



2022

SUSTAINABILITY REPORT

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CORPORATE PROFILE

Heeton Holdings Limited (“Heeton”) is a real estate company focused on property development, investment and management. Established in 1976, the Singapore-based company was listed on the country’s stock exchange in September 2003, and has since extended its business frontiers to Thailand, Australia, Japan, Malaysia, Vietnam, Bhutan and the United Kingdom.

Heeton’s growth in the property industry is underpinned by a stable real estate portfolio that comprises high quality residential developments, commercial properties and hotels. Heeton has also formed strong partnerships with other established real estate groups to develop large scale projects locally and internationally. Our current assets are located in the UK, Thailand, Japan and Singapore.

For more details on Heeton’s profile, ownership, structure and list of properties, please view the Group’s corporate website (www.heeton.com) and Annual Reports (<https://www.heeton.com/investor-relations/annual-reports/>).

BOARD STATEMENT

The Board of Directors (the “Board”) oversees the Group’s sustainability strategy and provides guidance to Management on the development of policies and management structures to implement, monitor and report on environmental, social and governance (“ESG”) performance. The Board is committed to sustainability and considers sustainability issues as part of its strategic business formulation.

This Sustainability Report highlights our achievements and targets in key areas and efforts to positively impact our stakeholders for the financial year ending 31 December 2022 (“FY2022”). It is based on material ESG factors that represent key risks and opportunities for our business and address the concerns of our stakeholders.

The Group’s FY2022 financial performance had improved year-on-year in view of the global post-COVID economic recovery. While the world steps out of the long shadow of COVID-19 pandemic, the threats and challenges posed by climate change continue unabated. They introduce either new risks to businesses or reinforce and intensify existing risks. Identifying and assessing their impacts to our assets and operations are therefore increasingly critical to ensure business viability and continuity.

The Board has started on the journey to transform Heeton into a climate-aware and resilient company. A new “climate risks” material factor has been introduced in this year’s Sustainability Report. The Board is mindful of SGX’s revised reporting requirements and has adopted a phased approach in climate risk disclosures starting with this report, which follows the Financial Stability Board’s Task Force on Climate-Related Financial Disclosures (“TCFD”) recommendations.

We aim to build a baseline capability in understanding how climate-related risks, both physical and transition, can affect asset and portfolio valuations. Our long-term goal is to include climate assessment as an integral part of the real estate’s value chain of activities. This will allow us to consider and adopt cost-effective decarbonization measures to mitigate the potential impacts of climate change-related risk to our assets and portfolios, and also become part of asset enhancement initiatives.

The Board believes in steady and sustainable growth. With the re-opening of country borders and resumption of international travel, the hospitality and tourism industry is picking up momentum. Our workforce has nearly doubled in size compared to the lows during the pandemic. We will continue to recruit good people and provide them with opportunities for growth and development throughout our global operations. We have also increased our engagement with the community this year, getting our staff and management to donate and participate in various volunteering activities.

Looking ahead, we will continue to ensure high ethical standards in compliance, transparency and business conduct. We will strengthen our sustainability efforts as a responsible and committed corporate citizen, business partner and employer. We welcome feedback from all our stakeholders on how we can do better, and we look forward to building a prosperous and enduring future with all of you.

On behalf of the Board,

Toh Giap Eng

Executive Chairman

PERFORMANCE HIGHLIGHTS

For FY2022, Heeton continued to comply with local laws and regulations and we maintained a zero incident record in the areas of governance, occupational health and safety, and as well as customer satisfaction and well-being. With the re-opening of country borders and resumption of international travel, energy and water consumption expectedly rose with the increase in business activities.

	Material ESG Factors	Indicators	FY2021 Performance	FY2022 Performance	FY2023 Targets
GOVERNANCE	Anti-corruption	Confirmed incidents of corruption	No incidents	No incidents	<ul style="list-style-type: none"> • Maintain zero incidents of confirmed corruption
	Environmental Compliance	Critical non-compliance with environmental laws and regulations	No incidents	No incidents	<ul style="list-style-type: none"> • Maintain zero critical incidents of non-compliance
SOCIAL	Talent Retention	Global hire rate	49.5%	54.4%	<ul style="list-style-type: none"> • Reduce the global employee turnover rate
		Global turnover rate	95.7%	76.5%	
		Average training hours per employee	4.1 hours	7.4 hours	<ul style="list-style-type: none"> • Increase the average training hours per employee
	Occupational Health and Safety	Number of workplace fatalities	No fatalities	No fatalities	<ul style="list-style-type: none"> • Maintain a safe working environment with zero workplace fatalities
	Customer Health and Safety	Incidents of non-compliance regarding health and safety impacts of products and services	No incidents	No incidents	<ul style="list-style-type: none"> • Zero fatalities for all building users • Zero non-compliance with voluntary codes/laws and regulations regarding customer health and safety
	Supplier Assessment	Percentage of contractors screened on safety requirements (for projects in development)	100%	100%	<ul style="list-style-type: none"> • All contractors screened on safety requirements
ENVIRONMENTAL	Energy	Total energy consumption (electricity and gas)	134,306 GJ	188,159 GJ	<ul style="list-style-type: none"> • Improve on energy intensity
		Electricity intensity (for SG investment properties)	392 kWh /m ² floor area	423 kWh /m ² floor area	
		Scope 1 GHG emissions	4,052 tCO ₂ e	6,414 tCO ₂ e	
		Scope 2 GHG emissions	5,753 tCO ₂ e	6,021 tCO ₂ e	

Material ESG Factors	Indicators	FY2021 Performance	FY2022 Performance	FY2023 Targets
	GHG emissions intensity (for SG investment properties)	0.160 tCO ₂ e /m ² floor area	0.173 tCO ₂ e /m ² floor area	
Water	Total water consumption	109,952 m ³	154,554 m ³	• Improve on water intensity
	Water intensity (for SG investment properties)	2.64 m ³ /m ² floor area	3.00 m ³ /m ² floor area	

ABOUT THIS REPORT

This sixth annual Sustainability Report presents Heeton’s environment, social and governance (“ESG”) policies, procedures and performance that frame our sustainability agenda for FY2022.

