



HC SURGICAL SPECIALISTS LTD

Incorporated in the Republic of Singapore

Registration No. 201533429G

SUSTAINABILITY REPORT 2018

Table of Contents

| Contents | Page |
|--|-------------|
| MESSAGE FROM THE CHAIRMAN | 2 |
| ABOUT THIS REPORT | 3 |
| ABOUT OUR GROUP | 4 – 7 |
| OUR APPROACH TO SUSTAINABILITY | |
| Corporate Governance and Sustainability Approach | 8 – 10 |
| Stakeholders and Material Topics | 11 |
| SUSTAINABILITY TOPICS | |
| Economic Performance | 12 |
| Effluents and Waste | 13 |
| Employment | 14 |
| Customer Privacy | 15 |
| GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX | 16 – 17 |

MESSAGE FROM THE CHAIRMAN



Dear Shareholders,

On behalf of the Directors and Management of HC Surgical Specialists Limited (“HCSS”), I am delighted to present our inaugural Sustainability Report for HCSS for the financial year ended 31 May 2018 (“FY2018”). In this report, we discuss material Environmental, Social and Governance (“ESG”) topics that matter most to our business and to both our internal and external stakeholders, our strategy in managing these topics, and how we have performed in terms of our key performance indicators.

To expand our presence into the heartland areas of Singapore as well as to develop and grow the range of medical services we provide, HCSS announced a few acquisitions / collaboration in FY2018: (i) MediNex Pte. Ltd. (“MediNex”) and Nex Healthcare Pte. Ltd. (“Nex”); (ii) Medical L & C Services Pte. Ltd.; (iii) HMC Medical Pte. Ltd.; and (iv) HC and Island Family Pte. Ltd.. These will also help to create a conducive platform of patient referrals for our specialists. We aim to constantly deliver safe, accurate and efficient services to our patients.

We recognise that our operations and sustainability efforts have both direct and indirect impact on our internal and external stakeholders. In our commitment to sustainability, we strive to drive our operations in the direction in which we can contribute positively to all of our stakeholders.

Our Board recognises the importance of sustainability in our Group’s business operations and performance and oversees the overall strategic plan including considering sustainability and environmental issues as part of our strategic formulation. Our sustainability efforts are led by senior management and our Board oversees and manages the direction, approach and performance of our sustainability goals against our strategy and business objectives. Our Board concurs with the material ESG factors identified by senior management and has overseen the management and monitoring of the material ESG factors.

Mr. Chong Weng Hoe

Non-Executive Chairman and Independent Director

ABOUT THIS REPORT

Report Background

HC Surgical Specialists Limited (“**HCSS**”, or collectively with its subsidiaries and associated companies, the “**Group**”), recognises the importance and seeks continuous improvement to our sustainability reporting. In preparation for this report, we adopted the Global Reporting Initiative (“**GRI**”) Standards Sustainability Reporting Guidelines 2016 - Core Option and its reporting principles and in accordance with Rules 711A, 711B and Practice Note 7F of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B : Rules of Catalist (“**Catalist Rules**”).

We have chosen GRI as the sustainability reporting framework as it is internationally recognised and is widely adopted, enabling us to achieve a comprehensive and comparable disclosure of environmental, social and governance (“**ESG**”) performance. The GRI content index and relevant references are provided from page 16 to 17.

We reported our data in good faith and to the best of our knowledge. We strive to continuously improve our data collection and reporting processes.

