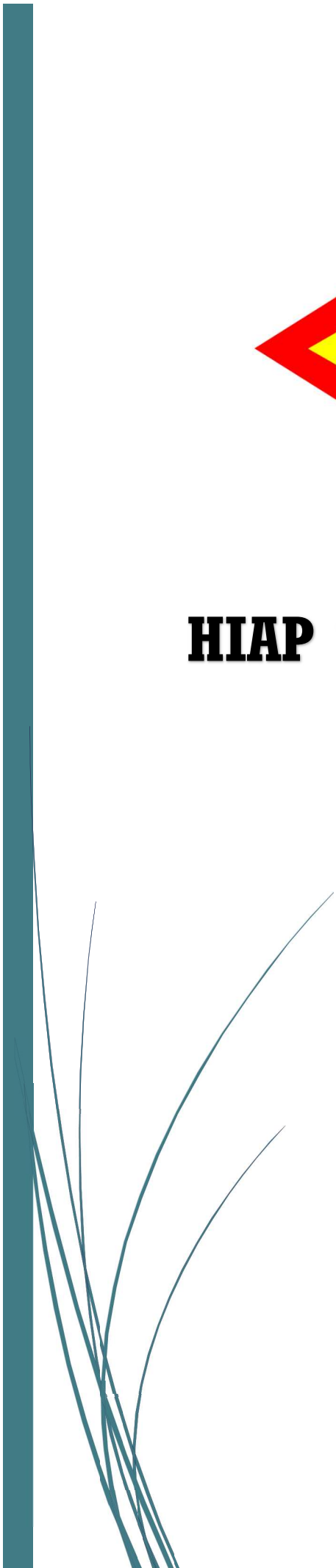




# **HIAP SENG ENGINEERING LTD**

(Judicial Managers Appointed)

## **Sustainability Report** **2022**



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# CHAIRMAN'S STATEMENT

We are pleased to issue our 3<sup>rd</sup> dedicated Sustainability Report.

This year's report continues to be based on the same material topics that were reported on in 2019. Together with Management, the Board continues to hold the view that these topics are of considerable importance to the Group.

The past few years with COVID has not been an easy for the company and the team. However, despite the various challenges, the team performed admirably in the various ESG aspects. There are areas of improvement which occurred in past reporting period which. we see the opportunity in learning from these lessons, and continue to strive in the right direction.

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

For financial years ended March 2020 and ended March 2021, the company obtained a waiver from SGX that the sustainability report for the respective years need not be issued on the basis that any information to be disclosed in such sustainability reports would be obsolete and outdated. Therefore, it will not be beneficial to the shareholders of the Company for the Company to expend time and costs for such purposes.

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

**TAN AH LAM, FRANKIE**

Chairman

# ABOUT THE REPORT

## SCOPE AND BOUNDARY

This report covers Hiap Seng Engineering Ltd (Judicial Managers Appointed) (“Hiap Seng”) sustainability performance for the Financial Year ended 31 March 2022 (“FY 2022”). It follows the last report issued in August 2019.

This report has been prepared in compliance with the SGX-ST Listing Rule 711a and 711b and in accordance with the GRI Framework 206: Core. This GRI framework was selected as it is currently the most widely used sustainability reporting framework.

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

Our boundary of reporting covers only our operations for this year<sup>1</sup>.

## EXTERNAL ASSURANCE

We have obtained external assurance for this report. We aim to further enhance our data monitoring and collection processes in future.

## FEEDBACK

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

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<sup>1</sup> This includes Hiap Seng Engineering Ltd, Hiap Seng-Sanko TPM Pte Ltd and HS Info-Tech Pte Ltd

# ABOUT HIAP SENG

## COMPANY OVERVIEW

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

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

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



## MARKETS SERVED

The company has presence in Singapore, Malaysia, and United Arab Emirates.

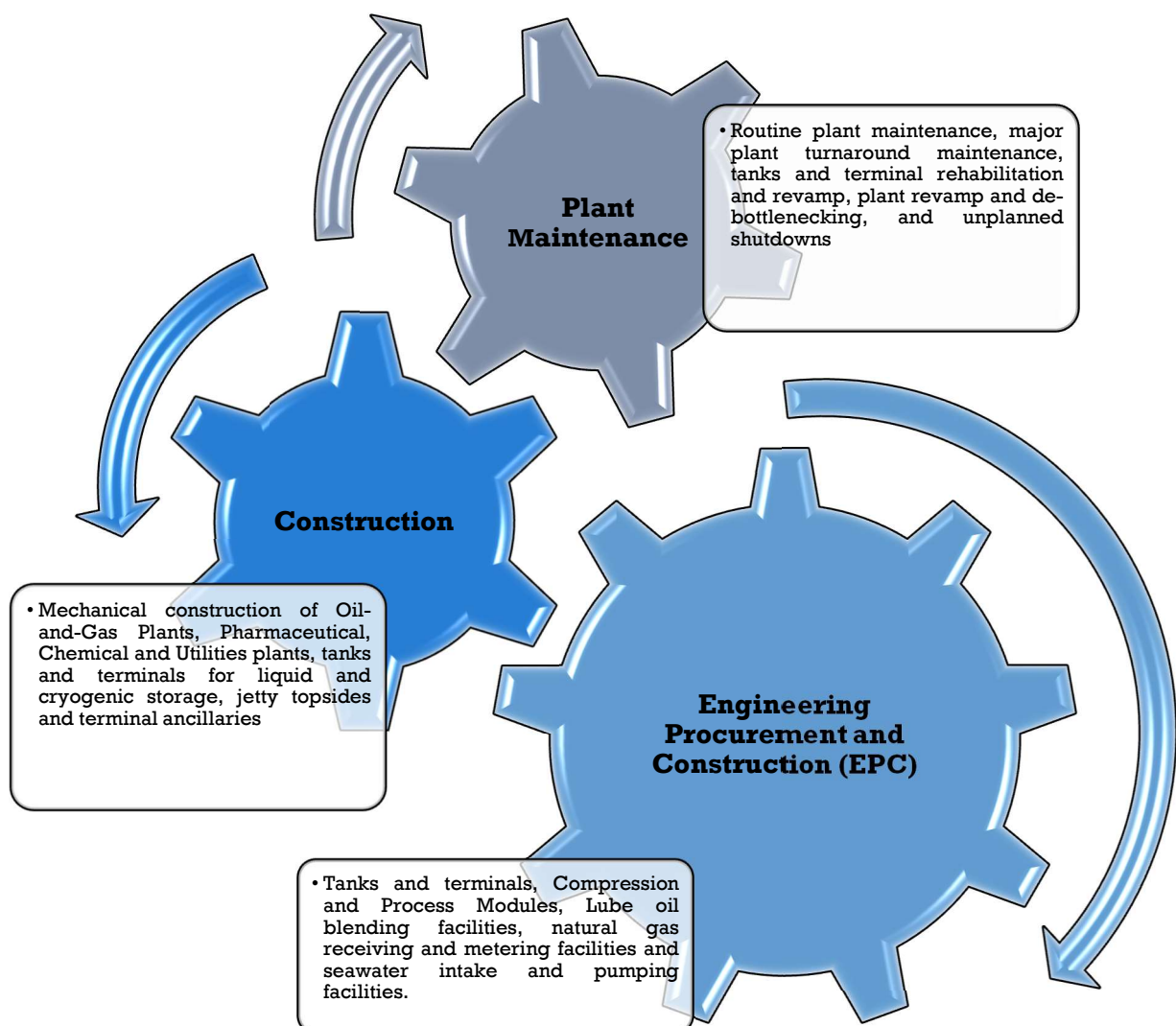
Our services extend primarily to the Oil and Gas, Chemicals, Utilities and Pharmaceutical sectors with our client base including Multi-National Corporations (“MNCs”), local plant owners and major construction engineering companies. Depending on customer requirements, our size of operations and scope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

