

The background of the entire page is a close-up, high-resolution image of a wood grain. The top half shows a dark, almost black wood grain with fine, concentric rings. The bottom half shows a lighter, reddish-brown wood grain with more pronounced, wider rings and a slightly more textured surface. The text is overlaid on this background.

HONG LEONG ASIA LTD.

DOING WHAT
MATTERS

SUSTAINABILITY REPORT 2021

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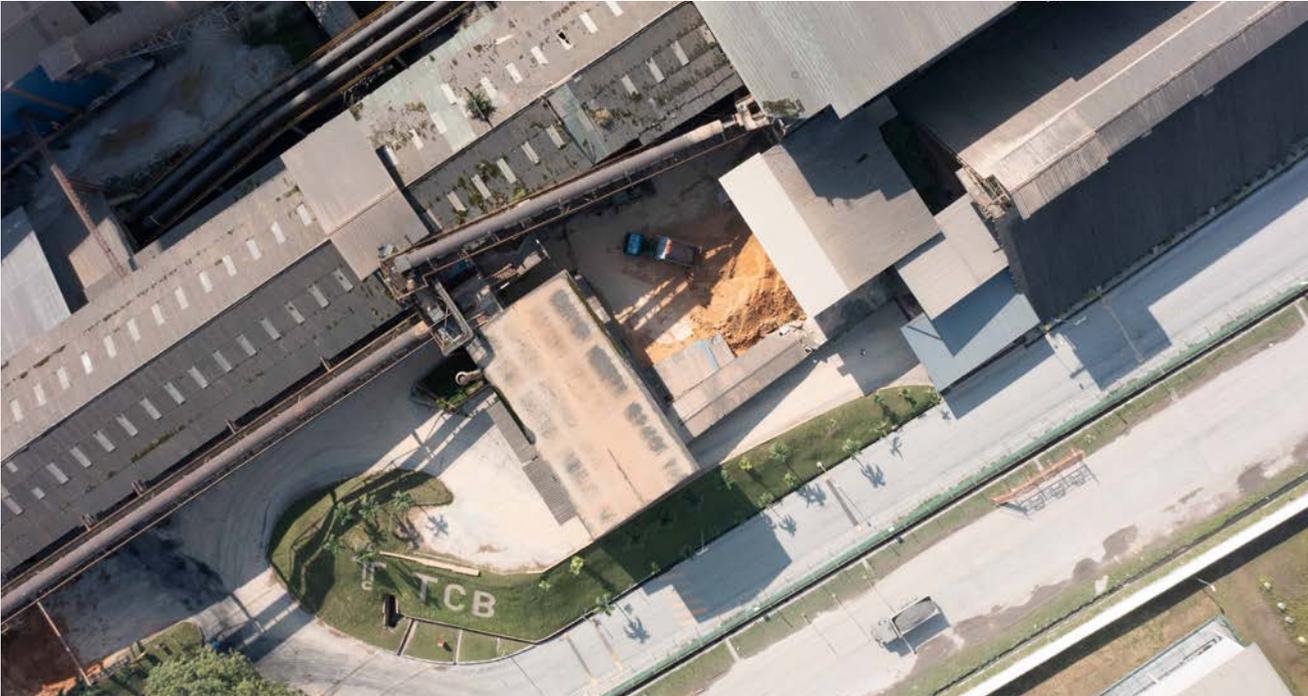
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ABOUT THIS REPORT



This Sustainability Report 2021 (“SR”) has been prepared in accordance with GRI Standards core option and complies with SGX requirements on sustainability reporting. The GRI standard was chosen as it is the most widely used reporting standard in the industry and is relevant to our business.

Hong Leong Asia’s (HLA) reporting is also in line with the United Nations Sustainability Development Goals (UN SDG) Framework and will focus on SDG 9, “Industry, Innovation & Infrastructure” and SDG 12, “Responsible Consumption and Production”. These two SDGs are most relevant to our business and aligned to specific

materials issues described in the report (see pages 7 and 8 under Materiality Assessment).

Information contained in this report covers HLA’s business scope of building materials (Malaysia and Singapore) and diesel engine products (China) which contributed significantly to HLA’s total revenue in 2021. It reflects the sustainability progress of the building materials and diesel engines operations from 1 January 2021 to 31 December 2021, unless otherwise specified.

The rigid packaging business is not included in this report as it is not material in terms of proportion to the Group’s total revenue. Nonetheless, HLA remains committed to its current practices to review and manage key material issues unique to this segment.

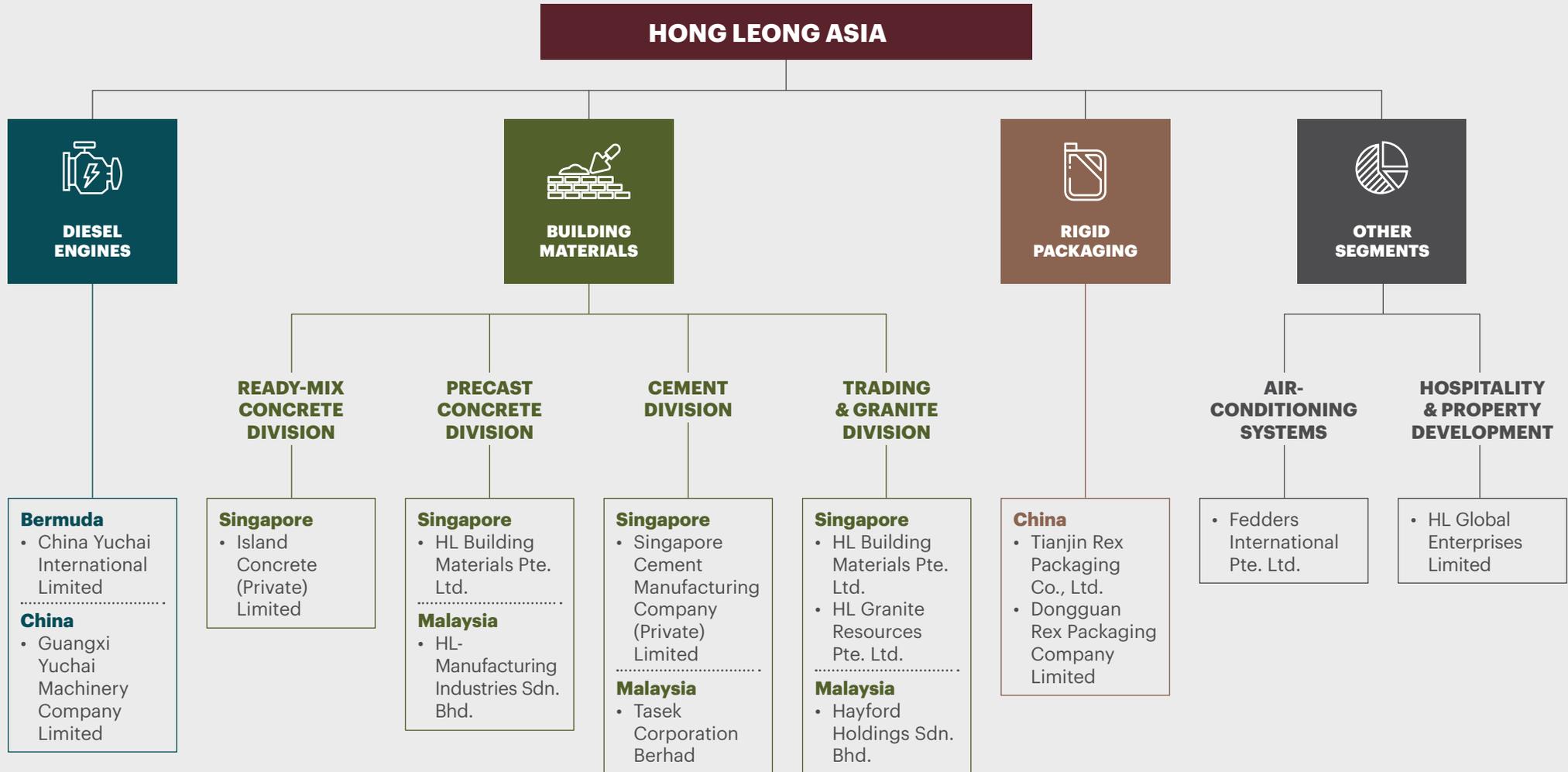
A historical comparison to the previous years is presented where possible. We will continue to assess and improve our data collection and progress reporting over time.

There is no significant change to the organisation’s size, structure, ownership, or supply chain during the year. The 2021 Sustainability Report is published separately in digital format and available to shareholders via SGX website and the Company’s [website](#).

This Report is made in accordance with a resolution of the Board dated 6 April 2022.



CORPORATE STRUCTURE



OUR APPROACH TO SUSTAINABILITY

SUSTAINABILITY FRAMEWORK AND GOVERNANCE

The HLA Group Sustainability Framework provides a clear articulation of the Group's sustainability priorities. These priorities are interconnected by three pillars that encompass the material Environment, Social and Governance ("ESG") topics facing HLA Group. Ensuring the sound management of these material topics is crucial to the success of our business strategy to create long-term value for our stakeholders.

HLA Group Sustainability Framework

AT HLA, OUR VISION IS TO DEVELOP AND DELIVER SUSTAINABLE AND INNOVATIVE URBAN SOLUTIONS FOR CITIES OF THE FUTURE. OUR CORE VALUES SET THE FOUNDATION FOR BUILDING RESILIENCE FOR THE LONG-TERM.

BUILDING RESILIENCE FOR THE LONG-TERM

 KEEP THE CUSTOMER FIRST

 MIND THE DETAILS THAT MATTER

 DO THE RIGHT THINGS

 THINK FAST, WORK FASTER

 CREATE AN IMPACT BEYOND OUR BUSINESS

DRIVING INNOVATION For A Low Carbon & Circular Economy



EMPOWERING Our People & Communities



KEY PILLARS

KEY PILLARS	HLA GROUP MATERIAL ISSUES
 DRIVING INNOVATION FOR A LOW CARBON & CIRCULAR ECONOMY	<ol style="list-style-type: none"> 1. Energy and CO₂ Emissions 2. Alternative Cement and Concrete Products 3. Energy Efficient Products 4. Circular Economy and Waste 5. Product Quality and Customer Satisfaction
 EMPOWERING OUR PEOPLE AND COMMUNITIES	<ol style="list-style-type: none"> 1. Community Engagement 2. Diversity, Inclusion and Talent Management
 BUILDING RESILIENCE FOR THE LONG-TERM	<ol style="list-style-type: none"> 1. Ethical Conduct and Regulatory Compliance 2. Cybersecurity and Data Protection 3. Supply Chain Management 4. Occupational Health, Safety and Welfare

***Note:** To differentiate the material topic of "Innovative Products" between the business segments of building materials and diesel engines, we have renamed the topic as "Alternative Cement and Concrete Products" and "Energy Efficient Products", respectively.



OUR APPROACH TO SUSTAINABILITY

Governance

The Board of Directors is entrusted to provide transparency and visibility into HLA's risk management practices as well as to ensure the reliability, adequacy and effectiveness of internal controls through the support and recommendation of the Audit and Risk Committee ("ARC").

This process starts with the identification, prioritisation and management of material ESG issues by the Group's Sustainability Team. The team provides direction to each business unit's Sustainability Working Groups and conduct performance progress reviews. The CEO oversees the overall effectiveness of this process as part of managing the internal control and risk management framework of the Group's businesses and operations.

The Group's Sustainability Team provides regular progress updates to the ARC and presents annual guidance on the strategic direction. The ARC evaluates and reviews the reporting process and performance annually and ensures that all requirements for sustainability compliance are met before reporting to the Board.