REPORTING SCOPE

This report covers the period 1 January 2022 to 31 December 2022. It details the management approaches to, and sustainability performance of, activities over which Heeton has direct operational control. This includes our headquarters and two investment properties in Singapore, as well as serviced offices and nine hotels in the UK.

For social disclosures, employees of the two investment properties are included within the headquarters workforce, while the workforce of our UK properties is made up of employees from the serviced offices and nine self-managed hotels.

Property development projects¹ and externally managed properties and hotels² are not included in the reporting boundaries. Furthermore, this report does not cover the sustainability performance of our suppliers and vendors. The reporting scope and methodology remain the same as per last year.

REPORTING BOUNDARIES

Operations and Projects

Singapore Headquarters

Investment Properties (SG)

- Sun Plaza
- Tampines Mart

Investment and Hotel Properties (UK)

- Adam House*
- Hampton by Hilton Leeds City Centre (*formerly known as Hampton by Hilton Leeds*)
- Doubletree by Hilton London Kensington (*formerly known as Doubletree by Hilton Kensington*)
- Hotel Indigo Glasgow
- Ibis Gloucester
- Holiday Inn Express Manchester
- Heeton Concept Hotel City Centre Liverpool
- Heeton Concept Stewart Edinburgh (*formerly known as Stewart Aparthotel*)
- Heeton Concept Hotel Kensington (*formerly known as Ibis Styles Kensington*)
- Heeton Concept Luma Hammersmith (*formerly known as LUMA Hammersmith*)

*Adam House is a building comprising of four adjacent period houses converted into commercial premises. It currently operates as serviced offices. It is included in the sustainability reporting from FY2022 onwards.

The number of self-managed hotels, i.e. nine, has remained the same in FY2021 and FY2022.

¹ Please refer to the Property Development portfolio found in the Annual Report 2022.

² Externally managed investment properties and hotels include: 62 Sembawang (SG), Smile Hotel Asakusa (JPN), Super Hotel Sapporo (JPN), Hotel Baraquada Pattaya (THA) and Mercure Hotel Pattaya (THA).

REPORTING STANDARDS

The report has been prepared in accordance with Global Reporting Initiative (“GRI”) Universal Standards 2021. We continue to use the GRI Standards as they are the most widely used global sustainability reporting standards due to their universal application and robust guidelines. The GRI Content Index of the reported disclosures is provided at the end of this report. The report is also prepared in accordance with the Listing Rules of the Singapore Exchange Securities Trading Limited (Rules 711A and 711B).

In December 2021, SGX announced that effective for the financial year commencing on or after 1 January 2022, all issuers must include climate-related disclosures on a ‘comply or explain’ basis in their annual sustainability reports. Such disclosures must follow the Task Force on Climate-related Financial Disclosures (“TCFD”)’s recommendations. Furthermore, for issuers in the Real Estate Management and Development industry, climate reporting will become mandatory from FY2024 onwards. Pursuant to these new requirements, we are adopting a phased approach in climate-related reporting commencing with this year’s report. This phased approach has referenced SGX’s Practice Note 7.6 Sustainability Reporting Guide. There is a TCFD Disclosures table at the end of this report that indicates our progressive alignment with the eleven TCFD recommendations.

We did not seek external assurance for this report, but we hired an external consultant to review the accuracy of our key performance disclosures. No restatements have been made from the previous year’s report.

We value your feedback

Should you have any comments or questions related to the content of this sustainability report, please email us at: ir@heeton.com.

STAKEHOLDER ENGAGEMENT

Recognizing that alignment of the expectations of our stakeholders and our business decisions is critical, we maintain ongoing collaboration with stakeholders through diverse engagement channels. Depending on the stakeholder group, engagement can focus on one or more areas related to our identified material ESG factors.

STAKEHOLDER ENGAGEMENT

Stakeholder Group	Engagement Channels
Investors	<ul style="list-style-type: none"> • Timely updates on financial results and announcements • Press releases • Analysts and relevant professionals in the property industry • Disclosures in SGXNet and www.heeton.com • Annual general meetings
Tenants	<ul style="list-style-type: none"> • Regular formal or informal tenant gatherings, meetings and feedback sessions to exchange ideas • Established channels of communication for tenant-related and property-related issues
Employees	<ul style="list-style-type: none"> • Induction programme for new employees • Training and development programmes • Career development and performance appraisal • Recreational activities
Communities	<ul style="list-style-type: none"> • Corporate Social Responsibility (“CSR”) initiatives • Corporate volunteering
Government & Regulators	<ul style="list-style-type: none"> • Regular dialogue sessions • Membership of relevant industry associations
Business Partners	<ul style="list-style-type: none"> • Regular dialogue sessions with service providers and joint venture partners

OUR MATERIAL FACTORS

Factors defining Heeton’s economic, environmental and social impacts were identified through a materiality assessment exercise carried out in 2017. During the exercise, our investors, tenants, employees, communities, regulators and business partners were identified as our six key stakeholder groups.

We conducted further analysis to refine and shortlist the material factors most relevant to our business and key stakeholders. Emerging global and local sustainability trends as well as core topics and future challenges for the real estate sector, as identified by peers and industry experts, were looked at. Based on the analysis, ten material factors were identified.