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

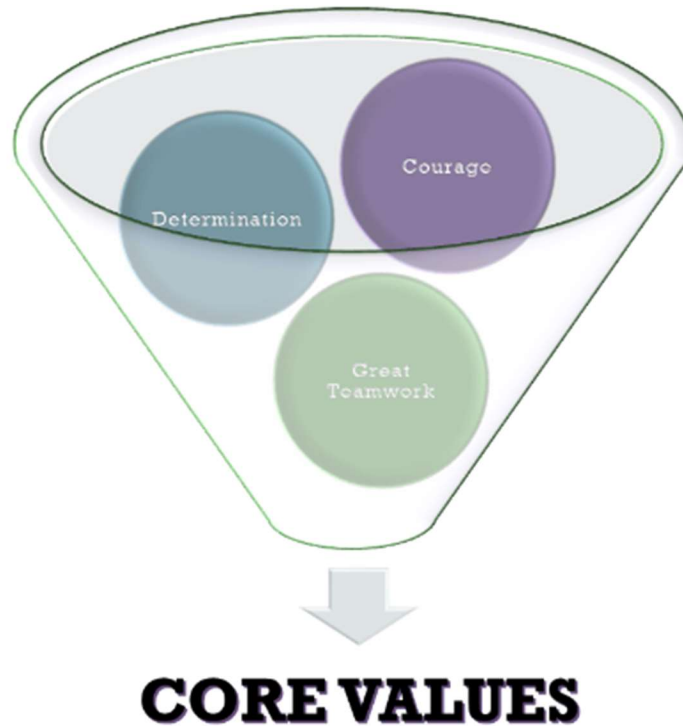
The core activities under the Hiap Seng brand are as follows:

# OUR SUSTAINABILITY APPROACH

## OUR VALUES, VISION AND MISSION



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



**OUR VISION**

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

**OUR MISSION**

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

## STAKEHOLDER ENGAGEMENT

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

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

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

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

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

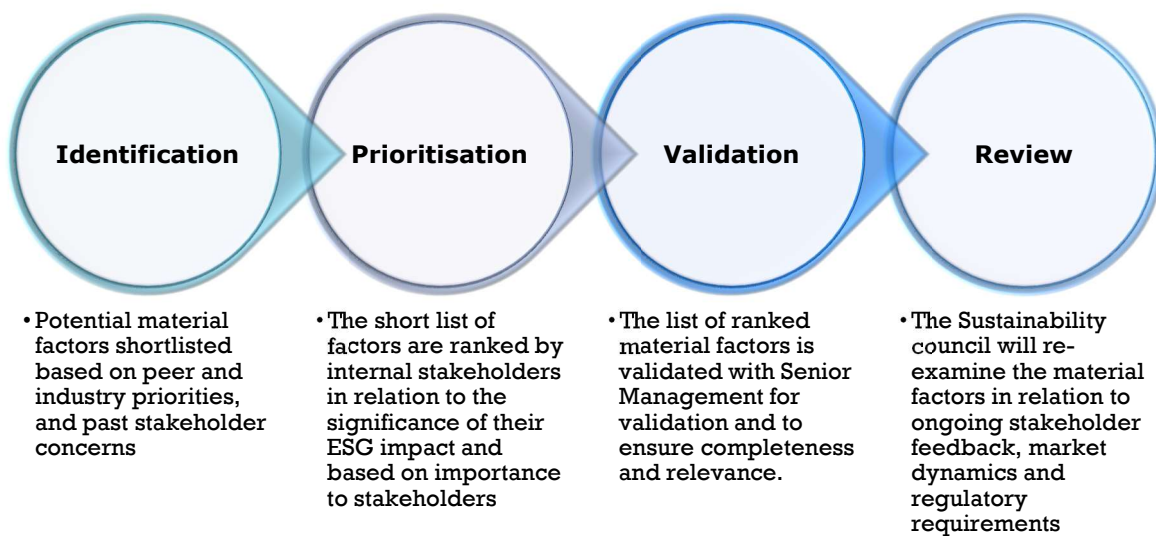


Employees	Timely payments	Ad-hoc one to one meetings
	Work hours	Annual appraisals
	Good work environment and no EHS issues	Monthly safety committee meetings Exit interviews
Regulators	Compliance with legal requirements pertaining to environment, health and safety	Regular compliance reviews
		Ad hoc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

