



**FY2024**

SUSTAINABILITY  
REPORT

**HC Surgical Specialists Limited**



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# BOARD STATEMENT

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**Dear Stakeholders,**

On behalf of the Board of Directors and Management of HC Surgical Specialists Limited (“**HCSS**” and its subsidiaries, the “**Group**”), I am pleased to present our seventh annual Sustainability Report for the financial year ended 31 May 2024 (“**FY2024**”). This Report reaffirms our unwavering commitment to integrating environmental, social, and governance (“**ESG**”) principles into every aspect of our operations.

Throughout FY2024, we have continued to prioritise sustainability, ensuring that our business practices align with our long-term strategic goals and the expectations of our stakeholders. The Board has worked closely with senior management to identify and manage key ESG factors that could impact our business. We have made significant strides in enhancing our sustainability practices, including achieving the Data Protection Trustmark Certification and expanding our service offerings with the opening of two new orthopaedic centres.

As we move forward, we remain committed to embedding sustainability into our core business practices, promoting environmental stewardship, workplace inclusivity, and responsible governance. Our efforts are aimed at not only improving patient care but also ensuring that we contribute positively to the community and the environment.

We would like to extend our heartfelt thanks to all our stakeholders for their continued support. Together, we are building a sustainable future, enhancing lives, and fostering a resilient and prosperous environment for future generations.

**Mr. Chong Weng Hoe**

**Non-Executive Chairman and Independent Director**

# ABOUT THIS REPORT

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This Sustainability Report showcases the progress we have made in our sustainability efforts during the financial year beginning 1 June 2023 and ended 31 May 2024 (“**FY2024**”). Prepared in accordance with Rules 711A and 711B of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalyst (the “**Catalist Rules**”), it also follows the SGX-ST’s Practice Note 7F Sustainability Reporting Guide.

## **Reporting Framework**

We have also prepared this Report with reference to the latest Global Reporting Initiative (“**GRI**”) Standards, our preferred framework due to its international recognition, wide adoption, and suitability for our business model. All GRI reporting principles, including accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness, and verifiability, have been applied in the preparation of this Report. Going forward, where relevant, we will gradually incorporate the recommendations of the Task Force on Climate-related Financial Disclosures (“**TCFD**”) for climate-related financial information.

## **External Assurance**

To ensure the accuracy of the data and information presented, we have relied on internal verification and engaged internal auditors to review our sustainability reporting processes. In the future, we may also seek external independent assurance to further enhance our sustainability reporting practices.

Hardcopies of the Sustainability Report will be mailed to shareholders. Electronic version of the report can also be found on our website at <https://www.hcsurgicalspecialists.com/> as well as SGX-ST’s website, at [www.sgx.com](http://www.sgx.com).

## **Feedback**

We are dedicated to listening to our stakeholders and welcome any feedback and suggestions regarding the contents of this Report at [contact@hcsurgicalspecialists.com](mailto:contact@hcsurgicalspecialists.com).

