



SUSTAINABILITY REPORT 2019

Contents

- INTRODUCTION 2
 - ABOUT SIN HENG HEAVY MACHINERY LIMITED 2
 - OUR VISION 3
 - OUR PROFESSIONALISM 3
 - MEMBERSHIP OF ASSOCIATION 3
 - CONTACT US 3
- ABOUT THIS REPORT 4
 - SCOPE OF THE REPORT 4
 - IN SCOPE ENTITIES 5
- MESSAGE FROM BOARD 6
 - BOARD STATEMENT 6
- STAKEHOLDER ENGAGEMENT AND MATERIALITY REVIEW 7
 - STAKEHOLDER ENGAGEMENT 7
 - RESULTS FROM MATERIALITY ASSESSMENT 7
 - MATERIAL ASPECTS AND INDICATORS IDENTIFIED 7
- ECONOMIC PERFORMANCE 8
 - HIGHLIGHT ON ECONOMIC PERFORMANCE 8
- ENVIRONMENT 9
 - OUR APPROACH 9
 - ENVIRONMENTAL COMPLIANCE 9
- SOCIAL 10
 - OUR APPROACH 10
 - OCCUPATIONAL HEALTH AND SAFETY 11
 - TRAINING AND EDUCATION 12
- GOVERNANCE 13
 - CORPORATE GOVERNANCE 13
 - RISK MANAGEMENT 13
 - WHISTLEBLOWING 13
- GRI CONTENT INDEX 14
 - TABLE OF GRI CONTENT INDEX 14

INTRODUCTION

ABOUT SIN HENG HEAVY MACHINERY LIMITED

Sin Heng Heavy Machinery Limited (“Sin Heng”, the “Company” or “We”) is a public company listed on the Main Board of Singapore Exchange (“SGX-ST”). With a history dating back to 1969, Sin Heng has grown into an established provider of substantial lifting services in Singapore. Its core business activities are the rental and trading of cranes, aerial lifts, and other heavy lifting equipment. Today, the Group holds regional distributorships rights granted by world-renowned crane manufacturers. It also supports customers by undertaking turnkey project engineering services as well as the sales and distribution of related equipment parts.



Figure 1: Our Customers

With an active five decades of experience and expertise in providing comprehensive lifting services, the Group has been continuing its effort to ensure its market presence is active within the region and has leveraged on a wide range of customer portfolio from the infrastructure and geotechnics, construction, civil engineering works, offshore and marine as well as oil and gas industries as shown in Figure 1.

The Group's core business activities are rental and trading of cranes, aerial lifts, and other heavy lifting equipment. The Group is responsible for the sales and distribution of its products as part of our support services across Asia. With the Group's determination and reliability, it has won the confidence of significant customer portfolios by holding the regional distributorship rights for a variety of its equipment.

The Group has dealership rights for the sales and distribution of cranes and parts for Kobelco (specialist in Japanese crawler cranes), Kato (specialist in hydraulic cranes), and Grove (specialist in European all-terrain cranes).

Singapore is our headquarter office for our region-wide business operations. It has secured a strong presence in Singapore, Malaysia, Indonesia, Myanmar and Vietnam while exploring more expansion opportunities overseas.

As to maintain our quality of overseas operation, we are backed with experienced professionals as well as equipped with varieties of quality cranes and aerial lifts.

OUR VISION

The Group is firmly committed to providing its customers with the best lifting services. Its vision is to provide high quality and reliable services to its customers in Asia.

OUR PROFESSIONALISM

The Group strives to hire a team of highly skilled professionals and to invest in targeted training in ensuring its business operation is run by employees who take pride in providing desired work quality in meeting the emerging and changing demands from our customers in the most reputable manner. As the Group continues to tap on its vast extensive technical expertise and outstanding after-sales services, we have earned a prominent position in driving excellent safety, operational and services to our customers.