Figure 1: HLA's Sustainability Governance Process

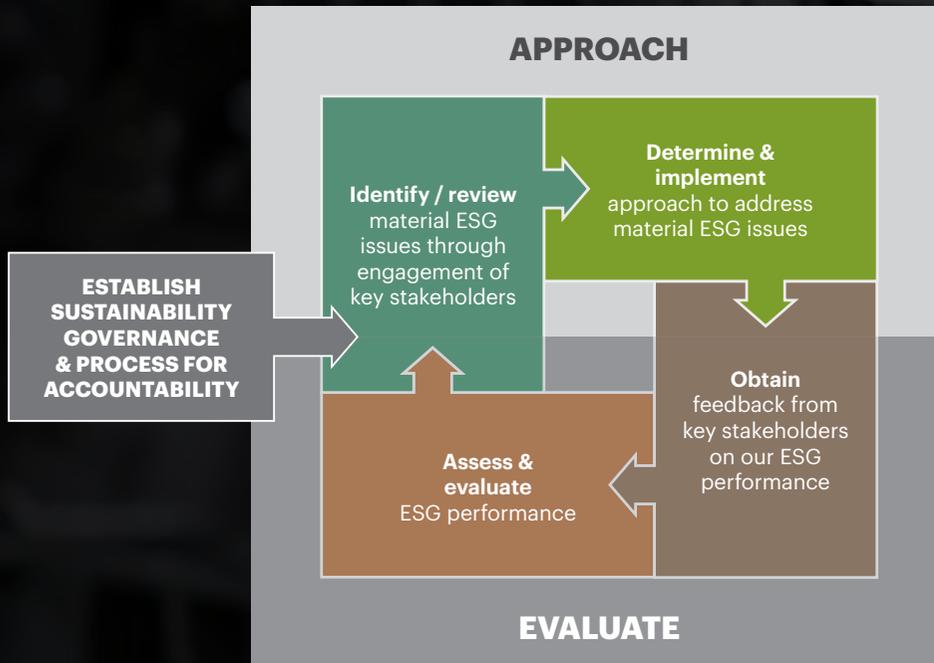
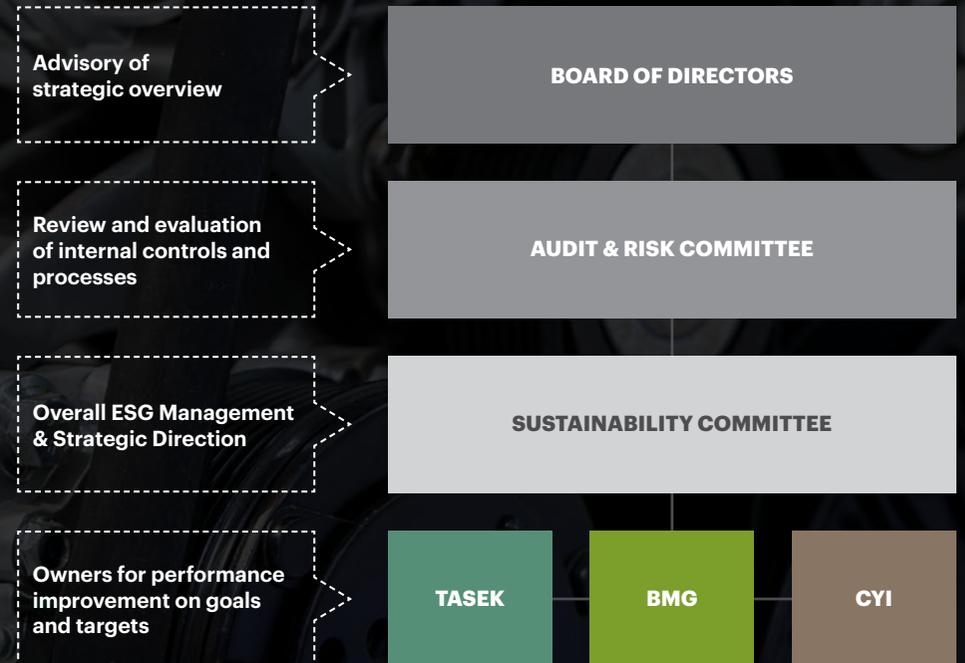


Figure 2: HLA's Sustainability Governance Structure



OUR APPROACH TO SUSTAINABILITY

HLA GROUP'S KEY STAKEHOLDERS AND MATERIALITY ASSESSMENT PROCESS

Our Key Stakeholders

HLA's businesses in Singapore, Malaysia and China exist to create value for our key stakeholders. They include shareholders, customers, employees, local communities, government agencies, industry associations, suppliers and business partners.

Enabling a stakeholder-inclusive approach requires a firm understanding of the diversity of our stakeholders, keeping our ears to the ground and staying abreast of industry trends. A regular engagement with each stakeholder group helps to build rapport and trust over time.

Table 2: HLA Group Key Stakeholders Mapping

KEY STAKEHOLDERS	MATERIAL ESG ISSUES	ENGAGEMENT PATHWAYS
CUSTOMERS		
 <p>Our customers are the reason for our business existence. We aim to assist our customers to meet future requirements and transition to a lower carbon economy with key focus on sustainable and innovative urban solutions in the built environment and transport sectors.</p>	<ul style="list-style-type: none"> Alternative Cement and Concrete Products (BMU) Energy Efficient Products (CYI / GYMCL) Product Quality and Customer Satisfaction Energy and CO₂ Emissions 	<ul style="list-style-type: none"> Customer Surveys (Yearly) Materiality Survey (2021) Interviews supporting Rebranding Projects Partnerships / Joint Ventures (JVs) Site Visits Service Centres / Call Centres, Mobile Applications, Online Channels After-Sales Services (CYI / GYMCL)
EMPLOYEES		
 <p>Our employees are the engines that drive our business forward, anticipating needs of our customers, executing the business strategies and delivering value to our stakeholders.</p>	<ul style="list-style-type: none"> Diversity, Inclusion and Talent Management Occupational Health, Safety and Welfare 	<ul style="list-style-type: none"> Employee Surveys Materiality Survey (2021) Interviews supporting Rebranding Projects Trainings, Town-Halls, Management Meetings, Dialogues, Newsletters, Bulletin Boards Whistleblowing Channel



OUR APPROACH TO SUSTAINABILITY

KEY STAKEHOLDERS

MATERIAL ESG ISSUES

ENGAGEMENT PATHWAYS

GOVERNMENT AGENCIES & AUTHORITIES



Beyond meeting regulatory requirements, we recognise the importance of building partnerships and good relations with the authorities and regulators to participate in nation building and development.

- Ethical Conduct and Regulatory Compliance
- Occupational Health, Safety and Welfare
- Circular Economy and Waste
- Energy and CO₂ Emissions

- Materiality Survey (2021)
- Site Inspections, Site Audits, Reports Submissions
- Meetings, Trainings, Seminars, Technical Committees

LOCAL COMMUNITIES



We are part of the communities wherever we operate. We are committed to invest our resources in the local communities to support their well-being and development.

- Community Engagement
- Dust and other Emissions Management

- Corporate Social Responsibility (CSR) Activities and Initiatives
- Partnerships with Non-Governmental Organisations (NGOs)

SHAREHOLDERS', INVESTORS & ANALYSTS



We aim to maximise shareholder value and implement prudent risk management to ensure our financial resilience and embed sustainability strategies into the business.

- Ethical Conduct and Regulatory Compliance
- Energy and CO₂ Emissions

- Annual General Meeting
- Corporate Websites, Annual Reports, Financial Reports
- Meetings, Presentations, Dialogues

SUPPLIERS, CONTRACTORS & VENDORS



Across our value chain, we expect our suppliers to adhere to our policies and codes. In addition, we recognise the important role we play in collaborating with our suppliers, contractors and vendors to improve sustainability and responsible practices.

- Ethical Conduct and Regulatory Compliance
- Supply Chain Management
- Occupational Health, Safety and Welfare

- Supplier Evaluation
- Materiality Survey (2021)
- Health and Safety Trainings / Inductions
- Tender/Bidding Process, Request for Proposal, Meetings, Dialogues

1 Refer to the Corporate Directory on page 27 of the 2021 Annual Report for shareholders' contact point for the Group.



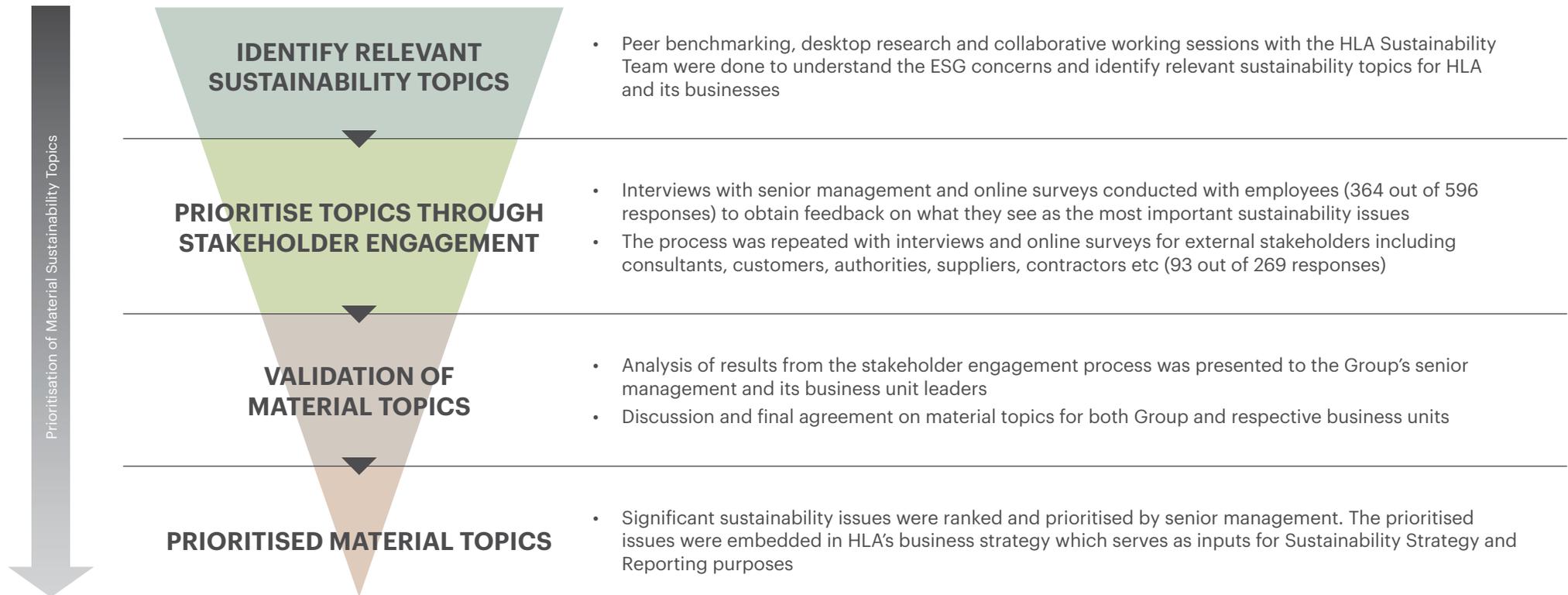
OUR APPROACH TO SUSTAINABILITY

Materiality Assessment

HLA conducted its sustainability materiality assessment in 2021 to re-frame the ESG concerns from the respective business key stakeholders. These material issues have been updated accordingly.

To understand the sustainability concerns and identify relevant sustainability key topics, we followed the process as shown in Figure 3.