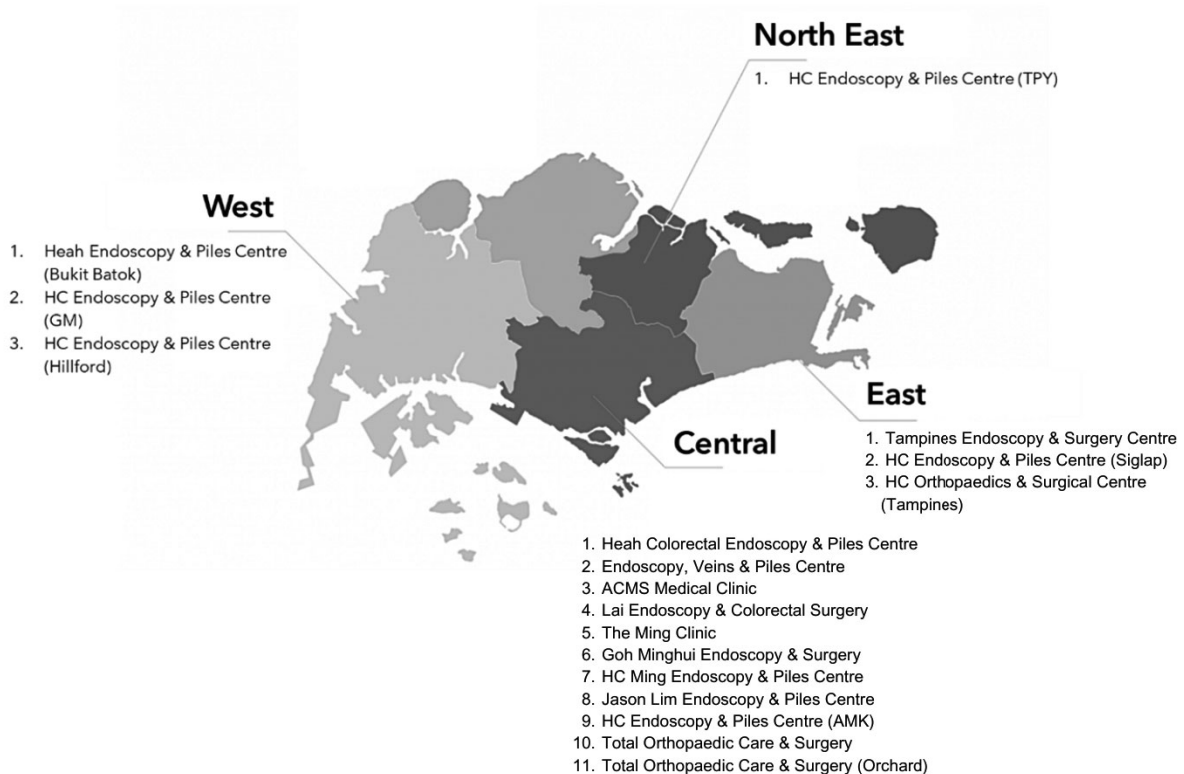
# ABOUT THE GROUP

HC Surgical Specialists Limited (“**HCSS**” and its subsidiaries, collectively the “**Group**”) is a medical services group focused on providing endoscopic procedures, such as gastroscopies and colonoscopies, as well as general surgery services, with a focus on colorectal procedures, across a network of clinics throughout Singapore.

Founded nearly a decade ago, HCSS aims to make private healthcare accessible to the widest consumer base possible. With the support of a team of experienced specialists, we operate 18 clinics conveniently located near public transportation. Our endoscopy clinics are accredited by MediSave and MediShield Life, which enhances the services available to our patients. We consistently renew our leases and seek new locations that can add value to our Group and improve accessibility.

In addition, the Group has expanded its range of services to include orthopaedics in FY2024 and has two orthopaedic clinics within the Group, with a third orthopaedic clinic that was opened in June 2024. The Group’s three orthopaedic specialists can also use the existing endoscopy clinics for their consultations.

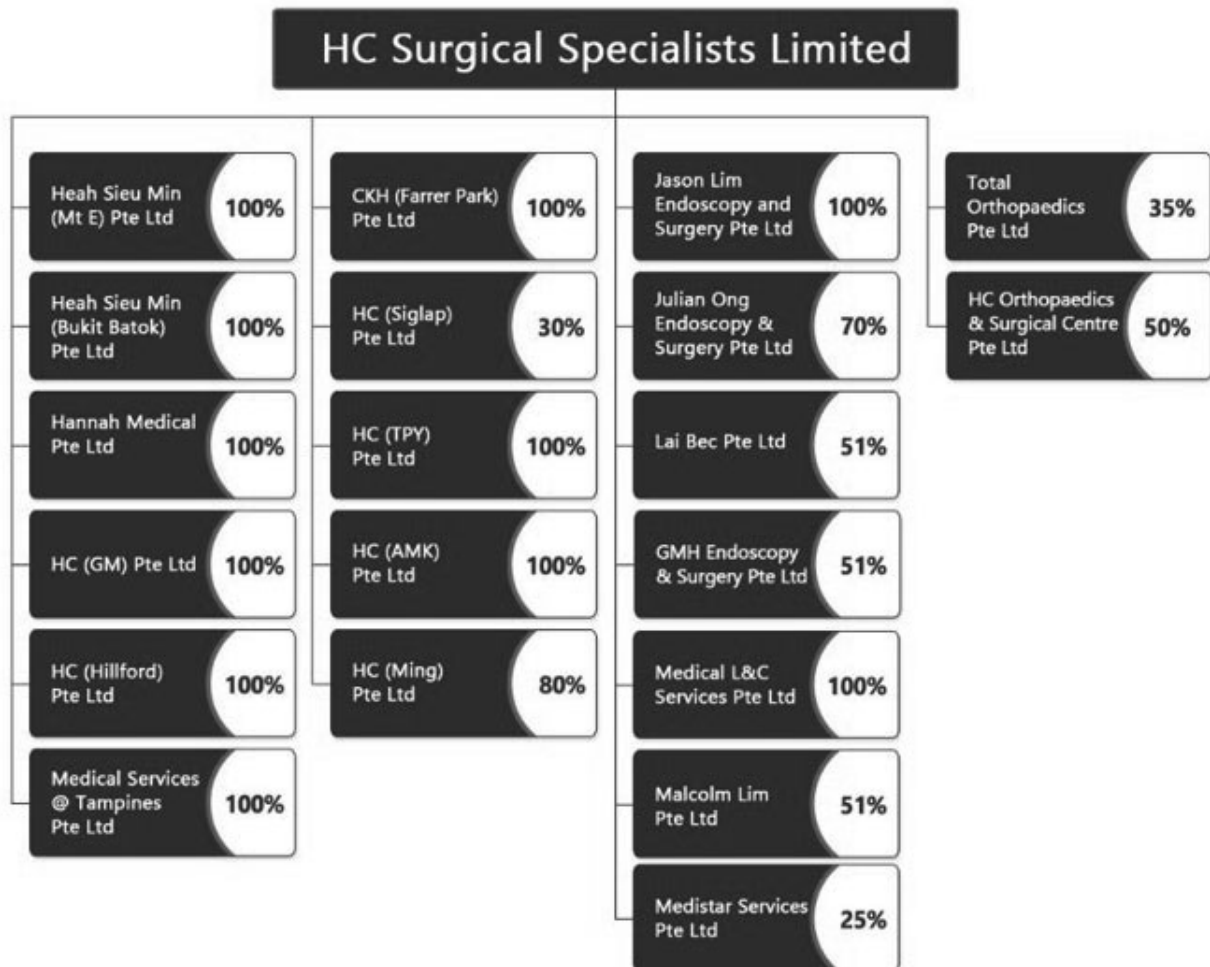
Our Group's medical clinics and facilities are as follows:



As a public company limited by shares, our registered office is located at 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619.