MEMBERSHIP OF ASSOCIATION

Currently, we hold membership in the Master Builders Association Malaysia ("MBAM"). MBAM aims to provide a synergy of services to members for the betterment of the construction industry, and it allows Sin Heng to develop strategic relationships within the industry and further drive value creation for all stakeholders.

CONTACT US

As part of our continued efforts to improve our reporting, we welcome stakeholders to submit their comments to us. For any questions or to deliver feedback about this report, please contact:

Chief Financial Officer
Lim Choon Keng
Sin Heng Heavy Machinery Limited
26 Gul Road
Singapore 629346
Tel.: (65) 6861 6111
Fax: (65) 6863 8616
E-mail: cklim@sinheng.com.sg

ABOUT THIS REPORT

SCOPE OF THE REPORT

The sustainability report describes Sin Heng’s sustainability strategy, programs and its performance throughout its financial performance year 1 January 2019 to 31 December 2019 unless stated otherwise. The report is dedicated to our stakeholders to understand our commitment and progress towards running a sustainable and responsible business.

The report is prepared following the Global Reporting Initiative (“GRI”) Standards: Core Option, the international standard for sustainability reporting. It is guided by the primary components set in Singapore Exchange Securities Trading Limited’s (“SGX-ST”) Listing Rules 711A and 711B on a ‘comply or explain’ basis. As a yearly practice, we refreshed our Environmental, Social and Governance (“ESG”) aspects to evaluate the relevancy against current business operations.

The content of this report is developed based on the four reporting principles established by GRI Standards:

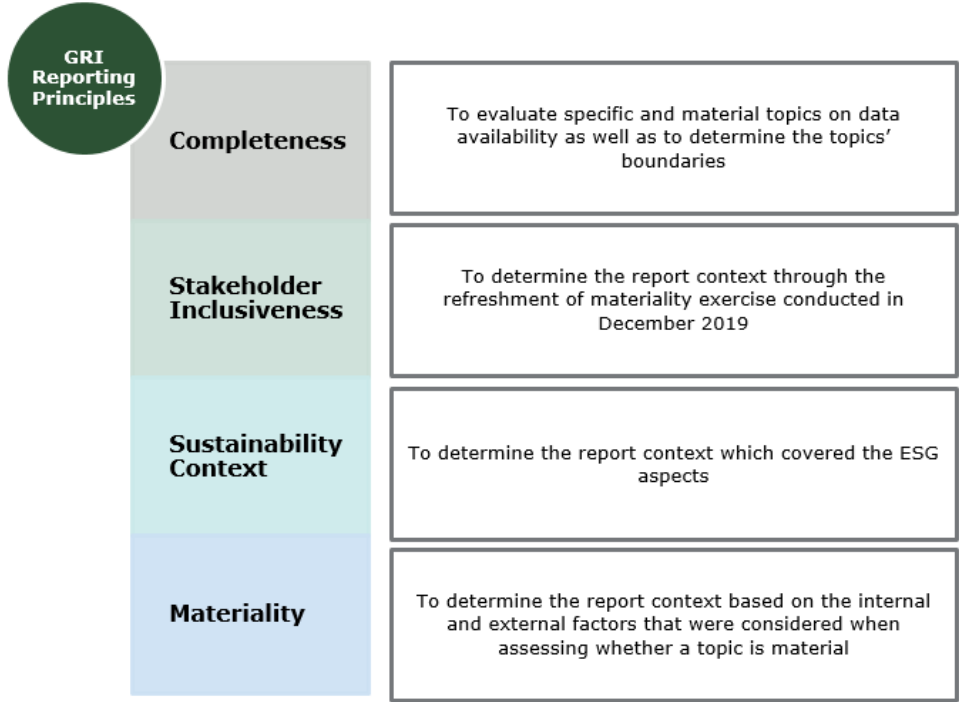


Figure 2: GRI Reporting Principles

We have not sought external independent assurance for this reporting period and will consider doing so in the future as its sustainability reporting efforts mature.

