HEETON

HEETON HOLDINGS LIMITED

Sustainability Report 2023

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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 (“SR2023”) highlights our achievements and targets in key areas and efforts to positively impact our stakeholders for the financial year ending 31 December 2023 (“FY2023”).

2023 has been a challenging year for the property sector due to the overall macroeconomic conditions. Rising inflation and high interest rates have increased investment risks and operational costs substantially. Despite these difficulties, we will continue to take concrete steps to grow our business and manage ESG risks. During the recent United Nations Climate Change Conference held in Dubai, United Arab Emirates (“UAE”), 27 nations came together to start the Building Breakthrough initiative to make near-zero emissions and climate resilient buildings the new normal by 2030. UK and Japan are among the nations that have made this pledge and Heeton has significant business interests in these countries. The inaugural Buildings and Climate Global Forum will be held in 2024 and Heeton will be keeping a close watch on the developments.

Heeton has adopted a phased approach in climate risk disclosures beginning with last year’s Sustainability Report, taking reference from the Singapore Exchange (“SGX”)’s guidelines. This phased approach allows Heeton to gradually build up our knowledge of carbon-related matters and provide meaningful disclosures for all our stakeholders. For this report, we have refined the climate-related risks and opportunities using scenario planning as well as reviewed the categories of Scope 3 supply chain emissions relevant to our business.

As a responsible and committed corporate citizen, Heeton will continue to strengthen our sustainability efforts and work towards integrating sustainability with the core real estate business. We will also continue to maintain high standards in compliance, transparency and business conduct.

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

Our FY2023 sustainability performance had largely met targets and maintained or improved on the past year's performance, e.g. we maintained a zero-incident record in the areas of governance, occupational health and safety, as well as customer health and safety. The annual targets for FY2024 will serve as baseline targets for the short-term (within next 5 years), medium-term (5-10 years) and long-term (beyond 10 years).

The table below presents our FY2021-FY2023 performance on key sustainability indicators and the targets for FY2024. From SR2023 onwards, we will be tracking reportable and minor non-reportable workplace injuries in line with the core ESG metrics recommended by the SGX.

Material ESG Factors & Indicators	FY2021 Performance	FY2022 Performance	FY2023 Performance	FY2023 Targets	FY2024 Targets
GOVERNANCE					
Anti-corruption – Confirmed incidents of corruption	No incidents	No incidents	No incidents	Maintain zero incidents of confirmed corruption	Maintain zero incidents of confirmed corruption
Environmental compliance – Critical non-compliance with environmental laws and regulations	No incidents	No incidents	No incidents	Maintain zero critical incidents of non-compliance	Maintain zero critical incidents of non-compliance
Supplier assessment – Percentage of contractors screened on safety requirements	100%	100%	100%	All contractors screened on safety requirements	All contractors screened on safety requirements
SOCIAL					
Talent retention – Global hire rate	49.5%	54.4%	48.1%	Reduce the global employee turnover rate	Reduce the global employee turnover rate
Talent retention – Global turnover rate	95.7%	76.5%	65.8%		
Talent retention – Average training hours per employee	4.10 hours	7.36 hours	6.98 hours	Increase the average training hours per employee	Increase the average training hours per employee
Occupational health and safety – Number of workplace fatalities	No fatalities	No fatalities	No fatalities	Maintain a safe working environment with zero workplace fatalities	Maintain a safe working environment with zero workplace fatalities
Occupational health and safety – Number of reportable injuries	N.A.	N.A.	5	N.A.	Reduce number of reportable injuries

Occupational health and safety – Number of minor non-reportable injuries	N.A.	N.A.	102	N.A.	Reduce number of minor non-reportable injuries
Customer health and safety – Incidents of non-compliance regarding health and safety impacts of products and services	No incidents	No incidents	No incidents	Zero fatalities for all building users, and zero non-compliance with voluntary codes/laws and regulations regarding customer health and safety	Zero fatalities for all building users, and zero non-compliance with voluntary codes/laws and regulations regarding customer health and safety
ENVIRONMENTAL					
Energy – Total energy consumption (electricity and gas)	134,306 GJ	188,159 GJ	186,157 GJ	Improve on energy intensity	Improve on energy intensity
Energy – Energy intensity for Singapore investment properties	392 kWh /m^2 floor area	423 kWh /m^2 floor area	402 kWh /m^2 floor area		
Emissions – Scope 1 GHG emissions	4,052 tCO_2e	6,414 tCO_2e	6,467 tCO_2e	N.A.	Improve on emissions intensity
Emissions – Scope 2 GHG emissions	5,753 tCO_2e	6,021 tCO_2e	5,721 tCO_2e		
Emissions – Total Scope 1 & Scope 2 emissions	9,805 tCO_2e	12,435 tCO_2e	12,188 tCO_2e		
Emissions – GHG emissions intensity for Singapore investment properties	0.160 tCO_2e /m^2 floor area	0.173 tCO_2e /m^2 floor area	0.164 tCO_2e /m^2 floor area		
Water – Total water consumption	109,952 m^3	154,554 m^3	180,677 m^3	Improve on water consumption intensity	Improve on water consumption intensity
Water – Water consumption intensity for Singapore investment properties	2.64 m^3 /m^2 floor area	3.00 m^3 /m^2 floor area	3.26 m^3 /m^2 floor area		

ABOUT THIS REPORT

This seventh annual Sustainability Report presents Heeton's environment, social and governance ("ESG") policies, procedures and performance that frame our sustainability agenda for FY2023.

REPORTING SCOPE

This report covers the period 1 January 2023 to 31 December 2023. 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 projects[1] and externally managed properties and hotels[2] 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 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*)

The number of self-managed hotels, i.e. nine, has remained the same in FY2022 and FY2023.