# ABOUT THE GROUP

As of 31 May 2024, our Group Structure is as follows:



# OUR SUSTAINABILITY APPROACH

Our board members and senior management work together closely on all sustainability issues. With their extensive expertise and experience, they contribute significantly to our discussions and decision-making processes. The board and its sub-committees include the following personnel, each of whom plays an active role in overseeing ESG-related matters. Additionally, all members had fulfilled SGX’s requirement of completing mandatory sustainability training in FY2023.

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

The board’s primary responsibilities and goals for advancing sustainability include:

- Setting the strategic direction for managing the Group’s sustainability-related risks, opportunities, and impacts;
- Overseeing the Group’s ESG performance and participating in discussions regarding the acquisition of new clinics or the hiring of new doctors; and
- Evaluating the adequacy and effectiveness of the Group’s internal controls and risk management systems.

# OUR SUSTAINABILITY APPROACH

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Guided by the Board, senior management is primarily tasked with overseeing our sustainability performance throughout the year, implementing new policies and practices, and providing regular updates to the Board. This direct communication channel between senior management and the Board ensures that our sustainability initiatives remain aligned with our business objectives. The senior management team of HCSS includes the following members:

<b>Senior Management</b>	
<b>Name</b>	<b>Designation</b>
<b>Ms. Sophia Ong</b>	Chief Financial Officer
<b>Ms. Melissa Susantio</b>	Chief Operating Officer
<b>Ms. Lee Hui Theng</b>	Chief Nursing Officer



# OUR STAKEHOLDERS

To deliver enduring value for our stakeholders, we emphasise a comprehensive approach to sustainability. By maintaining transparent communication with all stakeholder groups, we align our sustainability initiatives with their needs and expectations. The table below details our engagement activities with both internal and external stakeholders, aimed at strengthening these relationships.




Stakeholder Groups	Engagement Activities	Our Commitments
<b>Employees</b>	<ul style="list-style-type: none"> <li>▪ Training programmes</li> <li>▪ Annual appraisals</li> <li>▪ Staff meetings</li> <li>▪ Yearly staff retreat</li> </ul>	We aim to maintain a safe and fair working environment for our employees, while also providing them with opportunities for career progression and self-development.
<b>Patients</b>	<ul style="list-style-type: none"> <li>▪ Direct feedback during consultations</li> </ul>	We strive to provide our patients with quality healthcare services at their ease and convenience.
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>▪ WhatsApp feedback</li> <li>▪ Email feedback</li> <li>▪ Visits by sales representatives</li> </ul>	We maintain a close working relationship with our suppliers to ensure the quality and timely, efficient delivery of our procured goods.
<b>Shareholders &amp; Investors</b>	<ul style="list-style-type: none"> <li>▪ Annual and extraordinary general meetings</li> <li>▪ Corporate announcements</li> <li>▪ Emails</li> </ul>	We seek to grow our business and achieve sustainable returns for our shareholders and investors.
<b>Government &amp; Regulators</b>	<ul style="list-style-type: none"> <li>▪ Discussions</li> <li>▪ Conferences</li> <li>▪ Feedback sessions</li> </ul>	Our goal is to better understand how government initiatives would impact us and to align our business outcomes with national health objectives.
<b>Community</b>	<ul style="list-style-type: none"> <li>▪ Corporate website</li> </ul>	We hope to support the community by engaging in corporate social responsibility efforts.

# MATERIALITY ASSESSMENT

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Drawing on feedback from both internal and external stakeholders, we have assessed and prioritised various ESG topics crucial to our organisation and its stakeholders. To ensure these topics align with our business goals and stakeholder expectations, we review them annually.

In FY2024, we have conducted a stakeholder engagement survey to reassess the material topics relevant to our business. The Board has deliberated the results of the survey and the following material topics were concluded to be material to the Group this year:

<b>List of Material Topics for FY2024</b>	
	<b>Patients' Privacy</b>
	<b>Employment</b>
	<b>Economic Performance</b>

# PATIENTS' PRIVACY

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The rapid digital transformation in healthcare is raising significant concerns about the protection of sensitive information. With technology advancing quickly, both patients and business partners are increasingly focused on how healthcare providers manage and secure personal data. At HCSS, we are dedicated to strengthening our digital security practices to ensure the confidentiality and integrity of patient information and to prevent any data breaches.

## Management Approach

At HCSS, we handle patients' personal data with the utmost care, using it only for specified purposes and with their explicit consent. Our practices are governed by our Personal Data Protection Policy, which aligns with the Singapore Personal Data Protection Act (“**PDPA**”) and the Private Hospitals and Medical Clinics Act (“**PHMCA**”). This policy includes detailed procedures for data management and compliance, and we have designated two Data Protection Officers (“**DPOs**”) to oversee adherence to these guidelines. We conduct annual audits and training on staff knowledge of PDPA and cyber security, as well as carry out regular Vulnerability Assessment and Penetration Testing (“**VAPT**”) on the security of our computer systems.

