



HOCK LIAN SENG HOLDINGS LIMITED

2024
SUSTAINABILITY REPORT

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BOARD STATEMENT ON SUSTAINABILITY

The Board of Directors (the “Board”) is pleased to present our Sustainability Report (the “Report” or “Sustainability Report”) of Hock Lian Seng Holdings Limited (the “Group”, “Hock Lian Seng Group” or “we”) for the financial year ended 31 December 2024 (“FY2024”). This Report provides an overview of the Group’s commitment and approach towards sustainability through its operations and business practices in the industry.

We firmly believe that building a sustainable business is vital to our continued success and that we must be fully accountable for our impact on the environment, our customers, our people and our community as well as our financial performance. As Singapore embarks on the implementation of Singapore Green Plan, demand for green and sustainable buildings and infrastructure is expected to increase. The Group will capture these opportunities by incorporating sustainable features and materials into the planning and design of our projects.

The Board is responsible for overseeing the performance of the Group and to guide the incorporation of the precepts of sustainability into its business operations. The Sustainability Management Committee (“SMC”), comprising the Group’s senior management, works with the Board to establish the Group’s sustainability goals, plans and performance. The material ESG factors are determined, managed and monitored by the cooperation between the Board and the senior management.

All the directors have completed the mandatory sustainability training.

We began to report our Scope 1 and Scope 2 greenhouse gas (GHG) emissions since 2022 to establish our baseline emissions. We have set some short term GHG reduction targets and endeavour to set mid and long term targets and develop a decarbonization plan in the coming years.

The Report presents the Group’s environmental, social and governance (“ESG”) initiatives, plans and performances and demonstrates the Group’s ongoing commitment to sustainability and serves as a platform to communicate with its stakeholders about the Group’s approach to sustainability.



ABOUT THIS REPORT

Reporting Period and Scope

This is the eighth Sustainability Report ("Report") of Hock Lian Seng Holdings Limited ("The Group"). The Report covers the performance of our consolidated entities in 2024.

The key business segment was Civil Engineering, which accounted for 81.9% of 2024 group revenue. The reporting scope consisted of all data from ongoing civil engineering projects.

Property Development Segment had no active project under development in FY2024, the revenue for FY2024 was generated from projects which were completed prior to 2020, as such there was no material ESG data available for Property development segment for current year.

Procurement, hiring and employee related data for the joint venture project was not included in this report as the group was not involved in the day-to-day operations.

Associated companies were excluded from this Report as the group had no operational control over the entities.

Reporting Frameworks

The Report has been prepared with reference to the Global Reporting Initiative ("GRI") Standards 2021. We have adopted the GRI Standards as they provide a set of extensive framework that is widely accepted as a global standard for sustainability reporting.

This report is also prepared in accordance with the Listing Rules of the Singapore Exchange Securities Trading Limited (Rules 711A and 711B).

We have referred to the Financial Stability Board's Task Force on Climate-Related Financial Disclosures ("TCFD") recommendations to report on how we address climate related risks and opportunities. We are continuing to review our internal processes and collecting data based on the recommendations of the Taskforce on Climate-related Financial Disclosures ("TCFD").

For climate-related topics, we have used the Greenhouse Gas ("GHG") Protocol Corporate Accounting and Reporting Standard to calculate our emissions. We have reported our Scope 1 and 2 emissions using location-based method.

Internal Review

The Sustainability reporting process was subject to internal review by our internal auditors but has not been audited by external auditors.

Availability

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

Feedback

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

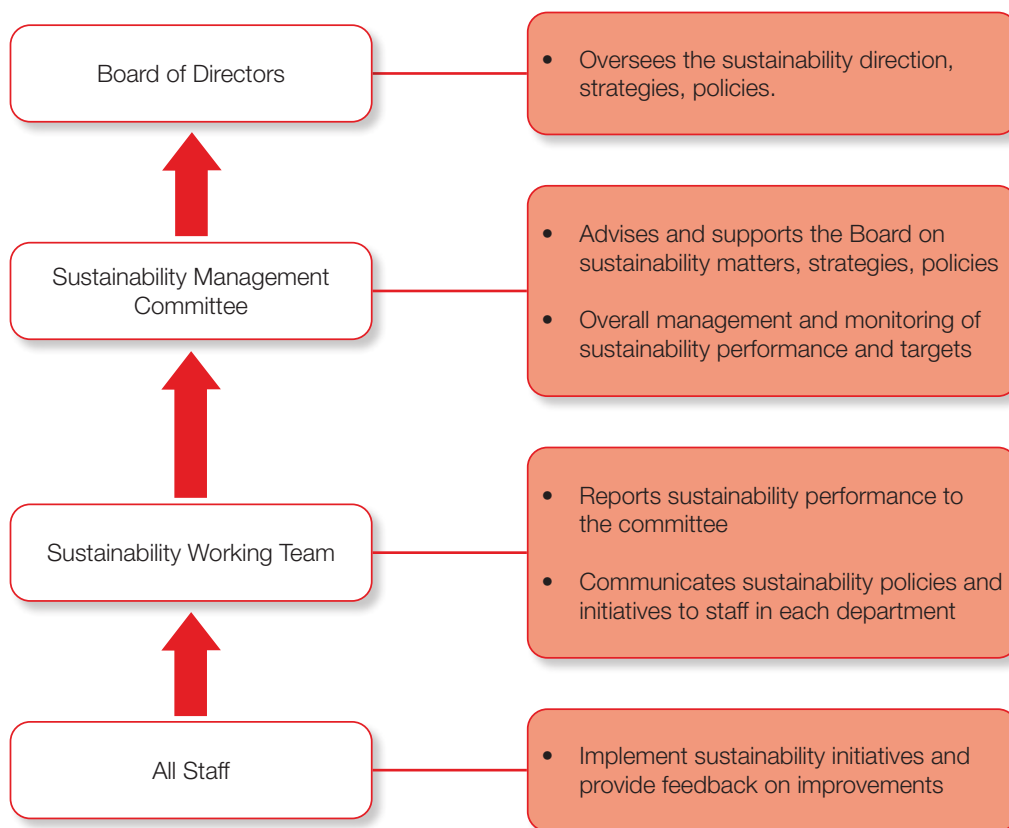
GOVERNANCE STRUCTURE

Our Board oversees all corporate governance issues relating to our business. For corporate sustainability, the Board is supported by the Sustainability Management Committee (“SMC”) which is chaired by our Chief Executive Officer, Ms Chua Siok Peng. SMC comprise of senior executives from various departments.

The Board works closely with the SMC, whose role is to develop the sustainability goals, plans and strategy, manage and monitor the overall sustainability performance, and report to the Board. To ensure that sustainability remains a priority, the SMC will review sustainability practices, including implementation and execution, periodically.

