the environment
Non-hazardous waste	123	19.7			
Reuse/Recycling	123	19.7			
Composting	0	0			
Incineration (mass burn)	0	0			
Landfill	0	0			
Hazardous waste	2.6	0			
Reuse/Recycle	2.6	0			
Other (Waste water treatment)	0	0			
Social					
Training (average hours per person)					
Men	9.2	10.2			
Women	0	0.2			
Management / Managers / Professionals (Engineers)	2.5	3.1			
Executive / Supervisors / Technicians	2.1	3.5			
Administrative Staff	0	3.6			
Production workers	9.8	12.2			
Hire & Turnover Rates					
New Hire					
Men	80%	91%	Implement at least 1 new initiative that improves the workplace environment	Continued flexible work arrangements (telecommuting & staggered work hours)	Adopt Tripartite Standards on FWA
Women	20%	9%			
<30 yrs.	13%	18%			
30-50 yrs.	73%	64%			
>50 yrs.	13%	18%			
Turnover					
Men	77%	69%			
Women	23%	31%			
<30 yrs.	7%	15%			
30-50 yrs.	88%	69%			
>50 yrs.	5%	15%			

Remuneration Ratio (Female:Male)				
Management / Managers / Professionals (Engineers)	0.78	0.84		
Executive / Supervisors / Technicians	1.17	1.27		
Administrative Staff	1.21	1.29		
Production workers	0.88	0.99		
OHS				
No. of recordable injuries	0	3	1. Maintain TRIR of \leq 0.32.	
No. of high consequence injuries or fatalities	0	0		1. Maintain TRIR of \leq 0.32.
No. of near miss and first aid cases	0	0		1. TRIR = 0.56
Recordable injury rate	0	0.56	2. Renewed bizSAFE Star accreditation	
Number of man-hours worked	1.42m	1.19m		
Governance				
Supply Chain			Majority of procurement from local suppliers	Majority of procurement from local suppliers
Proportion of procurement (by value) from local suppliers	100%	100%		Majority of procurement from local suppliers
Product Quality and Safety			No incidents	No incidents
Total no. of incident of non-compliance	0	0		No incidents
Regulatory Compliance			No incidents	No incidents
Total no. of incident of non-compliance	0	0		No incidents

GRI CONTENT INDEX

Statement of use	Hiap Seng Engineering 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 Standard(s)	GRI	Sector
	Not applicable	

Disclosure No.	Disclosure Title & Requirements	Page No. or Direct Reference	Reasons for Omissions
GRI 2: General Disclosures 2021			
2-1	Organizational details	About the report, 4 About Hiap Seng, 5-6 Annual Report 2023, 8	
2-2	Entities included in the organization's sustainability reporting	About the report, 4 Annual Report 2023, 8	
2-3	Reporting period, frequency and contact point	Chairman's statement, 3 About the report, 4	
2-4	Restatements of information	N/A – no restatement	
2-5	External assurance	About the Report, 4 About Hiap Seng, 5-6	
2-6	Activities, value chain, and other business relationships	None of Hiap Seng Engineering Ltd's products and service are currently banned in any markets	
2-7	Employees	Strengthening Our Workforce > Our Employee Profile, 22 We do not employ seasonal or casual workers.	
2-8	Workers who are not employees	Whilst Hiap Seng employs Contract workers for project work (e.g blasting and painting, electrical and instrumentation), this work is not a significant portion of our overall work. We do not employ workers on a seasonal basis.	
2-9	Governance structure and composition	Our Sustainability Approach > Sustainability Governance, 11-12 Annual Report 2023> Board of Directors, 6-7 Annual Report 2023> Corporate Information, 9	

2-10	Nomination and selection of the highest governance body		NA, Since 15 September 2020, court appointed Judicial Managers have managed the affairs of the Company.
2-11	Chair of the highest governance body	Our Sustainability Approach > Sustainability Governance, 11-12 Annual Report 2023> Board of Directors, 6-7 Annual Report > Corporate Information, 9	
2-12	Role of the highest governance body in overseeing the management of impacts	Our Sustainability Approach > Sustainability Governance, 11-12	
2-13	Delegation of responsibility for managing impacts	Our Sustainability Approach > Sustainability Governance, 11-12	
2-14	Role of the highest governance body in sustainability reporting	The Board has reviewed and approved of this report in SR 2023	
2-15	Conflicts of interest		NA, Since 15 September 2020, court appointed Judicial Managers have managed the affairs of the Company.
2-16	Communication of critical concerns	Our Sustainability Approach > Sustainability Governance, 11-12	
2-17	Collective knowledge of the highest governance body	Our Sustainability Approach > Sustainability Governance, 11-12	
2-18	Evaluation of the performance of the highest governance body		
2-19	Remuneration policies		NA, Since 15 September 2020, court appointed Judicial Managers have managed the affairs of the Company.
2-20	Process to determine remuneration		
2-21	Annual total compensation ratio		
2-22	Statement on sustainable development strategy	Chairman's statement, 3	
2-23	Policy commitments	Reducing our Environmental Footprint, 16 Strengthening our Workforce, 22 Leading our Marketplace, 31 Our Sustainability Approach, 7	
2-24	Embedding policy commitments	Reducing our Environmental Footprint, 16 Strengthening our Workforce, 22 Leading our Marketplace, 31	
2-25	Processes to remediate negative impacts	Our Sustainability Approach > Sustainability Governance, 14	