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

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

REPORTING STANDARDS

The report has been prepared in accordance with Global Reporting Initiative ("GRI") Universal Standards. 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).

We are adopting a phased approach in climate-related reporting that commenced with last year's report. This phased approach has referenced SGX's Practice Note 7.6 Sustainability Reporting Guide. There is a Task Force on Climate-Related Financial Disclosures ("TCFD") Index 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, although we hired an external consultant to review the accuracy of our key performance disclosures. Our sustainability reporting process was reviewed by the internal auditors in FY2023, and their recommendations were accepted. There are no restatements of disclosures made in 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

Our stakeholders are important to us. 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. Stakeholder engagement is ongoing in the course of business operations, and we use stakeholders' feedback to help identify the material ESG factors.

STAKEHOLDER ENGAGEMENT

Stakeholder Group	Engagement Channels
Investors	• 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	• Regular formal or informal tenant gatherings, meetings andfeedback sessions to exchange ideas • Established channels of communication for tenant-related and property-related issues
Employees	• Induction programme for new employees • Training and development programmes • Career development and performance appraisal • Recreational activities
Communities	• Corporate Social Responsibility ("CSR") initiatives • Corporate volunteering
Government & Regulators	• Regular dialogue sessions • Membership of relevant industry associations
Business Partners	• Regular dialogue sessions with service providers and jointventure partners

OUR MATERIAL FACTORS

Heeton carried out the initial materiality assessment exercise in 2017 to identify our material factors and stakeholders. Over the years, we have analyzed and refined the list based on emerging global and local sustainability trends as well as current and future challenges for the real estate sector, as identified by peers and industry experts.

Heeton reviews the material factors annually to ensure their significance and relevance in view of the changing business conditions. We have assessed that the eleven factors in FY2022's report continue to be relevant and appropriate for the Group's FY2023 sustainability reporting. For this year's report, we have revised the wording of the climate-related material factor from "climate-related risks" to "climate-related risks and opportunities", as we recognize that climate change presents both risks and opportunities to our real estate business.

MATERIAL FACTORS

Governance	Social
• Anti-corruption • Environmental compliance • ESG due diligence (joint venture arrangement)	• Talent retention • Occupational health and safety • Customer health and safety • Supplier assessment
Economic	**Environmental**
• Economic performance[3]	• Energy and emissions • Climate-related risks and opportunities • Water

[3] Please refer to Heeton's Annual Report 2023 (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 sustains stakeholders' trust and confidence, and protects 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. The Board receives ongoing updates on sustainability-related issues from the business units while all ad hoc or urgent issues of critical concern are surfaced to the Board expeditiously for decision making and remediation of negative impacts if necessary. Managers from the business units are involved in the implementation 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 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, puts 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 started its climate risk reporting journey last FY by identifying the climate-related risks (this is reported in the "Climate-Related Risks" section under Environmental Disclosures) and disclosing our Scope 1 and Scope 2 emissions. The Risk Management Committee will progressively incorporate relevant climate-related risks in the 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, whistleblowing 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 FY2023, there were no confirmed cases of corruption at our Singapore and UK operations.

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, or 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 Receivingofficer@heeton.com (email) or +65 6456 11880 (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 to ensure timely updating and implementation of compliance measures across the business operations. In FY2023, we conducted the annual update of the *Whistleblowing, Conflict of Interest, Gift & Hospitality* policies and reviewed our right to work checks regularly. With the changes in law, we took the opportunity to update our General Data Protection Regulation ("GDPR") and d/Data protection policies. We also started our consultation exercise for sexual harassment policy to be implemented in the following FY. We ensured that our suppliers and partners abide by all relevant regulations.

In FY2023, 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.

SUPPLIER ASSESSMENT AND 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.

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.

We prioritize 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. In FY2023, 100% of contractors were screened on safety requirements.

We monitor our suppliers and business partners for anti-money laundering or other unethical practices. As part of ESG due diligence, we keep a close watch on any news coverage and public announcements related to our joint venture partners, and our ongoing target is to ensure that any ESG-related issues are addressed promptly by the partners.

SOCIAL DISCLOSURES

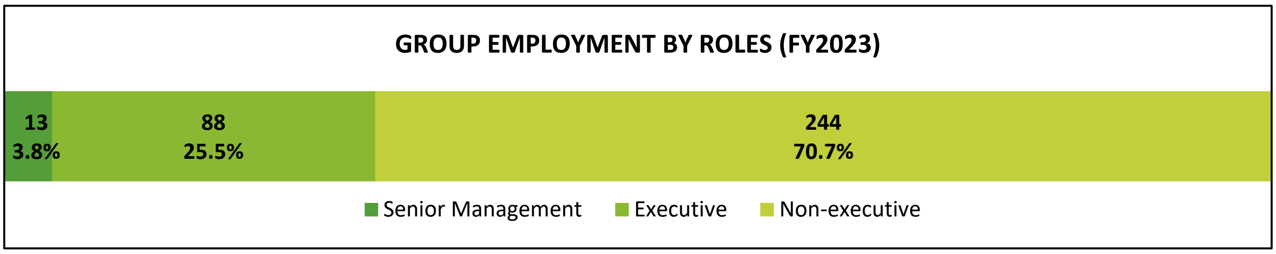
Our people are our most valuable asset. Heeton places utmost importance in attracting, recruiting and retaining skilled employees with diverse and relevant expertise and experience. Our ability to attract and retain talented people to deliver our projects and services is critical to business success.

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 beyond the prescribed national retirement ages.

