



FY2022
SUSTAINABILITY
REPORT



**HC SURGICAL
SPECIALISTS LIMITED**



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Board Statement

Dear Stakeholders,

On behalf of the Board of Directors (the “**Board**”) and the Management of HC Surgical Specialists Limited (“**HCSS**”, and together with its subsidiaries, the “**Group**”), I am pleased to present our fifth annual Sustainability Report (the “**Report**”) for the financial year ended 31 May 2022 (“**FY2022**”). This Report underscores our continuous commitment to reaffirming the importance of environmental, social and governance (“**ESG**”) topics in every aspect of our business operations. Not only do these issues speak to who we are as a company, but they also matter greatly to our stakeholders.

FY2022 marks the year when we learned to live with the COVID-19 virus. As an organisation deeply involved in the health of our patients, we do not envision returning to pre-pandemic days but rather, finding new ways to promote a full and healthy life amidst the pandemic. For the Group, this means actively responding to our stakeholders’ concerns and progressively developing a strong and resilient healthcare system that can withstand the pressures of future disease outbreaks. Even as the Group continues to grow and expand, our patients’ well-being will always be our utmost priority.

The Board plays an instrumental role in guiding and overseeing our Group’s sustainability strategy and efforts. Working closely with senior management, the Board takes the lead in determining ESG factors that are material to the Group’s business and our stakeholders and provide oversight over the management and monitoring of these factors. Taking steps to identify and address a wide range of material sustainability issues, HCSS is well prepared to face any challenges and risks that lie ahead.

We would hereby like to express our heartfelt appreciation to all our stakeholders for joining us in our sustainability journey. With your continued trust and support, we are confident that HCSS will continue to flourish.

Mr. Chong Weng Hoe

Non-Executive Chairman and Independent Director

About this Report

Our Sustainability Report for FY2022 provides a broad overview of the Group’s sustainability strategies, initiatives, and performance from 1 June 2021 to 31 May 2022, and should be read in conjunction with HCSS’s Annual Report 2022.

This Report has been prepared in compliance with Rules 711A and 711B of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"), with reference to the guidelines set out in SGX-ST’s Practice Note 7F Sustainability Reporting Guide.

This Report has also been prepared in accordance with the Global Reporting Initiative ("**GRI**") Standards – Core Option, which continues to be our sustainability reporting framework of choice given how it is internally recognised, widely adopted and well-suited to our business model. In defining the contents of this Report, the Group has applied the recommended GRI principles of stakeholder inclusiveness, sustainability context, materiality, and completeness, as follows:

Materiality	Stakeholder Inclusiveness
Focusing on the issues that impact business growth and are of utmost importance to stakeholders	Responding to stakeholders’ expectations and interests
Sustainability Context	Completeness
Presenting performance in the wider context of sustainability	Including information on all significant ESG impacts to enable stakeholders to assess HCSS’s performance

We have relied on internal verification to ensure the accuracy of the data and information reported and will consider seeking external independent assurance at a later stage of our sustainability reporting journey. In the meantime, we will continue to improve upon our data collection and reporting practices.

As part of our environmental conservation efforts, we will not be printing our Sustainability Report. The electronic edition of this report will be made available for download from our website at <https://www.hcsurgicalspecialists.com/> and SGX-ST’s website, at www.sgx.com.