We have not sought external assurance for this report.

| | |
|---|---|
| Reporting Boundaries and Standards | <ul style="list-style-type: none"> • Materiality: focusing on issues that impact business growth and are of utmost importance to stakeholders; • Stakeholder Inclusiveness: responding to stakeholder expectations and interests; • Sustainability Context: presenting performance in the wider context of sustainability; and • Completeness: including all information that is of significant economic, environmental and social impact to enable stakeholders to assess our Group’s performance. |
| Report Period and Scope | This report covers data and information from 1 June 2017 to 31 May 2018 for all our subsidiaries in Singapore. |
| Accessibility and Feedback | <p>The electronic editions of the report is available at: https://www.hcsurgicalspecialists.com/</p> <p>We are committed to listening to our stakeholders and we look forward to your feedback via contact@hcsurgicalspecialists.com.</p> |

ABOUT OUR GROUP

Corporate Profile

Listed on Catalist of the **SGX-ST**, the Group is a medical services group primarily engaged in the provision of endoscopic procedures, including gastroscopies and colonoscopies, and general surgery services with a focus on colorectal procedures across a network of clinics located throughout Singapore.

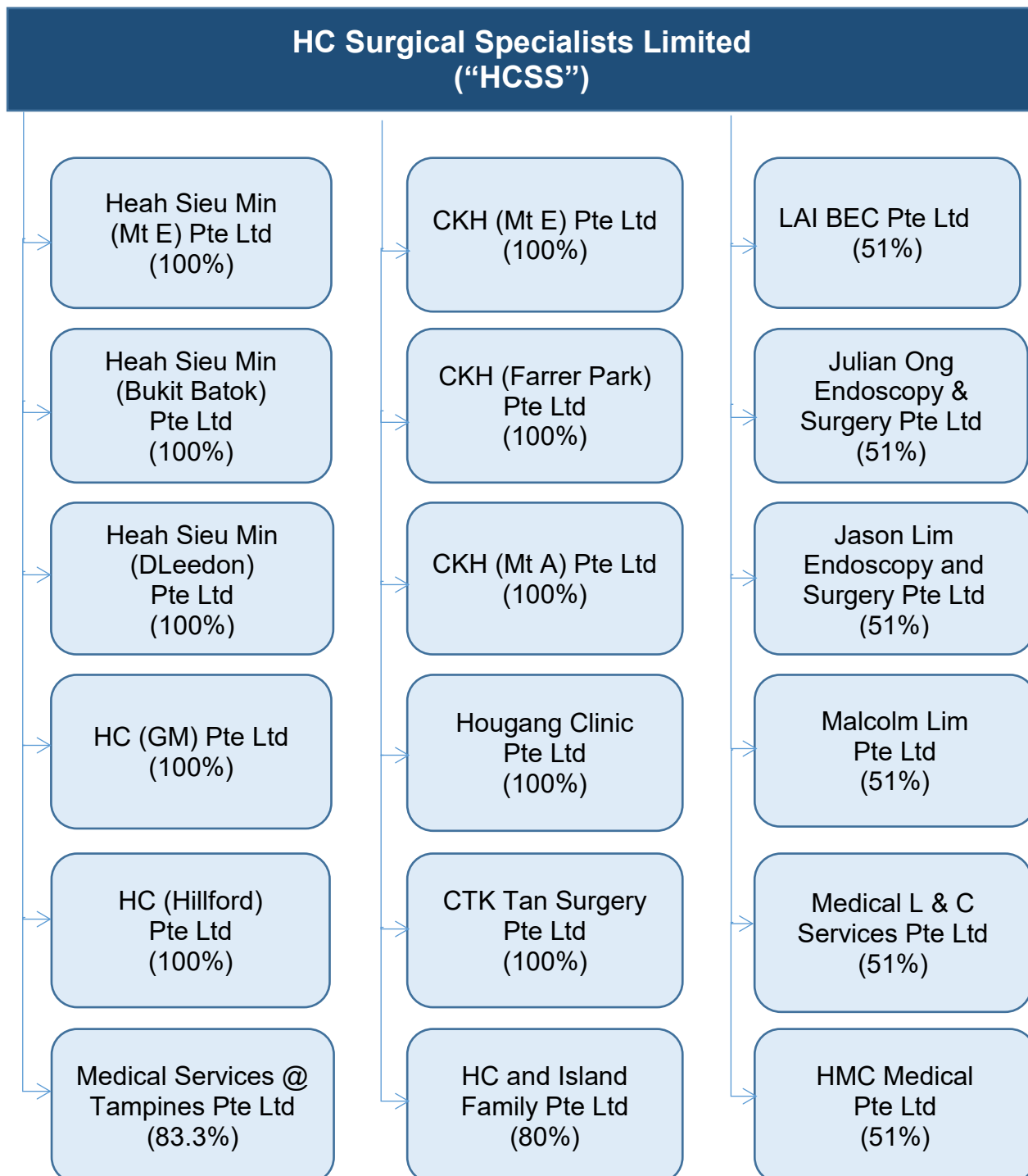
Starting out almost a decade ago, HCSS' vision is to build an organisation dedicated to making private healthcare accessible to the broadest consumer base possible. Supported by a highly-qualified team of 6 specialists and 5 general practitioners ("GPs"), each with extensive experience, we currently have 16 clinics that are situated close to the public transportation network, around central Singapore as well as in residential areas. Of these, 9 are endoscopy centres and most are located in the heartlands, which adhere to HCSS' motto of offering quality healthcare to your doorstep. These centres provide endoscopy services at affordable prices and often after office hours for the convenience of patients.