As of 31 December 2023, the headquarters had 37 employees and our properties in the UK employed 308 people, making a total global workforce for the Group of 345 as compared to 298 employees in FY2022.

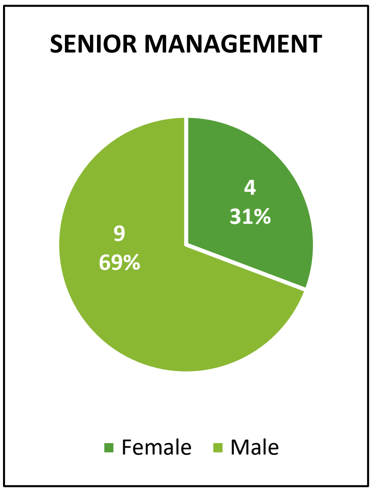
Of these, 13 (3.8% of total workforce) held senior management positions, 88 (25.5%) held managerial or executive roles, and 244 (70.7%) were non-executives. The proportion of non-executive staff continued to be higher at the UK properties (77.6%) compared to that in the headquarters at 13.5%.

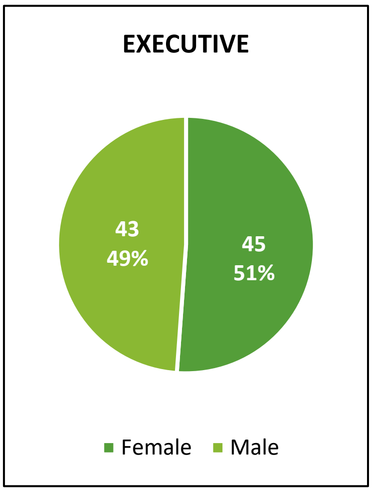


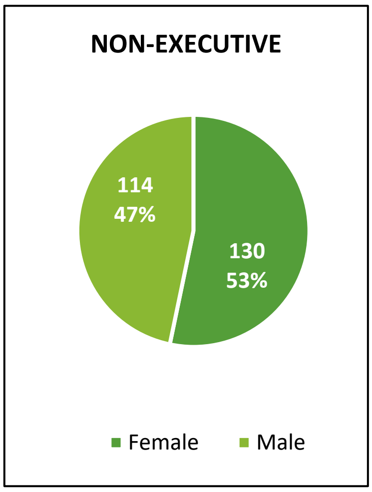
The Group had 57 permanent part-time and 84 temporary part-time employees, which together comprised 40.9% of the total workforce.

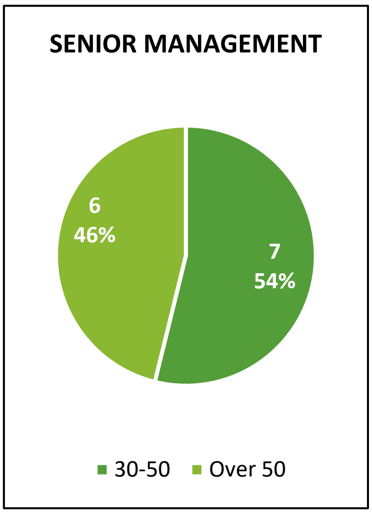
Women formed 51.9% (179) of the global workforce, with 56.8% (21) in the headquarters and 51.3% (158) in the UK properties. Most of the female employees were employed as non-executives at the Group level, in line with the overall profile of the workforce.

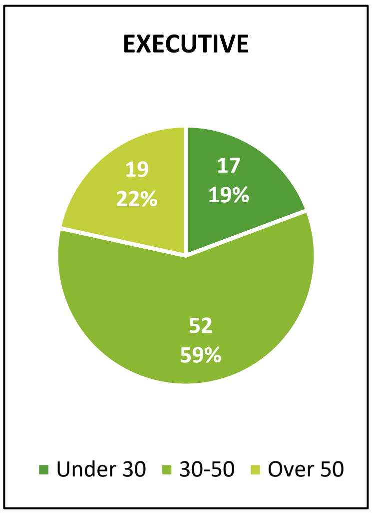
The Group had a diverse workforce in terms of age distribution with 140 (40.6%) under 30 years of age, 146 (42.3%) aged between 30 to under 50, and 59 (17.1%) above 50 years of age.