Alongside implementing preventative measures to address potential data breach incidents, we rigorously enforce data protection protocols across all our clinics. This includes:

- Securing patient information in locked cabinets with restricted access,
- Providing each staff member with unique user IDs and enforcing two-factor authentication (“**2FA**”) for IT applications,
- Utilising a comprehensive cybersecurity system, including firewalls, antivirus software, encryption, and cloud security, to safeguard all computers and ensure the confidentiality and privacy of patient data.

We have also obtained the Data Protection Trustmark Certification for the Group. This certification underscores our dedication to data protection and reassures both our patients and business partners that their personal and medical information is securely managed. By implementing the security measures, we have significantly reduced the risk of data breaches involving patient information.

## FY2024 Performance & Targets

We are pleased to report that we achieved our FY2024 target with no incidents of theft, leakage, or loss of patient data. Furthermore, we have not received any privacy-related complaints from patients or regulatory bodies.

As we look ahead, we are committed to upholding the highest standards of data protection and aim for zero privacy complaints in FY2025, while fully complying with the PDPA and PHMCA. For further details on our commitment to safeguarding patient data, please refer to our Privacy Notice at: <https://www.hcsurgicalspecialists.com/en/privacy-notice>.

# EMPLOYMENT

At HCSS, we place a high priority on the professional development and personal growth of our employees, whom we consider our most valuable assets. Given our position in the healthcare sector, the ongoing success of HCSS is closely linked to the dedication, motivation, and expertise of our team.

## Management Approach

We are committed to attracting and retaining exceptional talent, recognising that a skilled and diverse workforce is essential for delivering high-quality patient care. Our comprehensive human resource policies support this goal by offering flexible work options, competitive benefits, and clear procedures for addressing grievances, ensuring that all employees are treated equitably.

We strive to foster a work environment that embraces respect, inclusivity, and innovation, vital for our healthcare mission. Through regular reviews and feedback mechanisms, we actively encourage employees to share their insights, helping us continuously enhance our support and meet their needs effectively.

Our employee benefits package includes comprehensive medical and dental coverage, along with hospital insurance entitlements. Part-time staff receive these benefits on a prorated basis. In FY2024, HCSS had maintained the option for employees to encash unused annual leave, as a token of appreciation for their dedication. We also regularly assessed our benefits to ensure that our compensation packages remain competitive and meet the needs of our workforce.

The table below shows the distribution of our workforce by gender as of the end of FY2024. Reflecting industry trends, female employees represent a larger portion of our team. We employ 75 full-time staff and 4 part-time staff, totalling 79 employees, all of whom are based in Singapore. According to the Ministry of Manpower (“**MOM**”) definition, part-time employees work fewer than 35 hours per week, while full-time employees work 35 hours or more per week.

Employee Type	FY2023		FY2024	
	Male	Female	Male	Female
Full-time employees	7	57	14	61
Part-time employees	1	4	1	3
Total for each gender	8	61	15	64
Total	69		79	

The number of employees in FY2023 were amended to exclude the Non-Executive Directors.

# EMPLOYMENT

## FY2024 Performance & Targets

In FY2024, the employee turnover rate decreased by 7.8% compared to FY2023, indicating an improvement in employee retention. This decrease reflects our efforts to foster a supportive work environment and implement effective retention strategies. On the other hand, the hiring rate saw a notable increase from 29.0% in FY2023 to 36.7% in FY2024, driven by the recruitment of additional staff to support our growing operations.

The turnover rate among female employees, in particular, dropped significantly from 34.4% in FY2023 to 26.6% in FY2024, demonstrating our success in retaining female talent. Conversely, the male turnover rate increased slightly from 12.5% to 13.3% due to changes in despatch staff.

The increase in the hiring rate, combined with the decrease in turnover, suggests a positive trend in stabilising our workforce, ensuring that we maintain a strong and committed team. We are pleased to report that our target of stabilising our workforce and fair employment practices has been met. Looking ahead, we aim to continue building on these gains to further enhance our workforce stability and effectiveness.

Looking ahead, we aim to sustain these stable employment trends to ensure that our workforce remains effective and positively engaged.

New Employee Hires and Employee Turnover by Gender	FY2023			FY2024		
	Female	Male	Total	Female	Male	Total
<b>No. of New Hires</b>	19	1	20	23	6	29
<b>Hiring rate<sup>1</sup></b>	31.1%	12.5%	29.0%	35.9%	40.0%	36.7%
<b>No. of Resignees</b>	21	1	22	17	2	19
<b>Turnover Rate<sup>2</sup></b>	34.4%	12.5%	31.9%	26.6%	13.3%	24.1%

For FY2024, out of the 19 resignees, 11 left during the probation period as they were found unsuitable for the job.

<sup>1</sup> The hiring rate is calculated by dividing the total number of new hires during the year by the total number of employees at the end of the year, and then expressed as a percentage.

<sup>2</sup> The turnover rate is calculated by dividing the total number of employees who resigned during the year by the total number of employees at the end of the year, and then expressed as a percentage.