ABOUT OUR GROUP

Corporate Structure

The table below sets out our corporate structure chart as at the date of this report.



ABOUT OUR GROUP

Our Supply Chain

We aim to build a responsible and sustainable supply chain by extending the application of responsible business practices to our local partners and suppliers. We are still at the beginning of our journey to integrate sustainable business practices throughout our supply chain, and we are committed to continuous improvement.

Drugs/medicines and medical equipment are the key purchases of our Group. Our key suppliers are carefully selected through our supplier selection process. When selecting our key suppliers, we examine criteria such as financial health, quality of products and services, and market reputation. In addition, we also take into consideration sustainability efforts undertaken by our suppliers in areas such as ethical conduct, effective quality, health and workplace safety system and environmental management.

In FY2018, our Group invested in local management and service providers in the medical clinics industry as part of our supply chain integration strategies, they are:

- a) MediNex and Nex, both management and service providers in the medical clinics industry, provides medical support services such as training, setting up medical clinics, demographic survey, data analytics, medical IT advice, pharmaceutical business, accounting and taxation services; and
- b) Medical L & C Services Pte. Ltd., a company which provides chronic home care and palliative care; HMC Medical Pte. Ltd. with a GP clinic at Upper Thomson; and collaboration with Island Medical Holdings Pte. Ltd., a GP group with 6 clinics across Singapore.

These will help to create a conducive platform of patient referrals for our specialists. The investment expanded our value chain to include medical services, supplies distribution and achieved our goal to expand our presence into the heartland areas of Singapore. We continuously evaluate and refine our supply chain strategy to keep pace with the evolution of the marketplace. We aim to remain as a leader and a trusted partner in healthcare by addressing the changing needs of our patients, consumers and customers – whoever they are and wherever they may be.



ABOUT OUR GROUP

Membership of Associations

The Group's memberships of associations are as follows:

- i) Singapore Medical Association
- ii) Singapore Institute of Directors
- iii) Singapore Business Federation

Awards and Achievements

Our Group's founders and executive directors have received a number of awards and accreditation in recognition of our performance as well as our commitment to environmental and safety management.