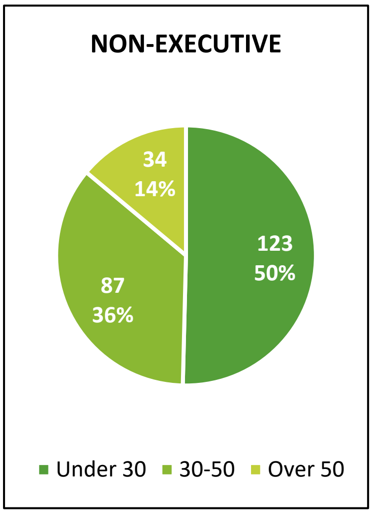












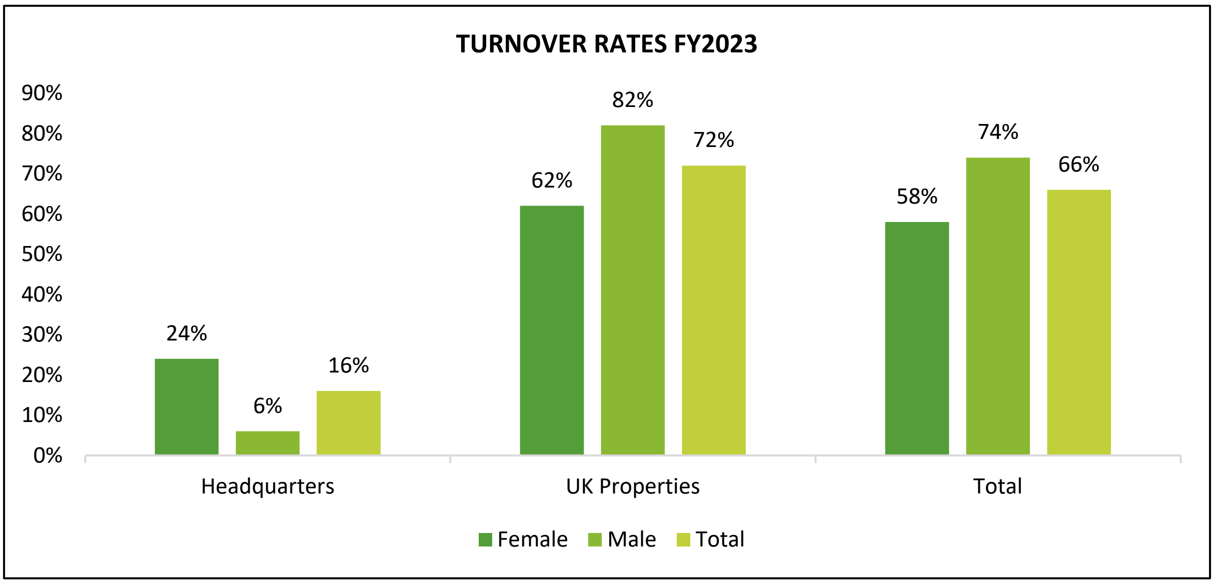
VALUING AND RETAINING OUR EMPLOYEES

Heeton rewards our employees with competitive salaries in line with market standards. It is our way of recognizing employees' 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. With the increase in new joiners and overall staff numbers in FY2023, we updated our Grievance & Dispute Policy, disciplinary policies, and use of CCTV Policy. HR had also updated the Reward and Recognition policy.

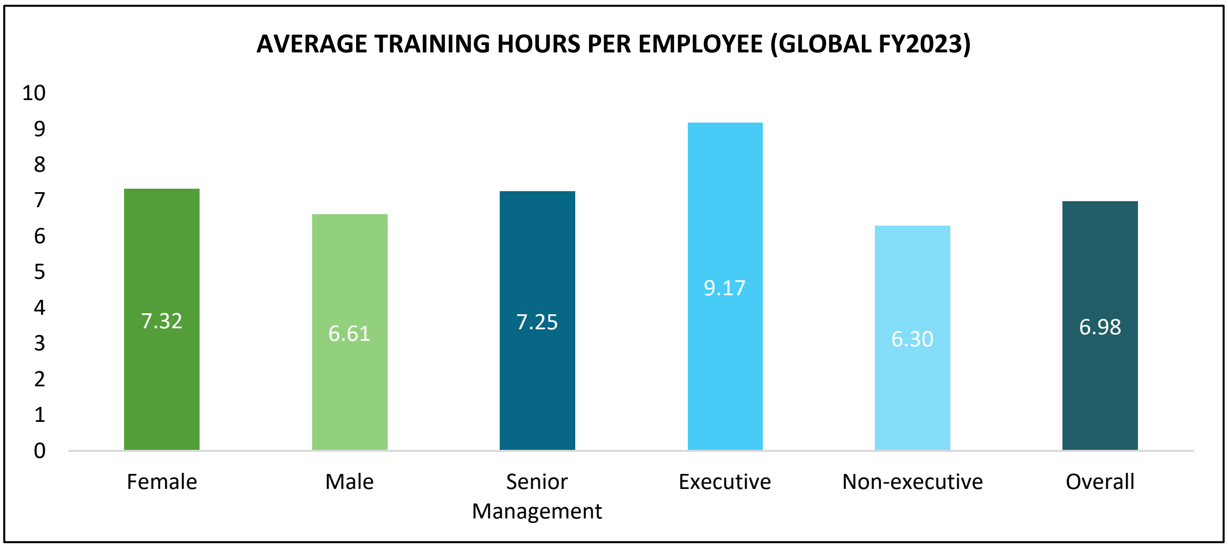
In FY2023, the Group hire rate[4] was 48.1%, with a total of 166 new employees hired during the year, as compared to the hire rate of 54.4% and new joiners of 162 in FY2022. The hire rate for female employees was 46.9% (84 new employees) and 49.4% for males (82 new employees).

Overall turnover for the Group in FY2023 was 65.8% (227 leavers), which was significantly lower than the 76.5% turnover in FY2022. The turnover was lower for females at 57.5% (103 leavers) compared to males at 74.1% (123 leavers). Employee turnover rate in the UK properties had come down from 84.0% in FY2022 to 71.8% in FY2023.