# EMPLOYMENT

New Employee Hires and Employee Turnover by Age Group	FY2023			FY2024			
	21 - 30 years old	31 - 45 years old	Above 45 years old	18 - 21 years old	21 - 30 years old	31 - 45 years old	Above 45 years old
<b>Total employees</b>	23	27	19	2	23	36	18
<b>No. of New Hires</b>	12	8	0	2	14	11	2
<b>Hiring rate</b>	52.2%	29.6%	-	100.0%	60.9%	30.6%	11.1%
<b>No. of Resignees</b>	8	12	2	0	12	4	3
<b>Turnover Rate</b>	34.8%	44.4%	10.5%	-	52.2%	11.1%	16.7%

As shown in the table above, the majority of our hiring activity has occurred within the younger age groups, particularly the 21-30 years old and 31-45 years old categories, with 14 and 11 new hires respectively. This reflects our ongoing efforts to attract and retain younger talent within our organisation. For the oldest category (above 45 years old), there has been a slight increase in both new hires and turnover compared to FY2023, with 2 new hires and 3 resignees.

Overall, the distribution of hires and turnover across the age groups reflects our balanced approach to workforce management, ensuring we continue to nurture talent across all age categories while maintaining organisational stability.

## Parental Leave

HCSS offers parental leave to working parents as part of our employee benefits package, adhering to local laws and regulations.

Parental Leave during the reporting period	FY2023			FY2024		
	Female	Male	Total	Female	Male	Total
Number of employees entitled to parental leave (a)	5	-	5	3	-	3
Number of employees who took parental leave (b)	5	-	5	3	-	3

Number of employees that returned to work after parental leave ended (c)	4	-	4	2	-	2
Total number of employees due to return to work after taking parental leave (d)	4	-	4	2 <sup>3</sup>	-	2
Number of team members who returned to work and were still employed 12 months later (e)	3	-	3	4	-	4
Return to work rate (%)	100%	N.A.	100%	100%	-	100%
Retention rate (%)	100%	-	75%	100%	-	100%

Notes:

- 1) Return to work rate is based on (c) Number of team members who returned to work in the reporting period over (d) Total number of employees due to return to work after taking parental leave.
- 2) Retention rate is based on current year (e) Number of team members who returned to work and were still employed 12 months later over the previous year (c) Number of employees that returned to work after parental leave ended in the prior reporting period.

In FY2024, every employee eligible for parental leave took advantage of the benefit. Additionally, both our return-to-work and retention rates have seen improvements. We also did not receive any reports of workplace discrimination.

HCSS remains committed to upholding fair employment practices in line with the Tripartite Guidelines on Fair Employment Practices, aiming to sustain a record of zero reported workplace discrimination incidents. We are glad to report that we have had no incidents reported during the period. Additionally, we have adopted the Progressive Wage (“**PW**”) scheme to further support fair and equitable employment standards.

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<sup>3</sup> One staff elected to take 3 out of the 4 months available for maternity leave, and spread out the remaining 1 month of leave over subsequent months.

# ECONOMIC PERFORMANCE

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As a Group, our objective is to achieve long-term economic prosperity while meeting the expectations of our stakeholders. The economic benefits generated by our business activities are subsequently distributed among our stakeholders in the form of shareholder dividends, employee wages, and government taxes.

## **Management Approach**

In response to recent interest rate hikes and inflationary pressures, the Group has re-strategised its operations to manage the rising cost of business. We have taken advantage of the higher interest rates by placing fixed deposits with banks and have also introduced cost-cutting measures aimed at improving operational efficiencies. These steps are part of our broader strategy to mitigate the impact of economic challenges and ensure our financial stability.

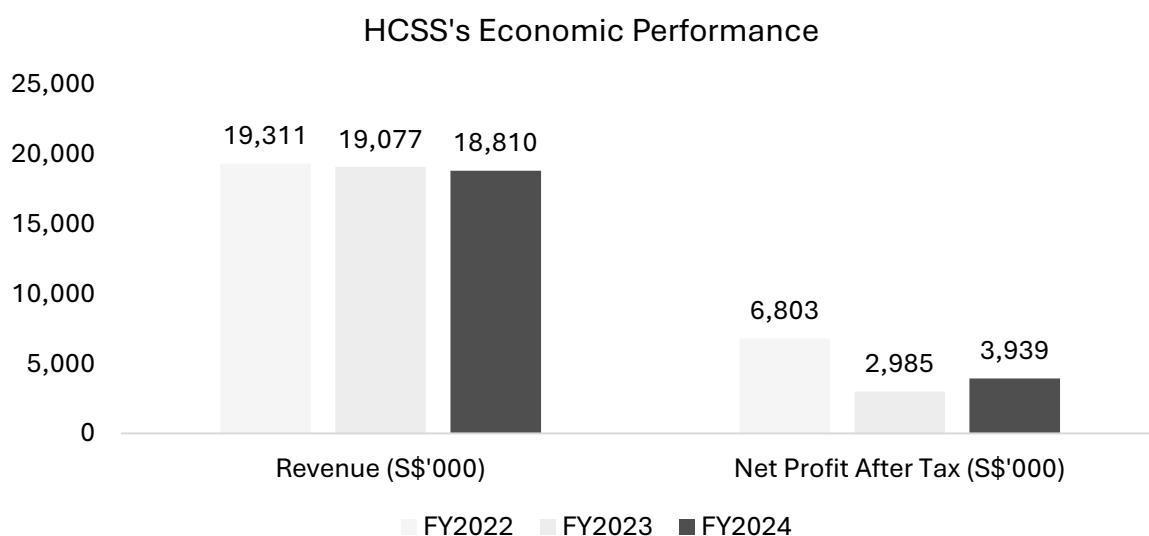
During FY2024, we accomplished key milestones in our pursuit of excellence and compliance. We earned the Data Protection Trustmark (“**DPTM**”) Certification, valid from January 5, 2024 to January 4, 2027, which underscores our commitment to data security. Additionally, we were awarded the Progressive Wage Mark certification, effective from April 2, 2024 to April 1, 2025, highlighting our dedication to fair employment practices.