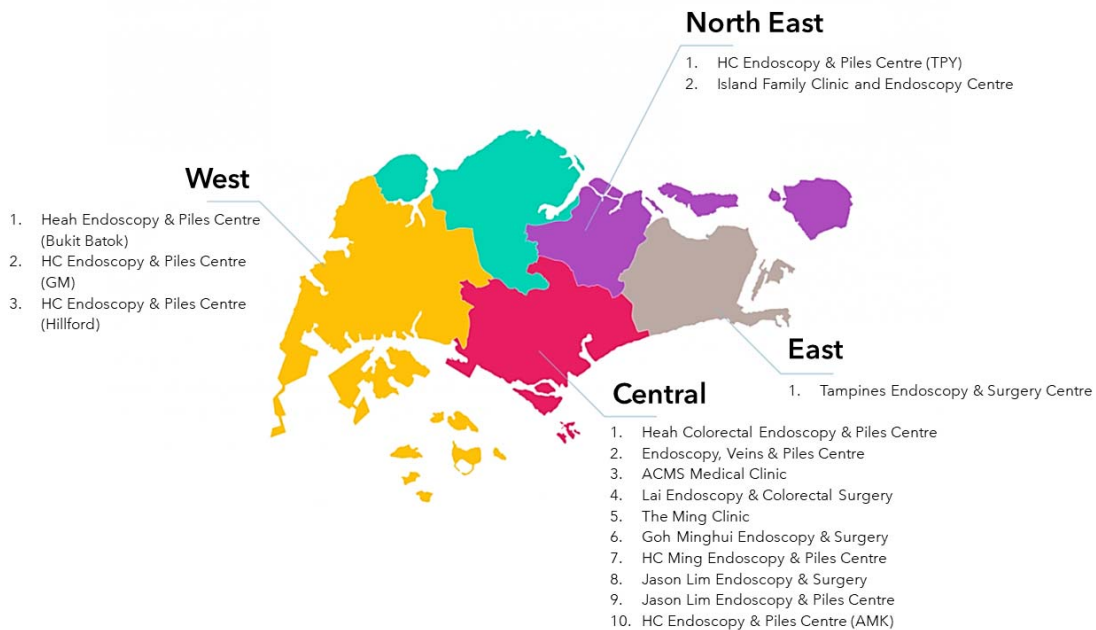
We are fully committed to listening to our stakeholders, and we welcome all feedback and suggestions on the contents of this Report at contact@hcsurgicalspecialists.com.

About the Group

Starting out almost a decade ago, HCSS's vision is to build an organisation dedicated to making private healthcare accessible to the broadest consumer base possible, and we view it as our mission to bring healthcare to our patients' doorsteps.

While HCSS is a medical services group primarily engaged in the provision of endoscopic procedures (including gastroscopies and colonoscopies to treat conditions of the digestive system), we do also offer general diagnostic and consultation services to our patients. Most of our clinics are equipped with the facilities to perform general surgery services, with a focus on colorectal surgery, and our team of doctors is broadly capable of performing any surgical or medical procedure. Patients who prefer accessing medical care from the comfort of their homes can opt for our house call services as well.

Though two of our clinics, HC Thyroid Hernia & General Surgery Centre and The GP Endoscopy & Piles Centre (Dleedon) were closed in October 2021, we continue to operate a network of 16 clinics and endoscopy centres located throughout Singapore.