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

## MATERIALITY ASSESSMENT

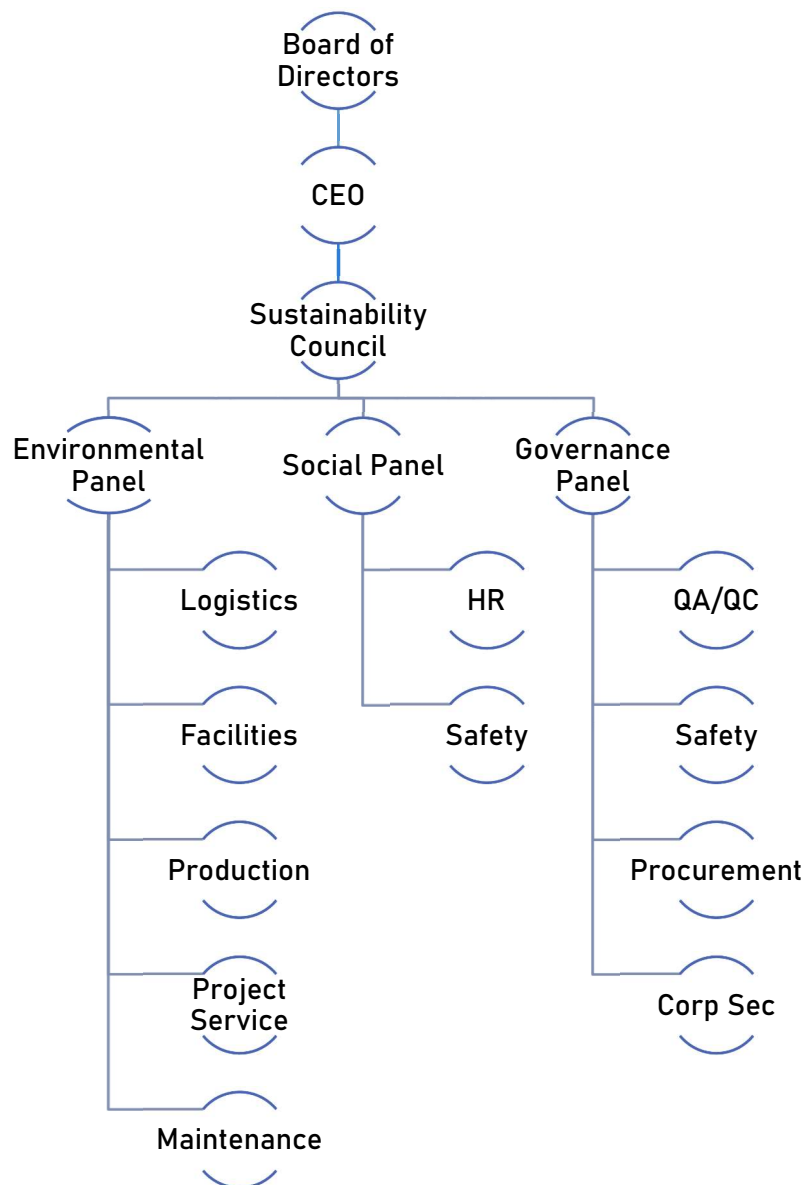
Materiality is the bedrock of our sustainability strategy as it provides our stakeholders with meaningful sustainability information about our business. In FY 2018, we conducted a formal materiality assessment exercise. Guided by our consultants, the process included review of existing stakeholder concerns,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



The figure below highlights our list of identified material topics.



## SUSTAINABILITY GOVERNANCE



Management of sustainability issues flows right through the organisation and engages all employees in some way. Our business departments collectively contribute to ensure the implementation of our sustainability policies, report and steward performance as set by the Sustainability Council. The Council then reports directly to the CEO, and subsequently to the Company's Board of Directors on matters pertaining to sustainability, acting in accordance with the Board of Directors' strategic priorities. Currently, court appointed Judicial Managers since 15 September 2020 managed the affairs of the Company.

The sustainability council will provide resources required by the ESG panels to achieve set targets, and facilitate two-way communication with internal stakeholders through

regular meetings that allows performance monitoring and feedback assessment and improvement suggestions from the ESG panels.

By monitoring the latest performance indicators and stakeholders' feedback, the sustainability council will also review the effectiveness of current management approaches towards each material topic. In this manner, we aim to ensure practicing of initiatives and setting of targets that are highly relevant to our material topics.

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

### **ANTI-CORRUPTION**

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

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

Employees are also required to report any known or suspected practices against the business conduct.

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

There were no reported incidents of corruption in this period.

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

## MEMBERSHIP OF ASSOCIATIONS & EXTERNAL CHARTERS OR INITIATIVES

Hiap Seng is a member of the following associations:



Association of Process Industry (ASPRI)



Singapore Welding Society (SWS)

Hiap Seng has adopted the following external initiatives/standards:



# REDUCING OUR ENVIRONMENTAL FOOTPRINT

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

## ENERGY CONSUMPTION

### **Why material**

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

### **Management approach**

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

### **Performance**

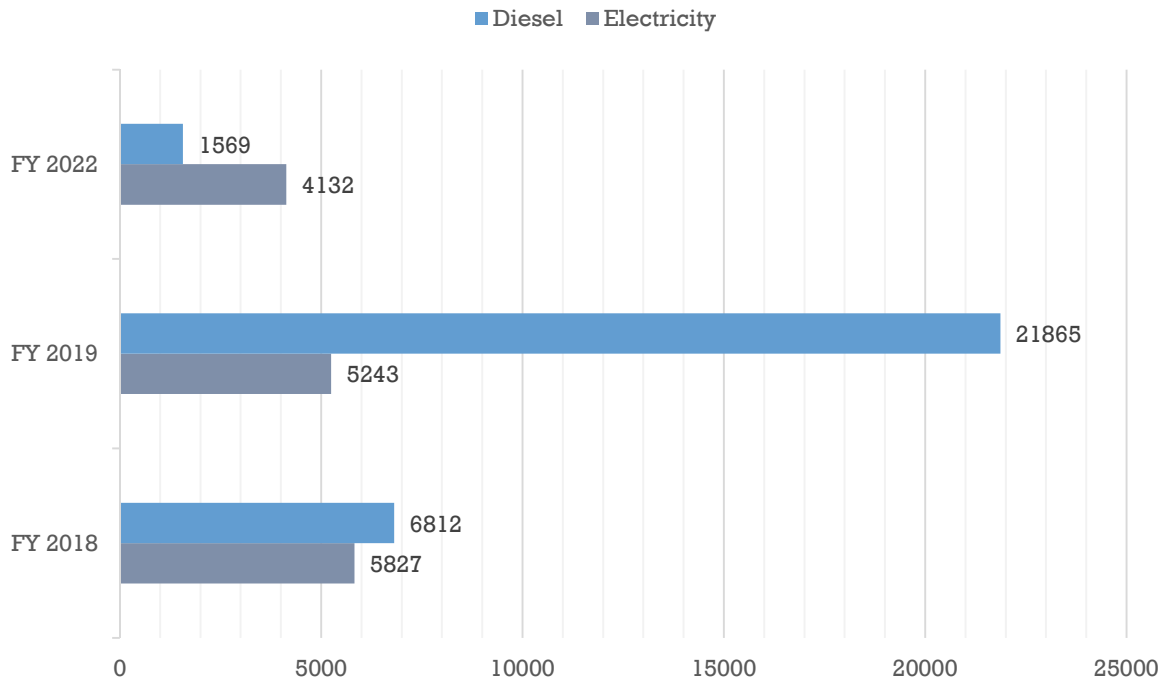
In FY 2022, we continued our progress in to optimizing our energy consumption. Currently, no renewable energy is being used in our operations, due to non- availability.

To date, we have increased the deployment of energy efficient lighting usage in our work premises from 59% to 68%. We continually pursue end-of-life lighting replacements with energy efficient alternatives.