Subsequently, the material factors are reviewed annually to ensure their significance in view of the changing business conditions. For FY2022, the Management reviewed these factors and concluded that they remained relevant and appropriate for the Group’s sustainability reporting. In view of the growing impact of climate change to the global economy and community well-being, we have included climate-related risks as an additional material factor for monitoring and reporting.

MATERIAL FACTORS

Governance

- Anti-corruption
- Environmental compliance
- Supplier assessment
- ESG due diligence (joint venture arrangement)

Social

- Talent retention
- Occupational health and safety
- Customer health and safety

Economic

- Economic performance³

Environmental

- Energy and emissions
- Climate-related risks
- Water

³ Please refer to Heeton’s Annual Report 2022 (www.heeton.com/investor-relations/annual-reports) for an assessment of the Group’s economic and financial performance.

GOVERNANCE DISCLOSURES

Heeton is committed to achieving high corporate governance standards. We believe in good corporate governance as it is key to sustained stakeholders' trust and confidence, and critical to protecting their interests. To ensure that we run our operations and grow our business with integrity, we have implemented robust governance policies and procedures to ensure compliance and transparency in our business conduct.

The Board oversees the corporate governance structure and sustainability strategy of the Group, and provides guidance to Management on the development of policies and management structures to implement, monitor and report on ESG performance. All Board Members have attended sustainability training. The Board receives regular reports on sustainability-related issues from the business units while all ad hoc or urgent issues of critical concern are surfaced to the Board expeditiously. Managers from the business units are involved in the development of Heeton's sustainability policies, as well as integrating the appropriate sustainability practices and procedures into their areas of operation with operational guidance from the Chief Executive Officer ("CEO").

Our employees are expected to conduct themselves with honesty and integrity at work. Heeton's code of conduct is included in the Group's Employee Handbook, together with regulations and guidelines on governance matters such as discipline, confidentiality, and intellectual property.

RISK MANAGEMENT

The Board has the overall responsibility for Heeton's sustainability strategy, including climate-related risks and opportunities. The Board has established a separate risk management committee ("Risk Management Committee") comprising of the Chairman, CEO and Chief Financial Officer to assist in carrying out its responsibility of overseeing the Group's risk management framework and policies. The Risk Management Committee regularly reviews the Group's business and operations to identify areas of significant business risks, and put in place appropriate measures to address these risks and reports to the Board on areas of significant risks to the Group's operations, if any.

The Group has started its climate risk reporting journey in FY2022 by identifying the climate-related risks (this is reported in the "Climate-related Risks" section under Environmental Disclosures) and reviewing our Scope 1 and Scope 2 emissions. To strengthen oversight, the Risk Management Committee will progressively incorporate climate-related risks into its overall risk universe for ongoing monitoring and management.

PREVENTING CORRUPTION

Heeton maintains a zero tolerance position against all forms of corruption, including bribery and fraud. We are committed to upholding a high level of business ethics and integrity which extends to working with our suppliers and business partners. We believe that the prevention of corruption in our value chain is vital to safeguarding the interests of our stakeholders and Heeton's reputation.

All employees are required to adhere to our corporate policies on anti-corruption, anti-money laundering, whistle-blowing and blackout periods. All new hires are required to go through a mandatory induction programme where they are made aware of these policies as well as our code of conduct and procedures. In FY2022, there were no confirmed cases of corruption at our headquarters or managed hotels.

Our whistleblowing policy aims to encourage responsible and secure reporting of any incident of violation or suspected violation of our code of conduct, such as unethical or illegal practices. Should such an incident occur, it should be reported to either the supervisor, where impractical, to the next highest or another level of management, a member of the Board of Directors, or to the Receiving Officer.

An external third party approved by the Board will be appointed as the Receiving Officer and made responsible for the processing of whistleblowing complaints. The Receiving Officer will report to the Audit Committee, who will decide how the case should be progressed and resolved – whether there is merit for taking the case further, including embarking on civil and/or criminal proceedings in addition to appropriate disciplinary actions.

The Receiving Officer can be reached at TAT@AQT.SG (email) or +65 6456 1188 (phone).

ENSURING COMPLIANCE

Heeton maintains a strong adherence to corporate governance practices and the applicable laws and regulations across different jurisdictions. We recognize that full compliance with all the applicable regulations across jurisdictions enables us to build a strong foundation of trust with our stakeholders.

We regularly review our regulatory risks by keeping abreast of developments in relevant laws and regulations so as to ensure timely updating and implementation of compliance measures across the business operations. We also ensure that our suppliers and partners abide by all relevant regulations.

In FY2022, there were no confirmed incidences of non-compliance with laws and regulations in the environmental, social and economic areas that could result in significant fines or sanctions.

MANAGING ESG ISSUES IN OUR VALUE CHAIN

Heeton promotes the integration of sustainability practices and procedures across our business value chain. The nature of our real estate business often requires the appointment of third-party service providers or collaboration with joint venture partners. We recognize the importance of maintaining transparency and adopting high standards of business ethics and integrity when working with the external parties in our value chain.

We prioritise appointing suppliers and contractors who engage in sustainable practices, including but not limited to, in ensuring safe working conditions, respecting worker and human rights, and observance of sustainable development policies and practices. All Heeton's suppliers are encouraged to adhere to best practices and industry standards, such as obtaining the Building and Construction Authority ("BCA")'s certifications in Singapore.

We conduct regular checks on our suppliers and business partners for anti-money laundering or other unethical practices. This includes keeping a close watch on any news coverage and public announcements related to our joint venture partners, and ensuring that any ESG-related issues are addressed promptly.