Figure 3: HLA Group Materiality Assessment Process



OUR APPROACH TO SUSTAINABILITY

HLA Group Materiality Matrix (Figure 4) is summarised from internal and external engagement with various stakeholders. The X and Y axes are based on inputs from internal management and external stakeholders, respectively.

The quantitative results reflected a strong consistency between internal and external ratings on the material issues. The materiality matrix also served to affirm our selection of SDGs 9 and 12 as our focus goals.



Figure 4: HLA Group Materiality Matrix



*Note: Material issues bolded within the blue box were included as key prioritised topics during the management workshops

- HLA prioritised material issues
- SDG 9: Industry, Innovation and Infrastructure
- SDG 12: Responsible Consumption and Production

PILLAR 1

**DRIVING INNOVATION FOR
A LOW CARBON
& CIRCULAR
ECONOMY**

Cities of the future must transition towards a low carbon economy, mitigating and adapting to climate change. They must also transition to a more circular economy that removes waste and maximises the value of limited resources.

We see these changes as opportunities to transform the business. We optimise our operations to reduce environmental footprint, and use natural resources more efficiently by replacing raw materials with more sustainable alternatives.

We partner with our customers and other players in the value chain to create sustainable and innovative urban solutions in the building and transport sectors.



MATERIAL ISSUES	KEY PERFORMANCE INDICATORS	2025 TARGET
 Energy and CO₂ Emissions	Percentage reduction in CO ₂ emission intensity (metric tonnes of CO ₂ /SGD Revenue) vs 2016 baseline Scope 3 Emissions Reporting (in alignment with TCFD reporting requirements by SGX)	50% Report on a comply or explain basis by 2023
 Alternative Cement and Concrete Products	Percentage of sales volume from innovative / certified green concrete products under Green Mark / SGBC (Singapore) Replacement of clinker with fly ash, limestone, ground-granulated blast furnace slag, etc. in metric tonnes (MT) No. of new products registered under Malaysia's recognised green bodies	20% Clinker-to-cement (C/K) ratio of 0.75 Two Tasek cement and two Tasek concrete products certified, respectively
 Energy Efficient Products	Development of new engines compliant with national emission standards in China (regulated by Ministry of Industry and Information Technology and Ministry of Environmental Protection)	National VI compliant range of engines (achieved) Tier-4 compliant range of Off-Road engines (achieved) <i>*Specific targets related to the R&D and commercial application of New Energy products will be published in the SR2022</i>
 Circular Economy and Waste	Percentage of recycled/alternative materials in total concrete volume Percentage of concrete waste generated from total volume (excluding sludge) Alternative raw materials used in the calcination process (MT) Percentage of coal substitution by alternative fuels in calorific value basis	≥35% <0.5% 50,000 mt / year ≥30%
 Dust and Other Emissions	Fines / complaints on dust emissions from authorities Dust emission levels SOx, NOx, VOC emissions	Maintain zero incidence <50mg/Nm ³ Data to be assessed / collected and reported by 2023
 Product Quality and Customer Satisfaction	Average Customer Satisfaction Score based on annual surveys / feedback	>90%

DRIVING INNOVATION FOR A LOW CARBON & CIRCULAR ECONOMY

HLA GROUP

ENERGY AND CO₂ EMISSIONS

BUILDING MATERIALS UNIT

MALAYSIA

- Cement Plant
- Ready-mix Concrete Batching Plants
- Precast Fabrication and Assembly Facility
- Quarries

Total Energy Consumption:
6,559 TJ

SINGAPORE

- Cement Silo Terminal
- Ready-mix Concrete Batching Plants
- Precast Fabrication and Assembly Facility

Total Energy Consumption:
97 TJ

DIESEL ENGINES UNIT

CHINA

- Engine Production Facility (Yulin)
- R&D Facility (Nanning)

Total Energy Consumption:
1,537 TJ

- Lowest Energy Consumption
- Medium Energy Consumption
- Highest Energy Consumption

HLA's highest level of energy consumption is in Tasek Corporation's (Tasek) cement production. Coal is currently the main source of fuel used in the kiln for clinker production while other key sources of energy include diesel and electricity. BMU Singapore's operations also consume electricity and diesel for the running of offices, batching plants, silos and the transportation of products to customers.

Across our operations, energy consumption is closely monitored and managed by the operations team on a daily basis and reported monthly to the Management of HLA Group. This data analysis helps to identify any anomalies which are then further investigated so that remedial actions can be taken. Tasek's cement operations has an online power monitoring system that regulates and optimises electricity consumption to control the efficiency of major plant equipment during

the production of clinker. This system was recently upgraded and integrated into the plant computerised control system.

We also took migratory steps such as utilising lower-emission factor alternative fuels (AF) to replace coal, and substitute materials like pulverised fly ash (PFA) and ground-granulated blast furnace slag (GGBS) to reduce the carbon intensity of cement production.

Our diesel engines operations use a considerable amount of electricity. To mitigate this, solar panels were installed to reduce electricity consumption. Other initiatives include voltage control and optimisation at the substation via reactive power compensation, changing electric heating pipe to heating with heat pump, and implementing heat-waste drying technology.



DRIVING INNOVATION FOR A LOW CARBON & CIRCULAR ECONOMY

2021 PERFORMANCE

HLA's overall energy consumption (Table 3) declined compared to previous years due to national lockdowns in Malaysia during the year.

Diligent monitoring of heat and electricity consumption, throughput optimisation and equipment improvements also contributed to the decline.

2025 TARGETS (HLA GROUP):



50% reduction in CO₂ emission intensity
(MT CO₂/ Revenue in SGD) from 2016 levels

Report **Scope 3 emissions** on a comply or explain basis by 2023 in alignment with **TCFD reporting requirements** by SGX

Table 3: HLA Group Total Energy Consumption (Fossil Fuels & Electricity) by Country

TOTAL ENERGY CONSUMPTION (FOSSIL FUELS AND ELECTRICITY)	UNIT MEASUREMENT	2018	2019	2020	2021
Singapore	TJ	95	107	71	97
China	TJ	1,168	1,322	1,594	1,537
Malaysia	TJ	8,853	8,163	6,916	6,559
Total Energy Consumption	TJ	10,116	9,593	8,581	8,193
Overall HLA Energy Intensity	TJ/S\$ million	2.71	2.36	1.92	1.67

CO₂ emissions (Table 4) also decreased due to the lockdowns. Around 20% is contributed by Scope 2 emissions which is electricity consumed. The remaining 80% is contributed mainly by Scope 1 emissions, including the combustion of fossil fuels and calcination of limestone, which is inherent in any cement production.

HLA's CO₂ emissions recorded an overall downtrend with an 8% reduction in heat consumption and 5% increase in alternative fuel (AF) replacement since 2016. These achievements are a result of heat consumption performance monitoring initiatives and increased

focus on AF consumption. BMU Singapore's operations doubled its proportion of fly ash content from 15% to 30% for CEM II type cement, directly reducing clinker to cement ratio by a further 15%.

Meanwhile, Yuchai installed solar panels at factory buildings, resulting in 10% of electricity requirements being met by solar energy.

HLA avoided emitting approximately 150,000 tonnes of CO₂ yearly. This is equivalent to 32,622 passenger vehicles driven for one year.



DRIVING INNOVATION FOR A LOW CARBON & CIRCULAR ECONOMY

Table 4: HLA Group CO₂ Emissions by Scope 1, Scope 2 and Total (By Country)

SCOPE 1 EMISSIONS (BY COUNTRY)	UNIT MEASUREMENT	2018	2019	2020	2021
Singapore	tCO ₂	5,536	6,194	4,175	5,977
China	tCO ₂	27,425	33,038	44,174	50,174
Malaysia	tCO ₂	1,825,066	1,699,006	1,440,161	1,363,021
Scope 1 Total Emissions	tCO₂	1,858,026	1,738,239	1,488,509	1,419,171

SCOPE 2 EMISSIONS (BY COUNTRY)	UNIT MEASUREMENT	2018	2019	2020	2021
Singapore	tCO ₂	2,456	2,824	1,730	1,985
China	tCO ₂	169,728	184,997	210,069	181,242
Malaysia	tCO ₂	174,177	166,793	140,762	123,755
Scope 2 Total Emissions	tCO₂	346,361	354,614	352,560	306,982

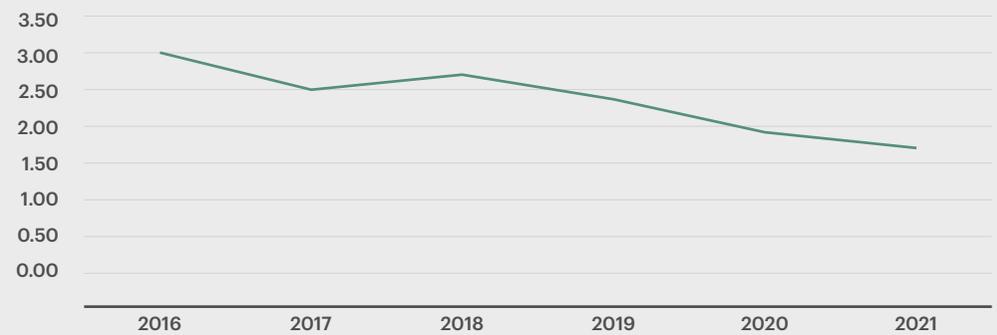
TOTAL CO ₂ EMISSIONS (BY COUNTRY)	UNIT MEASUREMENT	2018	2019	2020	2021
Singapore	tCO ₂	8,105	9,143	5,976	8,045
China	tCO ₂	197,153	218,035	254,243	231,416
Malaysia	tCO ₂	1,999,243	1,865,800	1,580,923	1,486,776
HLA Group CO₂ Emissions	tCO₂	2,204,500	2,092,978	1,841,142	1,726,236
HLA Group CO₂ Intensity	tCO₂ / SGD million	591.3	516.1	412.3	352.3

Note: All CO₂ calculation is as per 2006 IPCC Guidelines for National Greenhouse Gas Inventories, GHG Protocol and Cement Sustainability Initiative

Graph 1: HLA Group Overall Energy Intensity (2016 to 2021)

HLA TOTAL ENERGY INTENSITY

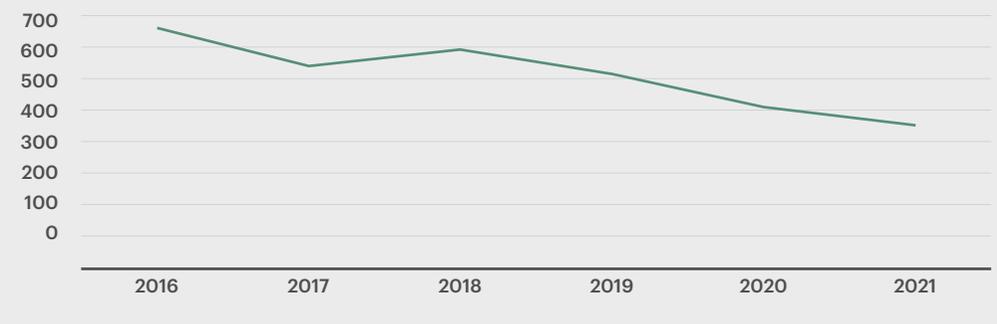
(TJ / SGD million)



Graph 2: HLA Group Overall CO₂ Intensity (2016 to 2021)

HLA CO₂ INTENSITY

(tCO₂ / SGD million)



DRIVING INNOVATION FOR A LOW CARBON & CIRCULAR ECONOMY

BUILDING MATERIALS SEGMENT

ALTERNATIVE CEMENT AND CONCRETE PRODUCTS

Portland fly ash cement (PFAC) from our partner, Taiheiyō Cement Corporation (TCC) (see case study on [pg. 17](#)) and GGBS are used to manufacture lower-clinker cement for concrete products developed by Island Concrete (ICPL).