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

Total electricity<sup>2</sup> and diesel<sup>3</sup> consumption reduced by 80% year-on-year, with diesel consumption reduced to 7%.

### Total Singapore Energy Consumption within the Organization (GJ)



Our energy consumption levels are highly correlated to project activities, especially those occurring in work-site with diesel powered generators providing the bulk of energy. Significant decrease in diesel consumption was predominantly due to reduction in site construction activities. Total man-hours worked in FY 2022 is 15% of that in FY 2019.

With consistent energy saving efforts by all employees, the office and workshop electricity consumption further reduced by >10%.

#### Targets

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

For FY 2023, with increased budget conservatism, we will narrow the replacements to only end-of-life lighting. As such, a conservative target of achieving 70% usage of energy efficient lighting is set.

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

<sup>3</sup> The data is estimated based on procurement data for the year and conversion factor used: 1 Litre = 0.036 GJ, based on conversion factor from UK Government GHG Conversion Factors for Company Reporting

## WATER CONSUMPTION

### **Why material**

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

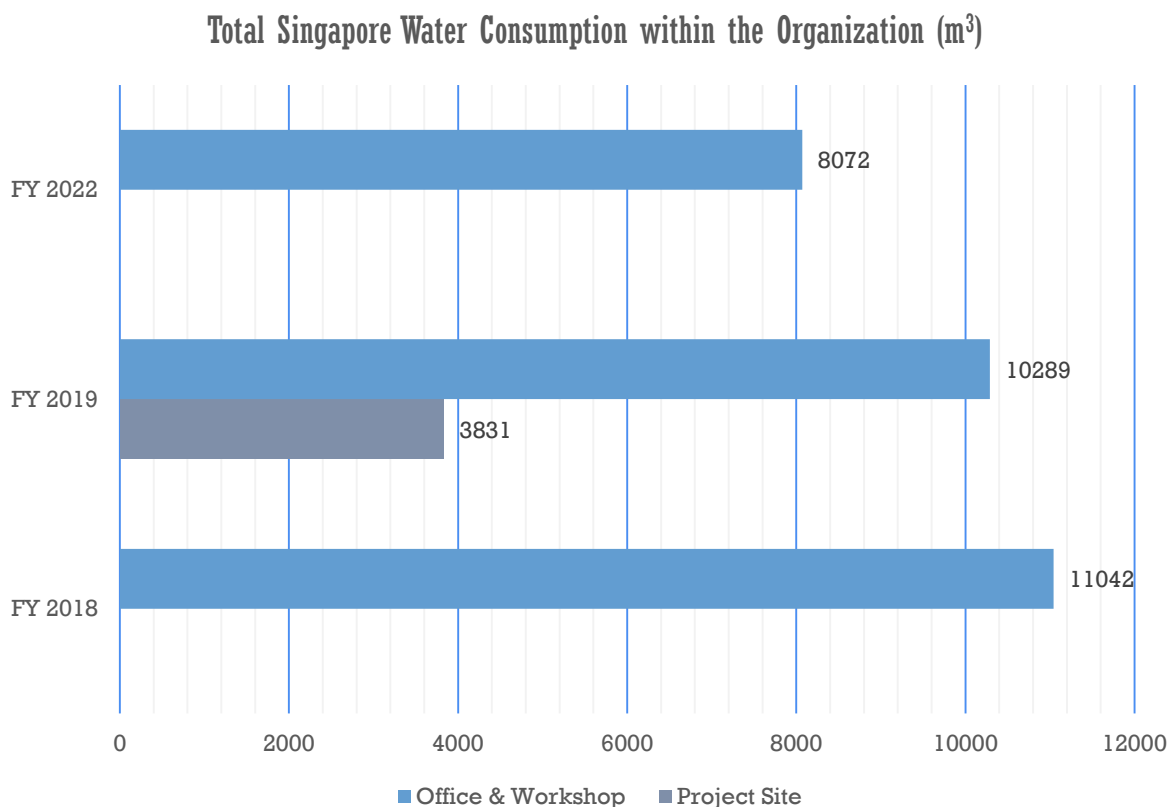
### **Management approach**

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

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

### **Performance**

FY 2022, overall water consumption decreased, both in our workshop facilities and project sites.





The water usage was mainly for the purpose of hydro testing activities, a common yet critical component of our products and services for quality control. Prior to release of hydro test water, stringent testing to authority regulations is carried out.

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

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

### **Targets**

We achieved our target of decreasing our level of water consumption in the office and workshop with a 20% decrease, owing to a lower level of shop assembly and fabrication activities.

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

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

## WASTE MANAGEMENT

### **Why material**

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

### **Management approach**

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

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

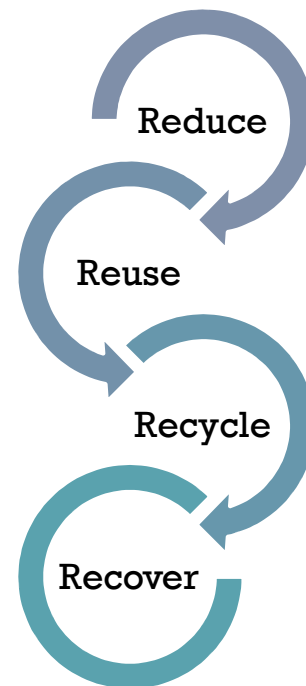
This starts from the design stage, by using advanced software programs during engineering and fabrication that helps to maximum the use of raw materials.

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

We will review our policy and processes regularly to ensure that it is effective.

### **Performance**

Total amount of non-hazardous waste disposed in FY 2022 saw decrease, driven by small but constant efforts for reduction of material usage (e.g. monthly reporting of printing volumes).



Similar levels of waste were reused or recycled<sup>4</sup>. Our waste disposal vendor controls disposal methods<sup>5</sup>.

The amount of hazardous waste disposed in FY 2022 increased to 2.6 MT. the largest contributing factor was from reinstatement of 2 workshop properties, as the reinstatement is a requirement to return the land as leases fall due.

Nevertheless, our integrated management system continues to serve as a reliable process to ensure proper handling of hazardous waste as part of our operations.

### **Targets**

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

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<sup>4</sup> The data for non-hazardous waste disposal method is provided by our waste disposal vendor

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

# STRENGTHENING OUR WORKFORCE

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

## OUR EMPLOYEE PROFILE<sup>6</sup>

In FY 2022, 100% of our employees are employed on full-time basis. Majority of our workforce comprises of workers on temporary contract and varies considerably in accordance to work volume.

Regionally, less than 1% of our permanent full-time employees are employed for overseas office activities.