The SMC is supported by the Sustainability Working Team (“SWT”), which is responsible for driving the sustainability programme across the organisation. The SWT comprises members from various departments and project teams across the Group.

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



STAKEHOLDER ENGAGEMENT

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

Stakeholder	Method of engagement	Topics of Concern	Our Response
Employees	<ul style="list-style-type: none"> 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 Regular engagement with shareholders 	<ul style="list-style-type: none"> Economic performance Dividend pay-out 	<ul style="list-style-type: none"> Half yearly result Announcement Dedicated investor relations website
Clients and business partners	<ul style="list-style-type: none"> Meetings 	<ul style="list-style-type: none"> Code of conduct Supply chain management 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Meetings/surveys Whistle-blowing channel
Government and Regulators	<ul style="list-style-type: none"> Government Publication/ written communication 	<ul style="list-style-type: none"> Compliance with rules and regulations 	<ul style="list-style-type: none"> Compliance Briefing/training
Local communities	<ul style="list-style-type: none"> Meetings, direct visitations & Roadshows Provide updates via leaflets Provide contact hotlines at Site entrances 	<ul style="list-style-type: none"> Clean & safe environment Mitigation of disruptions to local communities 	<ul style="list-style-type: none"> Committed to best practice under the code of Green and Gracious Builder



Engagement with local councils and businesses near our project site.

MATERIALITY ASSESSMENT

Identification

The Group identified a list of potential ESG topics by considering both internal factors, such as the Group's business strategy, financial planning and business model, and external factors, such as societal expectations. The factors considered by the Group during the identification of ESG topics included, but are not limited to:

- Global and local emerging sustainability trends;
- Material topics identified by industry peers; and
- Sustainability reporting frameworks

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

Review and Prioritisation

We engaged with our customers, subcontractors, employees, key suppliers and shareholders to seek their feedbacks on these topics. The material ESG topics were then prioritized based on the level of their impact and their influence on stakeholder assessments. SMC reviewed the relevance and ranking of the identified material topics, consult internal stakeholders and validated the results with management and board to arrive at our list of material topics and their impact boundaries.

Validation

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

The SMC conducts annual review on the need for re-assessment of the material topics and such need arises when there are major changes to our business types or operations, when there are significant changes to our operating environment and when there are major relevant stakeholder feedbacks. The SMC assessed that there were no changes to our business operations in 2024 and hence there was no need to re-assess the material topics.

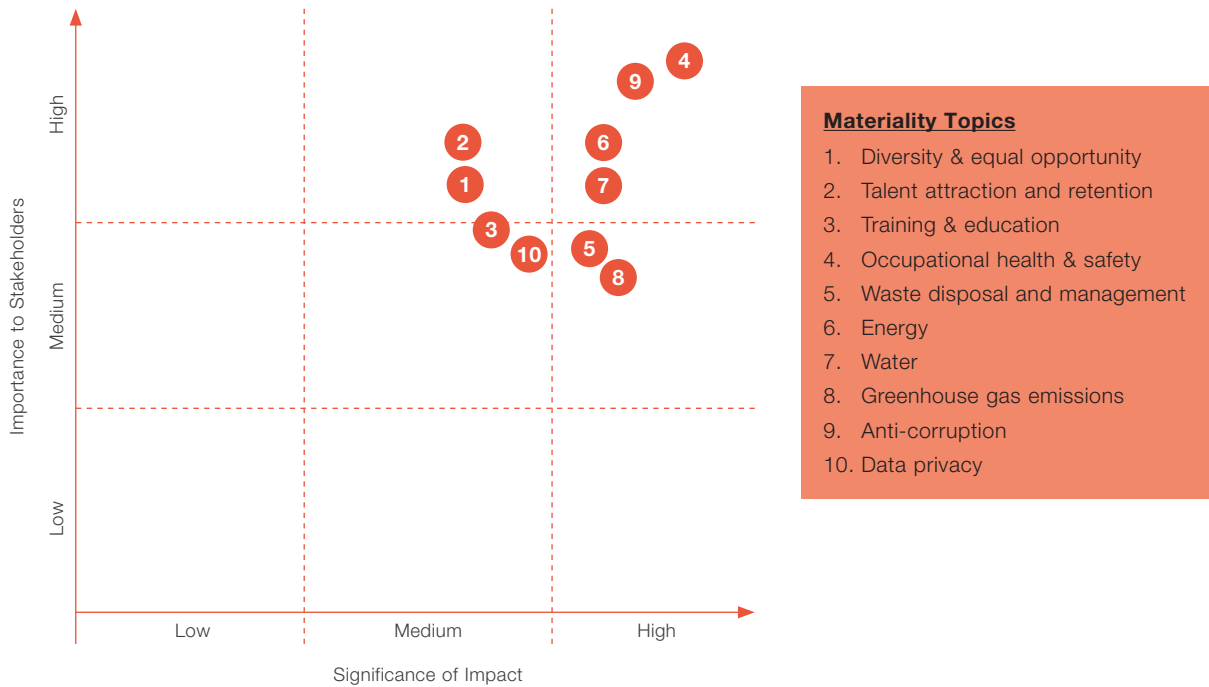
MATERIAL TOPICS

The material topics were last reviewed in 2023, when more topics were added to take into account new SGX requirements and our beefing up of our PDPA policy in 2022.

Focus Areas	Material Topics	GRI Standards Disclosure	Impact Boundary
Our people	Diversity and equal opportunity	Diversity and equal opportunity (GRI 405)	All employees
	Talent attraction and retention	Employment (GRI 401)	All employees
	Training and education	Training and education (GRI 404)	All employees
Workplace Health and Safety	Occupational health and safety	Occupational health and safety (GRI 403)	All employees
Our Environment	Waste disposal and management	Effluents and waste (GRI306)	Construction activities
	Energy	Energy (GRI302)	Construction activities
	Water	Water and Effluents (GRI303)	Construction activities
	Greenhouse gas emissions	Emissions (GRI305)	Construction activities
Governance and Business Ethics	Anti-corruption	Anti-corruption (GRI205)	Corporate office and construction activities
	Data Privacy (PDPA)	Customer privacy (GRI 418)	All business operation

The importance of the materiality to Stakeholders and the significance of impact are further mapped out as below.

Materiality Matrix



The Social, Environment and Governance material topics will be discussed in more details in the ensuing sections, with the targets and performance for each relevant material factor reported at the end of each section. To better manage the Group's material areas and its performance, the Group reports year to year comparisons and has set further quantifiable targets for the forthcoming years with the aim of halving the Group's GHG emissions by 2037 and becoming net zero or carbon neutral by 2050.

The Climate related disclosure has been inserted into the Environment Section.

SOCIAL

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

On 31 December 2024, Hock Lian Seng Group had 339 employees. The number of employees increased by 15% as compared to 31 December 2023. The increment was to support the ramping up of the 2 major projects at hand.