In the same year, we expanded our service offerings by inaugurating two new orthopaedic centres in Tampines and Novena Medical Centre. We also bolstered our medical team with the addition of three new orthopaedic surgeons, who specialise in upper limb, lower limb, and spine care, thereby enhancing the range and quality of orthopaedic services we provide.

We are pleased to report that our target of enhancing the Group’s profitability and creating sustainable economic value for our stakeholders through strategic collaborations has been met.



## FY2024 Performance & Targets



In FY2024, the Group is pleased to have recorded S\$18.8 million in revenue, which is relatively similar and stable as compared to FY2023; and S\$3.9 million in net profit after tax, which is an increase from FY2023's S\$3.0 million. A comprehensive analysis of our financial statements can be found in our Annual Report 2024.

The following tables detail the breakdown of our direct economic value generated and distributed for FY2024.

Direct Economic Value Generated (S\$' 000)		FY2023	FY2024
Revenue		19,077	18,810
Direct Economic Value Distributed (S\$' 000)		FY2023	FY2024
Operating costs	Inventory expense	2,628	2,848
	Rental expenses	1,361	1,367
	Employee wages and benefits	6,646	6,951
	others	1,983	1,703
Payments to providers of capital	Dividends	3,276	2,615
	To NCI	308	308
	Interest payments	64	39
Taxes to government		1,017	1,020
<b>Total</b>		<b>17,283</b>	<b>16,851</b>

Taking the difference between the value generated and distributed, our total direct economic value retained for FY2024 is \$1,959,000. The Group also received the following grants to improve our business processes and operations.

<b>Financial Assistance received from government (S\$)</b>	<b>FY2023</b>	<b>FY2024</b>
Wage Credit Scheme	34,000	60,000
Jobs Growth Incentive	10,000	N.A.
Enterprise Risk Management and Internal Audit grants from Enterprise SG	108,000	N.A.

In FY2025, the Group plans to pursue business expansion opportunities while maintaining our commitment to steady revenue and profit growth. Our objectives include increasing our patient base, expanding our orthopaedics segment, and broadening the range of medical services offered by the Group.

# TCFD REPORT

## Governance

### The Board's oversight of Climate-related Risks and Opportunities

At HCSS, the Board's oversight of climate-related risks and opportunities is a crucial aspect of our governance structure. The Board ensures that climate-related issues are integrated into our strategic framework to foster sustainable practices throughout the organisation. During the annual Enterprise Risk Management (“**ERM**”) update, the Board is briefed on relevant performance metrics and regulatory requirements. Climate-related issues are also discussed annually or as needed, ensuring the Board and its committees are kept informed on the latest developments and strategies. Board members have completed the mandatory SGX training for directors of listed companies. Since the Group operates in the healthcare service industry and rents premises for its clinics, climate-related concerns primarily focus on electricity usage, which is compiled and reported to the Board during the annual ERM update.

Recognising the importance of informed leadership in addressing climate issues, HCSS has developed the skills matrix below for board members that incorporates climate change expertise. This matrix is part of our broader initiative to enhance board capabilities and includes ongoing education and training in climate-related areas. Aligning with the recommendations of the TCFD, this effort underscores our commitment to ensuring that our governance practices robustly support our sustainability objectives.

	Mr. Chong Weng Hoe	Mr. Ooi Seng Soon	Mr. Lim Chye Lai, Gjan	Dr. Heah Sieu Min	Dr. Chia Kok Hoong
Accounting, Banking & Finance	X	X			
Corporate Governance	X	X	X	X	X
Risk Management	X	X	X	X	X
Industry Knowledge	X	X	X	X	X
Entrepreneurial and Management			X	X	X
Information Technology and Cybersecurity	X		X		
Marketing			X		
Climate Change	X	X	X	X	X

## Management's role in assessing and managing Climate-related Risks and Opportunities

At HCSS, management is actively involved in evaluating and managing climate-related risks and opportunities, which are essential components of our broader environmental and sustainability strategy. These responsibilities are supported by specific management roles and committees accountable to the Board, with climate-related duties assigned to relevant positions and committees.

The CFO has participated in webinars on climate-related issues and reporting requirements. Additionally, the Executive Directors, CFO, and COO have been updated by the Internal Auditors on these requirements.

Electricity usage is reviewed biannually and analysed for any significant fluctuations. To conserve energy, our clinics predominantly use LED light bulbs, maintain air conditioning at 24 degrees Celsius or higher, and ensure treatment and consultation rooms are switched off when not in use.