Our Supply Chain

In Singapore, most of our suppliers are locally based and comprise of utilities providers and companies for office supply, information technology, travel and maintenance tasks at our headquarters. Our two managed investment properties in Singapore rely on external providers for cleaning, security, pest control and other maintenance services. Our nine managed hotels in the UK rely on hundreds of small-to-large suppliers, including food, beverage and professional service providers.

We ensure that suppliers' personnel are covered by our internal policies and requirements, such as worker safety and security, when they are working at our premises.

SOCIAL DISCLOSURES

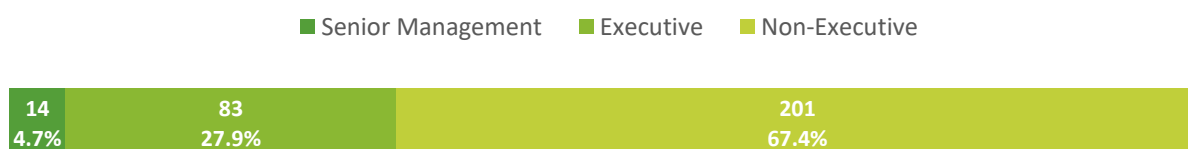
Our people are our most valuable asset. Heeton places utmost importance in attracting, recruiting and retaining skilled employees with diverse and relevant expertise and experience. Our ability to attract and retain talented people to deliver our projects and services is critical to business success. As the world slowly steps out of the long shadow of COVID-19 pandemic, we are proud of the contribution of our employees in weathering the COVID-19 crisis. As business activity gradually picked up in FY2022, hiring activity increased in tandem and the Group’s headcount rose by over 40%. Our overall turnover rate has been significantly reduced to 76.5% compared to 95.7% in FY2021.

ENSURING FAIR EMPLOYMENT AND DIVERSIFYING OUR WORKFORCE

Heeton’s human resource (“HR”) policies are grounded in equal opportunities and fair employment practices. Our recruitment process considers all qualified candidates without prejudice to gender, age, ethnicity, religion and national origin. Employees participate in regular performance reviews and are promoted based on merit and performance. We also value the expertise of older employees and continue to employ individuals over the national retirement age.

As at 31 December 2022, the headquarters had 35 employees and our properties in the UK employed 263 people, making a total global workforce for the Group of 298. Of these, 14 (4.7% of total workforce) held senior management positions, 83 (27.9%) held managerial or executive roles, and 201 (67.4%) were non-executives. The proportion of non-executive staff continued to be higher at the UK properties (75.3%) compared to that in the headquarters at 4.2%.

GROUP EMPLOYMENT DIVERSITY (FY2022)

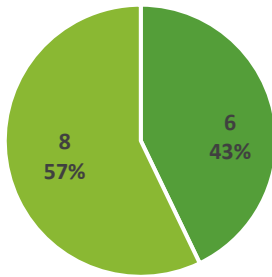


The Group had 32 permanent part-time and 78 temporary part-time employees, which together comprised 36.9% of the total workforce.

Women formed 49.3% (147) of the global workforce, with 57.1% (20) in the headquarters and 48.3% (127) in the UK properties. Most of the female employees were employed as non-executives at the Group level, in line with the overall profile of the workforce.

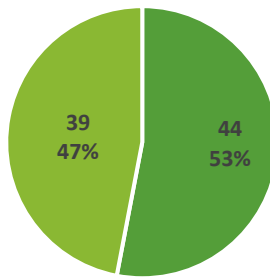
The Group had a diverse workforce in terms of age distribution with 127 (42.6%) under 30 years of age, 127 (42.6%) aged between 30 to under 50, and 44 (14.8%) above 50 years of age.

SENIOR MANAGEMENT



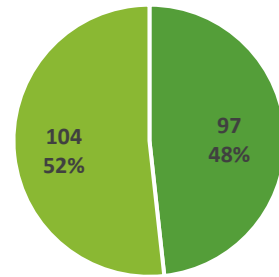
■ Female ■ Male

EXECUTIVE



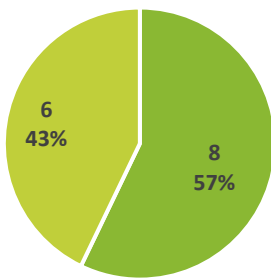
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NON-EXECUTIVE



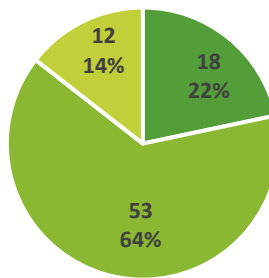
■ Female ■ Male

SENIOR MANAGEMENT



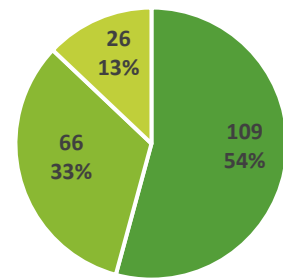
■ 30-50 ■ Over 50

EXECUTIVE



■ Under 30 ■ 30-50 ■ Over 50

NON-EXECUTIVE



■ Under 30 ■ 30-50 ■ Over 50

VALUING AND RETAINING OUR EMPLOYEES

Heeton rewards our employees with competitive salaries in line with market standards. It is our way of recognizing employee contribution to the success of the company and retaining our skilled workforce. Compensation for individual employees is determined by their position, competency and performance. The process to determine salary packages for non-management employees is approved by HR and the Head of Department. Given that market wage levels vary across seniority and job scope, we do not track the annual total compensation ratio between the organisation’s senior management and the median compensation for all employees.

Employees are entitled to a variety of benefits, such as medical care, paid parental leave, annual leave and birthday leave. They can also opt for flexible work arrangements. Our Employee Handbook provides guidelines about our policies, procedures and practices, terms and conditions, as well as details on the compensation schemes and benefits.