IN SCOPE ENTITIES

In Scope Entities	Economic Performance	Environmental Compliance	Occupational Health and Safety	Training and Education
Singapore				
Sin Heng Heavy Machinery Limited	√	√	√	√
Sin Heng Aerial Lifts Pte Ltd	√	√	√	√
SH Equipment Pte Ltd	√	Not in scope	Not in scope	Not in scope
Malaysia				
SH Heavy Machinery Sdn Bhd	√	√	√	√
SH Equipment Holdings Sdn Bhd	√	Not in scope	Not in scope	Not in scope
Bestari Industrial Holdings Sdn Bhd	√	Not in scope	Not in scope	Not in scope
Vietnam				
Sin Heng Vina Co. Ltd	√	Not in scope	Not in scope	Not in scope
Indonesia				
PT SH Machinery Indonesia	√	Not in scope	Not in scope	Not in scope
Hong Kong				
SH Equipment (HK) Limited	√	Not in scope	Not in scope	Not in scope
Myanmar				
SH Equipment (Myanmar) Company Limited	√	Not in scope	Not in scope	Not in scope

Figure 3: In-scope Entities¹ for Sustainability Report 2019

¹ In-scope Entities refer to the impacts occur for a material topic and the organisation's involvement with those impacts. Organisations might be involved with impacts either through their own activities or as a result of their business relationships with other entities. Global Reporting Initiatives (GRI)

MESSAGE FROM BOARD

BOARD STATEMENT

Dear Stakeholders,

Sin Heng has progressed into its third year of sustainability reporting. We believe that emphasis on sustainability will further improve our business operations and address material ESG issues relevant to our stakeholders. Our Board of Directors (“the Board”) is responsible for providing leadership guidance and establishing the Group’s values and ethical standards to meet stakeholders’ expectations.

We have been strategically pursuing the sustainability agenda over the years. Proactively, we strive to work towards long-term success by improving operational eco-efficiency and ensuing sustainability approaches into our business practices. Our continuous improvement provides an added competitiveness as we deliver awareness and education programmes with our employees regularly.

We recognise the importance of maintaining a balance between economic, environmental, social and governance obligations. We will continue to integrate sustainability measures into our strategy and operations, which will be complemented by quality disclosures to provide stakeholders with a holistic view of the Group’s performance and prospects.

Looking ahead, we will continually strive to our performance and proactively integrate sustainable practices into our business strategy.

STAKEHOLDER ENGAGEMENT AND MATERIALITY REVIEW

STAKEHOLDER ENGAGEMENT

We are stronger when we engage key stakeholders to align our sustainability strategy as well as theirs. We engage our stakeholders regularly through various platforms to inform them of our sustainability initiatives and gain a deeper understanding of their expectations and emerging trends of sustainability concerns. Those insights gathered from our stakeholder engagement exercise will serve as additional input for organisation strategy.

RESULTS FROM MATERIALITY ASSESSMENT

A materiality assessment was conducted to identify material ESG topics. The exercise covers the following:

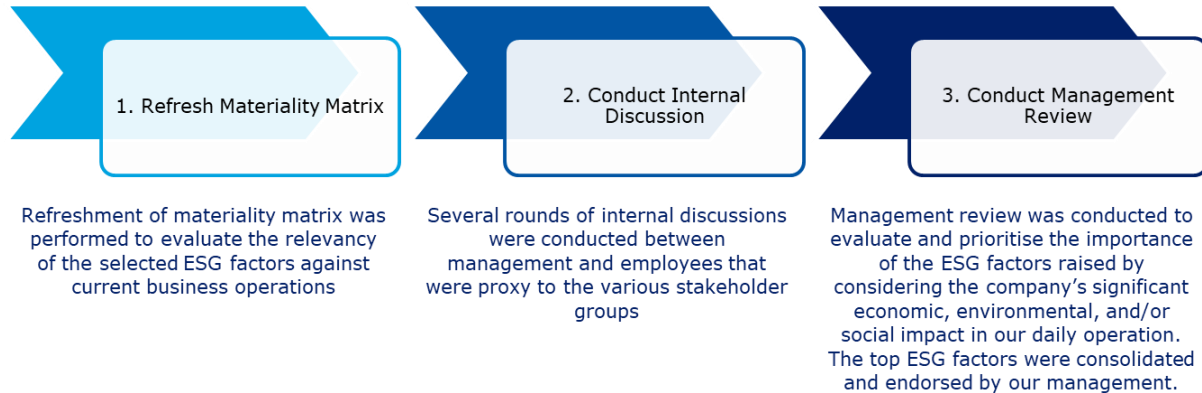


Figure 4: Materiality Assessment Process

MATERIAL ASPECTS AND INDICATORS IDENTIFIED

Material Aspects	GRI Standards ESG Indicators		Aspect Boundary ²
Economic Performance	GRI 201-1	Direct economic value generated and distributed	Within organisation
Environmental Compliance	GRI 307-1	Non-compliance with environmental laws and regulations	Within organisation
Occupational Health and Safety	GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities	Within organisation
Training and Education	GRI 404-3	Percentage of employees receiving regular performance and career development reviews	Within organisation

Figure 5: Material Aspects and Indicators Identified

² Aspect Boundary is a description of where the impacts occur for a material topic and the organisation’s involvement with those impacts. Organisations might be involved with impacts either through their own activities or as a result of their business relationships with other entities. Global Reporting Initiatives (“GRI”)

ECONOMIC PERFORMANCE

HIGHLIGHT ON ECONOMIC PERFORMANCE

The economic highlights of Sin Heng’s performance for the year ended 31 December 2019 (“FY 2019”) is shown in the table below.

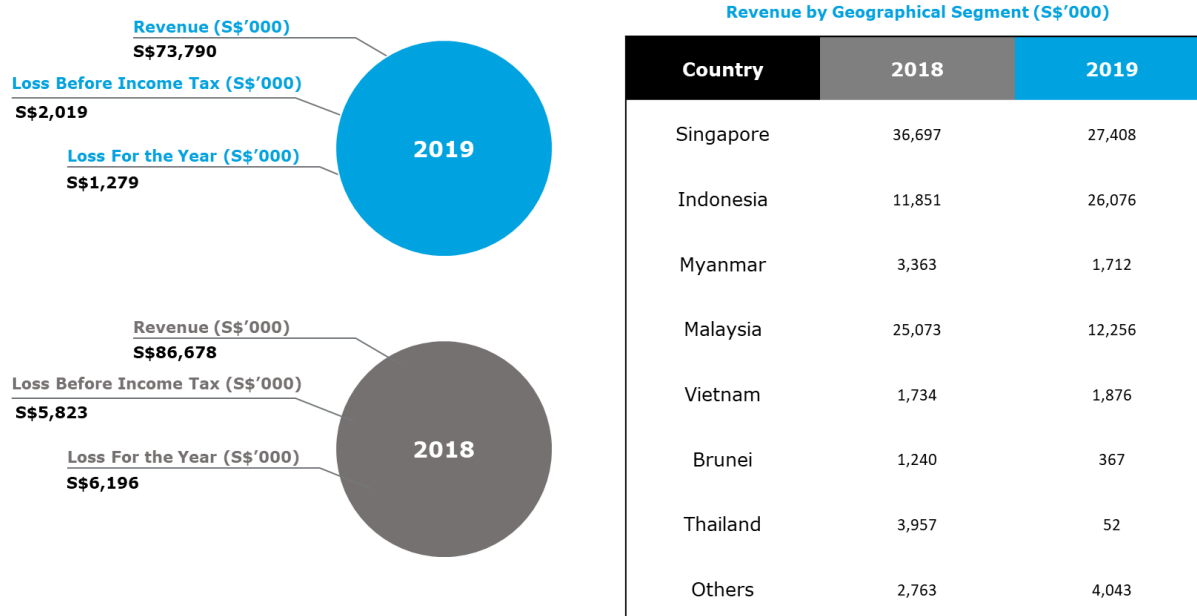


Figure 6: Financial Performance FY2018 & FY2019 (S\$'000)

For a more detailed breakdown of the 2019 financial results, please refer to the relevant sections in Sin Heng Heavy Machinery Limited’s Annual Report 2019 (“Annual Report”).