ENHANCING THE SKILLS OF OUR EMPLOYEES

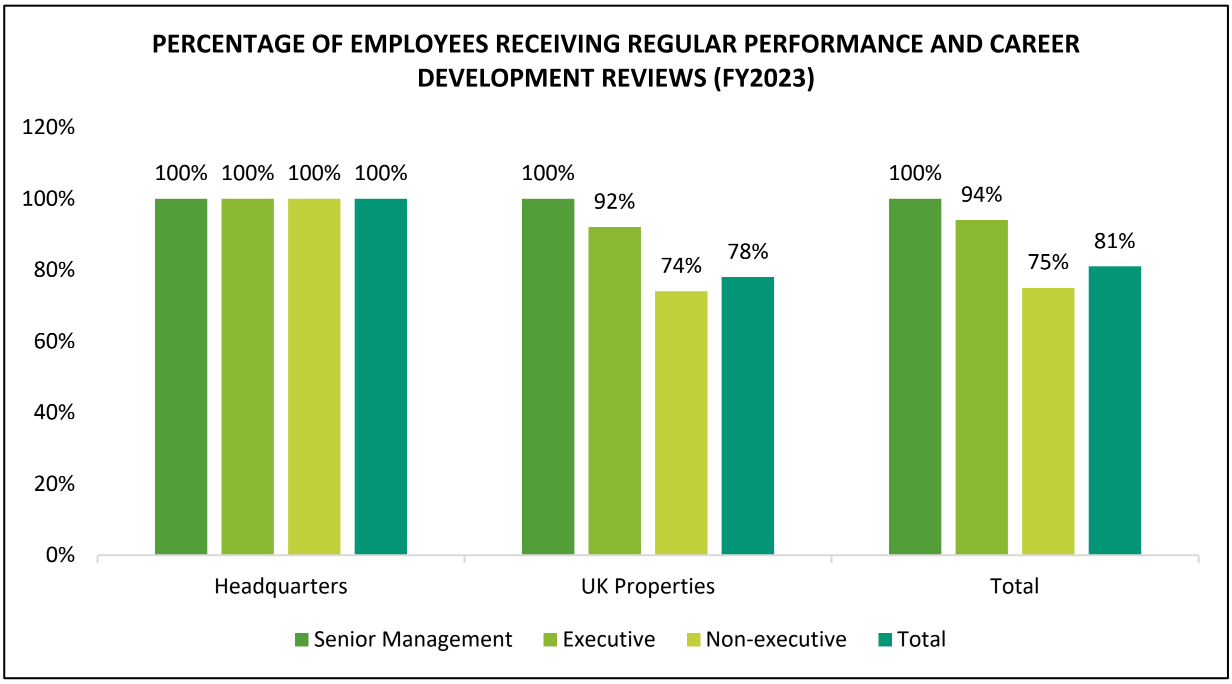
At the Group level, the average training hours per employee was 6.98 hours in FY2023, lower than 7.36 hours in FY2022. In the UK, we ensured that our Sponsorship License is valid and we had consulted on the use of the Apprenticeship Levy. We also gave 5 work placement opportunities to secondary school students.



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

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 FY2023, 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 FY2023, 78.3% of our total workforce received feedback on their performance and suggestions for improvement from their supervisors, comparable to 78.1% of the total workforce in FY2022.



OUR SAFETY PRACTICES

Workplace safety remains a critical component when conducting our business. In FY2023, there were no reports of workplace fatalities, although there were 5 reportable injuries and 102 minor and non-reportable injuries sustained in the UK due to our hotel operations.

There were no incidents of non-compliance with regulations or voluntary codes regarding health and safety impacts of managed properties. Heeton maintained strict compliance with local laws and regulations with regard to work and business activities. The health and welfare of our employees, tenants, clients and suppliers continued to be of paramount importance. While COVID-19 pandemic restrictions were no longer required, we ensured that the workplace remained a safe and conducive space for our employees by providing measures such as working from home and flexible work arrangements. Our UK operations started to review the Flexible Working Policy to be in line with changes in the local legislation.

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, escalators and areas of high safety risks. In FY2023, we updated the Personal Emergency Evacuation Plans ("PEEPs") to include the visually impaired in addition to our PEEPs for wheelchair users.

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. For example, we developed a new procedure for contractor log and hot work permits onsite. We completed our hand vibration assessments for all maintenance team members. We also organized group-wide monthly safety meetings to share best practices, and provide training and guidance.

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 the induction programme for new employees, 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 with local laws and regulatory requirements, and maintaining zero fatalities among our employees and other users of our buildings.

ENVIRONMENTAL DISCLOSURES

Reducing unnecessary consumption of resources makes both environmental and business sense. We are always on the lookout for new ways to reduce energy and water consumption as well as improve 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 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.

CLIMATE-RELATED RISKS AND OPPORTUNITIES

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 include 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.

In FY2023, we reviewed our analysis of climate-related risks and started to look at climate-related opportunities. The analysis has considered two divergent scenarios based on the Representative Concentration Pathways (“RCPs”) as spelt out in the Fifth Assessment Report on climate change by the Intergovernmental Panel on Climate Change (“IPCC”):

- An optimistic scenario (RCP 2.6) whereby global CO2 emissions would progressively decline and global temperature rise would be capped below 2C by 2100, in line with the Paris Agreement. The impacts of climate change would be relatively less adverse. Extreme weather events become less frequent and less severe, reducing the physical risks associated with climate change for businesses. Additionally, companies that have proactively invested in climate resilience measures and sustainable practices benefit from enhanced operational efficiency and reduced exposure to regulatory and reputational risks.
- A pessimistic scenario (RCP 8.5) whereby emissions would rise throughout the 21st century and global temperature rise would far exceed the 2C limit by 2100, exacerbating climate-related risks such as sea-level rise, extreme temperatures, and natural disasters. Companies would face escalating physical risks from climate change, including damage to infrastructure, disruption of supply chains, and loss of assets. Regulatory pressures would intensify as governments impose stricter emissions regulations, carbon taxes, and other measures to curb environmental damage. Businesses that fail to adapt to these changing regulations and mitigate climate risks face financial losses, lawsuits, and reputational damage.

The updated analysis of climate-related risks and opportunities is presented in the table below, using short-term (within next 5 years), medium-term (next 5–10 years) and long-term (beyond 10 years) timeframes.