## Full Time Employees



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

## **HUMAN CAPITAL MANAGEMENT**

### **Why material**

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

### **Management approach**

We address this material area through a few key considerations:

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

#### *Fair labour practice*

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

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

#### *Talent attraction*

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

#### *Training and development*

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

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

## Well-being and benefits

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

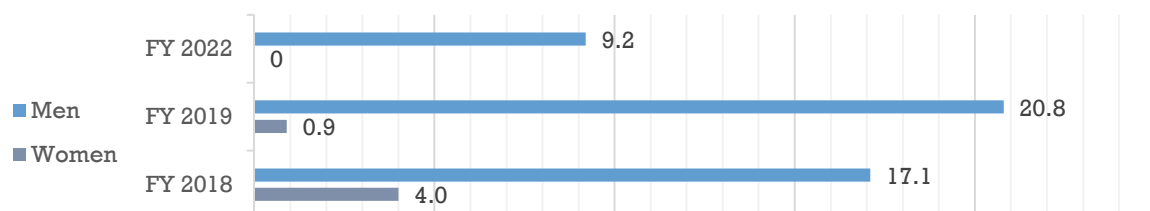
## Performance

Total training hours provided to all employees amounted to more than 6200 hours, a significant decrease from FY 2019.

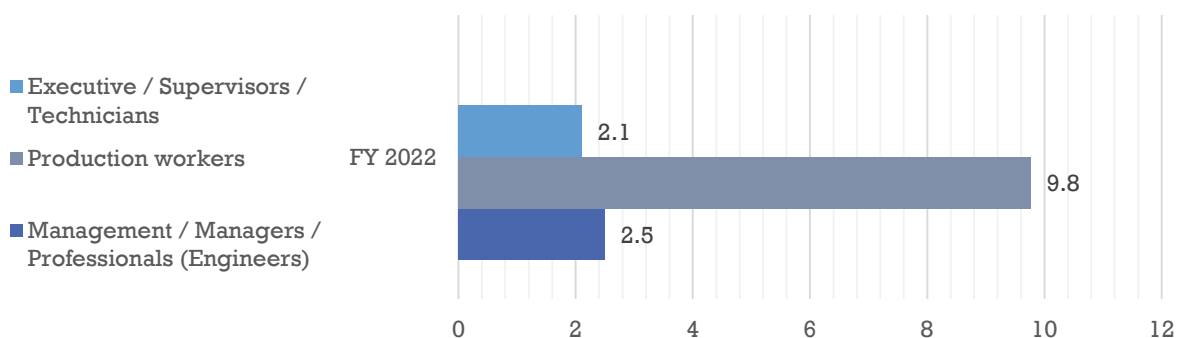
The decrease in training provided in all employee gender and categories is generally attributable to 3 main reasons – headcount reduction, reduced on boarding of new employees and general scaling back on non-essential training (due to budget conservatism).

Production workers, remaining as the group receiving the highest average training hours per employee amongst the different employee groups<sup>7</sup>, also experienced a notable decrease largely due to reduced number of on-boarding employees. A significant portion of training is part of the on-boarding process for this group of employees, due to job skill and regulatory requirements.

### Average Training Hours (by Gender)



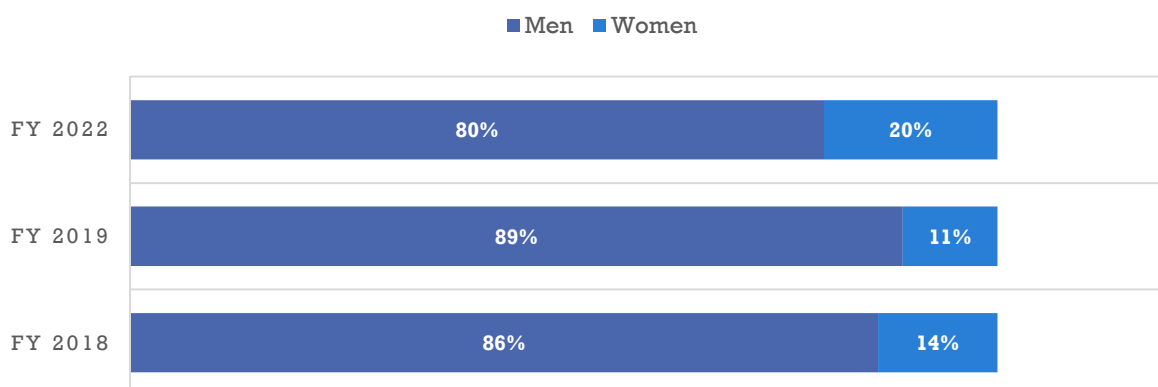
### Average Training Hours (by Employee Category)



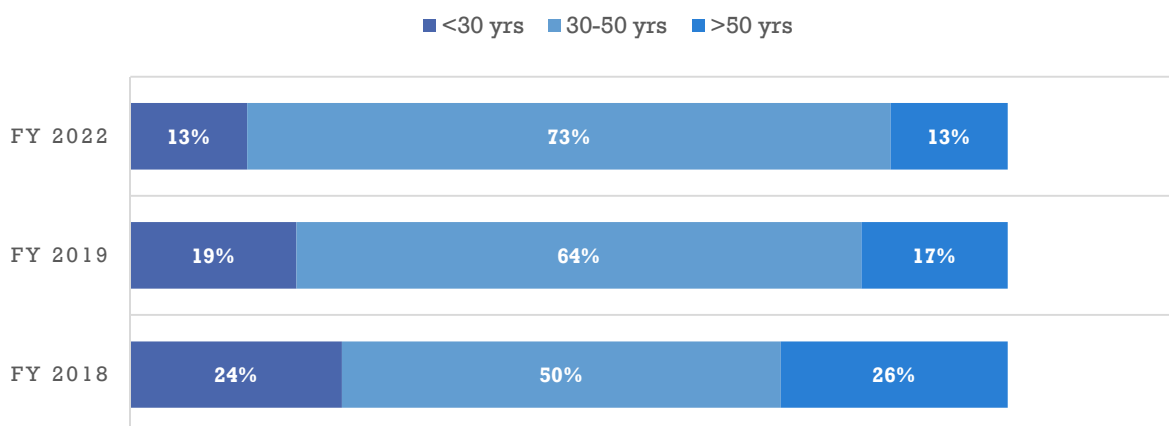
<sup>7</sup> Our male employees include our production staff that undergo a number of mandatory trainings, while our female employees are mainly office staff. Hence, the average training received for males is much higher.

Our new hire and turnover rates<sup>8</sup> are shown below.