ENVIRONMENT

OUR APPROACH

Environmental excellence is the core of our sustainability journey, and minimising environmental impact is essential to our daily operation. In line with our organisation’s goal, we sustainably conduct our business and operations as well as encourage businesses who work alongside us to adopt safe environmental practices.

ENVIRONMENTAL COMPLIANCE

To ensure legal compliance, we adhere to the environmental laws and regulations in the countries in which we operate. Further, we provide that our cranes on-site are fully compliant with the requirements to manage the noise and emissions pollution effectively. We abide by crane age limits, periodic inspection of cranes, measures to reduce noise pollution, and recycling waste oil in line with the regulations set out by the National Environment Agency (“NEA”).

To better managing environmental compliance, top management has established an environmental policy which develops, implements, and maintains our environmental objectives and strategic directions. We provide training to ensure that all employees understand the requirements and their roles to the policy.

Zero	Significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulation
Zero	Total monetary value of significant fines
Zero	Total number of non-monetary sanctions
Zero	Cases brought through dispute resolution mechanisms

Figure 7: Environmental Compliance Performance

In FY2019, we continue to report no major incidences involving significant fines or non-monetary sanctions for non-compliance with environmental laws and/or regulations. We are aiming to maintain this level of performance through continual adherence to environmental compliance.

SOCIAL

OUR APPROACH

We bring people from diverse expertise, experience and also socio-cultural background together that enable the Group to rise above the industry challenges. We are committed to continually engage our workforce from the recruitment stage and encourage the holistic development of our employees to groom them to their fullest potential. We have a human resource policy code of conduct that expresses the commitment to the ethical, professional and legal standards with the objectives to:

- Developing employees’ working competencies through learning and development;
- Creating a well-balanced workplace to attract talent;
- Fostering fair and equitable workplace culture; and
- Caring for employees’ well-being and benefits.

In FY2019, we have employed 234 full-time staff in Singapore and Malaysia. The breakdown of our labour force based on our operations in Singapore and Malaysia and by gender demographics is as follows in Figure 8.