In line with our current projects, all employees are Singapore-based. We maintain a diverse workforce in terms of age and gender, a workforce with different skills and experiences, which will contribute positively to the Company.

No of employees as at the start and the end of 2024:

Type of Employment	31 Dec 2024	31 Dec 2023
Full time	339	295

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 based on merits – skills, experience or competency to perform the job.

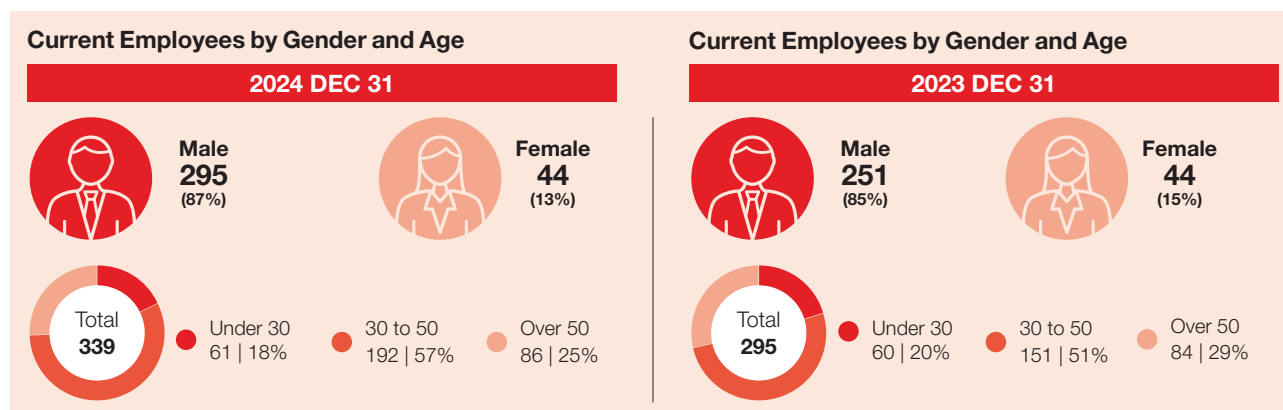
We offer competitive remuneration and reward contribution, with performance-based pay and bonuses. Regular salary reviews are conducted to ensure that our remuneration package remains competitive. We offer all employees a comprehensive benefits package which includes health and welfare, maternity and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



Together with an institution near the site, one of our project team jointly organised a visit to Sentosa for our site workers to promote team bonding and mental well-being.

Total Employee

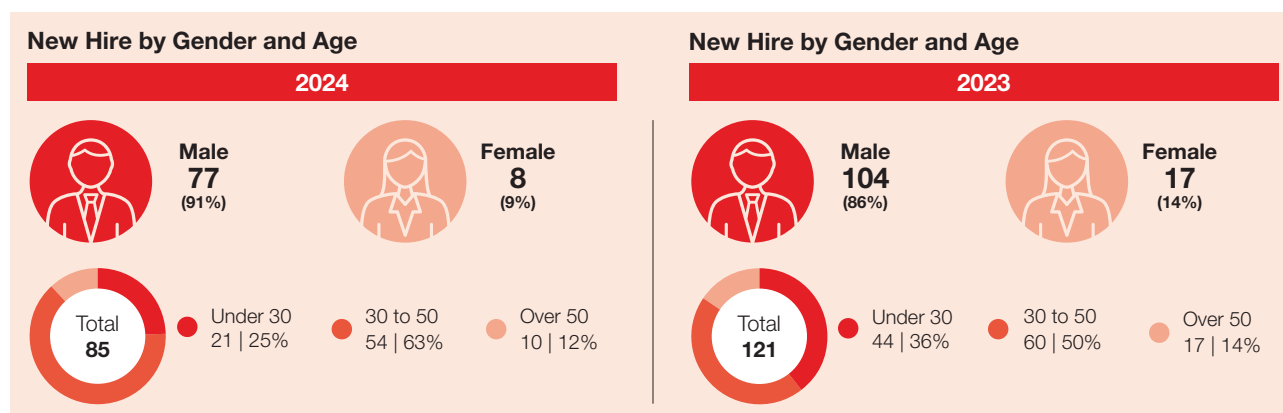
Breakdown of total employees by gender and age:



New Employee

Total new hires in FY2024 was 85. This was mainly due to additional staff recruited for the on-going projects.

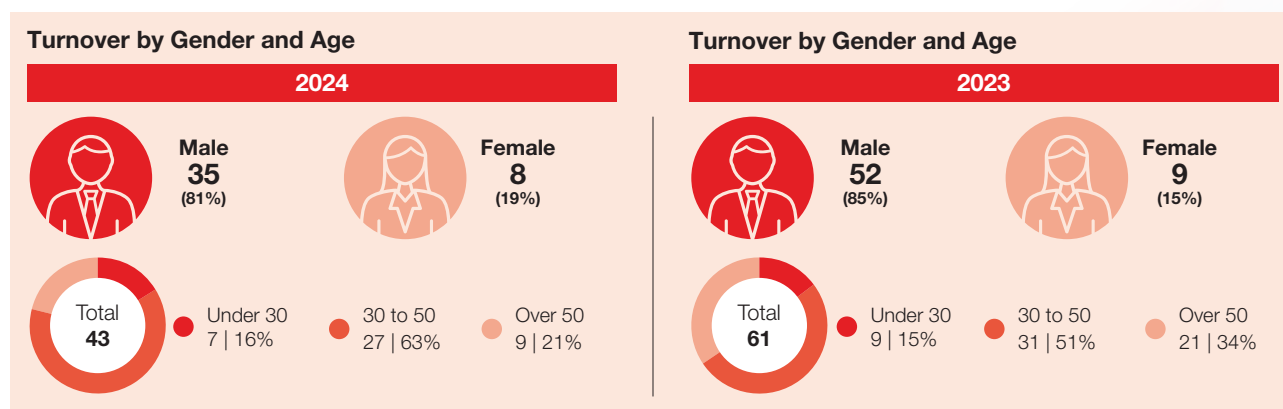
The distribution of new employees by age and gender:



Employee Turnover

43 employees left the group in 2024, resulting in a staff turnover rate of 13.6%.

The breakdown of the employee turnover:



SOCIAL

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. Average training hours per employee was 10.65 hours in FY2024 compared to our target of 10.09 hours. Staff need to be upgraded with new skills to support and to meet ongoing and new requirements in areas like safety and sustainability, as well as to get up to speed with new regulations, contract law etc. Besides the fact that the construction industry is by nature male dominant, trainings are usually conducted based on project needs hence we will not report average training hours per employee by gender and by employee category.



Workers underwent work-at-height and suspension trauma training at both major projects.