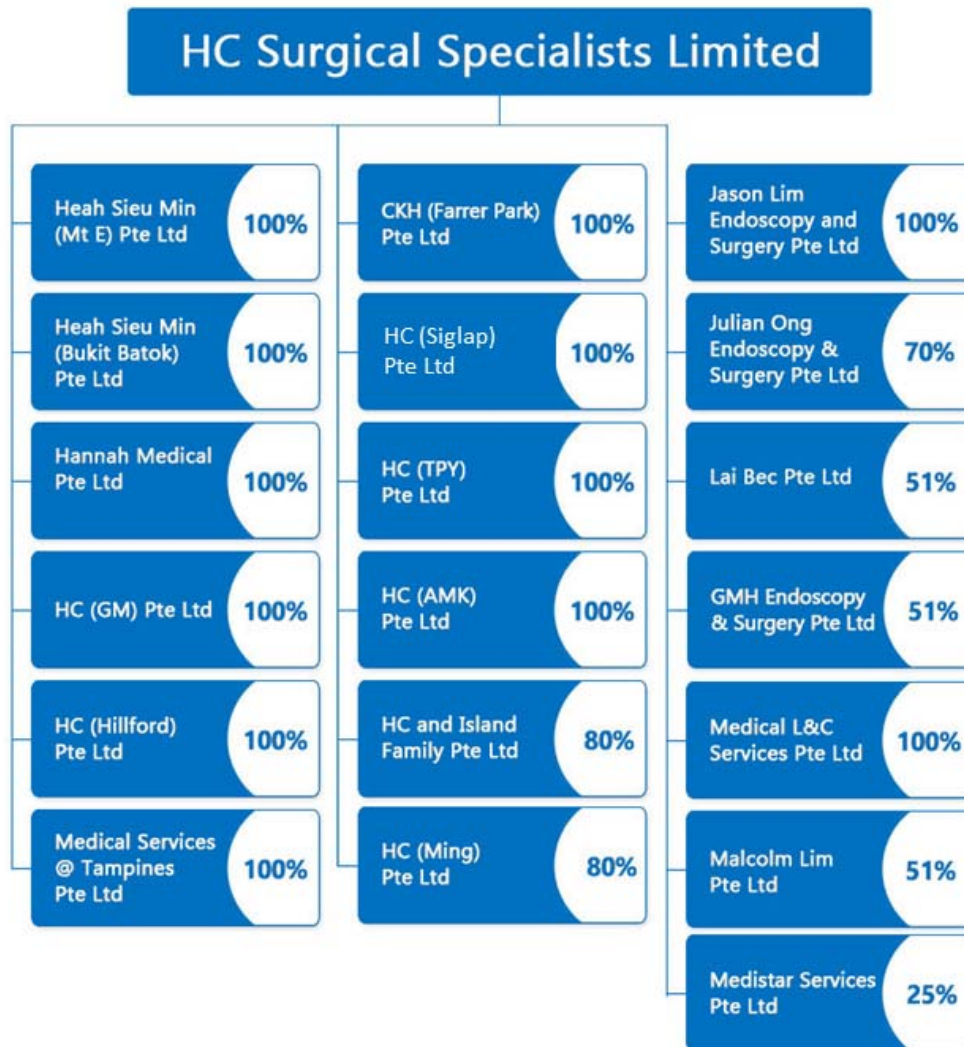


Our endoscopy clinics are also Medisave and Medishield Life accredited, enabling us to enhance the services offered to our patients.

As a public company limited by shares, our registered office is located at 80 Robinson Road, #02-00, Singapore 068898.

About the Group

As of 31 May 2022, our Group Structure is as follows:



Our Sustainability Approach

Corporate Governance

Good governance is essential in helping us to run our business responsibly and to meet our sustainability goals. At HCSS, we are committed to upholding the highest standards of corporate governance and ethical conduct, in accordance with the guidelines of the Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore ("**MAS**").

The Group has robust policies and procedures in place to help us effectively manage the various business risks. This includes the following:

- **Whistleblowing Policy**

Under this policy, employees and external parties can raise their concerns, in confidence, about possible irregularities. Our whistleblowing channels are designed to protect anonymity and our policy also contains a strict non-retaliation clause for reports made in good faith. More details on the whistleblowing policy have been made publicly available on our website, at <https://www.hcsurgicalspecialists.com/en/investor-relation/policies>.

- **Conflicts of Interest Policy**

All employees of the Group including those involved in the *i) purchase of goods and services, ii) selection of suppliers of goods or services, iii) selection of third party partners/relationships with the Company*, are required to declare and disclose any situation where their private businesses or personal interests conflict with those of the Group, or situations when they (or a close family member) have a direct or indirect personal relationship, affiliation or association with an existing or prospective supplier or patient of the Group. We regularly engage our employees to help them understand the circumstances under which his or her personal interest may conflict with that of the Group. Employees are also required to complete a conflict of interest declaration on an annual basis.

Please refer to pages 36 to 55 of our Annual Report 2022, published on our website at <https://www.hcsurgicalspecialists.com/en/investor-relation/annual-reports>, for more details on our Corporate Governance policies and practices.