Our gradual implementation of the TCFD recommendations is outlined in the timeline below:

TCFD Pillar	Implementation Year		
	FY2024	FY2025	FY2026
<b>Governance</b>	Describe the Board oversight and management role in relation to climate reporting and managing climate risks and opportunities	-	-
<b>Strategy</b>	Describe the climate risks, opportunities and impacts we have identified over varied time horizons	-	Describe the resilience of our strategy under different climate scenarios
<b>Risk management</b>	Describe how processes for identifying, assessing, and managing climate risks and how these are integrated with our enterprise risk management	Monitor and manage the risks, opportunities and impacts assessed in the prior years	-
<b>Metrics and Targets</b>	Disclose Scope 1 and 2 emissions	Where appropriate, enhance our metrics	Consider the inclusion of Scope 3 emissions where

TCFD Pillar	Implementation Year		
	FY2024	FY2025	FY2026
		and targets with quantitative data.	appropriate and disclose metrics and targets used in relation to climate risk.

### Strategy

At HCSS, we recognise the critical impact of climate-related risks on our operations and are actively managing these challenges. Our timeframe for targets is set as short-term by 2025, medium-term by 2030, and long-term by 2050.

The Group faces climate-related risks such as flash floods and rising temperatures, which could disrupt operations and increase costs. While flash floods may hinder patient access to certain clinics, our extensive network and government flood prevention efforts help mitigate this risk. Rising temperatures also lead to higher electricity usage, impacting profitability, but we have implemented energy-efficient measures like high-efficiency air conditioners and LED lighting to manage these costs.

Additionally, the transition to energy-efficient medical equipment presents both risks and opportunities. While there may be initial costs associated with upgrading equipment, the long-term benefits include significant cost savings and enhanced operational efficiency. By staying informed on technological advancements and integrating climate considerations into our strategic planning, the Group remains committed to maintaining resilience, supporting sustainability, and securing long-term success.

This table highlights the key climate-related risks and opportunities, prioritised according to their significance to our core business operations.

### Climate-related Risks

Categories	Description of Risk	Scope of Risk	Potential Financial Impacts	Time frame	Management Approach
Physical Risk (Acute) - Increased rainfall resulting in flash floods	Increased rainfall resulting in flash floods which may lead to road closures, preventing patients from reaching certain clinics.	Past incidents (2010, 2011, 2018) included flash floods in Orchard Road area, near our clinics in Mount Elizabeth Orchard.	This may reduce revenue as patients may not want to postpone their appointments or may see other doctors instead.  Likelihood: Low due to the diversity in location of clinics around Singapore.	Long-term	The Group comprises of 11 endoscopy centres, 2 orthopaedic centres, 2 GP clinics in Singapore. Hence, we are able to divert our patients to other clinics easily.
Physical Risk (Chronic) - Heat waves	Global warming drives up electricity rates to discourage carbon footprints. Rising temperatures could also lead to higher cooling costs for our clinics.	Clinics have to lower their aircon temperature further for the comfort of patients, leading to higher electricity bills.	The Group faces increased electricity costs, resulting in lower profits.  Likelihood: More likely	Long-term	The clinics turn off lights and air conditioning in consultation and treatment rooms when not in use, where feasible.  Except for those with centralised air conditioning, most of the Group's installed air conditioners have a 3-tick energy efficiency rating, with average temperatures set at 24 degrees.  Additionally, most refrigerators in the clinics have a 2-tick rating, and LED light bulbs are used throughout.

### Climate-related Risks

Categories	Description of Risk	Scope of Risk	Potential Financial Impacts	Timeframe	Management Approach
Transition Risk (Technology) - New technology in medical equipment that is more energy efficient.	Adaptation of new medical technology that is more energy efficient.	The current medical equipment available in the market and used by the group may not be energy efficient.	Increased electricity costs resulting in lower profits.  Likelihood: Low	Long-term	The Group is consistently looking out for any new developments in medical equipment for its operational needs.
Transition Risk (Market, Reputation) - Lack of energy efficiency in our business operations.	Insufficient energy efficiency in our business operations may make it challenging to secure operational loans, as financial markets increasingly favour sustainable practices. Additionally, this could damage our reputation, impacting stakeholder trust and our competitive position in the market.	Banks are pushing out 'Green Loans' to encourage companies to reduce carbon footprints.	Challenges in securing loans could impact the Group's acquisition plans and cash flow.  Likelihood: Low, as the Group does not own any property.	Long-term	The Group regularly monitors its cash flow needs, and some acquisitions are structured with payments spread over several years.

**Climate-related Opportunities**

<b>Categories</b>	<b>Description of Opportunity</b>	<b>Scope of Opportunity</b>	<b>Potential Financial Impacts</b>	<b>Timeframe</b>	<b>Management Approach</b>
Resource Efficiency	Enhancing energy efficiency and reducing electricity costs in our operations	Relates to our daily operations	The cost of replacing medical equipment represents a one-time impact on cash flow. However, the long-term benefits of cost savings and increased efficiency in patient procedures will ultimately boost revenue and profits.	Long-term	The Group is consistently looking out for any new developments in medical equipment for its operational needs.  Should there be any, the Group will do a cost-benefit analysis before making any decision.