## RATE OF EMPLOYEE HIRE BY GENDER



## RATE OF EMPLOYEE HIRE BY AGE



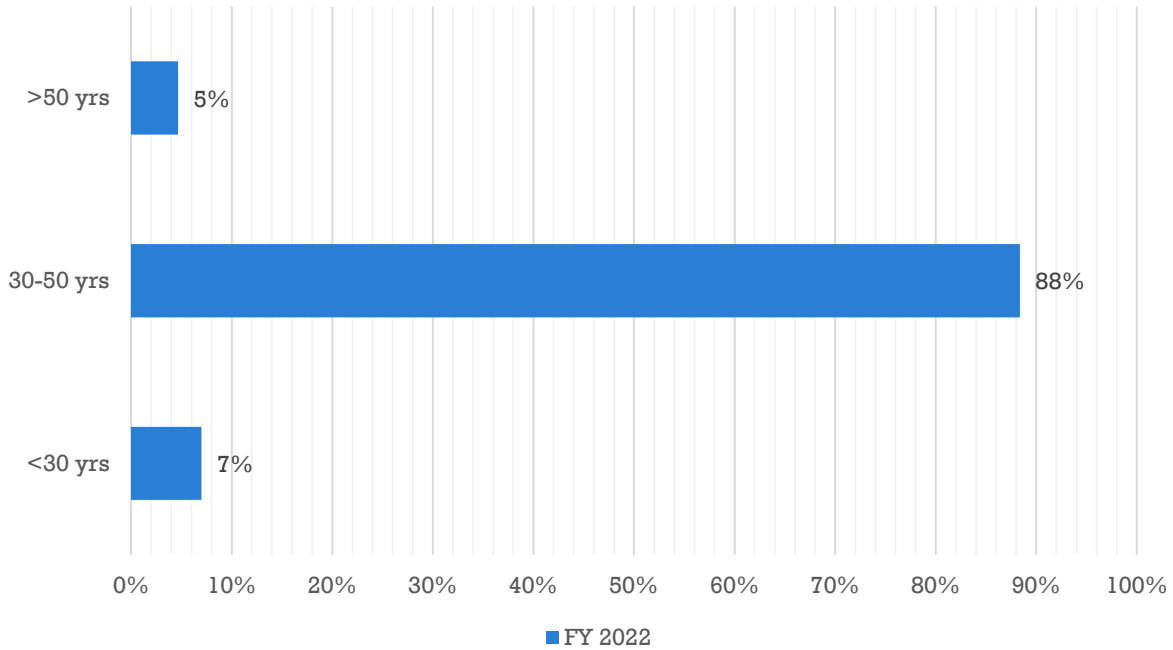
Typical to our industry, we continue to attract male employees as a majority to our organization. Despite so, in FY 2022, we saw an increase proportion of female representing new employees, accurately representing our principle of extending similar opportunities to all prospective employees. We are pleased to continue attracting a diverse range of talents from different gender and age group, in line with our belief that the company will benefit from diversity of knowledge and experience.

Every category of employees saw an increase in turnover<sup>9</sup>. This is mainly due to the challenging economic conditions, resulting the unavoidable necessity to adjust the workforce level in relation to the activity levels forecasted.

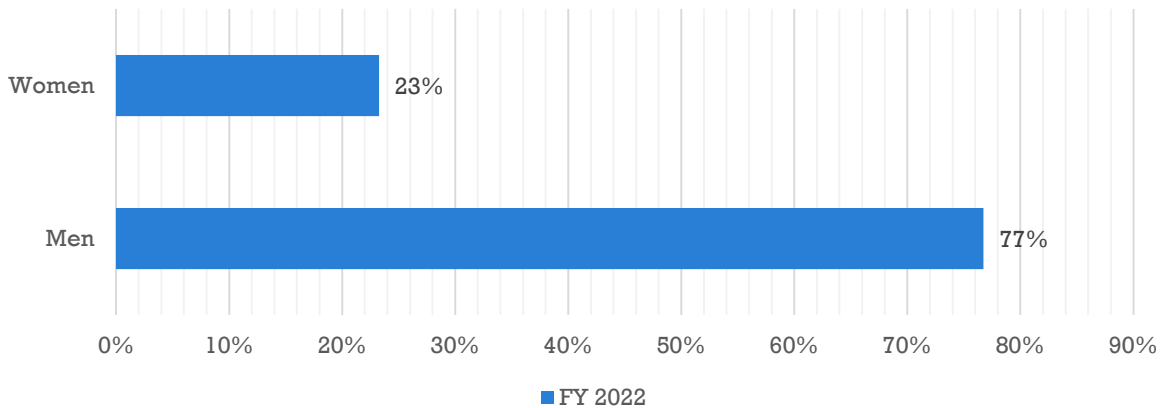
<sup>8</sup> Hire and turnover rates are derived based on permanent contract employees

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

### Rate of Employee Turnover (Age)



### Rate of Employee Turnover (Gender)



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

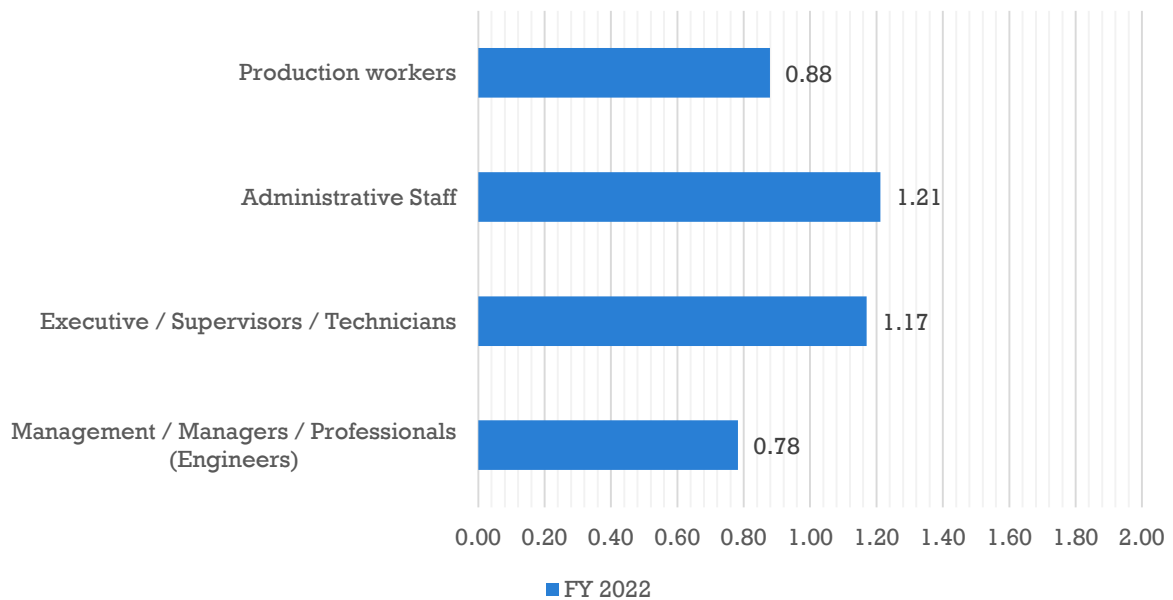
One such area monitored is the female to male average remuneration ratio, which was maintained at similar levels to those in FY 2019. The slight decrease in ratio for the management, managers and professionals group is due to reduction in male employees within this group in the lower remuneration band, resulting in a higher average salary. For the production workers, female employees make up less than 1% of the group, hence the



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

The company continues practicing merit-based remuneration.