Our Sustainability Approach

Sustainability Organisational Structure

The Board takes an active role in maintaining broad oversight over ESG-related matters. They are involved in matters such as:

- Providing the strategic direction for addressing the Group’s sustainability-related risks, opportunities and impacts;
- Monitoring the Group’s ESG performance and partaking in discussions on the acquisition of new clinics and/ or employment of new doctors; and
- Reviewing the adequacy and integrity of the Group’s internal controls and risk management systems.

Taking direction from the Board, senior management is largely responsible for monitoring our sustainability performance throughout the year, implementing new policies and practices, and providing updates to the Board as and when necessary. By establishing a direct line of communication between senior management and the Board, we have been able to ensure the continued relevance of our sustainability initiatives to our business objectives.

Our Board of Directors comprises the following members, bringing a wealth of expertise and experience to our discussions and decision-making:

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

The senior management of HCSS includes:

Senior Management	
Name	Designation
Ms. Sophia Ong	Chief Financial Officer
Ms. Melissa Susantio	Chief Operating Officer
Ms. Cai Tingting	Chief Nursing Officer

Our Stakeholders

Taking a holistic approach to sustainability is key to creating long-term value for our stakeholders. By maintaining open two-way communication channels with our key stakeholders, we can more effectively align our sustainability approach with our stakeholders' needs and expectations.





The following table details the engagement activities we partake in to develop and maintain a strong relationship with both internal and external stakeholders.

Stakeholder Groups	Engagement Activities	HCSS's Commitment
Employees	<ul style="list-style-type: none"> ○ Training programmes ○ Annual appraisals ○ Staff meetings ○ Yearly staff retreat 	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.
Patients	<ul style="list-style-type: none"> ○ Direct feedback during consultations 	We strive to provide our patients with quality healthcare services at their ease and convenience.
Suppliers	<ul style="list-style-type: none"> ○ Whatsapp feedback ○ Email feedback ○ Visits by sales representatives 	We maintain a close working relationship with our suppliers to ensure the quality and timely, efficient delivery of our procured goods.
Shareholders & Investors	<ul style="list-style-type: none"> ○ Annual and extraordinary general meetings ○ Corporate announcements ○ Emails 	We seek to grow our business and achieve sustainable returns for our shareholders and investors.
Government & Regulators	<ul style="list-style-type: none"> ○ Discussions ○ Conferences ○ Feedback sessions 	Our goal is to better understand how government initiatives would impact us and to align our business outcomes with national health objectives.
Community	<ul style="list-style-type: none"> ○ Corporate website 	We hope to support the community by engaging in corporate social responsibility efforts. In FY2022, we made a donation to the Pathology Academic Clinical Programme's General Fund in support of pioneering research to diagnose, treat and prognosticate diseases.

Material Topics

Building on the feedback received from our internal and external stakeholders, we have identified and assessed several ESG topics to be material for our organisation and stakeholders. We review these factors on an annual basis, at minimum, to ensure that they are aligned with our business goals and stakeholders' expectations.

After discussions on HCSS's sustainability performance, industry trends, and the stakeholder feedback we have received over the past year, senior management has decided to retain the same material topics as those disclosed in the previous financial year ("FY2021"), as follows:

MATERIAL TOPICS	
Economic Performance	Waste and Effluents
	
Employment	Patients' Privacy
	

A more detailed discussion on these material ESG factors (including our management approach and topic boundary limitations, if any) is provided in the following sections of this Report.

Economic Performance

HCSS views our long-term economic success to be inextricably intertwined with being a responsible and sustainable company. Our intention, as a Group, is to deliver growth in partnership with our stakeholders.

Economic value generated by our business activities has been duly distributed among our stakeholders, as shareholder dividends, employee wages, and government taxes. In this way, we work towards securing HCSS's long-term economic growth while meeting the expectations of our stakeholders.

Management Approach

As a healthcare provider, the Group remains focused on the provision of medical services, and we seek to expand our network of doctors, specialists, and endoscopy centres both locally and regionally, as and when opportunities to do so arise.