Risk Description	Timeframe	Impact	Response Measures
Physical Risks			
Catastrophic extreme weather events – Such as hurricanes and wildfires	Short-term	• 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	Heeton will have to consider such climate-related risks when planning new projects and acquisitions. This includes undertaking location and asset-specific impact assessments under the two emission scenarios if necessary
Gradual changes in weather patterns – Such as higher temperatures, rising sea levels, increasing frequency of heavy rain and wind, and decreased rainfall	Medium to long-term	• Increased wear and tear or damage to buildings, leading to increasing maintenance costs • Increased operating costs due to need for additional or alternative resources (e.g. energy and 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 insurance availability	Heeton will comply with regulatory requirements and adopt best practices in ensuring that our assets are resilient against gradual changes in weather patterns. We will have to be prepared for higher costs of adaptation measures if the pessimistic climate change scenario pans out
Transition Risks			
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	Medium to long-term	• Reduced economic activity in vulnerable markets • Reduced demand for properties • Reduced asset value	Heeton will communicate steps taken to identify and manage climate-related risks to investors and other stakeholders. We will have to double down on such efforts in the event that climate change follows the pessimistic scenario pathway

Policy and regulation risks – E.g. climate risk disclosure, tougher building standards, carbon pricing and emissions caps	Medium to long-term	• Increased cost of doing business due to new disclosure requirements and compliance measures • Increased taxes, e.g. from carbon pricing of emissions from existing buildings, and from monitoring requirements for Scope 3 emissions • Additional capital investment to comply with stricter regulations	Heeton is continually monitoring changes in government climate-related policies and regulations. We will ensure strict compliance with relevant regulatory requirements in the jurisdictions where we operate. We can expect increased regulatory oversight in line with governments' national decarbonization strategies, especially if the impacts of climate change intensify over time
Resource risks – Changes in the availability, pricing and supply volatility of key resources such as construction materials, energy and water	Short-term	• 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	Heeton will enhance our supply chain resilience by diversifying our pool of partners and suppliers. We can also explore the use of greener alternatives
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	Medium to long-term	• 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	We will continue efforts to develop and implement sound sustainability strategies, adopt good governance practices, and engage external stakeholders clearly and transparently

Climate-related Opportunities			
Resource efficiency – With innovation and improvements in technology, there are increasingly more resource efficient products and services available in the market. Switching to such options can reduce costs and environmental impacts	Short to medium-term	• More water-efficient systems using recycled water and rainwater can be looked into for cooling systems • Circular business models and practices can reduce waste and resource usage • Green building materials and construction techniques can reduce embodied carbon and across infrastructural assets' life cycle	Heeton will look out for such innovations and opportunities, and adopt a balanced approach by considering environmental benefits, safety, cost and operational efficiency
Transition to renewable and clean energy – As countries move away from fossil fuels to low emission energy sources, the costs of clean energy are declining	Short to medium-term	• Electrification and switching to renewable energy reduce emissions and enhance resilience by diversifying energy sources	Heeton will look into adopting renewable energy subject to availability, pricing and operational requirements
Growing demand for green buildings and spaces – Tenants, tourists and consumers become more conscious of and opting for greener infrastructure and services	Short to medium-term	• Low emission and resilient buildings will grow in demand, especially if climate change intensifies in the coming years • Hotels that are more sustainable in their operations will generate more savings and attract more customers	Heeton will take a proactive approach in ensuring our current and new developments are sustainable to meet and exceed customers' expectations

METRICS FOR CLIMATE-RELATED ASSESSMENT

In line with SGX's Sustainability Reporting Guide, we are following the TCFD recommendations in reporting our climate-related disclosures around the four areas of governance, strategies, risk management, and metrics and targets. For disclosures on emissions, we follow the guidelines of the Greenhouse Gas ("GHG") Protocol and reference the environmental metrics in SGX's recommended Core ESG Metrics. Furthermore, we tap on authoritative and relevant resources, such as the UK Green Building Council ("UKGBC")'s *Guide to Scope 3 Reporting in Commercial Real Estate* publication.

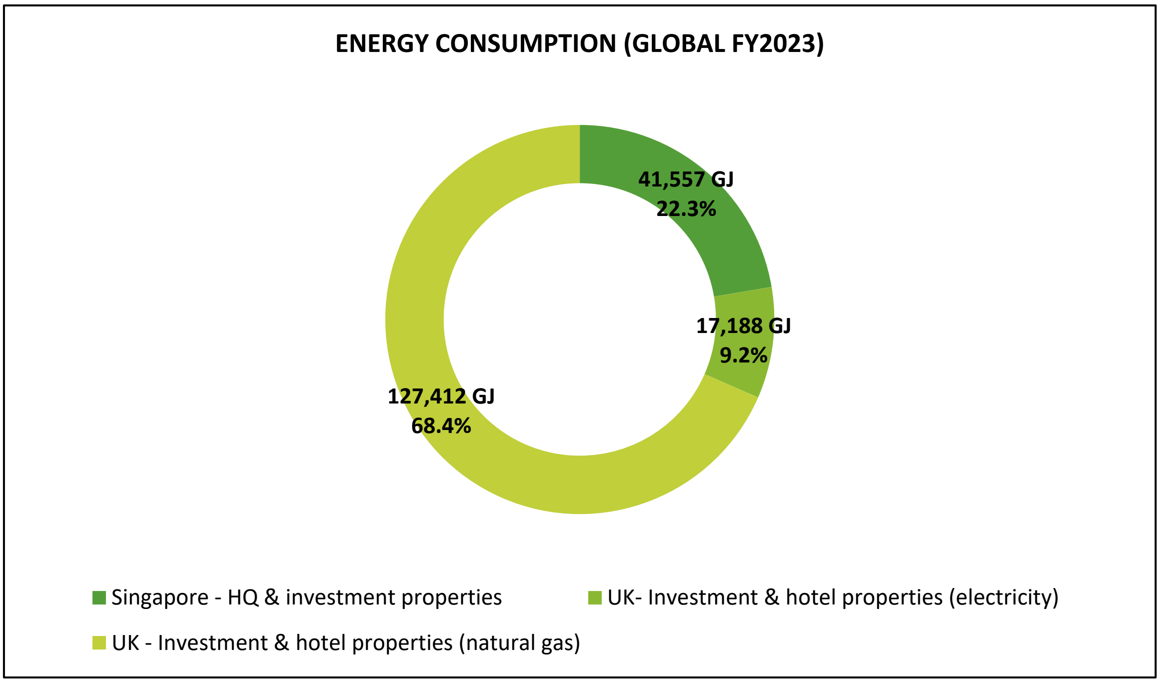
We are using Scope 1 and Scope 2 GHG emissions as the primary metrics to assess climate-related risks and opportunities. This is because an increase in emissions would expose the Group to higher levels of climate-related risks as articulated in the preceding section of the report. Scope 1 and Scope 2 emissions are in turn contributed by the use of fossil fuels and purchased electricity. The annual target is to improve on emissions intensity. Our long-term goal is to switch to greener fuels and renewable energy, taking into consideration availability, cost effectiveness, government regulations, market norms and operational needs. Once we identify the means and pathways of decarbonization, we can then set meaningful emission reduction targets.