**Ratio of Female to Male Average Remuneration**



**Targets**

In FY 2022, as part of the response to the COVID-19 pandemic, we implemented telecommuting and staggered work hours arrangements for employees<sup>10</sup> in order to reduce unnecessary risk of their exposure to the virus. The arrangement included:

- Installation and training of telecommuting software (e.g. video conference)
- Provision of hardware
- Provision of door-to-door logistics for computer equipment transportation

For FY 2023, post COVID-19, we aim to continue offering flexible work arrangement as an option for our employees, adopting the Tripartite Standards on flexible work arrangement.

<sup>10</sup> Employees whose job functions were assessed to be suitable for flexible work arrangement

## **OCCUPATIONAL HEALTH AND SAFETY (OHS)**

### **Why material**

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

### **Management approach**

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

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

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

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

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

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

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

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

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

We value the benefits of working with contractors and suppliers that have good OHS management systems, as it may not be possible to enforce direct control in all situations. As a bizSAFE Partner, we encourage our contractors to participate in the bizSAFE program<sup>11</sup>.

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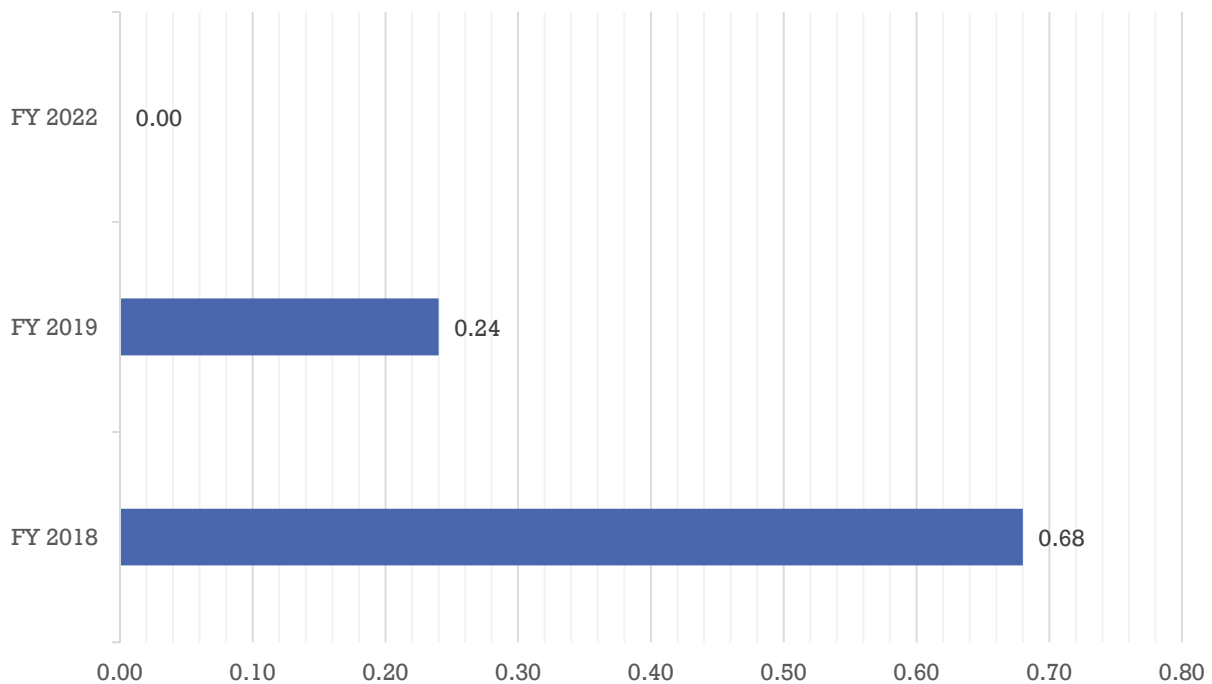
<sup>11</sup> Participation of contractors in the bizSAFE program is managed through Hiap Seng procurement specifications (e.g. vendor assessment criteria)

## Performance

We are proud to have achieved an aggregate of 0 total recordable injury rate (TRIR) in FY 2022. In spite of clocking more than 1.4 million<sup>12</sup> man-hours of construction-related work, there was no recordable injuries sustained by our employees and worker/contractors.

We are also pleased to have successfully renewed our long-standing achievement of attaining BizSafe Star, arguably recognized as the highest level of safety recognition in Singapore.

### Recordable Injury Rate (TRIR)



## Targets

In FY 2022, we achieved our aim to achieve the following:

1. Achieve a TRIR of  $\leq 0.3$
2. Successful renewal of our bizSAFE Star accreditation

For FY 2023, we aim to achieve similar, challenging targets:

1. Achieve a TRIR of  $\leq 0.3$

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

# LEADING OUR MARKETPLACE

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

## PRODUCT QUALITY AND SAFETY

### **Why material**

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

### **Management approach**

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

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

### **Performance**

There were no cases of non-compliance concerning the health and safety impacts of our products and services in FY 2022. This a reflection of the rigour of the quality we emphasize in the products and services we provide to our clients.

### **Targets**

Our target is to continue relentlessly incorporating quality and safety considerations in our projects in FY 2023, and maintain compliance without any safety incidents.

## **RESPONSIBLE SUPPLY CHAIN**

### **Why material**

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

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

### **Management approach**

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

### **Performance**

In FY 2022, 100% of procurement expenditure was from local suppliers<sup>13</sup>. We remain committed to support the local businesses to the fullest extent possible.

### **Targets**

In FY 2022, we achieved our target of procuring a 100% of our goods and services from local suppliers.

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

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

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<sup>13</sup> Suppliers which procurement was made through office registered in Singapore

## **REGULATORY COMPLIANCE**

### **Why material**

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

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

### **Management approach**

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

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

### **Performance**

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

### **Targets**

We continue to aim for maintain full compliance to all regulations in the areas we operate in for FY 2023.