During this financial year, the Group has acquired the remaining 49% of the issued and fully paid-up capital in Jason Lim Endoscopy and Surgery Pte. Ltd. ("**JLES**") and Medical L & C Services Ltd. ("**MLCS**"). JLES and MLCS are now both wholly owned subsidiaries of the Company.

While we closed our Mount Alvernia and Dleedon clinics after an internal restructuring, we also signed a tenancy for a new centre in the east of Singapore in FY2022. By expanding our presence in the heartlands, we hope to bring our specialists closer to the patients who require our services and to serve local populations in a more timely and efficient manner. We look forward to announcing the opening of this centre by the fourth quarter of 2022.

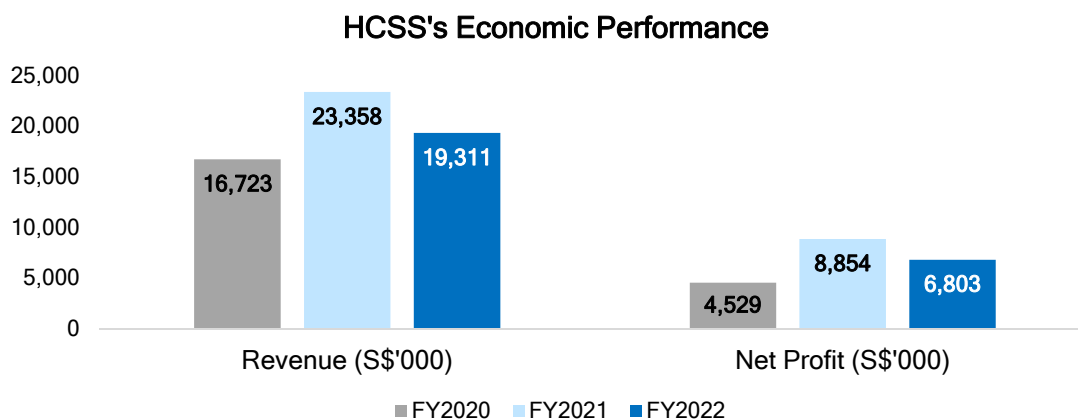
Moving forward, we are delighted to start the new financial year with the contract entered with AIA Singapore Private Limited ("**AIA Singapore**") for a second 3-year term to provide quality health services for eligible insured clients. With this appointment, we foresee a consistent stream of revenue for our specialists and an additional source of patient referrals.



Economic Performance

Performance & Targets

In FY2022, the Group has continued to achieve steady profits, recording S\$19.3 million of revenue and S\$6.8 million in net profits. Though there has been a 17.3% decrease in revenue from FY2021, this should be interpreted against the context of there being pent-up demand for elective medical treatment when circuit breaker measures were initially lifted in June 2020.



In view of the easing of COVID-19 restrictions on international travel in FY2022, there has been a decrease in the number of patients choosing to pursue elective medical treatment in Singapore, negatively affecting the Group's performance.

At the same time, geopolitical instability arising from the Russia-Ukraine war, China's zero COVID-19 policy, and twin concerns of high inflation and a global recession have contributed to supply chain disruptions, delays, and increased prices. Even in the medical arena, medical equipment, drugs and consumables, and facility costs have not escaped the climbing prices.

Since the onset of the COVID-19 pandemic, the Singapore Government introduced the Job Support Scheme and Rental Support Scheme to provide wage support to employees and alleviate financial constraints faced by companies. Coupled with pay-outs from the Jobs Growth Incentive, the Group has received a total of S\$478,000 in government grants in FY2022. In recognition of our contributions in the fight against COVID-19, the Ministry of Health ("MOH") has also extended a S\$10,000 grant to our general practitioner clinic under the Public Health Preparedness Clinic scheme.

The Group will continue to look out for business expansion opportunities while maintaining our commitment to providing quality, cost-effective medical services for our patients. By engaging in more strategic partnerships and collaborations, we hope to boost the Group's profitability and generate sustainable economic value for our stakeholders.