The Singapore Police Force gave a talk to the workers on scam and crime prevention.



Emergency evacuation drills with SCDF were held at all projects.

Our employees undergo a diverse range of career-building and skills learning experiences including job-specific technical skills training, on-the-job and professional training as well as general life skills upgrading. Various modes of trainings are used, including technical and professional seminars, formal or online courses and workshops. Project sites also share best work practices and provide insights on how technical challenges are overcome.

We provide educational opportunities through sponsorships and scholarships. In 2024 we offered one scholarship for an undergrad from Singapore Institute of Technology and took on 3 interns from BCA Academy.

2024 Training Highlight

We continue to send senior staff members to Executive Development Programmes organised by BCA to further develop their leadership and management skills and to learn about innovations and new technologies in the industry.

A learning trip to Shenzhen was made in 2024 to learn about digital technologies deployable in the built environment and robotics in construction.



A mental wellness talk was given to site workers by a doctor.

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 the subcontractors working with us. In 2024 the Board Independent Directors visited 2 of our construction sites to promote safety awareness and to share with the workers their emphasis and focus on safety. Safety time-out and cross audits with other companies working with LTA on the same MRT line were also conducted to enhance staff awareness and to improve our processes.

Our approach to workplace health and safety management is underpinned by legislative requirements and industry safety standards. We are certified under ISO 45001:2018 on Occupational Health and Safety Management System. This as well as our certification as BizSafe Partner, 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 ISO 45001:2018 procedures are outlined. New employees are also issued with personal protective equipment including safety boots, helmets, goggles and ear plugs. All regulatory trainings, 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. Our subcontractors should also have attained Bizsafe Level 4 certification.

Safety induction trainings prior to commencing work are provided onsite for contractors and subcontractors working on our sites. 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 endeavour to use technologies to improve on site safety whenever possible, and have adopted the use of video analytics to spot safety breaches and to prevent accidents from happening.

To boost site safety, some sites monitor machine operators' health via weekly blood pressure checks. Workers' well-being was improved by conducting fruit days regularly and general health screening for all site staff and workers was conducted at each site.

SOCIAL



Safety time out was conducted to share and discuss a fatal incident at another company's project.



General health screening was conducted at our Serangoon North MRT Station site in October 2024.



Video analytics is used to detect and flag personnel in close proximity of machineries.

We assess our workplace safety performance by examining reportable injuries. In 2024 the Accident frequency rate (AFR) was 2.83 and accident severity rate (ASR), which evaluates the number of work days lost as a result of accidents, was 0.4.

In 2024, Our Serangoon North MRT Station construction project achieved and celebrated 2 million accident-free man hours. The same project team was also awarded the SHARP award in July 2024.



Key project team members and management at SHARP award.



Board Independent Directors visited Aviation Park MRT Station construction site on 1 Jul 2024 and the Serangoon North MRT Station construction site on 28 November 2024 to promote safety awareness and to present SHE awards.



2 million accident-free man hours achieved at Serangoon North MRT station project.

Corporate Social Responsibility

In 2024, the group sponsored the Yellow Ribbon Fund Charity Golf and Dinner. Some of the staff and management also volunteered at Willing Hearts, helping to prepare and pack meals.



Performance and Targets

● : target met ● : target not met

Material Topics		2024 Performance	Targets
Diversity and Equal Opportunity			
405-2	Breakdown of employees per employee category (gender/age group/other indicators)	2024: Nil (2023: nil) ●	Perpetual targets: Advocate fairness and equality in workplace No incidents of non-compliance with laws relating to employment including, but not limited to the Employment Act of Singapore.
Employment			
401-1	New Hire and Employee turnover	Current year turnover rate: 13.6% (2023: 23%) ●	Perpetual targets: To maintain the staff turnover rate below 10% or below latest available national data published by Ministry of Manpower ("MOM") Have structured programs for upgrading employee skills and transition assistance programs.
Training and Development			
404-1	Average hours of training per year per employee	10.65 hours (2023: 10.09 hours) ●	Mid term target: 10 hours per year per employee
Occupational Health and Safety			
403-2	Accident Frequency Rate (AFR)*	2.83 (FY2023: 0.32)	Perpetual targets: Zero for both AFR and ASR. Maintain zero cases of material non-compliance with laws relating to providing a safe work environment including but not limited to, the Workplace Safety and Health Act of Singapore
	Accident Severity Rate (ASR)#	0.4 (FY2023: 11.86) ●	

* 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

ENVIRONMENT

The Group is committed to eco-friendly practices that contribute towards building a sustainable environment. We started off with simple actions like reducing electricity consumption by turning off lights and machines during lunch and after-office hours, reduce paper usage through setting default double-sided printing and encouraging the storing of files electronically.

At work sites, we have been promoting 3Rs (Reduce, Reuse, Recycle) to encourage recycling of resources, reuse of materials and the reduction of construction waste. Water is recycled for use in washing bay, dust control and for general cleaning while recycle bins are placed at designated areas for proper segregation of general wastes into paper, plastics and metal. Construction wastes are typically separated to facilitate the recycling of hardcore, steel and timber. Construction material is reused as much as possible, for example, scaffold pipes were used to construct water tank stand and excess concrete is used to cast blocks or pavers.



Concrete test cubes are re-used to build bund walls and sump tanks.



Biofuel specific membrane bio-reactor installed at a construction site.

The Company is committed to “Green Practices” to improve our environmental management programs and “Gracious practices” to control the environmental impact to the community, inculcate good relationships and bonding with our neighbours and provide good working environment for our staff.

Green practices include but are not limited to the following:

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

Gracious practices include:

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

There is no existing sewer line at our construction site at Aviation Park for sewage discharge so we installed biofuel specific membrane bio-reactor to deal with the sewage generated at site. The high efficiency biological treatment of waste water produces water clean enough to be re-used for toilet flushing. In comparison to traditional sedimentation tank system, this system requires very infrequent pumping out of semi-solid waste, thereby further reducing fuel consumption and GHG emissions from the pump vehicles.

Noise control measures were stepped up for our construction projects that are located close to residential or commercial areas. Other than installing taller noise barriers and more noise meters, the site teams opt for quieter machines and also tried to modify some machines to reduce the noise level.



Anti-malaria oil automatic drip kit is used at our ECM ponds



Noise barrier and padding were used for excavation works to reduce noise level.

Performance and Targets

● : target met ● : target not met

Material Topics		2024 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 ●	Perpetual target: 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 FY2024 ●	Perpetual target: Zero incidence of non-compliance with relevant environmental laws and regulations that would have a material impact to the Group.