# KEY INDICATORS & TARGETS

Performance Indicators	FY 19	FY 22	FY 22 Targets	FY 22 Achievements	FY 23 Targets
<b>Environmental</b>					
Total Energy Consumption (GJ)	27108	5701	Increase office and workshop energy efficient lighting usage to 65%	Increase office and workshop energy efficient lighting usage to 68%	Increase office and workshop energy efficient lighting usage to 70%
Diesel	21865	1569			
Electricity	5243	4132			
Total Water Consumption (m <sup>3</sup> )	14120	8072	Maintain current level of water consumption in office and workshop	12% decrease in water consumption in office and workshop	Include water management procedures into IMS
Waste water from another organisation	3468	0			
Municipal water supplies or other water utilities	10652	8072			
Office & Workshop	10289	8072			
Project Site	3831	0			
<b>Total Waste Disposed (MT)</b>					
Non-hazardous waste	436	123	No release of contaminating fluids or toxic waste into the environment	No release of contaminating fluids or toxic waste into the environment	No release of contaminating fluids or toxic waste into the environment
Reuse/Recycling	317	123			
Composting	32	0			
Incineration (mass burn)	71	0			
Landfill	17	0			
Hazardous waste	0	2.6			
Reuse/Recycle	0	2.6			
Other (Waste water treatment)	0	0			
<b>Social</b>					
<b>Training (average hours per person)</b>					
Men	20.8	9.2	Implement at least 1 new initiative that improves the workplace environment	Introduced flexible work arrangements (telecommuting & staggered work hours)	Adopt Tripartite Standards on FWA
Women	0.9	0			
Management / Managers / Professionals (Engineers)	6.7	2.5			
Executive / Supervisors / Technicians	4.1	2.1			
Administrative Staff	2.1	0			
Production workers	27.7	9.8			
<b>Hire &amp; Turnover Rates</b>					
<b>New Hire</b>					
Men	89%	80%			
Women	11%	20%			
<30 yrs.	19%	13%			
30-50 yrs.	64%	73%			
>50 yrs.	17%	13%			
<b>Turnover</b>					
Men	31%	77%			
Women	31%	23%			



<30 yrs.	21%	7%
30-50 yrs.	39%	88%
>50 yrs.	22%	5%

Remuneration Ratio (Female:Male)		
Management / Managers / Professionals (Engineers)	0.7	0.78
Executive / Supervisors / Technicians	1.0	1.17
Administrative Staff	1.5	1.21
Production workers	0.9	0.88

OHS					
No. of recordable injuries	11	0			
No. of high consequence injuries or fatalities	0	0	1. Maintain TRIR of ≤ 0.32.	1. TRIR = 0	1. Maintain TRIR of ≤ 0.32.
No. of near miss and first aid cases	4	0	2. Renew bizSAFE Star accreditation	2. Renewed bizSAFE Star accreditation	
Recordable injury rate	0.24	0			
Number of man-hours worked	9.03m	1.42m			

Governance					
Supply Chain			Majority of procurement from local suppliers	Majority of procurement from local suppliers	Majority of procurement from local suppliers
Proportion of procurement (by value) from local suppliers	57.1%	100%			
Product Quality and Safety			No incidents	No incidents	No incidents
Total no. of incident of non-compliance	0	0			
Regulatory Compliance			No incidents	No incidents	No incidents
Total no. of incident of non-compliance	0	0			

# GRI CONTENT INDEX

<b>Disclosure Number</b>	<b>Disclosure Title</b>	<b>Page No. or direct reference</b>
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102-2	Activities, brands, products, and services	About Hiap Seng, 5, 6
102-3	Location of headquarters	About Hiap Seng, 5
102-4	Location of operations	Annual Report 2022, 7 About Hiap Seng, 4, 6
102-5	Ownership and legal form	About Hiap Seng, 5
102-6	Markets served	About Hiap Seng, 6 None of Hiap Seng Engineering Ltd's products and service are currently banned in any markets
102-7	Scale of the organisation	Annual Report 2022, 18 Strengthening Our Workforce, 20
102-8	Information on employees and other workers	Strengthening Our Workforce, 20, 21, 27 Whilst Hiap Seng employs Contract workers for project work (e.g blasting and painting, electrical and instrumentation), this work is not a significant portion of our overall work. We do not employ workers on a seasonal basis.
102-9	Supply chain	About Hiap Seng, 5 Leading Our Marketplace, 30
102-10	Significant changes to the organisation and its supply chain	Strengthening Our Workforce, 20 There have been no significant changes to the organisation's size, structure or ownership during the FY
102-11	Precautionary Principle or approach	Reducing our Environmental Footprint, 14
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102-13	Membership of associations	Our Sustainability Approach, 13
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### Specific Disclosures

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#### GRI 205: Anti-Corruption 2016

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205-2	Communication and training about anti-corruption policies and procedures	Our Sustainability Approach, 12
205-3	Confirmed incidents of corruption and actions taken	Our Sustainability Approach, 12

#### GRI 302: Energy 2016 (Note: Hiap Seng Engineering Ltd does not sell any energy)

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302-1	Energy consumption within the organisation	Reducing our Environmental Footprint, 14-15

#### GRI 303: Water 2016

103-1/2/3	Management Approach	Reducing our Environmental Footprint, 16 Our Sustainability Approach, 11-12
303-1	Water withdrawal by source	Reducing our Environmental Footprint, 16-17

#### GRI 306: Effluents and Waste 2016

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306-2	Waste by type and disposal method	Reducing our Environmental Footprint, 19

#### GRI 401: Employment 2016

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401-1	New employee hires and employee turnover	Strengthening Our Workforce, 23-24

GRI 403: Occupational Health and Safety 2018

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403-1	Occupational health and safety management system	Strengthening Our Workforce, 26-28
403-2	Hazard identification, risk assessment, and incident investigation	Strengthening Our Workforce, 26-28
403-3	Occupational health services	Strengthening Our Workforce, 26-28
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403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Strengthening Our Workforce, 26-27
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GRI 405: Diversity and Equal Opportunity 2016

103-1/2/3	Management Approach	Strengthening Our Workforce, 23, 24 Our Sustainability Approach, 11-12
405-2	Ratio of basic salary and remuneration of women to men	Strengthening Our Workforce, 26

GRI 416: Customer Health and Safety 2016

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GRI 419: Socioeconomic Compliance 2016

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419-1	Non-compliance with laws and regulations in the social and economic area	Leading our Marketplace, 31



**Hiap Seng Engineering Ltd**  
**(Judicial Managers Appointed)**

Co. Reg. No: 197100300Z

**Registered Office**

28 Tuas Crescent, Singapore 638719

Tel: 6897 8082

Fax: 6897 8081

Email: [info@hiapseng.com](mailto:info@hiapseng.com)

Website: [www.hiapseng.com](http://www.hiapseng.com)