Waste and Effluents

In our day-to-day operations as a healthcare provider, we generate considerable amounts of medical waste that need to be carefully disposed of. These include sharp objects like used needles and syringes as well as liquid bio-waste.

As a Group, we recognise the importance of responsible waste stewardship in minimising risks to public health and mitigating the negative environmental impacts resulting from our business operations. Across our medical facilities, we strive to uphold high standards of safety and hygiene in the disposal of medical and bio-hazardous waste.

Management Approach

We fully understand the potential impacts of improper medical waste disposal, and we consider it our responsibility to ensure that proper waste management and disposal procedures are adhered to, in compliance with relevant regulations by the National Environmental Agency and Ministry of Health.

We have implemented several safeguards to manage our waste handling processes and mitigate the danger of improper disposal of medical waste, as follows:

- Disposing waste in designated waste bins, sorted by categories;
- Appointing certified third-party contractors to transport the waste to a dedicated hospital waste incinerator;
- Conducting periodic assessments on our waste management vendors to ensure that our expectations are met; and
- Training our medical staff on the proper management and disposal of sharps and liquid bio-waste.

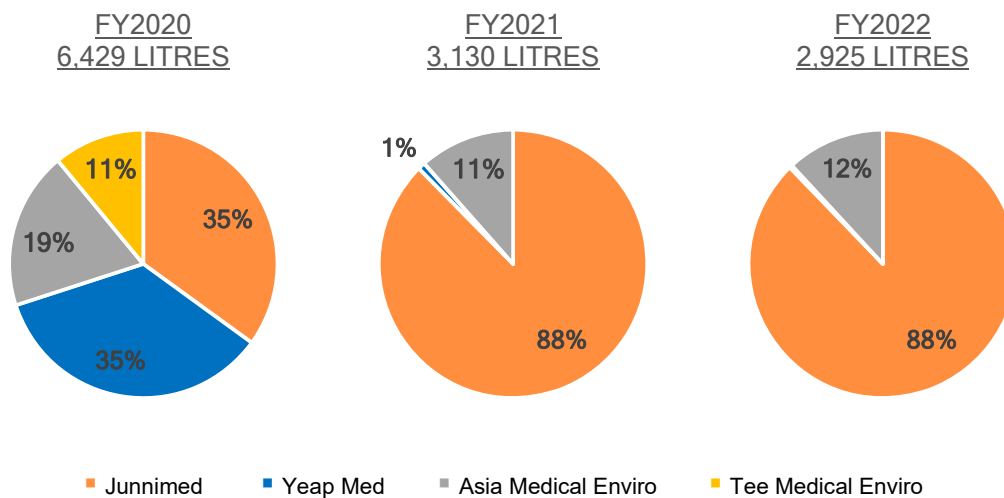


Waste and Effluents

Performance & Targets

In FY2022, HCSS has successfully reduced the amount of clinical waste generated and disposed of by a further 6.5% in FY2022 as compared to FY2021. This can largely be attributed to the accompanying decrease in revenue.

The following diagram presents comparative figures on the total amount of clinical waste generated and the third-party contractors engaged involved in the clinical waste incineration process.



In FY2022, HCSS has continued to be fully compliant with environmental laws and regulations pertaining to the disposal of clinical waste, and we are confident in our ability to uphold this record in the coming financial year.

We will continually monitor the amount of clinical waste generated and seek out opportunities to enhance the sustainability of our clinical waste disposal processes.

Employment

At HCSS, we strongly believe in continually investing in our employees' professional growth and self-development, for they are our most valuable assets. HCSS's continued success in the medical industry can be fully attributed to our motivated, dedicated, and talented employees.

Management Approach

As a Group, we are committed to attracting, retaining, and developing exceptional talent. After all, having a diversified workforce with long-term service employees also helps to enhance the quality of service we are able to provide to our patients. We have implemented comprehensive human resource policies on recruitment and selection, flexible work arrangements, staff benefits, and grievance procedures to protect the rights of our employees and to allow equal and fair opportunities for all.