2-26	Mechanisms for seeking advice and raising concerns	Our Sustainability Approach > Sustainability Governance, 13	
2-27	Compliance with laws and regulations	Leading our Marketplace > Regulatory Compliance, 31	
2-28	Membership associations	Our Sustainability Approach > Membership of Associations & External Charters or Initiatives, 15	
2-29	Approach to stakeholder engagement	Our Sustainability Approach > Stakeholder Engagement, 8-9	
2-30	Collective bargaining agreements	Strengthening Our Workforce, 22	

GRI 3: Material Topics 2021

3-1	Process to determine material topics	Our Sustainability Approach > Materiality Assessment, 10	
3-2	List of material topics	Our Sustainability Approach > Materiality Assessment, 10	

Responsible Supply Chain

3-3	Management Approach	Our Sustainability Approach > Sustainability Governance, 11-12 Leading our Marketplace > Responsible Supply Chain, 32	
204-1	Proportion of spending on local suppliers	Leading our Marketplace > Responsible Supply Chain, 32	

Regulatory Compliance

3-3	Management Approach	Our Sustainability Approach > Sustainability Governance, 11-12	
205-2	Communication and training about anti-corruption policies and procedures	Our Sustainability Approach > Anti-Corruption, 13-14	
205-3	Confirmed incidents of corruption and actions taken	Our Sustainability Approach > Anti-Corruption, 13-14	

Energy Consumption

(Note: Hiap Seng Engineering Ltd does not sell any energy)

3-3	Management Approach	Our Sustainability Approach, 11-12 Reducing our Environmental Footprint > Energy Consumption, 16	
302-1	Energy consumption within the organisation	Reducing our Environmental Footprint > Energy Consumption, 16-17	

Water Management

3-3	Management Approach	Our Sustainability Approach, 11-12 Reducing our Environmental Footprint > Water Consumption, 18	
303-1	Water withdrawal by source	Reducing our Environmental Footprint > Water Consumption, 18-19	

Waste Management

3-3	Management Approach	Our Sustainability Approach, 11-12 Reducing our Environmental Footprint > Waste Management, 19-20	
306-2	Waste by type and disposal method	Reducing our Environmental Footprint > Waste Management, 19-20	

Occupational Health and Safety (OHS)

3-3	Management Approach	Our Sustainability Approach, 11-12 Strengthening Our Workforce > Occupational Health and Safety (OHS), 28-30	
403-1	Occupational health and safety management system	Strengthening Our Workforce > Occupational Health and Safety (OHS), 28-29	
403-2	Hazard identification, risk assessment, and incident investigation	Strengthening Our Workforce > Occupational Health and Safety (OHS), 28-29	
403-3	Occupational health services	Strengthening Our Workforce > Occupational Health and Safety (OHS), 28-29	
403-4	Worker participation, consultation, and communication on occupational health and safety	Strengthening Our Workforce > Occupational Health and Safety (OHS), 28-29	
403-5	Worker training on occupational health and safety	Strengthening Our Workforce > Occupational Health and Safety (OHS), 28-29	
403-6	Promotion of worker health	Strengthening Our Workforce > Occupational Health and Safety (OHS), 28-29	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Strengthening Our Workforce > Occupational Health and Safety (OHS), 28-29	
403-9	Work-related injuries	Strengthening Our Workforce > Occupational Health and Safety (OHS), 30	

Human Capital Management

3-3	Management Approach	Our Sustainability Approach, 11-12 Strengthening Our Workforce > Human Capital Management, 23	
401-1	New employee hires and employee turnover	Strengthening Our Workforce, 22,25-26	
404-1	Average training hours per year per employee	Strengthening Our Workforce > Human Capital Management, 24	
405-2	Ratio of basic salary and remuneration of women to men	Strengthening Our Workforce > Human Capital Management, 27	

Product Quality and Safety

3-3	Management Approach	Our Sustainability Approach, 11-12 Leading our Marketplace > Product Quality and Safety, 31	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Leading our Marketplace > Product Quality and Safety, 31	



Hiap Seng Engineering Ltd
(Judicial Managers Appointed)

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