These products are certified by Singapore Green Building Product (SGBP), an industry certification under Building and Construction Authority (BCA) in Singapore.

Likewise, Tasek develops cement products with lower clinker content as specified under the Malaysian Standards Specification for Cement. The products have lower emissions and energy consumption profiles, and typically includes substituting clinker with PFA and GGBS. Currently, Tasek markets its lower clinker cement as a “CEM II” labelled product under the brand names - Green “Buaya”, Loceng, and Red “Buaya”.



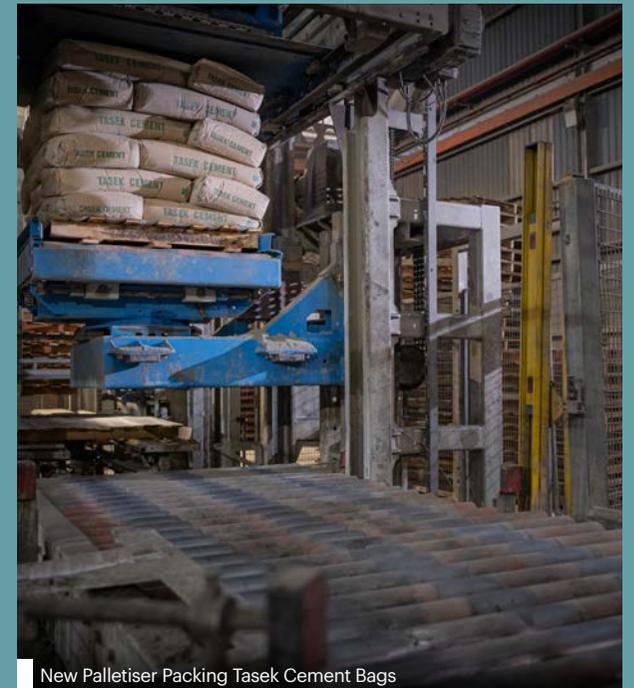
CASE STUDY

TASEK INCREASING PRODUCTION OF GREENER BAG CEMENT

In 2021, Tasek invested RM 4.7 million in a new palletiser to increase the production and offering of lower clinker-based cement. With the palletiser, more fly ash, limestone and other materials can be added to increase the offering of lower carbon cement products to our customers. This is anticipated to lower the clinker-to-cement ratio in 2022 and contribute towards the circular economy.



Post-Packing Storage of Bag Cement at Tasek



New Palletiser Packing Tasek Cement Bags



DRIVING INNOVATION FOR A LOW CARBON & CIRCULAR ECONOMY

2021 PERFORMANCE

BMU Singapore currently has 109 building products certified under SGBP:

Table 5: Green ready-mix concrete products certified under Island Concrete of BMU Singapore

SGBP RATING	BRAND	NO. OF PRODUCTS	CERT NO.
Good	I - Envirocrete	20	SGBP 3353
Very Good	I - Envirocrete	26	SGBP 3354
Excellent	I - Envirocrete	26	SGBP 3355
Leader	I - Envirocrete	29	SGBP 3355
Leader	I - Ecocrete	8	SGBP 3352

The five-year Clinker to Cement (C/K) ratio performance for Tasek's cement segment is as follows:

Table 6: Tasek Cement's C/K ratio performance (2017 - 2021)

YEAR	C/K RATIO
2017	0.89
2018	0.90
2019	0.89
2020	0.88
2021	0.89

Tasek has a product "Green Buaya" certified under SEC Singapore Green Labelling Scheme (SGLS):



Singapore Environment Council (SEC) currently manages the Singapore Green Labelling Scheme (SGLS) which is a Type 1 Ecolabel. It is independently verified by third party based on life cycle considerations and follows ISO 14024. SEC is also the only eco-labelling body in Singapore that is a member of the Global Eco-Labeling Network (GEN).

Products certified under SGLS are eligible to score points under major building rating systems such as the BCA Green Mark Scheme, Malaysia Green Building Index, Hong Kong Beam Plus and Vietnam LOTUS.

2025 TARGETS (BMU):



Achieve 20% sales in innovative/certified green concrete products certified by Green Mark and/or Singapore Environment Council

Reduce Clinker to Cement Ratio to
0.75

Two Tasek cement and two Tasek concrete products certified under Malaysia's green bodies



HLA Contribution to Goal:

Our building materials businesses have current practices and future action plans to increase the substitution of raw and manufactured materials by using by-products or recycled materials

SDG Indicator:

12.2 By 2030, achieve the sustainable management and efficient use of natural resources

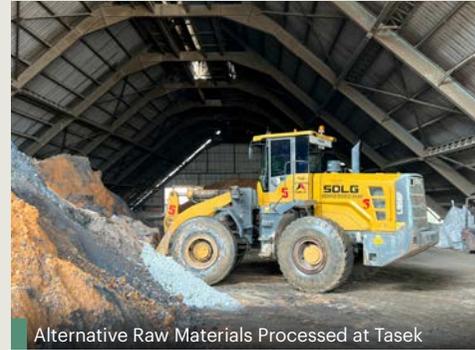


DRIVING INNOVATION FOR A LOW CARBON & CIRCULAR ECONOMY

CIRCULAR ECONOMY AND WASTE

Various substitute or alternative raw materials (ARM) are currently being utilised within the building materials industry. This practice is implemented so that customers have greener alternatives. It also reduces the amount of CO₂ released in the final product. Test trials are used to assess our performance and push the limits of our formulations.

Tasek has a co-processing permit license in compliance with Malaysia's guidelines on Environmentally Sound Co-Processing of Scheduled Waste in the Cement Industry. This license enables us to offer our expertise and solutions to co-process waste from other industries which reduces the need to dispose via landfill.



Alternative Raw Materials Processed at Tasek



Alternative Raw Materials Processed at Tasek



🎯 2021 PERFORMANCE

The percentages of alternative raw materials in BMU's ready-mix concrete are as follow:

Table 7: Substitution of Alternative Raw Materials (%) in our ready-mix concrete volumes (2017 - 2021)

YEAR	BMU SINGAPORE (%)	TASEK (%)	CERT NO.
2017	21.4	14.4	SGBP 3353
2018	18.6	13.4	SGBP 3354
2019	24.8	16.7	SGBP 3355
2020	27.2	20.3	SGBP 3355
2021	28.0	19.9	SGBP 3352

*Note: Alternative raw materials include PFA, GGBS, WCS, RCA & Granite Fines / Quarry Dust



DRIVING INNOVATION FOR A LOW CARBON & CIRCULAR ECONOMY

At Tasek, the use of alternative raw materials such as sludge rich in Alumina and Silica as raw material substitutes, increased 40% in 2021 versus the year before. Overall, a cumulative volume of 114,081 metric tonnes since 2017 was recorded (Table 8).

About 13.5% of the required energy sources was alternative fuels, a 6.4% improvement compared to 2020. The AF sources mainly includes fossil-based waste like plastics and carbon black. The improved performance in 2021 is mainly attributed to increased consumption of carbon black.

Table 8: Utilisation of Alternative Raw Materials and Alternative Fuels by Tasek's cement segment (2017 – 2021)

YEAR	TOTAL ARM (MT)	AF (%)
2017	10,562	12.3
2018	20,909	6.7
2019	24,948	6.9
2020	23,997	7.1
2021	33,665	13.5
Total	114,081	n/a

*Note: AF(%) represents calorific value replacement

2025 TARGETS (BMU):



Achieve **≥35%** recycled or alternative raw materials used in total concrete volume

Achieve **<0.5%** of concrete waste generated from total volume of concrete produced (excluding sludge)

Achieve **≥30%** Alternative Fuels to substitute coal

Achieve **50,000** MT/year of alternative raw materials used in the calcination process



HLA Contribution to Goal:

Our building materials businesses have current practices and future plans to:

- Increase the use of alternative fuels and renewable energy in our operations
- Implement emissions, waste and water and effluent management strategies

SDG Indicators

12.2 By 2030, achieve the sustainable management and efficient use of natural resources

12.4 Achieve the environmentally-sound management of chemicals and all wastes throughout their lifecycle

12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse



DRIVING INNOVATION FOR A LOW CARBON & CIRCULAR ECONOMY



CASE STUDY

ICPL'S JOURNEY INTO PFAC CONCRETE PRODUCTS

ICPL'S JOURNEY INTO PFAC CONCRETE PRODUCTS

2012 - In 2012, ICPL began developing PFAC concrete products by using 30.5% fly ash factory blend of PFAC.

2014 - The first key application of PFAC for low heat and durability performance was in the raft foundation of Singapore Cement Manufacturing Co.'s (SCMC) new cement silo structure. Performance was typical of low-heat Portland GGBS Cement (74% GGBS) concrete mix for a raft foundation.

2015 - Now, our PFAC standard CEMII/A-V concrete products are CT06 certified for public and private sector use. They are amongst SGBC-certified green tick concrete mix products.



2018 - With promising results, BCA funded 20% of our research cost. We began supplying PFAC concrete products that conform to CEMII/A-V (12% - 15% Fly Ash). Our joint venture (JV) partner TCC also achieved its SGLC certified green cement status for its fly ash cement product.

NOW - Achieved first commercial success with large scale application at 79 Robinson Road CPF Tower Project by Shimizu Corporation. The project's 9000m³ 3-metre thick raft foundation was casted using our low-heat PFAC Grade C35/34 concrete mix.



Low-Heat Concrete Pour of Raft Foundation, CPF Tower (2018)



9000m³ 3-metre Thick Raft Foundation, CPF Tower (2018)

PFAC standard certified concrete mix products are now our default proposed concrete mix products for all projects, with 70% of ICPL's monthly average production being PFAC concrete products. This is our goal to produce and supply sustainable concrete products for the building and civil construction industry.



DRIVING INNOVATION FOR A LOW CARBON & CIRCULAR ECONOMY

DUST AND OTHER EMISSIONS MANAGEMENT

Dust is emitted in the processing of raw materials and within our cement and ready-mix concrete batching plants. BMU's operations are committed to ensure we have effective mitigating measures in place.

The measures are in compliance with specific country requirements to minimise air emission and pollution for nearby communities. Our main pollution control equipment are bag filters or electrostatic precipitators which are installed in our plants and covers major equipment, transfer points and silos. These are inspected on a periodic basis and preventive maintenance is carried out to maintain optimum performance of the pollution control equipment.

For our operations in Singapore, ambient air is monitored with regulatory measures to minimise dust emissions through zoning and land-use planning.

At Tasek, an online real time continuous emission monitoring system (CEMs) is installed and linked to the Department of Environment (DOE) in Malaysia. In rare occasions of a spike in dust emission due to unexpected breakdown or instability of certain plant processes, the operations team would take prompt actions to rectify the issue and notify the regulators accordingly.

Monitoring of emissions levels by an external third party is also carried out on a quarterly basis. A direct communication channel is provided for nearby

communities to enable them to address any relevant environmental issue with the plant's Safety, Health & Environment (SHE) Manager for corrective action.

2021 PERFORMANCE

BMU ensures its processes and maintenance of equipment are in good order to control dust emissions according to regulatory limits.