* significant fine is one over \$50,000

CLIMATE RELATED DISCLOSURE

Governance

The Board has oversight of the Group's sustainability strategy including its formulation, and reviews the disclosures relating to climate-related risk and opportunities and its actions to enhance climate resilience. The SMC is responsible for developing goals, plans and performance metrics and to manage and monitor the overall climate-related sustainability performance. Support to the SMC is provided by the SWT, which drives the implementation of programme in the Group's operation and advises the SMC on the material climate-related sustainability matters.

The Group recognises that climate change poses a number of physical risks (ie caused by the increased frequency and severity of extreme weather events) and transition-related risks (ie. economic, technology or regulatory challenges related to moving to a greener economy) for our businesses. These were initially identified and rated by the SMC during the risk assessment exercise in 2022. In accordance with the recommendations of the Taskforce on Climate-related Financial Disclosures ("TCFD"), we analysed 2 plausible scenarios and further thought through the relevant risks and opportunities. These will be reviewed annually by the SMC as part of our risk-management. As the SMC comprises of heads or key personnel from each department and major projects, the two way communication with the respective team on the identified risks can be effected and actively monitored and managed.

Scenario Analysis

The SMC thinks the alignment with the Paris Agreement by targeting to cap temperature increment by 1.5 degree Celsius is important and could be achievable with the joint efforts of industrialised nations. This first scenario is represented by the IPCC SSP1-1.9 scenario, where the world achieves net zero emissions around 2050 and the global temperature increases by 1.5 deg C by then. This normative scenario involves fast transition to a green environment and would entail major changes to our mode of operations and way of life in the short and mid term.

The second scenario we find plausible is the middle of the road one (SSP2-4.5), where the current climate policies do not change drastically and the progress towards sustainability is gradual and uneven. The temperature rise is projected to be 2.7 deg C by 2100 and the CO2 emissions stays at around current level before declining from around 2050, without achieving net zero by 2100.

For the purpose of this analysis, short term refers to the immediate 1 or 2 years whilst mid-term refers to the next 5 to 10 years, up to 2035. Long term refers to a timeframe until 2050.

Physical Risk – Extreme Heat and Flood

Chronic and acute physical risks were assessed to have the biggest impact on our businesses in the short to long term, considering all of our operations are in Singapore, most are outdoors and are susceptible to climatic conditions. The mitigation measures could result in higher opex and potentially the damages and the need for redundant work despite mitigation will further push up costs. In 2023 Ministry of Manpower imposed the need for hourly break time for the workers the moment wet bulb globe temperature reaches 32 deg C or higher. In response, more sheltered rest points with mist fans have been provided on site and more "water parades" are promoted to help workers deal with the higher temperature. Ice-making machines were also provided at sites to help workers cope when the heat gets unbearable.

With the first scenario, the temperature increment will be limited and improvement of current strategies should suffice. However, in the other scenario, temperature will increase further and the number of days with incidence of high heat stress is expected to increase over time¹. Site productivity will be greatly affected in such hot weather and alternative methods (such as more automation or remote controlling of machineries) or adjustment of work timing might have to be considered in the long term. These are especially relevant with the second-order risk of manpower crunch due to the extreme weather conditions. Based on projections, the wet months will get even wetter and the dry months drier. Extreme rainfall is also expected to intensify in the long term. To address the wetter weather, construction processes have to be reviewed to allow extra bunding, pumps, water storage and treatment tanks, within the constraints of the site.

Both extreme heat and rainfall might affect work progress, resulting in delays in completion. Despite mitigation, damages due to the extreme weather conditions might not be fully avoidable and more re-work and hence higher cost and time might be necessary. This could be the case for both the construction and the defects liability stage. Projects with longer term warranties might also require more frequent attendance for repairs. All these potential outcomes will drive up costs.

Our material and equipment are sourced from different suppliers and their upstream suppliers could be based in different geographies. The choices depend on each project's needs and the usual financial considerations. The impact of climate change on these sources and logistic routes will need to be considered for future procurement and delivery timing in the mid to long term. Diversification of sources will be useful for addressing major climatic events to avoid supply chain disruption.

1. Meteorological Service Singapore (2024). Singapore's Third National Climate Change Study, pg 7.

Policy Risk

The lag in the revision of construction contracts to account for chronic, adverse climatic events is deemed as relatively high risk in the mid to long term in the second scenario.

The increase in carbon pricing by the government will inevitably result in higher operating costs, and this risk could be more immediate and serious for the “Paris Agreement” scenario. The impact from the gradual increase in carbon price shall be closely monitored.

Transition Risk

The Group expects that the laws and regulations related to climate change will become more stringent and more demanding, with developments such as more aggressive government policies and measures to limit GHG emissions, in addition to carbon taxes. As a result, the Group may be exposed to legal risks and compliance requirements which in turn may lead to much higher operating costs. The impact from the first scenario will inevitably be larger and felt more promptly, especially for our construction businesses where projects can run for 5 to 8 years and the tender prices were fixed upfront. Cost-overruns might happen for on-going projects if new, stringent regulations are introduced and enforced in the short term.

Many of our suppliers and subcontractors are small and medium size enterprises. These companies might not have the resources and know-how to collect and record their own Scope 1 and 2 emissions, as well as that from their own upstream suppliers and subcontractors. This will make the estimation of our Scope 3 emission and reporting quite challenging in the short to mid-term.

Market Risk

For our Property Development business, the land sales authorities are imposing more requirements for green features, which will drive up costs. However, the end buyers or tenants might not be willing or be able to pay more for such features. Such transition and market risk might persist until the mid-term, when the green features become commonplace and are widely accepted.

Technology Risk

Generally, greener material and equipment or machineries for our construction business are still not as widely available in the market and usually cost a lot more. Higher costs will be incurred in the process to cut emissions and compliance with the first scenario will be challenging in the short to mid-term. As technologies improve over time, greener material and equipment should become more readily available and affordable, allowing us to cut emissions more effectively.

Opportunities

With the increased awareness of climate change and their own needs to comply with new regulations and policies, our stakeholders may prefer products and services that are less damaging to the environment. As a result, the transition to a low-carbon business model using new technologies and more renewable energy sources can bring opportunities. If the Group is able to adopt more environmentally friendly practices in its operations, the Group may be able to seize more business opportunities from customers who recognise the Group's environmental initiatives, whilst achieving our emissions reduction to become net zero or carbon neutral by 2050.

Civil infrastructure projects related to environmental protections might also create new construction project opportunities. With extreme rainfall becoming more common place over time, more drainage upgrading and flood protection works will be necessary. In the long term, coastal protection works will also be required to address the projected sea level rise.

Due to the regulations and market demand, new, affordable technologies that can cut down emissions for the construction industry might become available in the mid to long term. This could create new business opportunity or at least help the Group cut emissions more effectively.



"Water parade" is carried out when the weather gets too hot.

CLIMATE RELATED DISCLOSURE

Strategy

The Group has and will continue to improve on the ways to address the various identified risks for our on-going operations.