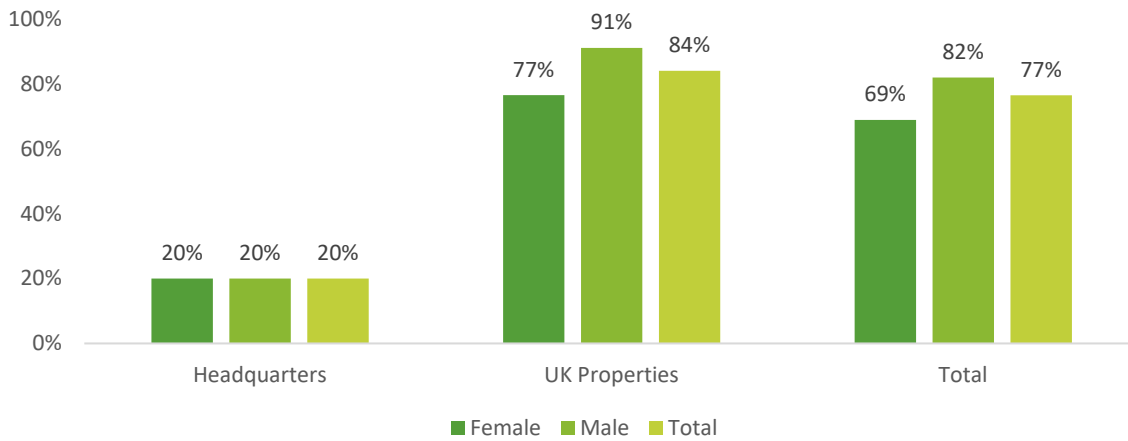
In FY2022, the Group hire rate⁴ was 54.4%, with a total of 162 new employees hired during the year. The hire rate for female employees was 51.4% (76 new employees) and 57.3% for male hires (86 new

⁴ Hire and turnover rates are based on year-end headcount.

employees).

Overall turnover for the Group in FY2022 was 76.5% (228 leavers). The turnover was lower for females at 68.9% (102 leavers) compared to males at 82.0% (123 leavers). Employee turnover rate in the UK properties had come down from 94.2% in FY2021 to 84.0% in FY2022. The management of the UK properties will step up efforts to recruit and retain skilled employees for FY2023.

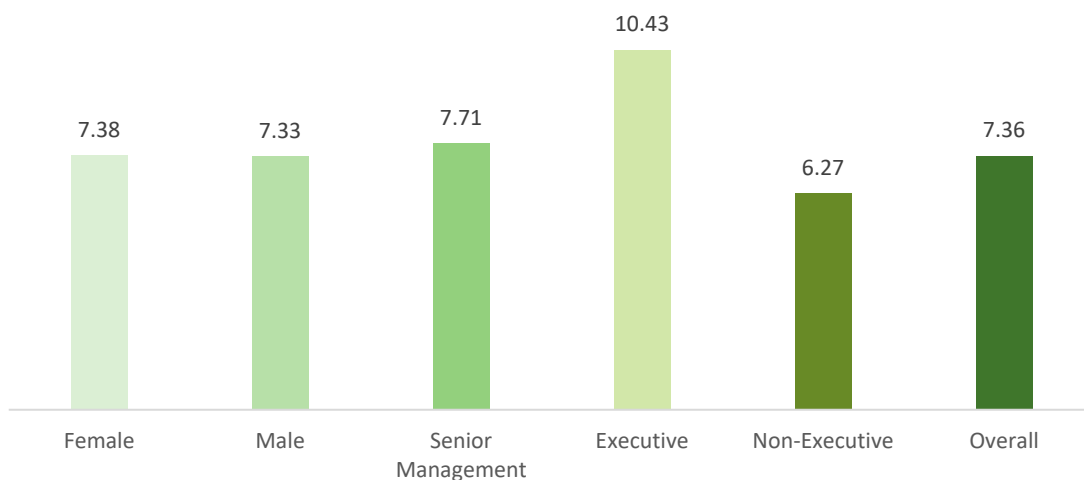
TURNOVER RATES (GLOBAL FY2022)



ENHANCING THE SKILLS OF OUR EMPLOYEES

We managed to increase the training opportunities for our employees in FY2022. At the Group level, the average amount of training hours increased to 7.36 hours per employee compared to 4.12 hours per employee in FY2021. The availability of government grants and training programmes – such as the Skillsfuture Grants, Career Conversion Programme, Productivity Services Grant and Enterprise Development Grant – had enabled HR to provide our employees with training and re-skilling opportunities. All the directors have attended sustainability programmes in the last quarter of FY2022.

AVERAGE TRAINING HOURS PER EMPLOYEE (GLOBAL FY2022)



For FY2023, we are targeting to organize leadership training workshops for mid-management and above. Across the business units, HR will continue to track and monitor employee training and review training needs. New opportunities for training support will be sought as we continue to involve our employees in identifying appropriate training aligned to their learning needs.

In FY2022, we conducted the annual performance review with our employees. The reviews centered on their performance and career goals in support of their career pathway and professional growth. In FY2022, 78.1% of our total workforce received feedback on their performance and suggestions for improvement from their supervisors.

PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS (FY2022)



OUR SAFETY PRACTICES

Workplace safety remains a critical component when conducting our business. There were no reports of workplace fatalities in FY2022. There were no incidents of non-compliance with regulations or voluntary codes regarding health and safety impacts of managed properties. Heeton maintained strict compliance to the local laws and regulations with regard to conducting work and business activities. The health and welfare of our employees, tenants, clients and suppliers continued to be of paramount importance. While COVID-19 safety measures were progressively scaled back in FY2022 in line with prevailing government regulations and guidelines, we ensured that the workplace remained a safe space for our employees by taking all necessary measures including working from home whenever possible, flexible work arrangements, safe distancing and contact tracing measures.