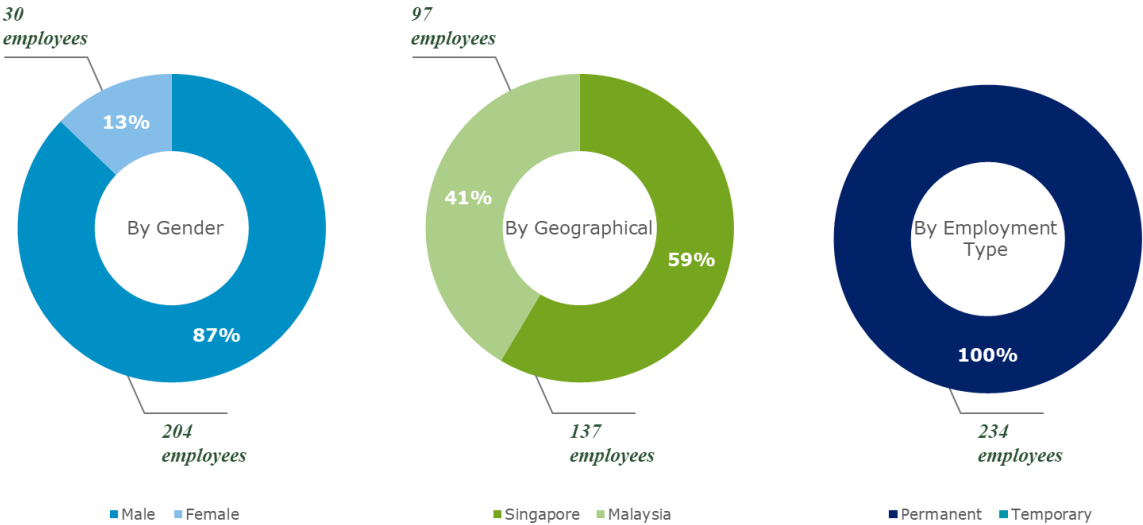


Figure 8: Employee Statistics for FY2019

We do not tolerate any form of discrimination based on race, gender, religion, nationality, age, political affiliations, physical and mental disability, or any other form of discrimination. We respect diversity and equal opportunities for all our employees.

Additionally, we invest time and resources to ensure that our employees are adequately trained before undertaking their respective tasks. This approach includes gaining the relevant skillsets demanded of them and understanding the importance of workplace safety. We believe that this will help us to rise above our competitors in fulfillment of our vision.

OCCUPATIONAL HEALTH AND SAFETY

We recognise the importance of maintaining a safe and conducive work environment for our people and aim to keep the incidence of workplace accidents at bay. In line with the Singapore Workplace Safety and Health Act 2006 (Revised 2009), we provide a safe and healthy work environment for all our employees, as well as other stakeholders in a broader context.

Workplace safety is an essential part of our business and vital to workplace productivity. Any accident would affect our operations, in terms of work disruption, additional financial costs, legal penalties, as well as reputational damages. For our employees, the impact of safety lapses could result in permanent disabilities or even the loss of life, and such incidents would inevitably affect their families as well.

Hence, we continue to advocate and train all our employees on safe practices at work and encourage all employees to look out for one another. We provide employees with the relevant skills to perform their roles safely, such as by sending operators to courses such as Singapore Workforce Skills Qualification ("WSQ") Construction Safety Orientation Courses. We work closely with our client's site management teams on safety issues, send our crane operators for the in-house Safety Induction Course conducted by site owners, and monitor their feedback on our crane operators to take quick corrective actions when necessary.

Additionally, our cranes regularly undergo inspection by Authorised Examiners appointed by the Ministry of Manpower ("MOM"). This practice is to ensure that our types of equipment are always safe to operate and also, our employees are aware of and abide by the relevant laws and regulations in managing environmental pollution as well as environmental health and safety ("EHS") guidelines across their daily operations.

As a result, an influential safety culture exists in Sin Heng, which extends beyond physical health to mental and emotional health as well. We wish to cultivate an environment that allows all employees to feel safe and happy at their workplace daily.

In FY2019, we had one injury incident reported, which translates into 25 lost days, and there were no cases of occupational diseases and work-related fatalities in the same year.

The diagram below shows a full breakdown of our company's occupational health and safety statistics for this year.