At Tasek, dust emission limits were reduced in 2019 in accordance with the Environmental Quality (Clean Air) Regulation 2014 in Malaysia. The first phase of upgrading of dust collectors was completed in 2019. The second phase of upgrading our electrostatic precipitators system for the second kiln started in 2020. It is expected to be completed in 2022 with the assistance of an external vendor. The targeted dust

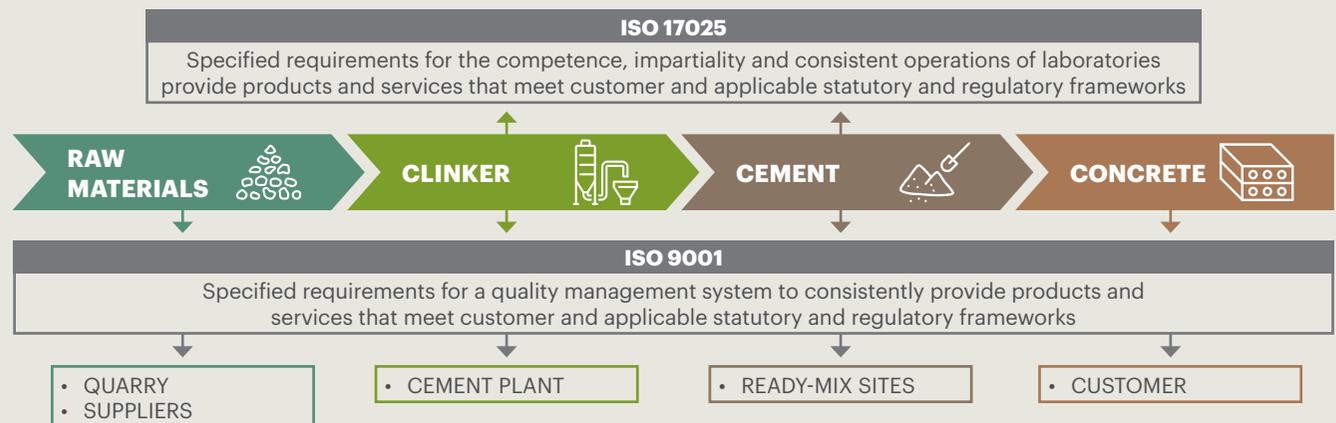
emission reduction in this phase will likewise comply within the allowable limit of 50mg/Nm³.

We recorded zero fines from authorities on emissions, and zero complaints from communities surrounding our Singapore and Malaysia operations in 2021.

PRODUCT QUALITY AND CUSTOMER SATISFACTION

All our building material operations are certified according to ISO 9001 requirements. This includes our cement plant and ready-mix sites. The laboratory in our cement plant in Malaysia is also certified ISO 17025 compliant, which sets the main standards for testing and calibration. We conduct periodic testing of our raw materials, clinker, cement and concrete to ensure the quality is maintained throughout the supply chain.

QUALITY MANAGEMENT PROCESS OVERVIEW FOR BUILDING MATERIALS BUSINESSES



DRIVING INNOVATION FOR A LOW CARBON & CIRCULAR ECONOMY

Our cement and concrete products have their product certification licenses issued by the respective authorities and body – Standard and Industrial Research Institute of Malaysia (SIRIM), Construction and Industry Development Board (CIDB) for Malaysia, and BCA in Singapore. Major suppliers are evaluated at least once a year on quality of goods and services provided. Ad-hoc visits to our suppliers' sites form part of the evaluation process, especially for new suppliers.

Our Sales & Marketing teams proactively engage with customers to ensure our products and services meet or exceed their expectations. These engagements enable our Sales & Marketing teams to address issues promptly. This requires working closely with the technical and quality control teams to conduct site visits and review customer feedback to solve issues and align with any changing industry requirements and trends.

Formal surveys are conducted to obtain customer feedback for our products and services. They are performed monthly, annually, or at the end of each project. The customer feedback enables us to gauge the level of customer satisfaction and identify areas for improvement.

🎯 2021 PERFORMANCE

BMU Singapore's precast business achieved a customer satisfaction of "Very Good" for the manufacture, supply and delivery of precast concrete components for projects completed in 2021. These scores were based on BCA's customer evaluation criteria covering five areas: quality performance, site planning and control, progress of works, housekeeping and response to instructions. Our concrete business in ICPL has a dedicated central command centre to receive customer feedback directly.

Tasek's cement segment conducts annual surveys for its major customers. The survey covers product quality and customer service including product performance and service levels.

Despite a difficult market due to pricing competition, our cement and ready-mix concrete operations managed to maintain customer satisfaction over the years.

Tasek's concrete segment similarly conducted an online customer survey in Q3 which received a total of 42 responses. The survey covers customer feedback on ordering, delivery, quality and service quality.

Customers rated Tasek's concrete segment a score of 4.17/5 or 83% satisfaction rating in service level, achieving a satisfactory improvement compared to 2020.

Table 9: Customer Survey Results under BMU Singapore's precast segment (2020 – 2021)

YEAR	NO. OF CUSTOMERS SURVEYED	AVERAGE RATING	SATISFACTION LEVEL
2020	7	4.14	Very Good
2021	6	4.07	Very Good

Table 10: Customer Survey Results under Tasek's concrete segment (2019 – 2021)

YEAR	NO. OF CUSTOMERS SURVEYED	AVERAGE RATING	SATISFACTION LEVEL (%)
2019	60	4.07	81
2020	61	3.84	77
2021	42	4.17	83

*Note: For table 9 & 10: "Scale of 1 (Poor) to 5 (Excellent)"

Table 11: Customer Survey Results under Tasek's cement segment (2019 – 2021)

YEAR	NO. OF CUSTOMERS SURVEYED	AVERAGE RATING	SATISFACTION LEVEL (%)
2019	69	3.07	77
2020	68	3.28	82
2021	75	3.23	81

*Note: For table 11: "Scale of 1 (Poor) to 4 (Excellent)"



DRIVING INNOVATION FOR A LOW CARBON & CIRCULAR ECONOMY

DIESEL ENGINES SEGMENT

ENERGY EFFICIENT PRODUCTS

Guangxi Yuchai Machinery Limited (GYMCL) is a subsidiary of China Yuchai International ("CYI") and a major component manufacturer of engines. It has invested heavily in R&D to reduce the environmental impact and to meet the stricter emission standards as required by the Nanning and test trial lines are situated in Yulin.

As a result of these developments, GYMCL is advancing towards alternative fuels and environmentally friendly hybrid engines with improved fuel efficiency. This includes next-generation hybrid powertrains, fuel cell systems and range extenders which enlarge the portfolio of new energy vehicle (NEV) products (see case study on p.21). As seen in Table 12, GYMCL continues to invest resources for patent applications that support NEV product developments and innovation.

2021 PERFORMANCE

With ongoing efforts to combat air pollution, China has implemented the National Emissions VI (Stage 3 heavy-duty Vehicle Fuel Consumption) and Tier-4 standards for new on-road heavy-duty vehicles (HGV) and off-road vehicles, respectively.

The National VI Standard is implemented in phases from 1 July 2021 to 1 July 2023.

Table 12: Development of Patents by GYMCL (2018 - 2021)

	2018	2019	2020	2021	TOTAL (2018 - 2021)
Patent Applications	1,070	1,075	1497	1275	4,917
Patents Granted*	675	748	607	585	2,615

***Note 1:** Patents are applicable in China, Vietnam, Japan and South Korea.

***Note 2:** The types of registered patents are invention patents, utility model patents and design patents. The term of patent protection is 10 or 20 years from the filing date depending on the type of patent registered.



HLA Contribution to Goal:

Our Diesel Engines business invests in R&D towards innovative, low-carbon and circular approaches to production and product solutions for our customers

SDG Indicator:

9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally-sound technologies and processes



DRIVING INNOVATION FOR A LOW CARBON & CIRCULAR ECONOMY

The following NEV products are being developed and refined to meet the needs of the market segments:

- 150kW/200kW/250kW/300kW range extender products,
- 18T e-CVT products,
- 4.5T electric axle bridges,
- 90kW/120kW hydrogen fuel cell systems,
- 100kW/220kW/280kW power unit products.

GYMCL marked a milestone in Dec 2021 with its YCK05 hydrogen-powered engine achieving stable ignition and operation at a demonstration at the Beijing Institute of Technology. This hydrogen-powered engine adopts several technologies like high-pressure multi-point inlet air injection, high-efficiency low-inertia turbocharging and lean burn combustion technology.

GYMCL continues to develop environmentally friendly alternative propulsion systems, including work on hydrogen fuel cell technology.



CASE STUDY

YUCHAI'S RANGE EXTENDER: A HYBRID SOLUTION THAT ENABLES LONGER VEHICLE RANGE

The Yuchai range extender offers better efficiency by significantly increasing the vehicle's range for longer travel needs. The vehicle's battery can be charged at any time, addressing the problem of range and imperfect charging facilities.

This hybrid solution sits in-between conventional engine and full battery electric vehicles.

PROJECTS IN 2021

Nansha Port

More than 300 port container trailers in Nansha Port were upgraded with Yuchai's YCA07 + 65kW range extender system which results in 40% - 55% of fuel savings compared to traditional diesel trailer engines.

Macau Bus

There are 510 city buses operating in Macau installed with Yuchai's range extender systems YCY24 + 65kW and YCS04 + 100kW which results in fuel savings of 30% - 45% of compared to traditional diesel bus engines.



DRIVING INNOVATION FOR A LOW CARBON & CIRCULAR ECONOMY

CIRCULAR ECONOMY AND WASTE

GYMCL uses the “reduce, reuse and recycle” approach in their operations in order to conserve natural resources.

GYMCL has been using recycled sand rather than natural sand in the manufacturing process of engine blocks. Production water used for equipment cooling requirements are also recycled and used for the cleaning of water tanks in sewage treatment stations and ground surfaces to reduce overall water consumption.

For product transportation, GYMCL has replaced wooden boxes used for packaging with reusable, lighter steel cage frames which reduces waste and emissions.

GYMCL has recently applied environmentally friendly high-heat paint within the plant that is free of benzene, toluene, xylene and other heavy metals such as lead, mercury, chromium, cadmium. This reduces the volatile organic compounds (VOCs) found in traditional high-heat paint by 80%.

2021 PERFORMANCE

Table 13: Natural Sand Replacement under GYMCL (2018 – 2021)

		2018	2019	2020	2021
Recycled sand	tonnes	90,000	74,675	105,678	101,756
Recycled sand	%	78%	76%	84%	85%

Table 14: Water Consumption under GYMCL (2018 – 2021)

	2018	2019	2020	2021
Water consumption (M ³ /100kW)	1.65	1.77	1.44	1.26

Table 15: Other Waste Statistics under GYMCL (2020 – 2021)

	2020	2021
Waste Oil (tonnes)	112.17	156.67
Hazardous Waste (tonnes)	1002.79	907.85
Recycling of packaging (units)	295,269	325,000



HLA Contribution to Goal:

Our Diesel Engines business has current practices and future plans to:

- Increase the use of alternative fuels and renewable energy in our operations
- Implement emissions, waste and water and effluent management strategies

SDG Indicators:

12.2 By 2030, achieve the sustainable management and efficient use of natural resources

12.4 Achieve the environmentally-sound management of chemicals and all wastes throughout their lifecycle

12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse



DRIVING INNOVATION FOR A LOW CARBON & CIRCULAR ECONOMY

DUST AND OTHER EMISSIONS MANAGEMENT

GYMCL has built treatment and filter systems for dust, fumes, painting and noise to reduce the pollution resulting from engine production. The current environmentally friendly facilities and production lines comply with China's existing national, provincial and local environmental protection regulations.

🎯 2021 PERFORMANCE

GYMCL has recorded zero fines from authorities on emissions and zero complaints from the community in 2021.