Standard safety procedures and contingency plans have been established at all our properties and hotels. This includes internal and external audits, fire safety practices and regular fire safety audits and drills led by our property managers. Equipment are inspected and upgraded whenever necessary to ensure that they are in sound working condition. The property managers also ensure timely renewal of operating permits and licenses for fire safety installations, lifts and escalators and areas of high safety risks.

We regularly assess our safety practices to identify potential hazards within our operations. Risk assessment is reviewed and updated to follow preventive and corrective action plans.

An open channel of communication across the Group is available to gather feedback on issues relating to health and safety. Regular safety education and training, including employee programme conducted at the point of induction, continue to be provided to our employees as well as suppliers and visitors where relevant.

Heeton will stay committed to promoting occupational and customer health and safety, ensuring compliance to local laws and regulatory requirements, and maintaining zero fatalities among our employees and other users of our buildings.

ENVIRONMENTAL DISCLOSURES

Business activities continued to gain momentum with movement restrictions lifting and increasing volume of international travellers. Expectedly, our properties in real estate and hospitality recorded a rise in resource consumption in terms of energy and water use. We directed our business units to look for new ways to reduce energy and water consumption as well as increase efficiency in our properties and hotels.

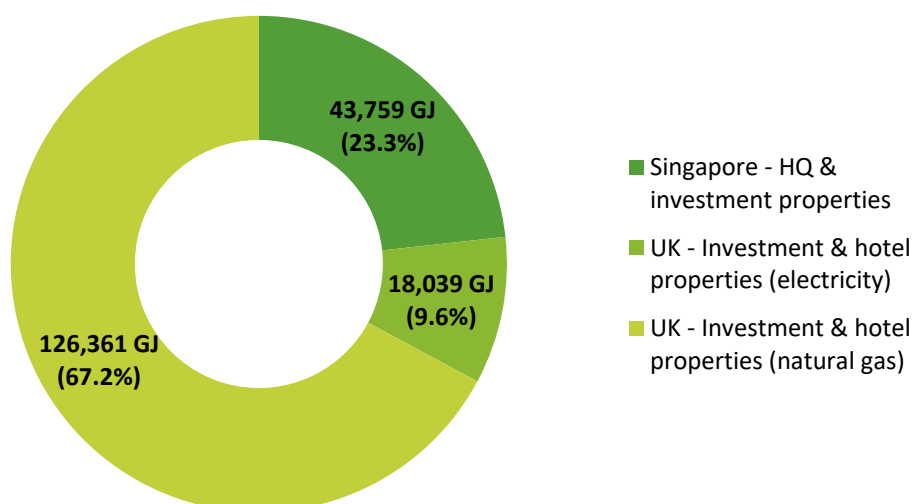
Monthly reports on energy and water consumption at our investment properties are submitted to the management and reviewed to identify any irregularities and to undertake the appropriate actions. At our hotels, tracking of energy and water consumption is done via an online tool to ensure the efficiency of implemented resource conservation measures.

We promote environmental awareness among our employees and tenants through e-mails on best practices to help reduce the environmental footprint at work.

ENERGY AND EMISSIONS⁵

Energy consumption increased across the properties in FY2022. We used a total of 188,159 GJ in energy, of which 23.3% was consumed by our activities in Singapore and 76.7% by our UK properties. Natural gas consumption by the UK properties made up the bulk of total energy consumed (67.2%) while purchased electricity by the Singapore and UK properties amounted to 32.8% of our total energy consumption. The largest electricity consumer was the two managed investment properties in Singapore at 43,613 GJ (over 12 million kWh). In comparison, our UK properties consumed 18,039 GJ (about 5million kWh) of electricity.

ENERGY CONSUMPTION (GLOBAL FY2022)



⁵ Emissions figures are computed using the latest Singapore’s grid emission factors published by Singapore’s Energy Market Authority (“EMA”) and relevant conversion factors from the UK Government’s Department for Environment, Food & Rural Affairs (“DEFRA”).

Our total greenhouse gas (“GHG”) emissions amounted to 12,264 tCO₂e (tonnes of CO₂ equivalent) in FY2022. This comprised of 6,414 tCO₂e (or 52.3%) of direct Scope 1 emissions that were generated from natural gas consumption by the UK properties and 6,021 tCO₂e (or 49.1%) indirect Scope 2 emissions from purchased electricity used in our Singapore and UK operations.

GHG EMISSIONS (GLOBAL FY2022)

TOTAL 12,264 tCO ₂ e		
Scope 1 6,414 tCO ₂ e	Scope 2 6,021 tCO ₂ e	
<u>Gas</u> 6,414 tCO ₂ e (UK properties)	<u>Electricity</u> 1,064 tCO ₂ e (UK properties)	<u>Electricity</u> 4,957 tCO ₂ e (SG headquarters and investment properties)

In FY2022, the average electricity intensity of our two investment properties in Singapore was 423.4 kWh per square meter (m²) of floor area, corresponding to an emission intensity of 0.173 tCO₂e/m².

CLIMATE-RELATED RISKS

We started to identify climate-related risks relevant to our business in FY2022. Climate change would expose physical properties and other facets of our operations to physical risks and transition risks. Physical risks includes physical damage from extreme weather events (e.g. water damage from floods and infrastructural damage from tornados), business disruption due to facility shut down, and costs/provisions for repairs. Transition risks are business-related risks that follow societal and economic shifts toward a low-carbon future. These risks can include policy and regulatory risks, rising compliance and insurance costs, obsolete infrastructure, technological risks, market risks and reputational risks.