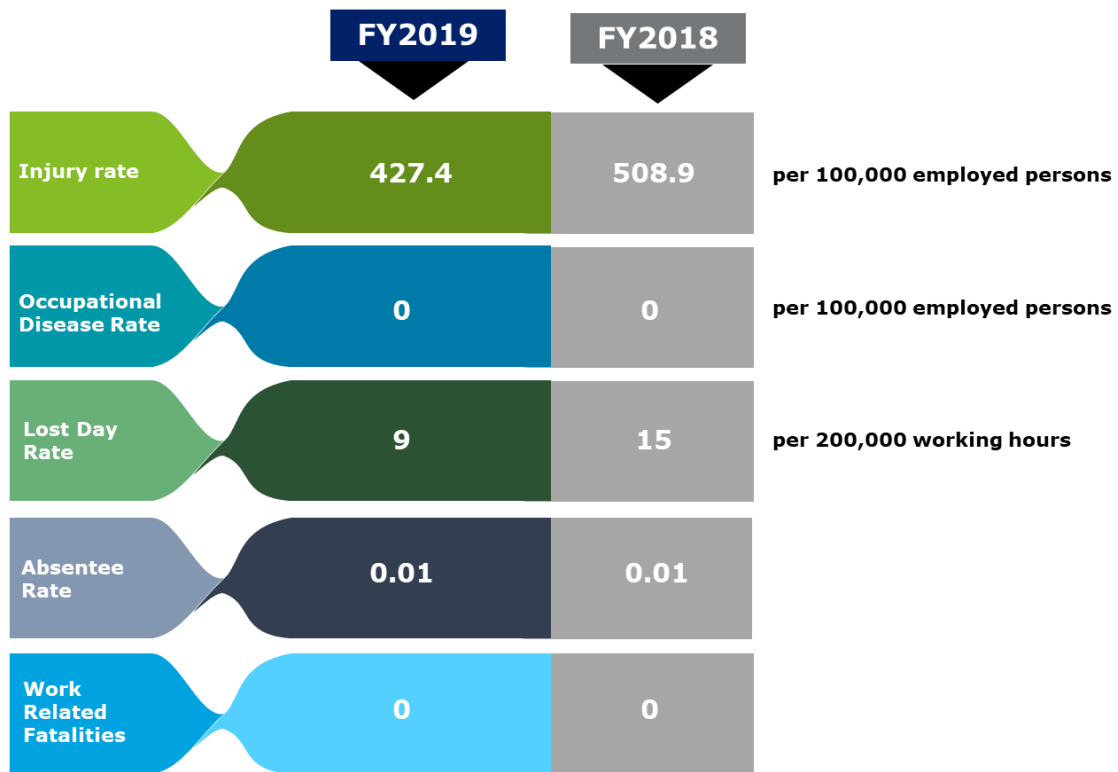


Figure 9: Occupational Health and Safety Statistics for FY2019

In FY2019, there is an improvement in injury rate and lost day rate as compared to FY 2018. We will continue to monitor and strive to improve the performance and safety standards of the workplace environment and keep the incidence of workplace accidents at bay. We strive to achieve zero accident rate in our workplace.

TRAINING AND EDUCATION

We believe that training and education play an essential role in advancing employees' skills, which will improve overall business productivity. Hence, we advocate ongoing skills improvement to enable our employees to achieve and perform at their highest capabilities.

We encourage regular communication between management and employees. Hence, we engage our employees through the annual performance review platform to understand their expectations and concerns toward their career development.

	2019		2018	
Management	26	100%	31	100%
Employees	208	100%	362	100%

Figure 10: Percentage of performance review received by employees in FY2019

In FY2019, all of our employees received their appraisal and we aim to maintain this level of performance through continual monitoring of employees' performance.

GOVERNANCE

CORPORATE GOVERNANCE

Incorporating corporate governance in our business strategies when achieving our sustainability goals is vital. We aim at developing an ecosystem where the highest standards of governance and the best practices are incorporated into our day to day operations. The foundation of our business lies in transparency, integrity and accountability, which we strive to maintain for the coming years while successfully meeting our business objectives.

For more details on our Corporate Governance, please refer to the Corporate Governance Report section of the Sin Heng Heavy Machinery Limited Annual Report 2019 ("Annual Report").

RISK MANAGEMENT

Having a robust risk management framework aids us in identifying areas of significant business and operation risks as well as to uptake proper internal control and measures. As part of our risk management framework, we review all significant control policies and procedures and highlight substantial matters to the Audit and Risk Committee ("ARC") and the Board.

The significant risk management policies are disclosed in the audited financial statements of the Annual Report.

WHISTLEBLOWING

We have a whistleblowing policy in place to provide a framework for our stakeholders and any other persons to raise concerns about possible improprieties in matters of financial reporting and other malpractices (including fraud, corruption, bribery or blackmail, criminal offences, failure to comply with a legal or regulatory obligation, miscarriage of justice, endangering the health and safety of an individual and concealment of any of those above) in confidence. Also, grievance mechanisms such as feedback channels, anonymous hotlines, and whistleblowing channels are available for all other stakeholders.