Infrastructure construction projects in Singapore normally run for 3 to 8 years each and no 2 projects are identical in the requirements and site conditions. Each new project hence presents a need and an opportunity for management to review the strategies for resource procurement, construction delivery and adoption of new technologies to address climate related risks and opportunities that have become more certain or possible at the point of tendering. Our public sector customers in Singapore are quite in tune with climate change issues and have also been stepping up on their sustainability requirements, driving us to review our business operations periodically. Having said that, tender price usually weighs more than sustainability scores, hence there is a need to remain price competitive.

Combined with the awareness of the possible outcomes from the scenario analyses that will be reviewed regularly, we will incrementally adjust our construction operations and procurement to adapt to the various risks and opportunities, and to cut our emissions to get to the net zero target by 2050.

Risk Management

The Group has a consistent approach to risk assessment for its operation. The Group's risk management process consists of identification, assessment, formulation of mitigation measures followed by communication and implementation, and then monitoring and reviewing. The process takes into consideration both the impact and likelihood of the risks identified.

The management and SMC had updated the risk assessment, the Group confirmed and acknowledge the existence of ESG risks, especially climate change, which would affect its financial performance, efficiency, strategy, reputation, and long term prospect of the group.

The SMC carry out the corresponding actions to manage the climate related risks. We continuously update ourselves on climate-related risks, be it physical or transition, and on climatic events affecting our businesses. Below are the ratings for 2024:

Summary of Climate Risk Rating

Type of Climate Risk	Likelihood	Impact	Overall Risk Rating
Flood	3	4	12
Extreme Heat	4	3	12
Market	2	3	6
Technology	2	4	8
Policy/Legal	5	2	10
Policy – EOT	3	2	6
Reputation	4	2	8

Metrics and Targets

We currently report Scope 1 & 2 emissions for our businesses.

Although power, fuel and water consumption have been measured for a number of years to support various certifications, these figures had not been verified through internal audits. 2022 is the base year when all collected data was verified to help establish some form of baseline for future data to be compared against. However we are mindful a single year of data will not provide a clear snapshot of our businesses' emissions and the year to year comparison of data might not provide much insight due to the nature of civil infrastructure construction. Each civil project can run for 3 to 8 years, with very different work processes at each stage. The early stage of design, documentation and procurement work in offices with some investigative works on site can last for a year before construction works, which are more emissions intensive, ramp up on site over a few years. Site work typically tails off for the last year or so, especially when there are interfaces with Client's other contracts on site. Furthermore, every construction project vary in size, design, site conditions, scope and length of time, hence comparing emissions over the years with different projects running at different stages is not very meaningful. Depending on the projects we have on hand, the emissions data can fluctuate a fair bit from year to year. With these constraints in mind, we will report our emissions measured against annual revenue. Similarly our targets will be set based on the same measurements.

We have and will continue to review our work processes to reduce consumptions and wastages and in the intensity of emissions.

GHG Emissions

The majority of GHG emissions within our operations arise from our use of electricity and fuel (diesel), of which carbon dioxide (CO₂) is the primary emitted greenhouse gas. Our civil engineering and infrastructure construction segment account for the majority of our carbon footprint.

Our scope 1 direct emissions include stationery combustion of diesel through gensets for power generation, via diesel powered machineries at construction sites, as well as diesel and petrol consumption of our own fleet of trucks and vehicles. Scope 2 emissions are from electricity that we procure from the grid.

	Total CO ₂ Emission in Kg	CO ₂ Emission Intensity
Scope 1 GHG Emissions (kgCO ₂) [#]	2024: 4,587,970 2023: 4,299,740	0.03/per \$ revenue* 0.03/per \$ revenue*
Scope 2 GHG Emissions (kgCO ₂) [#]	2024: 438,170 2023: 336,870	0.00/per \$ revenue* 0.00/per \$ revenue*

* revenue of civil engineering segment was \$150,300,000 for FY2024 (FY2023:\$169,400,000)

emission factor for 2024 (Note EMA emission factor 2022 (0.4168) was used for the Group's 2023 sustainability report)

Item	Emission Factor	Unit	Source
Electricity Grid Emission Factor 2023	0.412	kg CO ₂ /kWh	Energy Market Authority, Singapore
CO ₂ Emission Factor for diesel consumption (mobile)	2.626	Kg CO ₂ /litre	Cross-sector tool (2023) WRI Factors Compilation

Further to the exploration on electrical machineries in 2023, the committee explored the feasibility of electrical trucks for our earthworks this year. Although such trucks are commercially available, the mileage for a fully charged truck is not that high and will require long downtime for charging during operating hours. Charging facilities for trucks along the required routes are also not as readily available at this point in time. The Group will continue to review such feasibilities.

The use of different machineries throughout the multi-year construction period of a project is dependent on specific project requirements and the work stages in the particular reporting year. The use of heavy machineries that consume a lot of diesel cannot be avoided for some construction processes in the short to mid term, and such usage might last for a year or 2 only and might skew the overall reported data for the relevant years. Therefore it is difficult to provide year on year comparison for energy efficiency. The Company is trying to source for more energy efficient machineries and equipment but the selection of heavy machineries in the market is limited hence energy efficiency will not be the sole consideration.

Having said that, the Group tries to reduce emissions by training our drivers and operators to reduce idling and optimize the use of machines and vehicles once they are switched on. All machines will be switched off when not in use. Drivers are also trained to practise eco-driving by maintaining consistent speed as much as possible. The consumption of diesel by each machine and vehicle is tracked every month so any unusual high consumption will be captured and reviewed to find out the root cause.

The Group also try to improve energy efficiency of smaller items such as using energy saving LEDs in our site offices and external premises. The site office common spaces are fitted with motion sensors to turn off the lights whenever the spaces are unoccupied. At our site offices, the air con system installed has excellent energy efficiency rating with 5 ticks. On top of that, the SMC has taken on more energy consumption reduction actions such as implementing policies to keep AC temperatures in our offices at 25 deg C (and no lower than 22 deg C on very hot days) and to supplement some areas with fans to achieve thermal comfort.

CLIMATE RELATED DISCLOSURE

The solar PV system installed on the roof of our construction site office at Aviation Park was operational from March 2023 onwards and reduces that site office's monthly electricity consumption from the grid by about 30% on average. Excess electricity generated by the PV system is exported back to the grid and helps to pay back for the system within the period we will occupy the site. The total solar energy produced by the PV system in 2024 is 162,063 kWh.

Our site office at Serangoon North has a smaller roof area and hence a full PV array was not installed. However individual PV panels are deployed across the sprawling site to power up light fittings, CCTV, noise meter and other electrical installations. The estimated total solar yield from all these smaller PV installations was 7,197 kWh in 2024.