Our preliminary identification of the physical and transition risks as well as assessment of their qualitative impacts are summarised in the table below.

Risk Description	Qualitative Impact
Physical Risks	
<ul style="list-style-type: none"> Catastrophic extreme weather events – Such as hurricanes and wildfires 	<ul style="list-style-type: none"> Adverse impacts are often unpredictable and location-specific Costs to repair or replace damaged or destroyed assets, value impairment Property downtime and business disruption Potential for increased insurance costs or reduced/no insurance availability
<ul style="list-style-type: none"> Gradual changes in weather patterns – Such as higher 	<ul style="list-style-type: none"> Increased wear and tear or damage to buildings, leading to increasing maintenance costs

Risk Description	Qualitative Impact
<p>temperatures, rising sea levels, increasing frequency of heavy rain and wind, and decreased rainfall</p>	<ul style="list-style-type: none"> • Increased operating costs due to need for additional or alternative resources (energy and/or water) to operate a building, i.e. some of the risks and impacts can be indirect • Cost of investment in adaptation measures, such as elevating buildings or incorporating additional cooling methods • Potential for increased damages from catastrophic events • Potential for increased insurance costs or reduced/no insurance availability
Transition Risks	
<ul style="list-style-type: none"> • Market risks – The possibility that markets and industries vulnerable to climate change will become less attractive to investors over time. This can lead to rising capital costs for building and maintaining infrastructure to manage climate risks 	<ul style="list-style-type: none"> • Reduced economic activity in vulnerable markets • Reduced demand for properties • Reduced asset value
<ul style="list-style-type: none"> • Policy and regulation risks – E.g. climate risk disclosure, tougher building standards, carbon pricing and emissions caps 	<ul style="list-style-type: none"> • Increased cost of doing business due to new disclosure requirements and compliance measures • Increased ongoing taxes, e.g. from carbon pricing of emissions from existing buildings • Additional capital investment to comply with stricter regulation
<ul style="list-style-type: none"> • Resource risks – Changes in the availability, pricing and supply volatility of key resources such as construction materials, energy and water 	<ul style="list-style-type: none"> • Increased costs and reduced net operating income due to higher prices for water and energy • Additional capital expenditures to adapt buildings to operate with reduced/ alternative resources
<ul style="list-style-type: none"> • Reputational risks – Growing stakeholder preference to work with companies incorporating climate risk into investment decisions and operations, as well as consumer preference for products and services from green real estate companies 	<ul style="list-style-type: none"> • Risk to brand and market perception if the company is not on par with industry peers in managing climate risks • Lower liquidity and/or reduced attractiveness of assets that have not incorporated climate mitigation

For FY2023 and beyond, we would look into how we can track and manage these climate-related risks effectively, and integrate them into the Group’s overall risk management policies and processes.

We are working toward developing strategies to build climate resilience across our business divisions. The TCFD framework will guide us in addressing the potential risks and opportunities from climate change and their financial impact on our businesses. To this end, Heaton is adopting a progressive strategy toward managing climate-related risks.

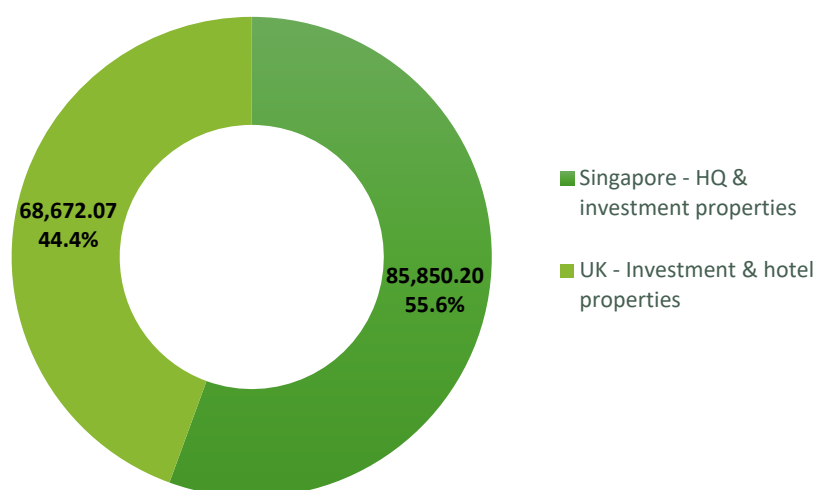
We aim to build a baseline capability in terms of understanding how climate-related physical and transition risks can affect our asset and portfolio valuations. The analysis of potential financial impacts of climate change on our core business activities will enable us to map out the impacts under different climate scenarios. The long-term goal is to establish an in-house capability in which climate assessments are integrated with the value chain of business activities. With a clear understanding of our risks and opportunities, and the financial impacts on our business, we can start to adopt cost-effective decarbonization measures for real estate assets and portfolios.

WATER

Water consumption increased in FY2022 due to higher business activities. In FY2022, our headquarters consumed 31.7 m³ of water, which represented 0.08% of our Group’s total water consumption of 154,554 m³ during the year. Due to their high retail activity, our two investment properties in Singapore used the largest amount of water, with 85,850 m³ or 55.6% of the total. Our properties in the UK consumed 68,672 m³, or 44.4% of the total, during the year.

The water intensity of the Singapore investment properties was 3.00 m³ per m² of floor area during the year.

WATER USAGE (GLOBAL FY2022)



GRI CONTENT INDEX

Heeton Holdings Limited has reported in accordance with the GRI Standards 2021 for the period 1 January 2022 to 31 December 2022.