GRI CONTENT INDEX

TABLE OF GRI CONTENT INDEX

GRI 102: GENERAL DISCLOSURES 2016			
GRI Standards 2016	Disclosure	Section Reference	Omission
ORGANISATIONAL PROFILE			
GRI 102: General Disclosures 2016	102-1 Name of the organisation	Introduction	
	102-2 Activities, brands, products and services	Introduction	
	102-3 Location of headquarters	Introduction	
	102-4 Location of operations	Introduction	
	102-5 Ownership and legal form	Introduction	
	102-6 Markets served	Introduction	
	102-7 Scale of the organisation	Introduction	
	102-8 Information on employees and other workers	Introduction	
	102-9 Supply chain	Introduction	
	102-10 Significant changes to organisation and its supply chain	Not Applicable – No significant changes	
	102-11 Precautionary principle or approach	Governance	
	102-12 External Initiatives	Not Applicable – No additional external initiatives being conducted in FY2019	
	102-13 Membership of associations	Introduction	
STRATEGY			
GRI 102 : General Disclosures 2016	102-14 Statement from senior decision-maker	Message From Board	
ETHICS AND INTEGRITY			
GRI 102: General Disclosures 2016	102-16 Values, principles, standards, and norms of behaviour	Introduction	
GOVERNANCE			
GRI 102: General Disclosures 2016	102-18 Governance structure	Introduction	
STAKEHOLDER ENGAGEMENT			
	102-40 List of stakeholder groups	Stakeholder Engagement And Materiality Review	

GRI 102: GENERAL DISCLOSURES 2016			
GRI 102: General Disclosures 2016	102-41 Collective bargaining agreements	Not Applicable – No collective bargaining agreement in place	
	102-42 Identifying and selecting stakeholders	Stakeholder Engagement And Materiality Review	
	102-43 Approach to stakeholder engagement	Stakeholder Engagement And Materiality Review	
	102-44 Key topics and concerns raised	Stakeholder Engagement And Materiality Review	
REPORTING PRACTICE			
GRI 102: General Disclosures 2016	102-45 Entities included in the consolidated financial statements	Annual Report 2019	
	102-46 Defining report content and topic Boundaries	About This Report	
	102-47 List of material topics	Stakeholder Engagement And Materiality Review	
	102-48 Restatements of information	Not Applicable – No restatement of information for Sustainability Report FY2018	
	102-49 Changes in reporting	Not Applicable – No changes in reporting for Sustainability Report FY2019	
	102-50 Reporting period	About This Report	
	102-51 Date of most recent report	Sin Heng Heavy Machinery Limited Sustainability Report FY2018	
	102-52 Reporting cycle	About This Report	
	102-53 Contact point for questions regarding the report	About This Report	
	102-54 Claims of reporting in accordance with the GRI Standards	About This Report	
	102-55 Content index	GRI Content Index	
	102-56 External assurance	About This Report	

CATEGORY: ECONOMIC			
ECONOMIC PERFORMANCE			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Economic Performance	
	103-2 The management approach and its components	Economic Performance	
	103-3 Evaluation of the management approach	Economic Performance	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Economic Performance	
CATEGORY: ENVIRONMENT			
ENVIRONMENTAL COMPLIANCE			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Environment	
	103-2 The management approach and its components	Environment	
	103-3 Evaluation of the management approach	Environment	
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	Environment	
CATEGORY: SOCIAL			
OCCUPATIONAL HEALTH AND SAFETY			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Social	
	103-2 The management approach and its components	Social	
	103-3 Evaluation of the management approach	Social	
GRI 403: Occupational Health and Safety 2016	403-2 Types of injury and rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities	Social	

TRAINING AND EDUCATION			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Social	
	103-2 The management approach and its components	Social	
	103-3 Evaluation of the management approach	Social	
GRI 404: Training and Education 2016	404-3 Percentage of employees receiving regular performance and career development reviews	Social	

Note: The column of "Omission" is intentionally left blank as there are no omissions made in the Sustainability Report.