PRODUCT AND CUSTOMER SATISFACTION

GYMCL prides itself on quality assurance and continues to ensure high standards even as its product range expands. This is guided by a strong culture of Total Quality Control and Management has a clear oversight on key processes such as lean manufacturing and has established strong practices of open communication and collaboration between departments.

Understanding customer needs in the market segments that we serve and strengthening brand and service levels remains a key focus.

R&D continues to be a main driver of innovation to enhance the safety features, efficiency and environmental aspects of our engine designs to meet the increasing stringent regulatory requirements.

More recently, new platform in the manufacturing and assembly of engines have been put in place that ensures the production quality meets China National VI and T4 emissions standards.

🎯 2021 PERFORMANCE

GYMCL received positive customer feedback from surveys that cover product quality, service, efficiency and customer service attitude. The results were polled from 1,800 customers consolidated through key sales channels that include customer service hotlines, service management offices located across China and third-party customer satisfaction surveying bodies.

We achieved an average rating of 81.5% for the year 2021.

During the year, GYMCL did not receive any reports regarding any incidents from the users of our products or visitors to our production sites.



GYMCL serves the domestic market in China with over **5,024 network stations** and **6,000 accessories sales points.**



In the overseas market, there are over **276 service agents** with **881 service points** providing after-sales service including warranty for engines made by GYMCL.



DRIVING INNOVATION FOR A LOW CARBON & CIRCULAR ECONOMY

Table 16: Customer Satisfaction by Product Segment under GYMCL (2019 – 2021)

CUSTOMER SATISFACTION SEGMENT	2019	2020	2021
Commercial (%)	81.3	83.7	80.2
General Engine (%)	86.9	86.3	81.5
Marine (%)	85.5	85.5	89.6
Overall (%)	82.6	82.3	81.5

GYMCL QUALITY MANAGEMENT FRAMEWORK



The recent National VI compliant engine roll-out was supported by greater training resources to strengthen the technical capabilities of service personnel and to ensure a positive customer experience in using the new engine technology. To improve service levels and competency, GYMCL conducted:



300 service training sessions with over **5,000 people**

11 live training sessions with over **20,000 participants**

73 National VI training sessions with **3,360 trainees**, and

18 new station training sessions with **1,100 people**.



PILLAR 2

**EMPOWERING
OUR PEOPLE &
COMMUNITIES**

People are the heart of our business. It is built on shared values in the individuals we hire and the work culture we foster. This is important to shape who we want to be at HLA.

We embrace diversity and strive to create an inclusive workplace by providing jobs and developing personal and professional growth for everyone. We are also committed to investing in the local communities to support well-being and prosperity within the wider society.

MATERIAL ISSUES



Community Engagement

KEY PERFORMANCE INDICATORS

2025 TARGET

Percentage of employee participation in volunteering or community engagement activities

≥30%

Complaints from local communities at all operational sites

Zero incidence

All sites to establish and implement stakeholder engagement plans

100%

Initiatives towards Sustainable Cities and Communities and/or Sustainable Construction initiatives

Initiation & implementation of projects, partnerships, collaborations and/or R&D



Diversity, Inclusion and Talent Management

Hours of training per employee per year (in-person and/or virtual, on the job training etc.) to be aligned with career development plans

40 hours / employee / year

Implement a diversity and inclusion policy

By 2025

Update and implement clear succession planning development framework

100% implemented & sustained

Redevelop internship and management trainee programs aligned to training needs analysis and talent management program

100% implemented & sustained



EMPOWERING OUR PEOPLE & COMMUNITIES

BUILDING MATERIALS SEGMENT

DIVERSITY, INCLUSION AND TALENT MANAGEMENT

We strive to ensure our employees are evaluated based on merits, competency and experience within the organisation. Training and reskilling of employees are our priorities to ensure optimal performance and engagement of our staff. For leadership training, we identify candidates through performance appraisals and succession planning processes. They are mentored directly by their supervisors with defined goals and career paths. This enables us to build a pool of talent for more senior roles in the business.

Workplace diversity is vital to nurture inclusivity, promote innovation and support business sustainability. Our Code of Business Conduct (COBC) ensures that we create a fair, respectful and equitable work environment. The COBC is also shared with every new employee that joins the company. During townhall sessions and performance appraisals, our leaders and employees are encouraged to exchange ideas and inspire one another on being better role models.

Encouraging regular dialogue between employee and supervisor also ensures we build healthy relationships in the workplace. Employees are free to voice any concerns and feedback to the Management, Heads of Departments (HODs) and unions. For more serious

grievances, the Group's whistleblowing channel offers a safe alternative.

2021 PERFORMANCE

In 2021, HLA has a total of 8,119 full-time staff across Malaysia, Singapore and China, a 2% increase from 2020.

BMU has 1,150 employees with 64% based in Malaysia and the remaining 36% located in Singapore (Table 18). The gender ratio between male and female is about 9:1, with about 22% under union or collective bargaining agreements.



Table 17: Training Statistics under BMU

YEAR	TRAINING HOURS	NO. OF TRAINING SESSIONS	TRAINING HOURS / EMPLOYEE
2019	8,961	259	6.6
2020	5,289	146	4.3
2021	6,798	138	5.9

Table 18: Employee Profile under BMU

EMPLOYMENT TYPE	TASEK		BMU SINGAPORE		TOTAL
	MALE	FEMALE	MALE	FEMALE	
Permanent	450	62	539	82	1,133
Temporary	13	2	0	2	17
TOTAL	463	64	539	84	1,150
	527		623 ²		

² 64% of BMU Singapore employees are based in Malaysia



EMPOWERING OUR PEOPLE & COMMUNITIES

Overall, HLA Group recorded a staff turnover rate of 6.1% in 2021, a lower rate than reported in 2020 of 10.4%. Business units regularly review labour productivity along with business growth plans to evaluate the need for additional headcount.

A total of 138 training sessions equivalent to 6,798 hours were conducted for employees in Malaysia and Singapore. These sessions include health and safety, laws and regulations, risk and compliance, operations and production, energy and waste management, and systems for controls and quality checks.

HLA EMPLOYMENT STATISTICS	2019	2020	2021
Permanent	6,281	5,928	6,035
Temporary	2,009	2,001	2,084
Male	7,122	6,853	7,035
Female	1,168	1,076	1,084
Hiring Rate	6.9%	5.8%	8.5%
Departure Rate	4.8%	10.4%	6.1%



2025 TARGETS (HLA GROUP):



Achieve **40** hours of training per employee per year to be aligned with career development plans

Implement a **HLA Diversity & Inclusion Policy**

Implement and sustain clear **succession planning development framework**

Redevelop **internship and management trainee programs** aligned to training needs analysis and talent management program

Table 19: Employee Movements under BMU

REGION	NEW HIRES						DEPARTURES					
	AGE GROUP			GENDER			AGE GROUP			GENDER		
	<30	30-50	>50	MALE	FEMALE	TOTAL	<30	30-50	>50	MALE	FEMALE	TOTAL
Tasek, Malaysia (Rate ³)	19	9	4	27	5	32	23	23	26	61	11	72
	3.6%	1.7%	0.8%	5.1%	0.9%	6.1%	4.4%	4.4%	4.9%	11.6%	2.1%	13.7%
BMG, Singapore (Rate ³)	27	36	4	59	8	67	20	82	12	108	6	114
	4.3%	5.8%	0.6%	9.5%	1.3%	10.8%	3.2%	13.2%	1.9%	17.3%	1.0%	18.3%

3 The rates of new employee hires and employee turnover are calculated using the total employee numbers at the end of the reporting period.



EMPOWERING OUR PEOPLE & COMMUNITIES

COMMUNITY ENGAGEMENT

HLA's entrepreneurial spirit is the basis for our core value "Create an Impact Beyond our Business". We are

committed to the overall well-being of our employees and their families and the local communities that we operate in.

By developing sustainable and innovative programmes, we align ourselves more closely with our Sustainability

Framework and 2025 Vision and promote lasting employee engagement, support for communities, and build sustainable value for our business.



CASE STUDY

"LIVE CONSCIOUSLY WITH HLA" CAMPAIGN

An eight-week campaign, "Live Consciously with HLA" was launched on 19 September 2021 to drive and reinforce sustainable practices in the daily lives of our employees. The campaign included student workshops with Dazhong Primary School, a tree-planting initiative, virtual talks with tips for a greener lifestyle, and competitions such as the susGain mobile app challenge and a "Do-It-Yourself" (DIY) Sustainability Hack competition.

The feedback received was positive. Participants were inspired and were made aware of taking responsible actions for the greater good. Here is what we did.



susGain Mobile App Challenge and DIY Sustainability Hack Competition

We tapped onto susGain, a mobile app start-up that drives green action by raising awareness on the impact of everyday choices to make more well-informed decisions. More than 100 participants including HLA staff, Dazhong teachers and students recorded 465 eco- and socially-conscious activities on the susGain mobile app.

In Malaysia, our employees participated in a DIY Sustainability Hack competition that puts our skills to the test, and challenge each other on best daily habits and practices to bring positive change in our lives.

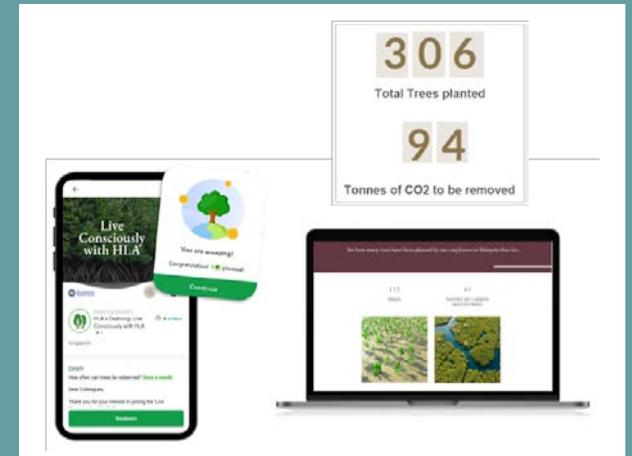


Figure 1: Around 31% of our staff participated in the tree-planting initiative which HLA matched on a company level.

Tree-Planting in Biak Island, Indonesia

Together with non-profit organisation Eden Reforestation, we planted 510 mangrove trees in Biak Island, Indonesia, to help local villagers earn a consistent income while ensuring restoration efforts of the community's mangrove forests and coral reefs.



EMPOWERING OUR PEOPLE & COMMUNITIES



Dazhong Primary School (Singapore)

HLA sponsored a series of student workshops and mentoring sessions at Dazhong Primary School. This initiative supported Dazhong's Green Maker's Programme which aims to equip 1,200 students with the awareness and skills to become green ambassadors of the future.

Among the activities was a partnership with an international youth organisation, VIVITA to mentor twenty Primary 4 and 5 students in a five-week workshop on how to reduce and reuse waste. Conducted on Zoom, the students were taught techniques to create new products out of recycled materials. By the end of the five-week programme, each student had developed five prototypes from waste products and learnt the value and uses of recycling.

Community Support Initiatives (Malaysia)

- Tasek contributed 60 bags of cement towards the carpark extension of Tawas Police Station.
- Staff conducted an e-waste collection campaign. A total of 2,787 kg of e-waste was collected and disposed from their own homes.
- Tasek rushed to the aid of workers affected by severe floods that damaged equipment and raw materials at two of Tasek Concrete's batching plants. Monetary assistance and mobilisation of resources were some of the support rendered.
- A talk was organised with Malaysian Institute of Road Safety Research and Social Security Organisation to educate staff on motorcycle accidents and prevention.