| Recipient | Year | Name of award accreditation | Awarding Organisation |
|--------------------|------|---|---|
| Dr. Heah Sieu Min | 2000 | Singapore General Hospital Service Quality Award (Service with a Heart) | Singapore General Hospital |
| | 2000 | Singapore General Hospital (Heart of Gold) Award | Singapore General Hospital |
| | 2001 | Singapore General Hospital Service Quality Award (Service with a Heart) | Singapore General Hospital |
| | 2002 | Singapore General Hospital Service Quality Award (Service with a Heart) | Singapore General Hospital |
| | 2013 | SME Prestige Award | Media Enrich Enterprise |
| | 2017 | Spirit of Enterprise Honouree | Spirit of Enterprise |
| Dr. Chia Kok Hoong | 2002 | Singapore General Hospital Service Quality Award (Service with a Heart) | Singapore General Hospital |
| | 2003 | The Courage Fund Award | The Courage Fund Tan Tock Seng for SARS cases |
| | 2005 | Excellent Service Award (Gold) | Tan Tock Seng Hospital |
| | 2006 | Excellent Service Award (Gold) | Tan Tock Seng Hospital |
| | 2006 | Service Champion Award | Tan Tock Seng Hospital |
| | 2010 | Minister's Award for Public Spiritedness | Minister for Home Affairs |



OUR APPROACH TO SUSTAINABILITY

CORPORATE GOVERNANCE & SUSTAINABILITY APPROACH

Sustainability Approach

We incorporate the consideration of sustainability topics as part of our strategic formulation. Our sustainability efforts are led by our senior management who ensures that the Company's business objectives are in line with our commitments to sustainable development. Senior management is responsible for on-going communication to the Board of Directors.

Our Company has taken efforts to seek the opinion of many stakeholders either in a casual or formal way. We aspire to understand the needs and expectation of our key stakeholders and strive to build mutual beneficial relationships.

Corporate Governance

HCSS is committed to maintaining a high standard of corporate governance and in having effective corporate practices to safeguard against fraud with the aim of protecting shareholders' interests as well as maximising long-term success of our Group.

Our Group adopts practices based on the Code of Corporate Governance 2012 (the "Code") issued on 2 May 2012 and the disclosure guide developed by the SGX-ST in January 2015 (the "Guide"). Our Group's corporate governance practices were in place throughout the financial year ended 31 May 2018, with specific reference made to the principles and guidelines as set out in the Code and the Catalist Rules where applicable except where otherwise stated.

We have documented policies and work procedures which incorporate key internal controls to ensure adequate checks and balances are in place. Periodic internal audits are also conducted to evaluate the effectiveness of these internal controls.

Our Board is committed to maintain high standards of corporate governance and places importance on our governance processes as follows:

Code of Conduct

Our Group's Code of Conduct stated in the Employee's Handbook serves as a central guide and reference to our employees in ensuring that they understand the Company's expectations and guiding principles for workplace behaviours. All employees of our Group are expected to exercise discretion on any information acquired during their term of employment and are obliged to comply with our established Code of Conduct.

OUR APPROACH TO SUSTAINABILITY

CORPORATE GOVERNANCE & SUSTAINABILITY APPROACH

Conflict of interest

We have established policy and procedures to ensure that our employees understand the procedures when his or her personal interest conflicts with those of our Group's.

All employees of our Group involved in the following activities:

- a) purchase of goods and/ services; and/or
- b) selection of suppliers of goods or services; and/or
- c) 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 our 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 customer of our Group.

OUR APPROACH TO SUSTAINABILITY

CORPORATE GOVERNANCE & SUSTAINABILITY APPROACH

Whistle Blowing Policy

Our Group has also adopted a whistle-blowing policy since 2016 (the “Policy”) to provide an avenue for employees and external parties to raise concerns and offer reassurance that they will be protected from reprisals or victimisation for whistle blowing in good faith. The Policy is intended to conform to the guidance set out in the Code which encourages employees to raise concerns, in confidence, about possible irregularities. The whistle blowing policy is available at our Company’s website at <https://www.hcsurgicalspecialists.com>.