Apart from salary and reward schemes and bonuses, we are intentionally creating a culture that values graciousness, inclusivity, and creativity by cultivating a sense of trust and mutual respect in the workplace. We have established open communication channels, in the form of periodic reviews and ad-hoc communication sessions, for employees to provide feedback on how we can better meet their expectations.

As part of our employee benefits package, we offer medical and dental coverage as well as hospital insurance entitlements. In FY2022, HCSS has continued to provide all our employees with the option to encash their unutilised annual leave as a gesture of appreciation in return for their hard work. We also periodically review the benefits provided for all our employees to maintain the competitiveness of our compensation packages.

Performance & Targets

As of the end of FY2022, our total workforce totalled 62 (FY2021: 75 employees), comprising 8 male and 54 female employees. Especially in the healthcare industry, it is the trend that female employees make up a larger proportion of the workforce.

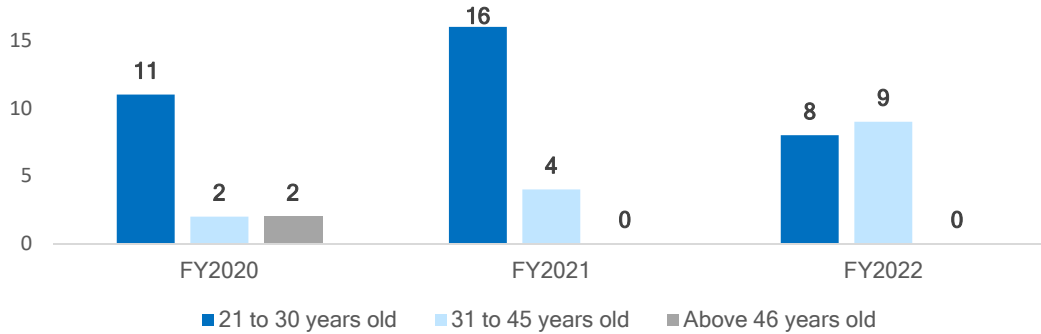
There has also been a slight increase in employee turnover rate, from 21.7% in FY2021 to 23.4% in FY2022, and a decrease in the rate of new employee hires, from 29.0% to 24.8% over the same period.

Employment

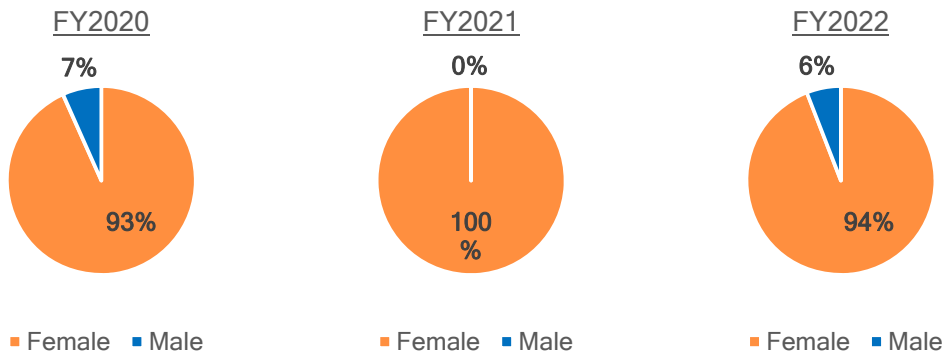
Performance & Targets (cont.)

A breakdown of our employment figures are as follows:

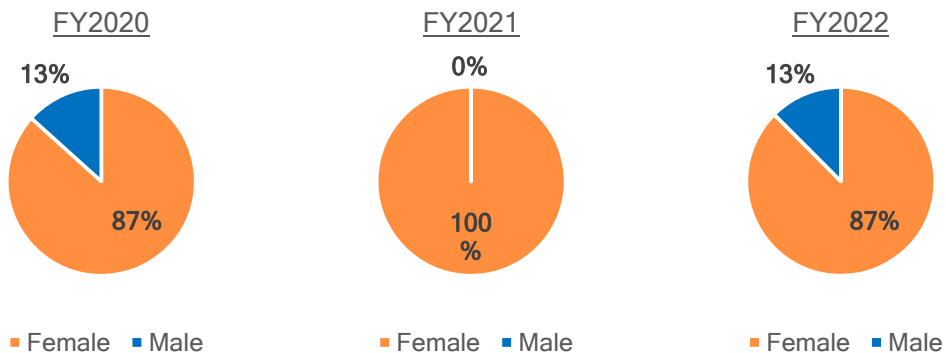
New Employee Hires by Age Group



New Employee Hires by Gender



Resigned Employees by Gender



Employment

Performance & Targets (cont.)

HCSS provides working parents with parental leave as part of their employee benefits package, in compliance with local laws and regulations.

Parental Leave						
	FY2021			FY2022		
	Female	Male	Total	Female	Male	Total
Number of team members entitled to parental leave (a)	2	0	2	6	1	7
Number of team members who took parental leave (b)	2	0	2	6	1	7
Number of team members who returned to work in the reporting period (c)	1	0	1	5	1	6
Number of team members who returned to work and were still employed 12 months later (d)	3	N.A.	3	1	N.A.	1
Return to work rate (%)	50%	N.A.	50%	83.3%	100%	85.7%
Retention rate (%)	100%	N.A.	100%	50%	N.A.	50%

Notes:

- (1) Return to work rate is based on (c) number of team members who returned to work in the reporting period over (b) number of team members who took parental leave.
- (2) Retention rate is based on (d) number of team members who returned to work and were still employed 12 months later over (b) number of team members who took parental leave in the prior years.

In FY2022, we did not receive any reports on incidents of workplace discrimination. Moving forward, HCSS will continue to implement fair employment practices in adherence to the Tripartite Guidelines on Fair Employment Practices, as we strive to maintain a record of having zero reported incidents of workplace discrimination.

Patients' Privacy

Digital transformation is rapidly transforming the healthcare industry. With rapid advances in technology, patients are increasingly concerned about how healthcare providers are protecting their data privacy. At HCSS, we are committed to strengthening our infrastructure security to prevent the loss of patients' data.

Management Approach

As a healthcare service provider, HCSS collects and uses patients' personal data in our day-to-day operations. All such personal data is collected, used, disclosed, and processed for prescribed purposes with the patients' prior consent. This is covered under the Group's Data Protection Policy, which is drafted in alignment with the Singapore Personal Data Protection Act ("PDPA"), its amendments and other relevant legislation such as the Private Hospitals and Medical Clinics Act ("PHMCA").

Our Data Protection Policy includes procedures on responsible data handling and compliance monitoring. We have also appointed a Data Protection Officer ("DPO") for the Group, and implemented precautionary measures to handle data breach incidents, if any.

Each clinic adheres to strict data protection requirements, such as:

- Locking cabinets for restricted access to patient information;
- Assigning unique user IDs for IT applications to individual staff members; and
- Installing firewalls and antivirus software on all computers to ensure confidentiality and maintain patients' privacy.

With the above security arrangements, our patients' data is less vulnerable to unauthorised access, collection, use, disclosure, copying, modification, disposal, or similar risks.

Performance & Targets

For FY2022, we are pleased to report that there has been no reported incidents of theft, leakage, or losses of patient data. We have not received any complaints, either from our patients or regulatory bodies, concerning breaches of patient privacy.

Moving forward, we remain committed to safeguarding our patients' privacy and abiding by all relevant laws and legislation. We will strive towards achieving zero complaints regarding patients' privacy and fully adhering to the PDPA and PHMCA.

For more details on our assurance to protecting our patients' data, please refer to our Personal Data Protection Policy, at: <https://www.hcsurgicalspecialists.com/en/investor-relation/policies>.

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