ENERGY AND EMISSIONS[5]

In FY2023, we used a total of 186,157 GJ of energy, of which 22.3% was consumed by our activities in Singapore and 77.7% by our UK properties. The total energy consumption was 1.1% lower than the 188,159 GJ used in FY2022. The energy intensity for the Singapore investment properties was 402 kWh/m^2 floor area in FY2023, which was 5.0% lower than the 423 kWh/m^2 floor area energy intensity in FY2022.

Natural gas consumption by the UK properties continue to make up the bulk of total energy consumed (68.4%) while purchased electricity by the Singapore and UK properties amounted to 31.6% of our total energy consumption. The largest electricity consumer was the two managed investment properties in Singapore at 41,437 GJ (11.5 million kWh). This was an improvement of 5.0% compared to FY2022's electricity usage of 43,613 GJ (12.1 million kWh). This was enabled by transitioning to LED lighting and equipment optimization such as adjusting the presets of air-conditioning systems and shortening the running hours.

In comparison, our UK properties consumed 17,188 GJ (4.8 million kWh) of electricity. This was an improvement of 4.7% compared to 18,039 GJ (5 million kWh) of electricity used in FY2022. This was achieved through using LED lighting, central control of air handling with timed shutdowns, and sensor lighting in corridors and bathrooms.



Our total greenhouse gas ("GHG") emissions amounted to 12,188 tCO_2e (tonnes of CO_2 equivalent) in

[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").

FY2023, 0.6% lower than the 12,264 tCO_2e emissions in FY2022. The FY2023 emissions comprised 6,467 tCO_2e (or 53.1%) of direct Scope 1 emissions that were generated from natural gas consumption by the UK properties and 5,721 tCO_2e (or 46.9%) indirect Scope 2 emissions from purchased electricity used in our Singapore and UK operations. With the decrease in the amount of electricity purchased in both our Singapore and UK properties, our Scope 2 emissions had also decreased by 5% or 300 tCO_2e down from 6,021 tCO_2e in FY022.

GHG EMISSIONS (GLOBAL FY2023)

<table>
<tr><td colspan="3">Total Emissions
12,188 tCO_2e</td></tr>
<tr><td>Scope 1
6,467 tCO_2e</td><td colspan="2">Scope 2
5,721 tCO_2e</td></tr>
<tr><td>Gas (UK properties)
6,467 tCO_2e</td><td>Electricity (UK properties)
1,014 tCO_2e</td><td>Electricity (SG headquarters and investment properties)
4,708 tCO_2e</td></tr>
</table>

The FY2023 emissions correspond to an emission intensity of 0.162 tCO_2e/m^2 in Singapore, 6.4% lower than the 0.173 tCO_2e/m^2 emission intensity in FY2022. The emission intensity for our UK properties, which we started tracking in FY2023, was 0.167 tCO_2e/m^2. The overall emission intensity for all Singapore and UK properties was 0.165 tCO_2e/m^2.

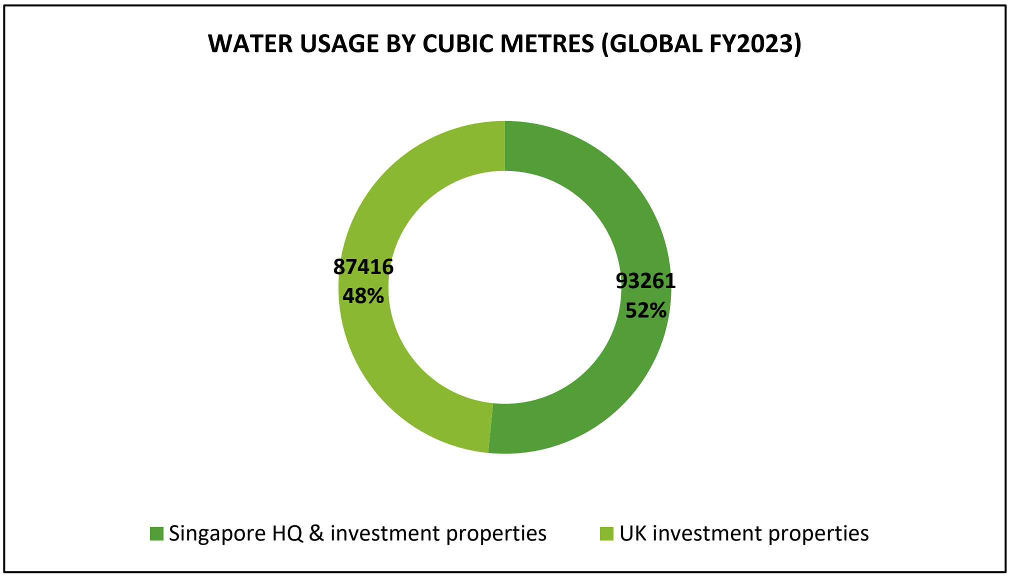
In FY2023, we started to examine Scope 3 corporate value chain emissions, which are a recommended disclosure although not mandatory under the TCFD recommendations. According to the GHG Protocol, there are eight upstream and seven downstream categories of Scope 3 emissions. By referencing the UKGBC's *Guide to Scope 3 Reporting in Commercial Real Estate,* we identified the following categories of Scope 3 emissions that could have medium to high relevance to Heeton's business context that cuts across real estate development, investment and management:

- Purchased goods and services – Emissions from the extraction, production, and transportation (i.e. cradle-to-gate emissions) of goods and services acquired by a company in the reporting year.
- Capital goods – Extraction, production, and transportation of capital goods purchased or acquired by the company in the reporting year. Capital goods are goods, e.g. plant, property, and equipment that the company uses to provide its service and would include buildings. For new developments, large component will be the embodied carbon of the new building e.g. construction materials such as steel and concrete.
- Use of sold products – End use of goods and services sold by the company in the reporting year. This includes lifetime operational emissions, which could be substantive for buildings that are built and sold by developers.
- End-of-life treatment of sold products – Waste disposal and treatment of products sold by the company in the reporting year at the end of their life. This includes end-of-life emissions for buildings sold by developers.
- Downstream leased assets – Operation of assets owned by the company (lessor) and leased to other entities (such as tenants) in the reporting year, not included in scope 1 and scope 2.

Calculation of Scope 3 emissions is complex and requires the availability and collection of data shared by supply chain partners or third-party data to arrive at estimated emissions. We will continue to monitor the feasibility and value in measuring and reporting Scope 3 emissions, bearing in mind evolving reporting requirements, stakeholders' needs, market practices and access to reporting tools.

WATER AND WASTE

In FY2023, our Group consumed a total of 180,677 m^3 of water, a 16.9% increase compared to the 154,554 m^3 used in FY2022. The increased water consumption in Singapore and UK was due to increased economic activity at our properties. Various water saving measures were implemented. These include dual flush toilet systems, timed urinal flushing and changing the bed and bathroom linen at the hotels on a 3-day cycle.



Due to their high retail activity, our two investment properties in Singapore used the largest amount of water. Including the water usage of 34.4 m^3 at the headquarters our total water consumption in Singapore amounted to 93,261 m^3 or 51.6% of the total. Our properties in the UK consumed 87,416 m^3, or 48.4% of the total, during the year.

In FY2023, the water intensity of the Singapore investment properties was 3.26 m^3 per m^2 of floor area, an 8.7% increase compared to the FY2022 water intensity of 3. 00 m^3 per m^2 of floor area. The water intensity of our UK properties, which we started to track in FY2023, was 1.95 m^3 per m^2 and overall water intensity for our Singapore and UK properties was 2.44 m3 per m^2 of floor area.

Our retail properties in Singapore generated a total of 2.3 million tons of waste in FY2023, of which 7.1% or 162,105 tons was recycled.

GRI CONTENT INDEX

Heeton Holdings Limited has reported in accordance with the GRI Standards 2021 for the period 1 January 2023 to 31 December 2023.

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	11
2-26	Mechanisms for seeking advice and raising concerns	11
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	23
302-3	Energy intensity	23
302-4	Reduction of energy consumption	23
GRI 303	**Water and Effluents 2018**	
303-5	Water consumption	25
GRI 305	**Emissions 2016**	
305-1	Direct (Scope 1) GHG emissions	23, 24
305-2	Energy indirect (Scope 2) GHG emissions	23, 24
305-4	GHG emissions intensity	24
GRI 306	**Waste 2020**	
306-3	Waste generated	25
306-4	Waste diverted from disposal	25
GRI 401	**Employment 2016**	
401-1	New employee hires and employee turnover	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
403-4	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
403-9	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
GRI 416	**Customer Health and Safety 2016**	
416-1	Assessment of the health and safety impacts of product and service categories	17, 18

TCFD INDEX

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	Page 11: The Board oversees the corporate governance structure and sustainability strategy of the Group, including climate-related issues.
	b) Describe management’s role in assessing and managing climate-related risks and opportunities	Page 11: The Management implements, monitors and reports on ESG performance, including climate-related issues.
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	Pages 19-22: We have identified the climate-related risks and opportunities over the short, medium and long-term.
	b) Describe the impact of climate-related risks and opportunities on the organization’s business, strategy, and financial planning	Pages 19-22: We have identified the qualitative impact of the climate-related risks and opportunities.
	c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Pages 19-22: We have considered two divergent scenarios in our assessment of climate-related risks and opportunities.
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	Page 11: The Board has established a Risk Management Committee to oversee the Group’s risk management framework and policies.
	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. 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	Page 22-23: Heeton is using Scope 1 and Scope 2 GHG emissions as the primary metrics to assess climate-related risks and opportunities.
	b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Pages 23-24: Heeton has disclosed Scope 1 and Scope 2 emissions. We have started to identify Scope 3 emissions relevant to our business context.
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	Pages 22-23: Heeton’s annual target is to improve on emissions intensity. The long-term goal is to switch to greener fuels and renewable energy.

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