Renewable electricity generated off site is not readily available at the moment but the media has reported that SP Services will be importing from nearby countries in the next few years. The use of such renewable electricity could pose a financial impact but could reduce our Scope 2 emissions meaningfully when it is available.

On top of scopes 1 and 2 emissions, the Group has started to look at our impact on climate more holistically. Our site office at Aviation Park uses a mini bus to pick up and drop off 80% of the staff to and from the nearby MRT station. Other than improving staff welfare, this reduces the need for private transport and connecting bus rides, thereby reducing Scope 3 emissions. Bicycles are also provided at our sites to enable staff to get around easily without using vehicles.



Solar Energy Noise meter



Site office solar Energy light



Solar panel for powering up CCTV

Another passive design action taken on board is the reduction of our Design and Build construction projects' physical footprint whenever possible. Our design team for our Serangoon North MRT station has compacted the station footprint by about 10% with the objectives of improving design efficiency and reducing physical impact on the very built-up existing surroundings. Such compaction reduces emissions in 3 ways – the reduced usage of construction materials like concrete and steel, which have high embodied carbon, the reduced usage of machineries, which rely on diesel for energy source and the reduced need for M&E systems like lights, ventilation and so on for the operating life span of the completed station.

Our construction teams also looked at the use of greener construction materials to reduce the embodied carbon of the projects. Low carbon concrete has been used for footpaths and slabs for the 2 MRT projects and the use for structural elements is being explored. In 2024, Aviation Park project used 4,447 m³ of low carbon concrete whilst Serangoon North project used 15,296 m³.

Waste Management

Our construction waste from infrastructure projects mainly comprises non-hazardous waste. Our approach is to reduce, reuse and recycle materials to minimize waste. We engage licensed waste management contractors to safely dispose our waste following the applicable regulations.

Under Waste disposal and management, we report on the discharge of waste water to ensure there is no pollution to PUB drains, which is an issue tightly monitored by the authorities and the public. We do collect data on waste generated at our properties and worksites but find it not meaningful to report on the total waste generated as the volume is highly dependant on the

type of construction works undertaken for each reporting month. This point was illustrated with the records for Aviation Park project in the 2023 report. Infrastructure construction work is quite varied from project to project and across the various work stages of a single project, with some processes inherently generating more waste. Reports on the total waste generated for each year cannot provide much insight on the waste reduction outcome. Nevertheless the measures taken by the teams to cut waste, re-use and recycle on site will be reported descriptively. We will continue to keep records of the waste generated on our sites and offices but will not set any target for performance.



Bicycles provided at site

CLIMATE RELATED DISCLOSURE

Water Management

We are committed to responsible water stewardship throughout our operations. We install silty water treatment systems to help prevent water contamination of the public drains. Self-closing water saving taps and water pipe with regulator were install to minimize water pressure and to reduce water consumption. Shoe washing points are provided with containment and brushes to avoid washing with direct free flow from the tap.

Our sites conduct regular checks for pipe leakages and monitor the monthly usage of water. Any leaks are fixed immediately by the in-house team to reduce wastage.

Water dispensers are provided at all our work premises so staff can top up their bottles and glasses as required and reduce the need for plastic bottles.

Total water consumption	per \$ revenue
80,807 m ³ (2023: 97,819 m ³)	0.00054 (2023: 0.00058)

Performance and Targets

● : target met ● : target not met

Material Topics	2024 Performance	Targets
GHG Emission	0.03kg/\$ (2023 0.03kg/\$) ●	Short term target: To maintain or reduce Scope 1 & 2 GHG emissions intensity in FY 2024 (FY2023: 0.03kg/\$, FY2022: 0.03kg/\$) Mid and long term targets: To reduce Scope 1 & 2 GHG emissions intensity by 50% by 2037 and to be net zero or carbon neutral by 2050. Perpetual target: Maintain zero cases of material non-compliance with laws relating to environment protection including, but not limited to, the Environmental Protection and Management Act of Singapore.
Water Management	FY2024: 0.00054 CuM/\$ FY2023: 0.00058 CuM/\$ ●	Short term target: To maintain or reduce water consumption intensity in FY 2024 (FY2023: 0.00058 CuM/\$, FY2022: 0.00056 CuM/\$) Mid term target: To reduce water consumption intensity by 3% per year for 2 years from 2023.
Energy	FY2024: 0.0071kwh/\$ FY2023: 0.0048kwh/\$ ●	Short term target: To maintain or reduce electricity consumption intensity in FY 2024 (FY2023: 0.0048kwh/\$, FY2022: 0.0026kwh/\$) Mid term target: To reduce energy consumption intensity by 3% per year for 2 years from 2023.

The targets are set with the intent to create stretch goals for our sites and operations. Other than being more environmentally responsible, the Group could potentially achieve some financial cost savings in the reduction in consumption and wastages. However due to the varied work stages involved in civil engineering projects, such reduction might not happen in a linear fashion. The increased energy consumption intensity was due to the ramping of construction activities for 2024. Such ramping up is projected to continue for the next 2 years.

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.

It is of paramount importance that the Group abides by all legal and regulatory requirements. We work closely with government agencies/professionals to keep up-to-date with recent changes in policies with regards to all relevant law and regulations relevant to the Group. Maintain close working relations to all stakeholders 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 within the Group. This ensures that all actions authorised are at all times consistent with the Group's objectives, principles, ethics and relevant legal and/or regulatory requirements.

Anti-Corruption

The Group has zero tolerance towards any forms of bribery and corruption. The Group has a Code of Conduct and Whistle blowing policies in place to aid in the deterrence and reporting of corporate malpractice and misconduct, and reminders and updates are sent to all staff annually. Directors and head of procurement/contract department are to provide annual conflict of interest disclosure or declaration.

In FY2024, we are not aware of any incidents of corruption, confirmed or suspected.

Dealings in Securities

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

Customer Privacy and Data

The Group has established "Data Protection policy" to uphold our commitment to the protection of our customers' privacy and data. The policy governs the collection, handling and protection of our customers' personal information in a responsible manner, in accordance with the Personal Data Protection Act 2012. We have assigned Data Protection Officers to manage, protect and process customers' personal data.

There were no reported breaches in FY 2024. The Group continues to improve our prioritise processes in place to ensure greater data privacy to maintain the confidence of our customers.