2025 TARGETS (BMU):



At least **30%** employee participation in **volunteering** or **community engagement** activities

Ensure **zero** complaints from **local communities** at all operational sites

Develop key initiatives towards **Sustainable Cities and Communities** through implementation of projects, partnerships, collaborations and/or R&D



EMPOWERING OUR PEOPLE & COMMUNITIES

DIESEL ENGINES SEGMENT

DIVERSITY, INCLUSION AND TALENT MANAGEMENT

GYMCL (or “Yuchai”) maintains a high standard for their Total Quality Management and disciplined approach in running of the Operations. These practices are instilled within the workplace and HR has rollout initiatives on diversity, inclusion and talent management to maintain the standard.

Talent management at GYMCL is heavily focused on operational trainings on production and improving technical expertise due to the nature of the business. This is supported by the Yuchai Vocational College with 46 training rooms that can accommodate more than 1,000 employees for on-the-job training such as engineering and technological innovation.

2021 PERFORMANCE

As at 31 December 2021, the number of workers employed in China stood at 6,969. The gender ratio between male and female is about 9:1. Yuchai employees are 100% unionised.

Yuchai pays its employees a fixed base salary and bonus determined by performance and productivity. The company also provides its employees with meal subsidies and medical insurance, and certain

employees receive further subsidies for housing, which is approved on a case-by-case basis by HR.

A total of 2,410 training sessions equivalent to 373,661 hours were conducted for employees in China.

Table 20: Training Statistics for CYI & GYMCL (China)

YEAR	TRAINING HOURS	NO. OF TRAINING SESSIONS	TRAINING HOURS / EMPLOYEE
2019	389,958	2,319	56.3
2020	271,350	2,257	40.5
2021	373,661	2,410	53.6

Table 21: Employee Profile under CYI & GYMCL (China)

EMPLOYMENT TYPE	CYI, CHINA		
	MALE	FEMALE	TOTAL
Permanent	4,203	699	4,902
Temporary	1,830	237	2,067
TOTAL	6,033	936	6,969



Table 22: Employee Movements under CYI & GYMCL (China)

REGION	NEW HIRES						DEPARTURES					
	AGE GROUP			GENDER			AGE GROUP			GENDER		
	<30	30-50	>50	MALE	FEMALE	TOTAL	<30	30-50	>50	MALE	FEMALE	TOTAL
CYI, China	485	95	7	508	79	587	122	142	46	248	62	310
(Rate ⁴)	7.0%	1.4%	0.1%	7.3%	1.1%	8.4%	1.8%	2.0%	0.7%	3.6%	0.9%	4.4%

4 The rates of new employee hires and employee turnover are calculated using the total employee numbers at the end of the reporting period.



EMPOWERING OUR PEOPLE & COMMUNITIES

COMMUNITY ENGAGEMENT

Over the years, Yuchai has been volunteering in programmes that help to alleviate poverty in China's Guangxi region, and promote opportunities for the young and needy. A special poverty alleviation project was established by promoting agriculture in the rural communities to provide them with a steady stream of daily income.

🎯 2021 PERFORMANCE

Yuchai regularly volunteers with local communities to strengthen relations, participate in community building, and support various charitable initiatives. The key activities conducted in 2021 include:

- Helping passengers at Yulin Railway Station and spread the message on epidemic control and awareness;



- Summer voluntary tutoring where children can learn curriculum and efficient study habits.



- Activities organised by Yuchai Group Youth that supports needy kids with books, stationery and recreational activities.



PILLAR 3 BUILDING RESILIENCE FOR THE LONG TERM

Our business is built on prudence, hard work, integrity and trust. To ensure financial strength and the resilience of our business, we are responsible and sustainable practices into our governance and management systems through robust policies, procedures, and training.

This means having effective recruitment strategies as they increase our chances to hire great employees. In turn, we look after their safety, health and well-being.

MATERIAL ISSUES	KEY PERFORMANCE INDICATORS	2025 TARGET
 Ethical Conduct and Compliance	Employees (Managers and above, Sales & Sourcing/Procurement) receive yearly training on code of conduct, including bribery & corruption	100% implemented & sustained
	Corruption and fraud incidents across operations	Zero incidence
 Cybersecurity and Data Protection	Recovery plan in place with tracking of recovery KPI (HLA Group & Business Unit levels)	100% implemented
	To strengthen cybersecurity and data protection policies	100% implemented
 Supply Chain Management	Develop and roll out a new Supplier Code of Conduct to reflect ESG criteria	By 2023 & all new suppliers to be screened with the new criteria
	High value suppliers screened as per ESG criteria on a yearly basis	100% implemented
 Occupational Health, Safety and Welfare	Fatalities & lost time injuries across operational sites	Strive & maintain for zero incidence
	Third-party fatality and injury from transportation of products on the road	Strive & maintain for zero incidence
	Operational sites to implement ISO 45001	100% implemented



BUILDING RESILIENCE FOR THE LONG TERM

HLA GROUP

ETHICAL CONDUCT AND REGULATORY COMPLIANCE

We conduct our business with the highest ethical standards and have zero tolerance towards fraud, corruption, bribery and money laundering. We expect our employees to exhibit high levels of professionalism and ethical behaviour in the Group's day-to-day business and operations. This is guided and reiterated through our Core Value "Do the Right Thing", HLA Group's COBC and Anti-Fraud, Anti-Bribery & Anti-Corruption (FCB) Policies.

Employees are required to read and declare their understanding and compliance of the COBC annually. The COBC governs aspects like conflicts of interests, compliance with legal and regulatory provisions, and ensuring proper internal controls within the organisation. Any breaches of COBC may result in investigation, disciplinary actions or termination of the employee, as guided by the respective country labour laws. This is managed and reviewed periodically by our HR Department and approved by the CEO.

Whistleblowing procedures are in place so that employees can confidentially raise their concerns for matters such as improprieties in financial reporting and other malpractices and misconduct. The ARC oversees the whistle-blower complaint matters and is supported by the Head of Internal Audit. The whistle-blower is given appropriate protection against any reprisals if disclosures are made in good faith. More information about HLA Group's Whistleblowing Policy can be found in the Corporate Governance Report published within the Annual Report.

All policies related to COBC and whistleblowing can be found at:

- http://www.tasekcement.com/index/corporate_profile/_corporate_governance.html
- <https://investor.cylimited.com/governance-principles-policies>
- <https://www.hlasia.com.sg/corporate-governance>

🎯 2021 PERFORMANCE

Overall, none of the business units under the HLA Group have reported any cases that resulted in legal action for corruption, non-competitive behaviour, anti-trust and monopoly practices in 2021.

HLA did not incur any material fines and sanctions related to environmental and social aspects during the year. We understand the importance of adhering to the regulations of each jurisdiction and pro-actively ensure compliance.

2025 TARGETS (HLA GROUP):



100% of employees (managers and above, sales and sourcing/procurement) to receive annual **training on code of conduct**, including bribery and corruption

Ensure **zero** corruption and fraud incidents across operations



BUILDING RESILIENCE FOR THE LONG TERM

CYBERSECURITY AND DATA PROTECTION

HLA Group is in the process of digitalising our front and back-end processes and has set up remote working infrastructure for our employees as part of Business Continuity Planning (BCP). This transformation has invariably placed cybersecurity in the spotlight.

Cybersecurity measures for Singapore and Malaysia operations include the regular roll-out of software updates and security patches, mail filters, physical restriction to servers and data back-up.

There are also frequent communication with employees to improve cyber hygiene and the identification of possible cybersecurity events:

- Advocate 100% reporting culture on any unknown emails, phone calls, or suspicious activities to understand the security landscape and detect any possible social engineering activities against the company,
- Build cybersecurity awareness on techniques and types of phishing activities.

Data of employees and customers requires protection under the Personal Data Protection and Commission Act. HLA is committed to preventing unauthorised access and disclosure to avoid data breaches that

results in significant harm or impact to our employees or customers. Policies and statements on our personal data policy can be found at:

- <http://www.tasekcement.com/index/home/pdp.html>
- <https://www.hlasia.com.sg/corporate-governance>

2021 PERFORMANCE

As part of performance measurement, HLA tracks the number of cyber events (not limited to breaches) that have taken place. All cybersecurity breaches and events are investigated thoroughly, and reports are furnished to top management where applicable.

2025 TARGET (HLA GROUP):



100% implementation of **recovery plans** with tracking of recovery Key Performance Indicators (KPIs) at Group and Business Unit levels

Table 23: HLA Group Cybersecurity and Data Breach Occurrences (2019 – 2021)

YEAR	2019	2020	2021
No. of cybersecurity breaches / events on IT assets / network	1	1	2
No. of data breaches that needs to be reported to PDPC	0	0	0



BUILDING RESILIENCE FOR THE LONG TERM

BUILDING MATERIALS SEGMENT

SUPPLY CHAIN MANAGEMENT

At BMU Singapore, suppliers are evaluated yearly on quality, price, delivery and general service and support. Each criterion is given a weightage and scored from A to D, which translates to Outstanding, Good, Average, or Re-Qualification.

This practice establishes the pre-qualification process for significant tenders particularly in the selection criteria including local regulations compliance and certified quality management systems.

Ad-hoc visits to our suppliers' sites are also part of the evaluation, especially for new suppliers. For those who do not meet the benchmark, warnings are issued and counselling provided. Those with serious lapses are immediately terminated.

Similarly, Tasek conducts supplier evaluation annually that includes contractors and transporters. The criterion covers quality, delivery, competency, housekeeping and HSE compliance, and suppliers are graded from A to D.

Those graded D are removed from the approved supplier list. Anyone in non-compliance will have two points deducted for every NCR and penalty collected during the annual evaluation.

2021 PERFORMANCE

BMU Singapore achieved the following ratings in their supplier evaluations over the last three years:

Table 24: Supplier Assessment Performance under BMU Singapore (2019 – 2021)

YEAR	NO. OF SUPPLIERS EVALUATED	AVERAGE RATING	REQUALIFICATION REQUIRED
2019	66	A	None
2020	80	A	None
2021	94	A	None

***Note:** all suppliers evaluated scored Good / Outstanding

Tasek (cement segment only) achieved the following ratings in their supplier evaluations over the last three years:

Table 25: Supplier Assessment Performance under Tasek (2019 – 2021)

YEAR	NO. OF SUPPLIERS EVALUATED	AVERAGE RATING	SCORED D
2019	106	A	None
2020	134	A	3
2021	166	A	None

No suppliers were rated D in 2021. Those rated D in 2020 have since improved their rating in 2021 after they have developed and made satisfactory progress on their improvement plans.

2025 TARGET (BMU):



Develop and roll out a new **Supplier Code of Conduct** to reflect **ESG criteria** (with all new suppliers to be screened with new criteria)



BUILDING RESILIENCE FOR THE LONG TERM

OCCUPATIONAL HEALTH, SAFETY AND WELFARE

Health and safety is a strategic priority in our business.

A dedicated SHE Department ensures compliance within local rules and regulations, identification of health and safety hazards and the corresponding risk mitigating actions, conducting regular on-site inspections, as well as organising and conducting health and safety trainings for employees and contractors.

New employees, contractors and visitors are given basic safety trainings as part of the induction programme. Refresher courses are conducted periodically for technical, engineering and operations personnel. Operational areas have been zoned with safety signages and appropriate personal protective equipment (“PPE”) are provided to our employees.

Hazard Identification, Risk Assessment and Control (HIRAC) is conducted for all the operational activities to minimise or eliminate unacceptable high-risk activities. The SHE department carries out various programmes with operations personnel that includes inspections, audits, investigations of incidents, review of safety procedures and practices, yearly emergency drill, safety trainings, toolbox talk and dialogue with contractors and transporters.