Governance Structure

The Board of Directors comprises the following members, all of whom have the appropriate core competencies and provide a diversity of experience to enable them to effectively contribute to our Group:

| Name of Director | Designation | AC* | NC* | RC* |
|-------------------------------|---|-----|-----|-----|
| Dr. Heah Sieu Min | Executive Director and CEO | - | - | - |
| Dr. Chia Kok Hoong | Executive Director and Medical Director | - | - | - |
| Mr. Chong Weng Hoe | Non-executive Chairman and Independent Director | M | C | C |
| Mr. Ooi Seng Soon | Independent Non-executive Director | C | M | M |
| Mr. Lim Chye Lai, Gjan | Non-Independent Non-executive Director | M | M | M |

*AC – Audit Committee, NC – Nominating Committee, RC – Remuneration Committee

Composition of the Board Committees

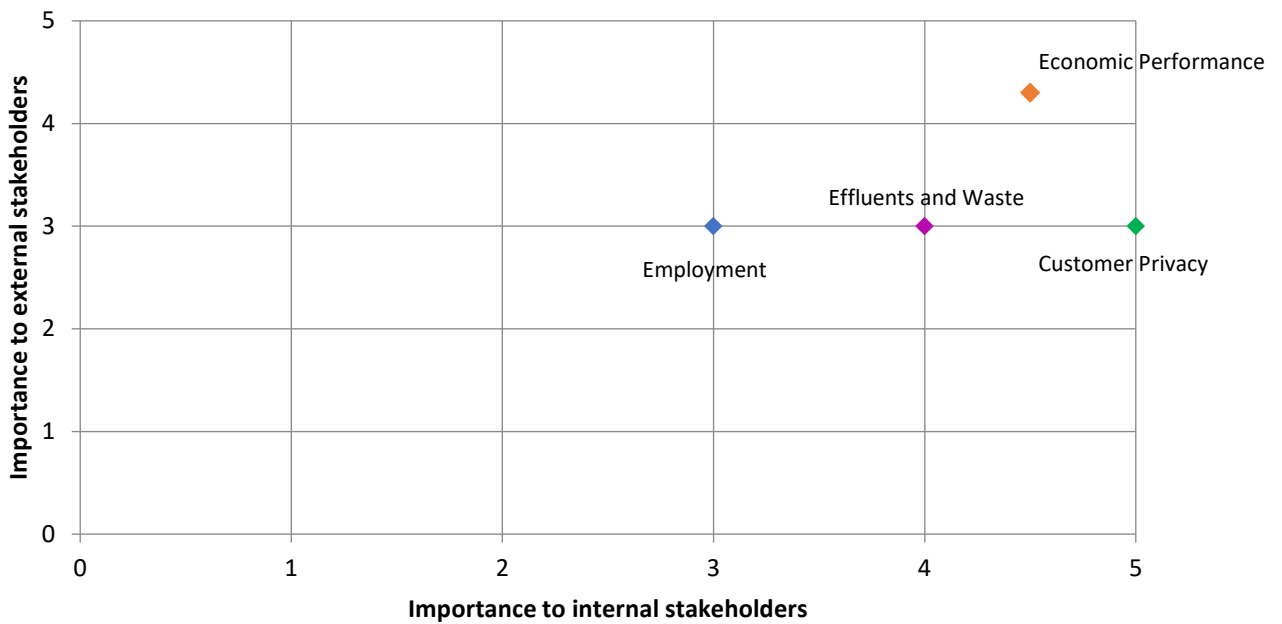
- C – Chairman
- M - Members

OUR APPROACH TO SUSTAINABILITY

STAKEHOLDERS AND MATERIAL TOPICS

Based on feedback gathered from our internal and external stakeholders, we have evaluated and identified topics which would have significant economic, environmental and social impacts and are material to the organisation and stakeholders. Material topics are prioritised as shown in the materiality matrix below.

We will review our material topics every year in light of fresh stakeholders’ feedback and updates to our business objectives and developments.