GRI Standard	Disclosure	Page Number / External Reference
GRI 2	General Disclosures 2021	
2-1	Organizational details	3
2-2	Entities included in the organization's sustainability reporting	7
2-3	Reporting period, frequency and contact point	7, 8
2-4	Restatements of information	Nil
2-5	External assurance	Nil
2-6	Activities, value chain and other business relationships	Corporate website
2-7	Employees	14, 15
2-8	Workers who are not employees	Nil
2-9	Governance structure and composition	Report on Corporate Governance, Annual Report
2-10	Nomination and selection of the highest governance body	Report on Corporate Governance, Annual Report
2-11	Chair of the highest governance body	Report on Corporate Governance, Annual Report
2-12	Roles of the highest governance body in overseeing the management of impacts	Report on Corporate Governance, Annual Report
2-13	Delegation of responsibility for managing impacts	Report on Corporate Governance, Annual Report
2-14	Roles of the highest governance body in sustainability reporting	11
2-15	Conflicts of interest	Report on Corporate Governance, Annual Report
2-16	Communication of critical concerns	11
2-17	Collective knowledge of the highest governance body	Report on Corporate Governance, Annual Report
2-18	Evaluation of the performance of the highest governance body	Report on Corporate Governance, Annual Report
2-19	Remuneration policies	15
2-20	Process to determine remuneration	15
2-21	Annual total compensation ratio	15
2-22	Statement on sustainable development strategy	11
2-23	Policy commitments	12
2-24	Embedding policy commitments	12
2-25	Processes to remediate negative impacts	12
2-26	Mechanisms for seeking advice and raising concerns	12
2-27	Compliance with laws and regulations	12
2-28	Membership associations	Heeton Holdings is an Ordinary Member of the Real Estate Developers' Association of Singapore
2-29	Approach to stakeholder engagement	9
2-30	Collective bargaining agreements	None
GRI 3	Material Topics 2021	

GRI Standard	Disclosure	Page Number / External Reference
3-1	Process to determine material topics	10
3-2	List of material topics	10
3-3	Management of material topics	10
GRI 205	Anti-corruption 2016	
205-1	Operations assessed for risks related to corruption	11, 12
205-2	Communication and training about anti-corruption policies and procedures	11, 12
205-3	Confirmed incidents of corruption and actions taken	11
GRI 302	Energy 2016	
302-1	Energy consumption within the organization	19, 20
302-3	Energy intensity	20
302-4	Reduction of energy consumption	19
GRI 303	Water and Effluents 2018	
303-5	Water consumption	22
GRI 305	Emissions 2016	
305-1	Direct (Scope 1) GHG emissions	20
305-2	Energy indirect (Scope 2) GHG emissions	20
305-4	GHG emissions intensity	20
GRI 401	Employment 2016	
401-1	New employee hires and employee turnover	15, 16
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	15
401-3	Parental leave	15
GRI 403	Occupational Health and Safety 2018	
403-1	Occupational health and safety management system	17, 18
403-2	Hazard identification, risk assessment, and incident investigation	17, 18
403-3	Occupational health services	17, 18
403-4	Worker participation, consultation, and communication on occupational health and safety	17, 18
403-5	Worker training on occupational health and safety	17, 18
403-6	Promotion of worker health	17, 18
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	17, 18
403-8	Workers covered by an occupational health and safety management system	17, 18
403-9	Work-related injuries	17
GRI 404	Training and Education 2016	
404-1	Average hours of training per year per employee	16, 17
404-3	Percentage of employees receiving regular performance and career development reviews	17
GRI 405	Diversity and Equal Opportunity 2016	
405-1	Diversity of governance bodies and employees	14, 15
GRI 414	Supplier Social Assessment 2016	
414-1	New suppliers that were screened using social criteria	12, 13

TCFD DISCLOSURES

TCFD Thematic Areas	Recommended Disclosures	References and Remarks
1. Governance Disclose the organization's governance around climate-related risks and opportunities	a) Describe the board's oversight of climate-related risks and opportunities	The Board oversees the corporate governance structure and sustainability strategy of the Group, including climate-related issues. See pg 11.
	b) Describe management's role in assessing and managing climate-related risks and opportunities	The Management implements, monitors and reports on ESG performance, including climate-related issues. See pg 11.
2. Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	Heeton is adopting a progressive strategy towards managing climate-related risks. Our first step is to establish a baseline capability in terms of understanding how climate-related physical and transition risks can affect our asset and portfolio valuations. See pg 20-22.
	b) Describe the impact of climate-related risks and opportunities on the organization's business, strategy, and financial planning	Heeton is adopting a progressive strategy towards managing climate-related risks. We have embarked on the qualitative impact assessment. See pg 20-22.
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Heeton is adopting a progressive strategy towards managing climate-related risks. Scenario analysis will be conducted post-FY2022. See pg 20-22.
3. Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks	a) Describe the organization's processes for identifying and assessing climate-related risks	The Board has established a Risk Management Committee to oversee the Group's risk management framework and policies. See pg 11.
	b) Describe the organization's processes for managing climate-related risks	The Risk Management Committees tracks and manages all enterprise risks, including climate-related risks. More details of the Committee's responsibilities can be found in the Group's Annual Report.
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	The Risk Management Committee will progressively incorporate climate-related risks into its overall risk universe for ongoing monitoring and management.
4. Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	Heeton is adopting a progressive strategy towards managing climate-related risks. Specific metrics will be developed post-FY2022.
	b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	See pg 20 for disclosures on Scope 1 and Scope 2 emissions.
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	Heeton is adopting a progressive strategy towards managing climate-related risks. Targets will be formulated post-FY2022.



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