Pre-employment health screening and annual occupational health surveys are also conducted for those in high-risk operational positions.

Employees who violated health and safety measures are first given counselling, warnings and followed by disciplinary actions while contractors have a penalty system in place whereby repeat offenders will not be allowed to enter our sites.

2021 PERFORMANCE

All our manufacturing sites have a safety management system in place. In Singapore, our precast and ready-mix concrete segments are certified BizSAFE STAR and BizSAFE Level 4 respectively, while operations in Malaysia are certified according to ISO 45001 requirements.

The number of incidents reported in Table 26 below refers to incidents that have happened within BMU. There were zero fatalities across our sites in 2021.

Table 26: Statistics on Reportable Safety Incidents under BMU (2019 – 2021)

YEAR	EMPLOYEES				CONTRACTORS			
	NUMBER OF INJURIES	HOURS WORKED	INJURY RATE (per mil hours)	FATALITIES	NUMBER OF INJURIES	HOURS WORKED	INJURY RATE (per mil hours)	FATALITIES
2021	9	3,174,539	2.8	0	0	1,370,632	0	0
2020	10	3,234,355	3.1	0	3	1,161,404	2.6	2
2019	11	3,654,881	3.0	0	2	1,327,973	1.5	0

2025 TARGETS (BMU):



Strive for and maintain **Zero** Fatalities & Lost Time Injury (LTI) across operational sites

Strive for and maintain **Zero** third-party fatality and injury from transportation of products on the road

100% of operational sites to implement ISO45001



BUILDING RESILIENCE FOR THE LONG TERM



CASE STUDY

COVID 19 SAFETY MANAGEMENT

In April 2020, Singapore declared a national lockdown due to COVID-19. This resulted in BMU Singapore's business functions scaling down and operational activities put on hold.

When the Government announced the gradual resumption of our industry with strict criteria

imposed, the teams from Health & Safety (H&S) and Operations had to manage a total of seven concrete batching plants to provide a safe workplace and accommodation for our workers.

As our batching plants have limited manpower resources, plant managers, supervisors and technicians doubled up as Safe Management Officers (SMOs) and Safe Distancing Officers (SDOs) on top of their demanding site works. BCA Officers were conducting frequent inspections to ensure that we were in compliance with the stringent criteria.

In August and September 2021, Antigen Rapid Test (ART) and recording of employees' vaccination status were made mandatory. Each plant appointed an ART Supervisor to oversee the implementation of procedures and processes. BMU Singapore was able to monitor, implement and run the Rostered Routine Testing (RRT) and ART regime successfully by collaborating with Human Resource, Purchasing, IT, Operations and H&S departments.



A staff being supervised as he administers self-testing at the ART Facility of BMU Singapore.



BUILDING RESILIENCE FOR THE LONG TERM

DIESEL ENGINES SEGMENT

CYBERSECURITY AND DATA PROTECTION

CYI formulated a series of policies that include "Information Security Risk Management Policy" and "Cybersecurity Management Policy" which standardised the approach and management of information in the company. The policies are aligned with national regulations in China governing cybersecurity, data security and personal information protection.

2021 PERFORMANCE

GYMCL recorded zero incidents of cybersecurity breaches, network and data breaches related to customer data in 2021.

SUPPLY CHAIN MANAGEMENT

Suppliers are required to pass ISO 9001 certification, or obtain IATF 16949 and Occupational Health and Safety Certifications. This check is conducted by the Purchasing Department in accordance with the "Parts Suppliers Assessment Procedure".

Listed on the New York Stock Exchange, CYI is in compliance with the Conflict Minerals Regulation. CYI's

policy requires suppliers to obtain certifications that reflect their disuse of conflict materials in smelters and refiners, or disclose sources of the minerals used.

Diligence on suppliers is conducted according to the Organisation of Economic Co-operation and Development ("OECD") for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas ("OECD Guidance").

Table 27: GYMCL Supplier Assessment Performance

YEAR	2019	2020	2021
Suppliers assessed	299	208	Not available
Ratings (%)	91.3%	100%	Not available

With regards to compliance with the Conflicts Mineral Regulation, CYI conducted a Reasonable Country of Origin Inquiry (RCOI) of its suppliers in 2020 using Version 6.01 of the Electronic Industry Citizenship Coalition and the Global e-Sustainability Initiative Conflict Mineral Reporting Template ("CMRT"). The purpose is to determine whether any of the 3TGs (Tin, Tantalum, Tungsten and Gold) supplied for use in the manufacture of engines in FY 2020 are from recycled or scrap sources originated in the Covered Countries.

The RCOI requested these suppliers to obtain information through their supply chain regarding the country of origin of 3TGs and the smelters and refiners used in the supply of materials to CYI. In order to make this inquiry as complete as possible, these suppliers were requested to send the same CMRT to their suppliers (direct and indirect) for data collection. CYI sent the CMRT to a total of 225 suppliers and all responses to the RCOI using the CMRT were received as of March 31, 2021. 217 suppliers confirmed that the products they supplied to us in FY 2020 were DRC Conflict-Free. The RCOI for financial year 2021 is currently in progress and will be reported in our SR 2022.

2021 PERFORMANCE

After an evaluation, all 208 of GYMCL suppliers passed the ISO9001 or IATF 16949 quality system certification. All suppliers obtained the occupational health and safety certification.

The 2021 supplier assessment will only be completed at the end of H1 2022 and will be reported in our SR 2022.



BUILDING RESILIENCE FOR THE LONG TERM

OCCUPATIONAL HEALTH, SAFETY AND WELFARE

At GYMCL, safety is a priority at every stage of the production process. Regular initiatives are carried out to educate and train employees on work safety practices and techniques to ensure the highest levels of personal safety.

Operational sites are required to undergo China’s “National Safety Culture Construction Demonstration Enterprise” examination and certification, to meet regulatory requirements in work safety standardisation which GYMCL has achieved.

Regular physical and occupational health examinations are also organised for all employees to support their general health and well-being.

In managing its response to COVID-19, other actions include preventative measures such as increased sanitisation and disinfection of the premises, social distancing in areas where staff congregate and socialise, wearing of masks and temperature taking before entering the workplace, meetings and remote working.



🕒 2021 PERFORMANCE

GYMCL reported zero fatalities in 2021. Other safety indicators are not reported as per previous years as the data requires further validation.

2025 TARGET (GYMCL):



Strive for and maintain **Zero**
Fatalities & LTI across operational sites



GRI CONTENT INDEX

GRI STANDARDS DISCLOSURE NUMBER	DESCRIPTION	PAGE REFERENCE / REASONS FOR OMISSION, IF APPLICABLE
GENERAL DISCLOSURES		
Organizational Profile		
102-1	Name of the organization	Cover Page
102-2	Activities, brands, products, and services	Annual Report - 1, 4, 8, 9
102-3	Location of headquarters	Annual Report - 27
102-4	Location of operations	Annual Report - 4, Operating Network
102-5	Ownership and legal form	Annual Report - 26, 91
102-6	Markets served	Annual Report - 4, 18, 19
102-7	Scale of the organization	Annual Report - 1, 4, 8, 9, 80 (Balance Sheets), 160 (Revenue)
102-8	Information on employees and other workers	26, 27, 30
102-9	Supply chain	35, 38
102-10	Significant changes to the organization and its supply chain	1
102-11	Precautionary principle or approach	Annual Report - 48 to 58 (Principle 9 & 10)
102-12	External initiatives	Nil
102-13	Membership of associations	The Cement & Concrete Association of Malaysia, China Internal Combustion Engine Industry Association
Strategy		
102-14	Statement from senior decision-maker	Annual Report - 28 to 31
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behaviour	3, Annual Report - 29 & 62
Governance		
102-18	Governance structure	4



GRI CONTENT INDEX

GRI STANDARDS		
DISCLOSURE NUMBER	DESCRIPTION	PAGE REFERENCE / REASONS FOR OMISSION, IF APPLICABLE
GENERAL DISCLOSURES		
Stakeholder Engagement		
102-40	List of stakeholder groups	5-6
102-41	Collective bargaining agreements	26, 30
102-42	Identifying and selecting stakeholders	6
102-43	Approach to stakeholder engagement	5-6
102-44	Key topics and concerns raised	7-8
Reporting Practice		
102-45	Entities included in the consolidated financial statements	Annual Report-Notes 6, 7, 8 to Financial Statements
102-46	Defining report content and topic boundaries	1-7
102-47	List of material topics	3 – Table 1
102-48	Restatements of information	Nil
102-49	Changes in reporting	Nil
102-50	Reporting period	1
102-51	Date of most recent report	1
102-52	Reporting cycle	1
102-53	Contact point for questions regarding the report	cas@corp.hla-grp.com
102-54	Claims of reporting in accordance with the GRI Standards	1
102-55	GRI content index	40-43
102-56	External assurance	We have not sought external assurance for our 2021 sustainability report



GRI CONTENT INDEX

GRI STANDARDS		
DISCLOSURE NUMBER	DESCRIPTION	PAGE REFERENCE / REASONS FOR OMISSION, IF APPLICABLE
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Alternative Cement and Concrete Products		
103	Management Approach (including 103-1,103-2 & 103-3)	13-14
Energy Efficient Products		
103	Management Approach (including 103-1,103-2 & 103-3)	20-21
Circular Economy and Waste		
103	Management Approach (including 103-1,103-2 & 103-3)	15-17, 22
301-2	Recycled input materials used	15-16 – Table 7 & 8
Energy & CO₂ Emissions		
103	Management Approach (including 103-1,103-2 & 103-3)	10-12
302-1	Energy consumption within the organization	11 – Table 3
302-3	Energy intensity	12 – Graph 1
302-4	Reduction of energy consumption	10-12
305-1	Direct (Scope 1) GHG emissions	12 – Table 4
305-2	Energy indirect (Scope 2) GHG emissions	12 – Table 4
305-4	GHG emissions intensity	12 – Graph 2
305-5	Reduction of GHG emissions	10-12
Product Quality and Customer Satisfaction		
103	Management Approach (including 103-1,103-2 & 103-3)	18-19, 23-24
Community engagement		
103	Management Approach (including 103-1,103-2 & 103-3)	28-29, 31
Diversity, Inclusion and Talent Management		
103	Management Approach (including 103-1,103-2 & 103-3)	26-27, 30
401-1	New employee hires and employee turnover	27 – Table 19, 30 – Table 22
404-1	Average hours of training per year per employee	26 – Table 17, 30 – Table 20



GRI CONTENT INDEX

GRI STANDARDS		
DISCLOSURE NUMBER	DESCRIPTION	PAGE REFERENCE / REASONS FOR OMISSION, IF APPLICABLE
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Occupational Health, Safety and Welfare		
103	Management Approach (including 103-1,103-2 & 103-3)	36-37, 39
403-1	Occupational health and safety management system	36
403-9	Work-related injuries	36 – Table 26
Supply Chain Management		
103	Management Approach (including 103-1,103-2 & 103-3)	35, 38
Cybersecurity and Data Protection		
103	Management Approach (including 103-1,103-2 & 103-3)	34, 38
418-1	Substantiated complaints regarding breaches of customer privacy and losses of customer data	34 – Table 23, 38
Ethical Conduct and Regulatory Compliance		
103	Management Approach (including 103-1,103-2 & 103-3)	33
205-3	Confirmed incidents of corruption and actions taken	33
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	33
307-1	Non-compliance with environmental laws and regulations	33
419-1	Non-compliance with laws and regulations in the social and economic area	33





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