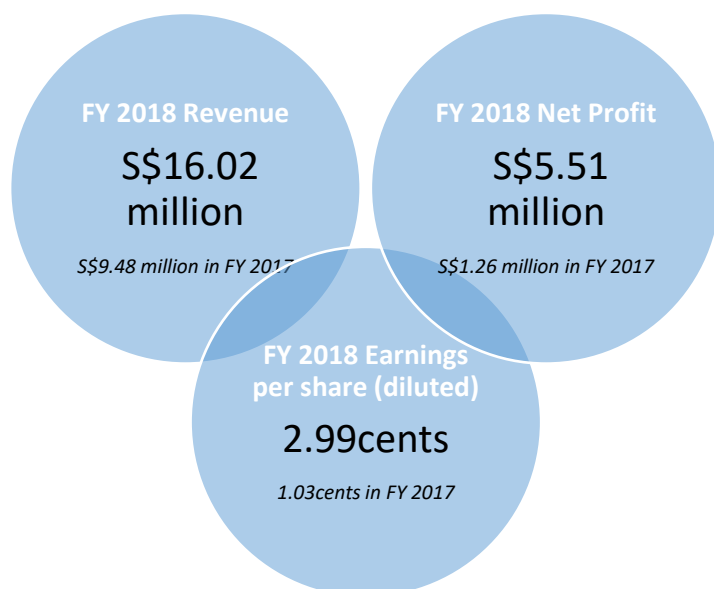
Sustainability Topics Selected:

1. Economic performance
2. Effluents and waste
3. Employment
4. Customer privacy

We will review our material topics annually considering fresh stakeholders’ feedback and our own business goals. A more detailed discussion on the material topics, including management approach and topic boundary limitations, if any, is provided in the respective sections of this report.

SUSTAINABILITY TOPICS

ECONOMIC PERFORMANCE



In the financial year (“FY”) ended 31 May 2018 (“FY2018”), our Group is pleased to announce that we achieved a total revenue of approximately S\$16.02 million, a substantial 69% increase compared to the FY ended 31 May 2017 (“FY2017”). The net profit after income tax for FY2018 increased by S\$4.25 million or 336%, amounting to approximately S\$5.51 million.

The new subsidiaries we acquired in both FY2017 and FY2018 have contributed to the Group’s revenue and have positively impacted the Group’s financial position. The acquisitions/collaboration played an important role in expanding not only our surgical facilities but also our

specialists support platform.

For detailed breakdown of FY2018 financial results and more in-depth discussion of our business acquisitions, please refer to the relevant sections in our published annual report 2018.

At HCSS, we believe in creating long-term economic value for all our shareholders and key stakeholders by adopting responsible business practices and growing our business in a sustainable manner.

Our Group will continue its endeavor to expand the business operations by acquiring GPs, in order to secure a consistent stream of patients through the GP referrals, as well as grooming young talented specialists and acquiring/setting up new clinics to broaden our range of services. We aim to further expand our presence in the heartland areas of Singapore, enhancing our ability to constantly deliver timely, safe, accurate and efficient services to outpatients.

SUSTAINABILITY TOPICS

EFFLUENTS AND WASTE

The corporate culture of protecting the environment is reflected in every operation undertaken by our Group. Effluents and waste is categorised mainly into 2 categories: sharps and liquid bio-waste. They are usually discarded into designated waste bins according to categories and transported by certified third party contractors to dedicated hospital waste incinerator.



Proper waste management, especially clinical waste, is important to HCSS as a healthcare service provider.

HCSS recognises the importance of handling the effluents and waste properly and in accordance with regulations, so as to prevent negative impact to the environment and the community.

For clinics located in hospitals, liquid bio-waste and used sharps e.g. needles, intravenous sets, are discarded into hospital-designated waste bins for proper disposal by hospitals. Clinics in the heartlands will bring the sharp containers to hospitals to dispose and engage certified third-party contractors to dispose liquid bio-waste, who will send them to dedicated hospital waste incinerator.

In FY2018, HCSS generated about 1,700 litres of clinical waste, all of which were incinerated by certified third-party contractors or hospitals. There were no confirmed incidents of non-compliance to environmental regulations resulting in a fine or penalty occurred during FY2018.