## Risk Management

### Identifying and assessing Climate-related Risks

The ERM Framework is employed to identify and evaluate climate-related risks and assess their significance compared to other risks. We analyse which climate-related risks and opportunities might have a substantial financial impact on HCSS, considering both their probability and potential impact. Climate-related information in relation to risk undergoes the same internal controls and assurance as traditional financial risk.

### Managing Climate-related Risks

HCSS manages climate-related risks by monitoring electricity usage both in absolute terms and relative to the revenue of each location. Decisions are made to mitigate, transfer, accept, or control these risks based on their materiality and the likelihood of occurrence.

### Metrics and Targets

The organisation identifies material climate-related metrics relevant to the business by examining the drivers of risks. Key metrics used to measure and manage these risks and opportunities include electricity usage, measured both in quantity and as a percentage of revenue. These metrics are calculated based on vendor bills. Historical data on electricity usage is also disclosed to enable meaningful trend analysis and comparison. Currently, climate-related performance metrics are not incorporated into the Company's remuneration policies.

### Scope 1 and Scope 2 Greenhouse Gas Emissions

As part of our commitment to sustainability and transparency, we have established a baseline inventory of our Scope 2 emissions compiled from the electricity bills, reflecting the full scope of our business activities as detailed in this report. We do not have any Scope 1 emissions as we do not own any premises or vehicles which may generate direct emissions. We are committed to refining our carbon accounting practices to include all entities within HCSS's operational control.

Greenhouse gas emissions are a key indicator for managing and mitigating climate-related risks, and we are exploring ways to capitalise on identified climate opportunities. Although we have not yet set specific reduction targets, we are focused on improving our disclosure practices and plan to introduce clear targets in the FY2025 reporting cycle. The Group is actively evaluating appropriate targets to enhance our climate strategy and sustainability efforts.

Electricity usage (kWh)	HQ	SP	GP	GP (Assoc)	Ortho (Assoc)	Total Electricity Use	Total emissions <sup>4</sup> (kg CO <sub>2</sub> )
<b>FY2024</b>	9,680	53,126	4,711	9,718	1,853	79,088	32,964
<b>FY2023</b>	9,742	45,240	4,852	12,769	N.A.	72,603	30,261

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<sup>4</sup> The grid emission factor (GEF) of 0.4168 kg CO<sub>2</sub>/kWh is from <https://www.ema.gov.sg/resources/singapore-energy-statistics/chapter2>

# GRI CONTENT INDEX

<b>Statement of Use</b>	HC Surgical Specialists Ltd. has reported the information cited in this GRI content index for the period 1 June 2023 to 31 May 2024 with reference to the GRI Standards.
<b>GRI 1 Used</b>	GRI 1: Foundation 2021

<b>GRI Standards</b>	<b>Disclosure Title</b>	<b>Location</b>
<b>General Disclosures</b>		
GRI 2: General Disclosures 2021	2-1 Organisational details	4 – 5
	2-2 Entities included in the organisation’s sustainability reporting	4 – 5
	2-3 Reporting period, frequency and contact point	3
	2-4 Restatements of information	NIL
	2-5 External assurance	3
	2-6 Activities, value chain and other business relationships	4 – 5
	2-7 Employees	11 – 14
	2-9 Governance structure and composition	6 – 7
	2-12 Role of the highest governance body in overseeing the management of impacts	6
	2-13 Delegation of responsibility for managing impacts	7
	2-14 Role of the highest governance body in sustainability reporting	6
	2-17 Collective knowledge of the highest governance body	6, 18
	2-22 Statement on sustainable development strategy	2
2-27 Compliance with laws and regulations	10, 15	
2-29 Approach to stakeholder engagement	8	

# GRI CONTENT INDEX

Material Topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	9
	3-2 List of material topics	9
Economic Performance		
GRI 3: Material Topics 2021	3-3 Management of material topics	15 – 17
GRI Economic Performance 2016	201-1 Direct economic value generated and distributed	16 – 17
	201-4 Financial assistance received from government	17
Employment		
GRI 3: Material Topics 2021	3-3 Management of material topics	11 – 14
GRI 401: Employment 2016	401-1 New employees hires and employee turnover	12 – 13
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	11
	401-3 Parental leave	13 – 14
Patient's Privacy		
GRI 3: Material Topics 2021	3-3 Management of material topics	10
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of patients' privacy and losses of patients' data	10

# TCFD CONTENT INDEX

TCFD Pillars	Recommended Disclosures	Location
<b>Governance</b>		
Disclose the organisation's governance around climate-related risks and opportunities	a) Describe the board's oversight of climate-related risks and opportunities.	18
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	19
<b>Strategy</b>		
Disclose the organisation's governance around climate-related risks and opportunities.	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	20 – 23
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	20 – 23
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Will be included in future reporting.
<b>Risk Management</b>		
Disclose how the organisation identifies, assesses, and manages climate-related risks	a) Describe the organisation's processes for identifying and assessing climate-related risks.	24
	b) Describe the organisation's processes for managing climate-related risks.	24
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	24
<b>Metrics and Targets</b>		
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	24
	b) Disclose Scope 1, Scope 2 and if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	24
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Will be included in future reporting.