GOVERNANCE

Certifications

Our civil engineering segment adopt relevant national and international standards to promote governance and quality of management. Some of the certifications obtained are listed below:

Infrastructure and Civil Engineering:

Hock Lian Seng Infrastructure Pte Ltd	ISO 9001:2015 ISO 14001:2015 ISO 45001:2018 BizSAFE Star Biz SAFE Partner BCA Green And Gracious Certified Builder
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Material Topics		2024 Performance	Targets
Anti-Corruption			
205-3	Confirmed incidents of corruption and/or legal actions taken against the Group.	No incidents. 	<u>Perpetual</u> Maintain zero incidents of corruption. Increase the Group's employees' awareness of anti-corruption
Governance			
	Governance	No incidents of non-compliance 	<u>Perpetual</u> Maintain high standards in business integrity and compliance with laws relating to bribery, extortion, fraud and money laundering including, but not limited to, the Prevention of Corruption Act of Singapore. Continue to improve the Board's expertise and skills for effective oversight on sustainability matters

SGX CORE ESG METRICS

1. Environmental

Topic	Metric	Unit	Framework Alignment
Greenhouse Gas Emissions ("GHG")	Absolute emissions	CO ₂ e	GRI305-1, GRI305-2, GRI305-3, TCFD
	a. Scope 1	2024: 4,588 mt (2023: 4,299 mt)	
	b. Scope 2	2024: 438.2 mt (2023: 336.9 mt)	
	c. Total	2024: 5,026 mt 2023: 4,636.6 mt	
	Emission intensities by: CO ₂ e/Per \$ revenue	2024: 0.03 kg/\$ 2023: 0.03 kg/\$	GRI305-4, TCFD
Energy Consumption	Total energy consumption	2024: 1,068.084 kwh 2023: 808,235 kwh	GRI302-1, TCFD
	Energy consumption intensity Kwh/Per \$ revenue	2024: 0.00711 kwh/\$ 2023: 0.0048 kwh/\$	GRI302-3, TCFD
Water Consumption	Total water consumption	2024: 80,807 CuM 2023: 97,819 CuM	GRI302-3, TCFD
	Water consumption intensity CuM/per \$ revenue	2024: 0.00054 CuM/\$ 2023: 0.00058 CuM/\$	TCFD

2. Social

Topic	Metric	Unit	Framework Alignment
Gender Diversity	Current employee by gender	Page 9	GRI405-1
	New Hires by gender:	Page 9	GRI401-1
	Turnover by gender:	Page 9	
Age-based Diversity	Current employees by age groups	Page 9	GRI401-1
	New Hires by age groups:	Page 9	
	Turnover by age groups:	Page 9	
Employment	Total turnover:	43 (13.6%)	GRI401-1
	Total number of employee	339	
Development & Training	Average training hours per employee	10.65	GRI404-1
Occupational Health & Safety	Fatalities	– 0 case	GRI403-9, MOM (Singapore)
	High-consequence injuries	– 0 case	GRI403-9, MOM (Singapore)
	Recordable injuries	– 1 case	GRI403-9, MOM (Singapore)
	Recordable work-related ill health case	– 0 case	GRI403-9, MOM (Singapore)

SGX CORE ESG METRICS

3. Governance

Topic	Metric	Unit	Framework Alignment
Board Composition	Board independence	43% (2023: 50%)	GRI102-22
	Women on the board	14% (2023: 13%)	GRI102-22
Management Diversity	Women in the management team	20% (2023: 20%)	GRI102-22, GRI405-1
Ethical Behaviour	Anti-corruption disclosures	Discussion and number of standards	GRI205-2
Certifications		Page 24	Commonly reported metric by SGX issuers
Alignment with Frameworks	Alignment with frameworks and disclosure practices	GRI TCFD	SGX-ST Listing Rules (Mainboard) 711A and 711B. Practice note 7.6
Assurance	Assurance of sustainability report	Internal	SGX-ST Listing Rules (Mainboard) 711A and 711B. Practice note 7.6

GRI CONTENT INDEX

Statement of use	Hock Lian Seng has reported the information cited in this GRI content index for FY2023 with reference to the GRI Standards	
GRI 1 used	GRI 1: Foundation 2021	

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General disclosures 2021	2-1 Organisational details	Sustainability report: About us
	2-2 Entities included in the organization sustainability reporting	Sustainability report: About this report
	2-3 Reporting period, frequency and contact point	Sustainability report: About this report
	2-4 Restatements of information	Nil
	2-5 External assurance	Nil
	2-6 Activities, value chain and other business relationship	Sustainability report: About us
	2-7 Employees	Sustainability report: Our people
	2-8 Workers who are not employees	Sustainability report: Our people
	2-9 Governance structure and composition	Sustainability report: Governance structure Annual Report: Corporate Governance
	2-10 Nomination and selection of the highest governance body	Annual report: Corporate Governance
	2-11 Chair of the highest governance body	Annual report: Corporate Governance
	2-12 Role of the highest governance body in overseeing the management of impacts	Sustainability report: Board Statement
	2-13 Delegation of responsibility for managing impacts	Sustainability report: Governance structure
	2-14 Role of the highest governance body in sustainability reporting	Sustainability report: Governance structure
	2-15 Conflicts of interest	AR: interested party transaction disclosure
	2-16 Communication of critical concerns	SR: Stakeholders' engagement
	2-17 Collective knowledge of the highest governance body	SR: Board statement
	2-18 Evaluation of the performance of the highest governance body	AR: Corporate governance
	2-19 Remuneration policies	AR: Corporate governance
	2-20 Process to determine remuneration	AR: Corporate governance
	2-21 Annual total compensation ratio	Not disclosed due to confidentiality and sensibility constraints
	2-22 Statement on sustainable development strategy	SR: Board statement
	2-23 Policy commitments	SR: Board statement
	2-24 Embedding policy commitments	SR: Reporting Framework
	2-25 Processes to remediate negative impacts	SR: Stakeholders' engagement
	2-26 Mechanisms for seeking advice and raising concerns	SR: Governance
	2-27 Compliance with laws and regulations	SR: Governance

GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	LOCATION
	2-28 Membership associations	Hock Lian Seng Infrastructure Pte Ltd is an associate member of The Singapore Contractors Association Ltd (SCAL)
	2-29 Approach to stakeholder engagement	SR: stakeholder engagement
	2-30 Collective bargaining agreements	Not applicable. None of our employees are covered by collective bargaining agreements.
GRI 3: Material Topics 2021	3-1 Process to determine material topics	SR: Materiality assessment
	3-2 List of material topics	SR: Materiality assessment
	3-3 Management of material topics	SR: Materiality assessment
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	AR: FS
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	SR: Governance
GRI 302: Energy 2016	302-1 Energy consumption within the organization	SR-Environment
GRI 303: Water and Effluents 2018	303-5 Water consumption	SR-Environment
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions 305-2 Energy indirect (Scope 2) GHG emissions	SR-Environment
GRI 306: Waste 2020	306-3 Waste generated	SR-Environment
GRI 401: Employment	401-1 New employee hires and employee turnover	SR: Our people
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system 403-5 Workers training on occupational health and safety 403-9 Work-related injuries	SR-Our people
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	SR-Our people
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	SR-Our people
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	SR
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	SR-Governance



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