The Group endeavors to maintain no confirmed incidents of non-compliance to environmental regulations which will result in a fine or penalty for FY2019.

SUSTAINABILITY TOPICS

EMPLOYMENT

Policies on Employment

Our Group believes in investing in people as our employees are our most valued asset. We focus on providing equal access to opportunities for all our employees. Our Group hires a diversity of employees across various industries to enhance services to customers. We have established policies and practices to ensure transparency and fairness for staff. Staff trainings and meetings are conducted regularly on a bi-monthly basis. Monthly updates are also carried out to inform our employees on any recent changes on operational and administrative issues or upcoming plans within the Group. With equality and diversity as our ethos, we aim to develop our employees in all aspects so they are equipped to address the challenges in the ever-changing global landscape.

New Employee Hires and Turnover Rates

We believe that diversity in both gender and age are key to sustaining our dynamic workforce. Providing equal employment opportunities for these groups are part of our employment policies.

| New Employee Hires sorted by Age Groups | |
|---|---|
| Under 30 Years Old | 9 |
| Between 30 to 50 Years Old | 5 |
| Over 50 Years Old | 7 |

** For the period of 1 June 2017 to 31 May 2018.*

| | Male | Female |
|---|------|--------|
| Number of Full Time Employees as at end of FY2018 | 13 | 53 |
| Number of Part Time Employees | 2 | 6 |
| Number of Employees with permanent contract | 13 | 52 |
| Number of Employees with temporary contract | - | 1 |
| Number of New Employees | 3 | 18 |
| Number of Resigned Employees | - | 9 |
| Overall Turn Over Rate | 15% | |

** For the period of 1 June 2017 to 31 May 2018.*

We have set a target to reduce the Overall Turn Over Rate in FY2019.

SUSTAINABILITY TOPICS

CUSTOMER PRIVACY

We understand that with the advancement of technology, there is a growing trend of concerns for individuals on how their personal data are being collected and used.

Personal Data Protection Act

With the establishment of the Personal Data Protection Act (“PDPA”) in 2012, personal data is protected in Singapore by various rules governing the collection, use, disclosure and care of personal data. Protection of the personal data of our stakeholders, including but not limited to, customers and employees are vital to our ability to conduct operations.

We have in place a Personal Data Protection Policy (“PDPP”) which includes procedures on responsible data handling, use of data and compliance monitoring. The PDPP protects the personal data while enabling organisations to use the customer’s data reasonably when serving the customer. HCSS as a healthcare company, collect relevant data and use them for the following purposes:

- i. Providing medical services for treatment;
- ii. Communication with Doctors, Appointed Third-Party Personnel who are involved in customer care;
- iii. Communication with Insurance Companies and Third-Party Administrators for customer treatments;
- iv. Communication with Government Bodies, for example, Medisave Board, National Electronic Health Records on customer visits;
- v. Facilitate payment on products and services including verification of credit card payments; and
- vi. Disclosure to any third-party, with compliance to legal requirements, orders, directions or request from any court, authority or government bodies within or outside Singapore.

Each centre in the Group will take reasonable efforts to protect personal data in our possession by making reasonable security arrangements such as locking cabinets that store patients data, setting up user IDs and passwords for each staff in the clinic system, logging off the computers daily, and installing firewalls and antivirus on all computers. This helps to prevent unauthorised access, collection, use, disclosure, copying, modification, disposal or similar risks.

Here at HCSS, we are very proud to report that we have not received any substantiated complaints or had any breaches or loss of any customer data. Our customers’ privacy is of utmost importance to our Group and we consistently monitor and update our PDPP in accordance with new requirements and business developments. We target to continue achieving zero complaints and breaches to the PDPA. The PDPP is available on our Company’s website at <https://www.hcsurgicalspecialists.com>.

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

This report is prepared in accordance with the Global Reporting Initiative (GRI) Standards Core option. We did not seek external assurance for this report.

Note: AR = Annual Report 2018

| GRI Standard | | Disclosure | Page Reference / Reason for Omission, if any |
|-------------------------------|--------|--|--|
| General Disclosures | | | |
| Organisation Profile | 102-1 | Name of the organisation | 5 |
| | 102-2 | Activities, brands, products, and services | 2-5, AR (Page 10-19) |
| | 102-3 | Location of headquarters | 5, AR (Page 28-29) |
| | 102-4 | Location of operations | |
| | 102-5 | Ownership and legal form | |
| | 102-6 | Markets served | |
| | 102-7 | Scale of the organisation | |
| | 102-8 | Information on employees and other workers | 14, AR (Page 22-27) |
| | 102-9 | Supply chain | 6 |
| | 102-10 | Significant changes to the organisation and its supply chain | NIL |
| | 102-11 | Precautionary principle or approach | Precautionary Approach |
| | 102-12 | External initiatives (Social initiatives) | 6 |
| | 102-13 | Membership of associations | 7 |
| Strategy | 102-14 | Statement from senior decision maker | 2 |
| Ethics and Integrity | 102-16 | Values, principles, standards, and norms of behaviour | 8-10 |
| Governance | 102-18 | Governance structure | 5 |
| Stakeholder Engagement | 102-40 | List of stakeholder groups | 11 |
| | 102-41 | Collective bargaining agreements | |
| | 102-42 | Identifying and selecting stakeholders | |
| | 102-43 | Approach to stakeholder engagement | |
| | 102-44 | Key topics and concerns raised | |
| Reporting Practice | 102-45 | Entities included in the consolidated financial statements | 5 |
| | 102-46 | Defining report content and topic boundaries | 11 |
| | 102-47 | List of material topics | 11 |
| | 102-48 | Restatements of information | NIL, First Report |
| | 102-49 | Changes in reporting | NIL, First Report |
| | 102-50 | Reporting period | 3 |
| | 102-51 | Date of most recent report | NIL, First Report |
| | 102-52 | Reporting cycle | 3 |
| | 102-53 | Contact point for questions regarding the report | 3 |
| | 102-54 | Claims of reporting in accordance with the GRI Standards | 3 |
| | 102-55 | GRI content index | 16-17 |
| | 102-56 | External assurance | 3 |

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX (CONT'D)

| GRI Standard | | Disclosure | Page Reference / Reason for Omission, if any |
|-----------------------------|-------|--|--|
| MATERIAL TOPICS | | | |
| Economic Performance | | | |
| Management Approach | 103-1 | Explanation of the material topic and its boundaries | 12, AR (Page 6-9) |
| | 103-2 | The management approach and its components | |
| | 103-3 | Evaluation of the management approach | |
| Economic Performance | 201-1 | Direct Economic value generated and distributed | |
| Effluents and Waste | | | |
| Management Approach | 103-1 | Explanation of the material topic and its boundaries | 13 |
| | 103-2 | The management approach and its components | |
| | 103-3 | Evaluation of the management approach | |
| Effluents and Waste | 306-1 | Water discharge by quality and destination | |
| | 306-2 | Waste by type and disposal method | |
| | 306-3 | Significant spills | |
| | 306-4 | Transport of hazardous waste | |
| | 306-5 | Water bodies affected by water discharges and/or runoff | |
| Employment | | | |
| Management Approach | 103-1 | Explanation of the material topic and its boundaries | 14 |
| | 103-2 | The management approach and its components | |
| | 103-3 | Evaluation of the management approach | |
| Employment | 401-1 | New employee hires and employee turnover | |
| | 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | |
| | 401-3 | Parental leave | |
| Customer Privacy | | | |
| Management Approach | 103-1 | Explanation of the material topic and its boundaries | 15 |
| | 103-2 | The management approach and its components | |
| | 103-3 | Evaluation of the management approach | |
| Customer Privacy | 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | |